



## MEETINGS SCHEDULED FOR MAY

Date: 05/23/24, 1 p.m.

### HYBRID OPTION AVAILABLE:

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

*Conference Call:* Toll Free: 1.877.568.4108 Access Code: 448-219-129

### NOTE:

The information and requests for approval contained in this packet of materials are being presented by Minnesota Housing staff to the Minnesota Housing Board of Directors for its consideration on Thursday, May 23, 2024.

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

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

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## Agenda: Minnesota Housing Board Meeting

Date: 05/23/2024, 1 p.m.

### Our Mission and Vision

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

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

### 1. Call to Order

### 2. Roll Call

### 3. Agenda Review

### 4. Approval of Minutes

- a. (page 7) Regular meeting of April 25, 2024

### 5. Reports

- Chair
- Commissioner
- Committee

### 6. Consent Agenda

- A. (page 11) Approval, HousingLink Contract Amendment
- B. (page 15) Approval, Additional Funding and Extension, Regional Planning Grant to Prevent and End Homelessness

- C. (page 21) Approval, Amendments to the Home Improvement Loan Programs Procedural Manual to Implement Energy Loan Plus

## 7. Action Items

- A. (page 29) Resolution Approving the Amendment of the Rental Housing Bond Resolution
- B. (page 37) Adoption, Series Resolution Authorizing the Issuance and Sale of Fixed Rate Residential Housing Finance Bonds (RHFB)
- C. (page 173) Adoption, Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2024C-1 and 2024 C-2 (Carver)
- D. (page 259) Adoption, Resolution Approving the Amendment of the Revolving Credit Agreement with Royal Bank of Canada
- E. (page 263) Approval, Selection and Commitment, Capacity Building Funds to HOME Line
- F. (page 267) Approval, Selection and Commitment, 2024 Housing Tax Credit (HTC) Program Round 2
- G. (page 289) Approval, Funding Modification, HOME Investment Partnerships program (HOME) - Wadena West Apartments, D8501, Duluth
- H. (page 295) Approval, Funding Modification, Housing Infrastructure Appropriation (HIA) Loan - Mayowood II D8520, Rochester
- I. (page 299) Approval, Funding Modification, Housing Infrastructure Appropriation (HIA) Loan - North Place Apartments, D0649, Hutchinson
- J. (page 303) Approval, Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) - Gladstone Village, D8209, Maplewood
- K. (page 329) Approval, Commitment, Low and Moderate Income Rental (LMIR) Loan, Bridge Loan (BL) and Funding Modification, HOME Investment Partnership (HOME) Loan - Carver Place, D8293, Carver
- L. (page 355) Approval, Motion First Generation Homebuyer Definition, Start Up Ownership Definition, and Start Up Manual Revision
- M. (page 359) Modification, Board Policy No. 7 (Meetings)

## 8. Discussion Items

- A. (page 363) 2024 State Legislative Session
- B. (page 365) Proposed Changes to the State of Minnesota 2026-2027 Low-Income Housing Tax Credit Qualified Allocation Plan and Self-Scoring Worksheet for Public Comment Release

## **9. Information Items**

- A. (page 379) Second Quarter 2024 Progress Report: 2024-2027 Strategic Plan and 2024-2025 Affordable Housing Plan

## **10. Other Business**

None.

## **11. Adjournment**

None.

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## Meeting Minutes: Minnesota Housing Board Meeting

Date: Thursday, April 25, 2024, at 1 p.m.

### 1. Call Attendance

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

### 2. Roll Call

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

**Minnesota Housing staff present in person:** Anbar Ahmed, Tom Anderson, Ryan Baumtrog, Kim Bailey, Jennifer Bergman, Susan Bergmann, Judd Berthiaume, Scott Beutel, Sondra Breneman, Cassandra Busch, Jason DeKett, Matt Dieveney, Michelle Doyal, Diane Elias, Kathy Engstrom, Vicki Farden, Jennifer Finnesgard, Jessica Fowler, Rachel Ganani, Vanessa Haight, Jody Hanson, Amanda Hedlund, Anne Heitlinger, Genevieve Hernandez, Hattie Hiler, Jennifer Ho, Jon Holmseth, Karin Holmstrand, Karen Johnson, Will Jensen-Kowski, Irene Kao, Katey Kinley, Dan Kitzberger, Greg Krenz, Laurie Krivitz, Sue Ladehoff, Janine Langsjoen, Tresa Larkin, Rachel Lochner, Sarah Matala, Dylan Mato, Eric Mattson, Jill Mazullo, Don McCabe, David McGee, Colleen Meier, Amy Melmer, Krissi Mills, Rudi Mohamed, John Patterson, Mason Persons, Caryn Polito, Ann Provo, Rinal Ray, Annie Reiersen, Paula Rindels, Cheryl Rivinius, Rachel Robinson, Dani Salus, Joel Salzer, Kayla Schuchman, Kimberly Stuart, Jodell Swenson, LeAnne Tomera, Susan Thompson, Mike Thone, Ted Tulashie, Manire Vaughn, Amanda Welliver, Alyssa Wetzels-Moore, Lakisha Whitson, Beverly Wilharm and Kristy Zack.

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

### 3. Agenda Review

None.

## 4. Approval

### Regular Meeting Minutes of March 28, 2024

**Motion:** Eric Cooperstein moved to approve the March 28, 2024, Regular Meeting Minutes. Seconded by Chief Executive Benjamin. Roll call was taken. Motion carries 7-0. All were in favor.

## 5. Reports

### Chair

None.

### Commissioner

Commissioner Ho shared the following with the Board:

- Welcome new employees
- Meetings
- Program Updates
- Legislative Update

### Committee

The Finance and Audit Committee met prior to the board meeting for a presentation from RSM US LLP launching the FY24 Financial, Technology and Single Audit and a recap of the Minnesota Housing Annual Finance Team Meeting.

## 6. Consent Agenda

None.

## 7. Action Items

### A. Approval, Selection and Commitment, Family Homeless Prevention and Assistance Program Round 2 Funds

Diane Elias presented to the board a request for approval of a resolution authorizing the selection of 24 grant administrators and commitment of \$29,393,844 in Family Homeless Prevention and Assistance Program (FHPAP) Round 2 funds. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.



**Motion:** Eric Cooperstein moved Approval, Selection and Commitment, Family Homeless Prevention and Assistance Program Round 2 Funds. Seconded by Terri Thao. Roll call was taken. Chief Executive Benjamin abstained. Motion carries 6-0. All were in favor.

## **B. Repayment Term Modification - Bimosedaa, D8235, Minneapolis**

Susan Thompson presented to the board a request for approval of the modification of the repayment term of the short-term portion of the HIB loan. The repayment date for the \$8,583,000 portion of the HIB loan would change from fully due on May 1, 2024 to \$4,567,000 due December 31, 2024 and the remaining amount to be paid in four annual installments of \$1,004,000 each through December 31, 2028. The HIB loan amount is otherwise unchanged. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Repayment Term Modification - Bimosedaa, D8235, Minneapolis. Seconded by Chief Executive Benjamin. Roll call was taken. Stephen Spears abstained. Motion carries 6-0. All were in favor.

## **C. Amendment to Amended and Restated Limited Obligation Senior Housing Revenue Note, Series 2005 - CommonBond 202 Project**

Mike Solomon presented to the board a request for approval of owner's request to amend the Amended and Restated Limited Obligation Senior Housing Revenue Note, Series 2005, dated December 20, 2023, to extend the Mandatory Tender Date from May 1, 2024 to August 29, 2024, and to make such other changes to the terms of the Note and related agreements as U.S. Bank as lender and purchaser of the Note required to grant such additional extension. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Amendment to Amended and Restated Limited Obligation Senior Housing Revenue Note, Series 2005 - CommonBond 202 Project. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

## **8. Discussion Items**

None.

## **9. Information Items**

### **A. Post-Sale Report Residential Housing Finance Bonds, Series 2024DE**

## **10. Other Business**

None.

## 11. Adjournment

The meeting was adjourned at 1:52 p.m.

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John DeCramer, Chair

DRAFT



## Item: Approval, HousingLink Contract Amendment

**Information Item:** 6.A  
**Date:** 05/23/2024  
**Staff Contacts:** Alyssa Wetzel-Moore, 651.263.1453, Alyssa.Wetzel-Moore@state.mn.us  
Ryan Baumtrog, 651.296.9820, Ryan.Baumtrog@state.mn.us  
**Request Type:** Approval, Motion

### Request Summary

Staff requests approval to amend the current contract with HousingLink for an additional two years and \$450,000 to fund their ongoing operations. Key operations include the provision of vacancy and waiting list information, support to Streams, an online searchable database of publicly funded rental housing units in Minnesota, and the maintenance of the statewide Affirmative Marketing Toolkit. If approved, the new grant period would run from September 1, 2024 through August 31, 2026.

### Fiscal Impact

This award uses Pool 3 resources structured as a grant which does not earn interest for the Agency. This grant is budgeted for in the 2024-2025 Affordable Housing Plan.

### Agency Priorities

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

### Attachments

- Background

## Background

Minnesota Housing currently has a two-year contract with HousingLink for \$350,000. The grant period runs from September 1, 2022 through August 31, 2024. Staff seeks to amend the contract for an additional two-year grant period and an additional \$450,000. The \$100,000 increase from the previous contract takes into account the cost of inflation as well as the extensive growth, and therefore costs, to HousingLink for providing this rental housing search service. HousingLink has conducted a detailed analysis of the growth of their housing search services over the past ten years and the cost of providing these services. From 2013 through 2023, housing searches have grown by 245% and saved searches have grown by 1,602%. During this same period, inflation has increased by 28%.

HousingLink provides comprehensive, accurate and timely data on the supply of affordable rental housing and rental assistance to those searching for rental housing options. Besides people looking for affordable housing, staff throughout the Agency utilize the data, website, services and reports from HousingLink to support their work. HousingLink has become Minnesota's primary source for affordable housing-related openings, data, information and resources. HousingLink is the only provider that provides a statewide, searchable and up-to-date listing of subsidized apartments, including up-to-date vacancies of apartments that accept Section 8 vouchers. They also provide search features based on accessibility features to help people with disabilities find affordable, integrated housing. HousingLink is effective in reaching cost-burdened households with their search services. In their 2023 survey, 92% of households with accounts on HousingLink.org had an income of \$44,000 or below, and 65% were Indigenous, Black and people of color.

HousingLink provides centralized housing information for individuals and communities primarily through its website for finding affordable housing vacancies. They also inform policymaking with reliable, credible data.

HousingLink was created as a result of the 1995 *Hollman v Cisneros* Consent Decree, which stipulated that an affordable housing information “clearinghouse” be created, to ensure that low-and-moderate income families would have access to affordable housing information they need. As a result of the Hollman Decree, HousingLink was created in 1997 as a 501(c)(3) to meet this need. HousingLink has proved to be the key player for affordable housing information. Minnesota Housing, along with multiple affordable housing partners, utilize many of the resources now incorporated into the HousingLink website.

### 1. Advancing Affordable Housing Opportunities

Low- and moderate-income renters, and the agencies that help them, need a quick and efficient place to identify housing openings and answer housing questions. HousingLink provides these households and agencies a user-friendly, one-stop website to locate the following:

- Affordable rental housing openings.
- Open subsidized housing waiting lists.
- Rental housing education and resources to help them understand:
  - Subsidized housing
  - How to have a successful renting experience, and
  - How to overcome criminal, credit and rental history barriers.

The HousingLink website provides a wide variety of practical information and resources to help advance the affordable housing opportunities available to low-to-moderate income renters.

#### Housing Search (formerly hList)

Service agencies and low-to-moderate income renters use their website to search for affordable rental housing and subsidized waiting list openings. A household searching for housing is the most common activity on their website.

### **2. Housing Authority Waiting List (HAWL) Report**

The Housing Authority Waiting List (HAWL) Report contains information on the status of Section 8 Voucher and Public Housing waiting lists in the Twin Cities metro area. This report is heavily used and is updated whenever a change in waiting list status occurs.

In addition to publishing the report online, HousingLink emails waiting list alerts to 7,000+ subscribers on their Housing Authority Waiting List Alert email. The subscribers to this list are low-income renters and service agency professionals who use the information to acquire subsidized housing opportunities. HAWL alerts are a way to disperse this information the moment it is available directly into the hands of case managers and renters.

### **3. HousingLink Research and Housing Supply Data**

HousingLink provides information on the supply and location of publicly-funded affordable housing through reports and an online database called Streams. Streams ([www.housinglink.org/streams](http://www.housinglink.org/streams)) expanded statewide and now includes 3,300 properties and 133,000 affordable units with public funding. Streams is used by Minnesota Housing staff, as well as other researchers and community planners and policymakers.

### **4. Affirmative Marketing Toolkit**

An online resource for housing providers seeking to ensure their applicant pool reflects the diversity of our communities, the toolkit aids housing providers to complete the HUD's Affirmative Fair Housing Marketing Plan - Multifamily Housing, Form HUD-935.2A.

### **5. Olmstead Plan**

HousingLink completed a redesign of their website to improve the housing search experience for people with disabilities. They continue to promote the features of the website throughout the state to landlords, renters who need accessible housing, service agencies and government organizations. They are focusing on getting more listings with accessible features for those with disabilities posted to the site, and increasing the amount of Greater MN search and listing activity.

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## **Item: Approval, Additional Funding and Extension, Regional Planning Grant to Prevent and End Homelessness**

**Action Item:** 6.B  
**Date:** 05/23/2024  
**Staff Contacts:** Ji-Young Choi, 651.296.9839, ji-young.choi@state.mn.us  
**Request Type:** Approval, Resolution

### **Request Summary:**

Staff requests adoption of the attached resolution authorizing a new commitment of \$350,000 to amend the Grant Contract Agreement with Greater Minnesota's six Continuums of Care (CoCs) and the Minnesota Tribal Collaborative (MTC) and to extend the Agreement for one year from July 1, 2024 to June 30, 2025. The funding is comprised of \$295,000 from Capacity Building state appropriations, \$50,000 from Greater Minnesota Housing Fund and \$5,000 from Pool 3. This action will allow the Agency to support the planning capacity of CoCs and MTC to prevent and end homelessness in collaborating with state agencies.

### **Fiscal Impact:**

Individual awards are structured as grants, which do not earn interest for the Agency.

### **Agency Priorities:**

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

### **Attachments:**

- Background and Request
- Resolution

## Background and Request

The Regional Planning Grant supports Greater Minnesota's six Continuums of Care (CoCs) and Tribal Nations in collaborating with state agencies to prevent and end homelessness. This collaborative effort aims to improve the homeless response system, advance equity, and achieve statewide goals under the [Crossroads to Justice Plan](#). Through fostering continuous collaboration and aligning strategies, the goal is to strengthen efforts among stakeholders, ultimately making the regional homeless response system more equitable.

Minnesota Housing has provided financial resources to Greater Minnesota's six CoCs and Tribal Nations to support planning capacity for several years. In general, our funding has been used to support regional planning, coordination, funding application preparation, and evaluation in the region. On May 25, 2023, the board awarded one-year grants totaling \$350,000 to seven grantees, with these grants set to expire on June 30, 2024, in Resolution No. MHFA 23-022.

Given the anticipated continuity in the scope of the contracted work, staff recommends extending these grants for an additional year in Fiscal Year End (FYE) 2025, from July 1, 2024, to June 30, 2025. This extension will entail additional funding amounting to \$350,000. The funding is comprised of \$295,000 from Capacity Building funds, \$50,000 from Greater Minnesota Housing Fund and \$5,000 from Pool 3.

With this amendment, Lakes and Prairies Community Action Partnership will assume the contractual responsibilities for the West Central CoC as they will replace the Housing Redevelopment Authority of Clay County as the recipient of HUD funding. This is initiated by a request from the West Central CoC, aligned with the Regional Planning Grant leveraging HUD funds. The assignment will be confirmed once Lakes and Prairies Community Action Partnership successfully passes both the organizational and financial reviews and submits the required due diligence.

**Table 1:** Regional Planning Grant to Prevent and End Homelessness

Grantee	Continuums of Care (CoC)/Tribes	Original Awarded Amount	Recommended Amount
Institute for Community Alliances	MN-502 – Rochester/Southeast Minnesota CoC	\$ 45,000	\$ 45,000
Patty Beech Consulting Inc.	MN-504 – Northeast Minnesota CoC	\$ 55,000	\$ 55,000
Central Minnesota Housing Partnership, Inc.	MN-505 – St. Cloud/Central Minnesota CoC	\$ 40,000	\$ 40,000



<b>Grantee</b>	<b>Continuums of Care (CoC)/Tribes</b>	<b>Original Awarded Amount</b>	<b>Recommended Amount</b>
The Northwest Minnesota Foundation	MN-506 – Northwest Minnesota CoC	\$ 50,000	\$ 50,000
Housing and Redevelopment Authority of Clay County (Lakes and Prairies Community Action Partnership after the assignment is confirmed)	MN-508 – Moorhead/West Central Minnesota CoC	\$ 50,000	\$ 50,000
Southwest Minnesota Housing Partnership	MN-511 – Southwest Minnesota CoC	\$ 50,000	\$ 50,000
Red Lake Reservation Housing Authority	Minnesota Tribal Collaborative	\$ 60,000	\$ 60,000
<b>TOTAL</b>		<b>\$ 350,000</b>	<b>\$ 350,000</b>

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

**RESOLUTION NO. MHFA 24-XXXX  
Modifying Resolution No. MHFA 23-022**

**RESOLUTION APPROVING COMMITMENT MODIFICATIONS AND EXTENSIONS OF  
REGIONAL PLANNING GRANTS TO PREVENT AND END HOMELESSNESS**

WHEREAS, the Board previously authorized a total commitment of \$350,000 for the seven Regional Planning Grant grantees herein named by its Resolution No. MHFA 23-022.

WHEREAS, the Minnesota Housing Finance Agency (Agency) staff have determined a need to extend the current Regional Planning Grant Contract Agreements with the seven grantees to support local planning and coordination efforts to engage with the state to help the regional homeless response system be more equitable and to strengthen resources that will help prevent and end homelessness throughout the state; and

WHEREAS, Agency staff has determined that the Grant Contract Agreement extension is in compliance with Agency's rules, regulations and policies; and that the application will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the Board hereby authorizes Agency staff to modify the commitment under Resolution No. MHFA 23-022 and enter into Grant Contract Agreements using state and Agency resources as set forth below, subject to changes allowable under Agency and Board policies:

1. Agency staff shall review and approve the following grantees for up to \$350,000 for the grant period beginning July 1, 2024, through June 30, 2025; and

<b>Grantee</b>	<b>Continuums of Care (CoC)/Tribes</b>	<b>Recommended Amount</b>
Institute for Community Alliances	MN-502 – Rochester/Southeast Minnesota CoC	\$ 45,000
Patty Beech Consulting Inc.	MN-504 – Northeast Minnesota CoC	\$ 55,000
Central Minnesota Housing Partnership, Inc.	MN-505 – St. Cloud/Central Minnesota CoC	\$ 40,000

Grantee	Continuums of Care (CoC)/Tribes	Recommended Amount
The Northwest Minnesota Foundation	MN-506 – Northwest Minnesota CoC	\$ 50,000
Housing and Redevelopment Authority of Clay County (Lakes and Prairies Community Action Partnership after the assignment is confirmed)	MN-508 – Moorhead/West Central Minnesota CoC	\$ 50,000
Southwest Minnesota Housing Partnership	MN-511 – Southwest Minnesota CoC	\$ 50,000
Red Lake Reservation Housing Authority	Minnesota Tribal Collaborative	\$ 60,000
<b>TOTAL</b>		<b>\$ 350,000</b>

2. The issuance of the Grant Contract Agreement Amendment in form and substance acceptable to Agency staff and the execution of the Grant Contract Agreement Amendment shall occur no later than six months from the adoption date of this Resolution; and
3. The sponsors and such other parties shall provide such information and execute all such documents relating to said Grant Contract Agreement Amendment, as the Agency, in its sole discretion, deems necessary.

Adopted this 23<sup>rd</sup> day of May 2024

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CHAIR

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## Item: Approval, Amendments to the Home Improvement Loan Programs Procedural Manual to Implement Energy Loan Plus

**Consent Item:** 6.C  
**Date:** 05/23/2024  
**Staff Contacts:** Shannon Gerving, 651.296.3724, shannon.gerving@state.mn.us  
Vanessa Haight, 651.297.3624, vanessa.haight@state.mn.us  
**Request Type:** Approval, Motion

### Request Summary

Staff requests board approval of changes to the Home Improvement Loan Programs Procedural Manual to implement the Energy Loan Plus program, an addition to the suite of Fix Up loan program options. Energy Loan Plus will be offered in partnership with the Minnesota Department of Commerce (Commerce) and available to homeowners through the current home improvement lender network. We estimate the program to be effective summer of 2024.

### Fiscal Impact

Home Improvement loans are amortizing, interest-bearing loans financed from Pool 2. These loans increase the Agency's interest earnings. Energy Loan Plus will offer an interest rate write-down from the standard program rate to 3.5% (adjusted monthly). Funds from Commerce will be used to write down the rate and therefore the discounted rate will not have a fiscal impact on the Agency. The addition of Energy Loan Plus will position the Agency to better serve the energy conservation home improvement needs of lower income borrowers and assist the Single Family division in reaching its production goals for Home Improvement Loan Programs.

### Agency Priorities

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

### Attachments

- Background

- Request Details
- Home Improvement Loan Programs Procedural Manual Update

## Background

The Home Improvement Loan Programs consist of the Fix Up, Community Fix Up, Incentive Rate Energy Conservation and Accessibility Loan Programs. The programs allow homeowners to finance a variety of permanent improvements to their homes with affordable repayment terms. The programs are delivered through a statewide network of lenders, including private sector banks, credit unions, nonprofit organizations and local units of government.

## Request Details

Commerce approached the Agency last year to discuss ways to leverage funding awarded through the Energy Efficiency and Conservation Block Program (EECBG), which is designed to assist states, local governments and Tribes in implementing strategies to reduce energy use and fossil fuel emissions and to improve energy efficiency. Minnesota Housing has entered into an interagency agreement with Commerce on the Energy Loan Plus program. Because we already have a successful energy loan program, we are using the current energy program as a framework for Energy Loan Plus, with specific changes per Commerce requirements:

- Energy Loan Plus will provide an interest rate of 3.5%, which is currently much lower than current Fix Up rates, and
- Energy Loan Plus will have an income limit of 80% of the area median income (for example, \$99,300 in the 11-county Twin Cities metro area)

The total Commerce obligation under the program is \$674,650, with up to 10% of that amount available for administrative expenses. The funding will serve approximately 280 households during the program period, which terminates in September 2026. Additional program parameters are set forth in the Home Improvement Loan Programs Procedural Manual, provided as follows.

## Home Improvement Loan Programs Procedural Manual Updates

### 3.08 Fix Up Loan Program Income Limits

Income is defined by and calculated according to the Lender's credit underwriting guidelines (i.e. Qualifying Income).

To be eligible, the Borrower(s)' qualifying income must not exceed [applicable](#) Fix Up Loan Program income limits: [as described in the chart below.](#)

<a href="#">Type of Loan</a>	<a href="#">Is there an income limit?</a>
<a href="#">Incentive Rate Energy loan</a>	<a href="#">No.</a>
<a href="#">Accessibility loan</a>	<a href="#">No.</a>
<a href="#">Energy Loan Plus</a>	<a href="#">Yes. See website.</a>
<a href="#">Secured or Unsecured Fix Up loan</a>	<a href="#">Yes. See website.</a>
<a href="#">Community Fix Up loan</a>	<a href="#">Yes. See website.</a>



## From Section 5.01 Eligible Loans

Eligible Loan Types/Loan Amounts/Minimum and Maximum Loan Terms

Fix Up Loan Type	Min. <u>Loan</u> - Amt.	Max. <u>Loan</u> - Amt.	Min. <u>Loan</u> - Term	Max. <u>Loan</u> - Term
Regular - Secured Loan	\$2,000	\$75,000	1 year	20 years
Regular - Unsecured Loan	\$2,000	\$25,000	3 years	10 years
Energy Incentive - Secured Loan	\$2,000	\$60,000	1 year	20 years
Energy Incentive - Unsecured Loan	\$2,000	\$30,000	3 years	10 years
<u>Energy Loan Plus – Secured Loan</u>	<u>\$2,000</u>	<u>\$30,000</u>	<u>3 years</u>	<u>20 years</u>
<u>Energy Loan Plus – Unsecured Loan</u>	<u>\$2,000</u>	<u>\$30,000</u>	<u>3 years</u>	<u>10 years</u>
Accessibility - Secured Loan	\$2,000	\$35,000	1 year	20 years
Community Fix Up - Secured Loan	\$2,000	\$75,000	1 year	20 years

## From Section 5.11 Maximum Outstanding Loan Limits

**Table 1: Maximum Outstanding Loan Limit per Property**

<u>Loan Type</u>	<u>Combined balance of any Loan Type listed on the left column must not exceed</u>
<u>Secured and unsecured ÷</u> <u>Fix Up loans</u> <ul style="list-style-type: none"> <li><u>Secured and unsecured Incentive Rate Energy Conservation and Accessibility loans</u></li> </ul>	<u>\$75,000 per Property</u>

MINNESOTA HOUSING – HOME IMPROVEMENT PROGRAMS PROCEDURAL MANUAL  
~~JANUARY 3~~JULY 1, 2024

<ul style="list-style-type: none"> <li><u>Secured and unsecured Energy Loan Plus loans and</u></li> <li><u>Secured and unsecured Community Fix Up loans</u></li> </ul>	
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**Table 2:** Maximum Outstanding Loan Limit per Borrower

<u>Loan Type</u>	<u>Combined balance of each Loan Type by Borrower must not exceed</u>
<u>Secured Fix Up loans</u>	<u>\$75,000 per Borrower</u>
<u>Unsecured Fix Up loans</u>	<u>\$25,000 per Borrower*</u>
<u>Secured and unsecured Energy Loan Plus loans</u>	<u>\$30,000 per Borrower*</u>
<u>Unsecured Fix Up and unsecured energy loans (both Incentive Rate Energy Conservation and Energy Loan Plus loans)</u>	<u>\$30,000 per Borrower*</u>
<u>Secured Incentive Rate Energy Conservation (not Energy Loan Plus)</u>	<u>\$60,000 per Borrower</u>
<u>Secured Accessibility Improvement Loans</u>	<u>\$35,000 per Borrower</u>

\*The outstanding principal balance of any combination of unsecured loans must not exceed \$30,000 per Borrower.

### 6.03 Energy Loan Plus Program Loans

Energy Loan Plus loans are eligible for a further reduced interest rate. The proceeds of these loans must be used exclusively for Eligible Energy Conservation Improvements as described in Section 6.04 of this Procedural Manual.

For requirements pertaining to income limits, refer to section 3.08 of this Procedural Manual.

MINNESOTA HOUSING – HOME IMPROVEMENT PROGRAMS PROCEDURAL MANUAL  
~~JANUARY 3~~JULY 1, 2024

For requirements pertaining to loan amount minimums and maximums as well as loan term minimums and maximums, refer to section 5.01 of this Procedural Manual.

### 6.04 Eligible Energy Conservation Improvements

Eligible improvements for Incentive Rate Energy Conservation Loans and Energy Loan Plus loans must meet Energy Star® requirements and are generally limited to:

- Window replacement with Energy Star® Windows;
- Heating system replacement;
- Central air conditioning replacement;
- Water heater replacement;
- Light fixture replacement;
- Insulation/attic air sealing; ~~or~~
- Solar panels (secured Incentive Rate Energy Conservation loans only); and
- Heat Recovery Ventilation System or Energy Recovery Ventilation System.

Energy Star® requirements are subject to change over time. Refer to the Fix Up Loan Program Incentive Rate Energy Conservation and Accessibility Eligible Improvements list for specific requirements.



## Item: Resolution Approving the Amendment of the Rental Housing Bond Resolution

**Information Item:** 7.A  
**Date:** 05/23/2024  
**Staff Contacts:** Michael Solomon, 651.297.4009, michael.solomon@state.mn.us  
Paula Rindels, 651.296.2293, paula.rindels@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Agency staff seek approval of the attached amendment to the existing Rental Housing Bond (RHB) Resolution that authorizes the Agency's bond issuance for most of its multifamily lending. The amendment will allow for the use of RHB proceeds to purchase multifamily mortgage loans originally funded by other sources, anticipated to be predominantly the Housing Investment Fund, Pool 2.

### Fiscal Impact

The amended resolution will allow for the issuance of bonds which when issued would increase the Agency's interest costs. However, the Pool 2 loans anticipated to be selected for purchase by RHB carry interest rates equal to or higher on aggregate than the expected interest rate on the Agency's bonds, leading to a positive interest rate spread and ongoing income to the Agency. The use of RHB proceeds to purchase assets in other Agency funds will increase liquidity in those funds, providing capital to reinvest in new lending in existing loan programs.

### Agency Priorities

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

### Attachments

- Background
- Resolution

## Background

As discussed previously with the board, Finance and Audit Committee and at the Agency's annual Finance team meeting, the need for the Agency's resources has grown and our programs have been successful in meeting some of these needs, leading to increased lending, especially in the Housing Investment Fund, Pool 2, programs including monthly payment loans, home improvement loans and multifamily mortgage loans. Coupled with the slowing prepayments resulting from a persistent high interest-rate environment the Agency is focused on a new strategy to finance a majority of loan production, rather than the past practice of relying on loan repayments and cash on hand to fund lending.

The amendment proposed in this resolution provides a new tool to leverage the strength of our Rental Housing Bond (RHB) resolution to finance the purchase of existing multifamily loans to provide liquidity and fund new lending. If the amendment is approved staff would then bring forward a resolution authorizing the issuance of bonds under the RHB resolution as amended. The proceeds of the bonds would be used to purchase multifamily mortgage loans previously funded by the Agency with other sources and held as assets in Pool 2. This would have the effect of reducing loan assets but increasing Pool 2's cash position to fund new lending and increase the assets and debt in the RHB resolution, growing its balance sheet. While the Pool 2 loans anticipated to be selected for purchase by RHB may carry interest rates equal to or below on aggregate than the expected interest rate on the Agency's bonds, work with CSG, the Agency's financial advisor has identified this strategy as the most efficient cost of borrowing to finance new loans that bear market interest rates and generate positive interest rate spread and ongoing income to Pool 2. Due to the current overcollateralization of the RHB resolution, with more assets than debt, this issuance is not expected to have any implications on the credit ratings carried by the RHB resolution or to the Agency's General Obligation rating.

The Agency's financial advisor and Senior Underwriter have identified this strategy as a direct outcome of the Annual Finance team meeting and have recommended the pursuit of this as one of the many tools to be implemented to continue the Agency's success and support growing lending programs.

RESOLUTION NO. MHFA 24-025

RESOLUTION AMENDING AND SUPPLEMENTING  
RESOLUTION NO. MHFA 88-12, RELATING TO  
ADDITIONAL AUTHORIZED PURPOSES WITH RESPECT TO  
RENTAL HOUSING BONDS OF THE MINNESOTA HOUSING  
FINANCE AGENCY

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

Section 1. Recitals. By Resolution No. MHFA 88-12, adopted February 25, 1988, as heretofore amended and supplemented (the “Bond Resolution”), the Agency has provided the terms and conditions for the issuance and has established covenants and agreements for the security of its Rental Housing Bonds to be issued for the purposes of its Program of making or purchasing Mortgage Loans to finance the acquisition, construction and betterment of rental housing intended for occupancy primarily by persons of low and moderate income. Terms used with initial capital letters but not defined herein shall have the meanings given such terms in the Bond Resolution.

Section 2. Authority for Amendments. Pursuant to Section 802 thereof, the Bond Resolution may be amended or supplemented by the adoption of a Supplemental Bond Resolution and the filing with the Trustee of a certified copy thereof and the filing with the Agency and the Trustee of a consent by the Trustee thereto, for the purpose, among other things, of making any change in the Bond Resolution which, in the judgment of the Trustee, is not prejudicial to the Trustee and which does not adversely affect the interests of Bondholders.

Section 3. Purpose of Amendments. Section 202 of the Bond Resolution sets forth the purposes that Bonds may be issued pursuant to the Bond Resolution. It is considered necessary and desirable that the Bond Resolution be amended and supplemented as in this Supplemental Bond Resolution hereinafter provided to add to the authorized purposes for the issuance of Bonds.

In the following Sections of this Supplemental Bond Resolution, amendments of the provisions of the Bond Resolution (except for amendments adding complete definitions or sections) are indicated by underlining for addition and by interlineation for deletion.

Section 4. Amendment of Section 103 of Bond Resolution. Section 103 of the Bond Resolution is hereby amended by:

- (a) adding the following definitions:

Alternative Loan Fund: The fund so designated in the RHFB Resolution that is maintained pursuant to Section 4.12 of the RHFB Resolution.

Housing Investment Fund: The portion of the Alternative Loan Fund, designated by the Net Asset Requirements Resolution as Pool 2 (Housing Investment Fund).

Net Asset Requirements Resolution: Resolution No. MHFA 07-16 entitled “Resolution Amending Resolution No. MHFA 88-7 Regarding Net Asset Requirements and Investment Guidelines for General Reserve Account Assets” adopted April 26, 2007, as subsequently amended by Resolution No. MHFA 09-55 adopted September 24, 2009.

RHFB Resolution: Resolution No. MHFA 95-82, adopted August 24, 1995 (which amended and restated in whole Resolution No. MHFA 76-32, adopted July 27, 1976, as amended), together with any amendments or supplements heretofore or hereafter adopted from time to time as permitted therein.

- (b) revising the definition of “Outstanding Resolution” as set forth below:

Outstanding Resolution: Resolution No. MHFA 76-46, as amended (relating to the Agency’s Housing Development Bonds); Resolution No. MHFA 74-12, as amended (relating to the Agency’s Multifamily Housing Bonds); ~~or the~~ Indenture of Trust, dated March 15, 1984 (relating to the Agency’s Insured Multifamily Bonds), or any other multifamily resolution or indenture of the Agency as the Agency may enter into, each as the case may be;

Section 5. Amendment of Section 202 of Bond Resolution. Clause (2) of Section 202 of the Bond Resolution is hereby amended to read, as follows:

“(2) the purposes for which the proceeds may be used, which shall be to provide funds for one or more of the following:

- (i) for the making of Mortgage Loans;
- (ii) for the financing of Mortgage Loans previously made from the proceeds of the Notes, from moneys in the Housing Investment Fund, or moneys otherwise available to the Agency for purposes of making Mortgage Loans;
- (iii) for the refunding of Outstanding Bonds (including the reimbursement of funds to the Agency temporarily advanced to retire such Outstanding Bonds); ~~and~~
- (iv) for the refunding of obligations (including interest thereon and redemption premiums with respect thereto) outstanding under an Outstanding Resolution (provided that, in connection with such refunding, there shall be transferred into the Bond Resolution cash, investments, loans or other assets which, in the aggregate and together with any amounts which could otherwise be withdrawn from this Bond Resolution pursuant to the provisions of Section 404(5) hereof, have a value (computed in accordance with Section 1105(D) hereof) not less than the amount of proceeds of the Bonds disbursed to the trustee under the Outstanding Resolution); and
- (v) incident to these purposes, for the funding of a discount and the deposit of amounts determined by or pursuant to the Bond Resolution to be credited and paid into the Funds and Accounts referred to in Sections 302 and 402;”



Section 6. Amendment of Section 303 of Bond Resolution. Section 303 of the Bond Resolution is hereby amended to read as follows:

“SECTION 303. Deposit of Bond Proceeds. The proceeds of sale of each Series of Bonds shall be deposited with the Trustee on the date of delivery of the Bonds and credited in the following amounts to the following trust funds and accounts created in Sections 302 and 402:

(1) to the Debt Service Reserve Fund (or a separate Account therein if created by the Series Resolution) the amount, if any, needed to increase the balance therein to the Debt Service Reserve Requirement;

(2) to the Bond Fund (or a separate Account therein if created by the Series Resolution) the amount, if any, of interest accrued on the Bonds from their Issue Date to their date of delivery;

(3) to the Redemption Fund (or a separate Account therein if created by the Series Resolution), the amount needed for payment (or provision for payment in accordance with Section 1201) of the principal or Accreted Value of, redemption premium, if any, and interest on Bonds, if any, which are directed by the applicable Series Resolution to be refunded, or the amount to be transferred to the trustee under an Outstanding Resolution to be used to pay the principal or Accreted Value of, redemption premium, if any, and interest on obligations outstanding thereunder which are directed by the applicable Series Resolution to be refunded;

(4) to the Expense Fund the amount, if any, needed to increase the balance therein to the Expense Requirement;

(5) to the applicable Note Account, if any, such amount as may be provided by the Series Resolution for the payment of Notes;

(6) to the applicable Cost of Issuance Account the amount, if any, stated in an Officer's Certificate to be needed for payment of the Cost of Issuance of the Bonds;

(7) to the applicable Capitalized Interest Account (if one is created by the Series Resolution) and otherwise to the Bond Fund (or a separate Account therein if one is created by the Series Resolution), the amount, if any, stated in an Officer's Certificate to be needed to pay interest accruing on the Bonds before Revenues are estimated to be received and available and sufficient for that purpose;

(8) to the Project Account established by the applicable Series Resolution, the amount allocated to it by the Series Resolution;

(9) to the Housing Investment Fund, such amount as may be provided by the applicable Series Resolution for financing the purchase of Mortgage Loans from the Housing Investment Fund.”

Section 7. Consent of Trustee. The Commissioner is authorized and directed to file a certified copy of this Supplemental Bond Resolution with Computershare Trust Company, National Association, as successor Trustee under the Bond Resolution, and to request the Trustee to file with the Agency its written consent to the adoption of this Supplemental Bond Resolution.

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Adopted by the Minnesota Housing  
Finance Agency this 23rd day of  
May, 2024.

By: \_\_\_\_\_  
Chairman

Attest: \_\_\_\_\_  
Commissioner

[Resolution No. MHFA 24-025]

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## Item: Adoption, Series Resolution Authorizing the Issuance and Sale of Fixed Rate Residential Housing Finance Bonds (RHFB)

**Information Item:** 7.B  
**Date:** 05/23/2024  
**Staff Contacts:** Michael Solomon, 651.297.4009, michael.solomon@state.mn.us  
 Paula Rindels, 651.296.2293, paula.rindels@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Agency staff are preparing to issue bonds, under the Residential Housing Finance Bond (RHFB) Resolution, to finance the acquisition of mortgage-backed securities that funded the origination of single family mortgages, to potentially finance the origination of certain down payment and closing costs loans, as well as to periodically refund certain outstanding RHFB debt. This resolution authorizes additional fixed rate RHFB bonds, in an amount up to \$600 million through June 30, 2025. The initial bond offering utilizing a portion of this authority will likely be designated 2024 Series L and 2024 Series M. The RHFB 2024 Series LM bond issue is expected to be sized at approximately \$175 million and to price and close in July 2024. The attached Preliminary Official Statement describes the anticipated transaction, including any Series of variable rate bonds that may be issued concurrently as needed to match market conditions and are the subject of a separate series resolution.

### Fiscal Impact

The upcoming transaction will enable the Agency to put interest earning mortgage assets on the balance sheet at a profitable spread such that the Agency builds the sustainability of future income.

### Agency Priorities

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

### Attachments

- Series Resolution
- Preliminary Official Statement

## RESOLUTION NO. MHFA 24-026

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF MINNESOTA  
HOUSING FINANCE AGENCY RESIDENTIAL HOUSING FINANCE  
BONDS, 2024/2025 SERIES

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

Section 1. Authorization.

(A) General Provisions. By Resolution No. MHFA 95-82, adopted August 24, 1995 (which amended and restated in whole Resolution No. MHFA 76-32, adopted July 27, 1976, as amended) (together with any amendments or supplements heretofore or hereafter adopted from time to time as permitted therein, the “Bond Resolution”), the Agency has provided the terms and conditions for the issuance and has established covenants and agreements for the security of its Residential Housing Finance Bonds to be issued for the purposes of its Program of facilitating the purchase, development or rehabilitation of residential housing in the State of Minnesota at prices that persons and families of low and moderate income can afford. Terms used but not defined in this resolution will have the meanings given those terms in the Bond Resolution.

This resolution (the “Series Resolution”) is adopted pursuant to Section 2.5 of the Bond Resolution to authorize the issuance and sale and establish the terms and provisions of one or more Series of Bonds of the Agency to be sold on one or more dates prior to June 30, 2025, the first Series of which may be designated as “Residential Housing Finance Bonds, 2024 Series [M]”, in the aggregate principal amount to be determined pursuant to the terms of Section 2(D) of the Series Resolution, with additional Series of Bonds designated as “Residential Housing Finance Bonds, [2024][2025] Series \_\_,” with the blank completed with an uppercase letter as appropriate for the order of issuance and to eliminate any gaps in the designation of Series; any Series issued pursuant to this Series Resolution may additionally be designated with “(Mortgage-Backed Securities Pass-Through Program)”. The maximum aggregate principal amount of all Series of Bonds issued pursuant to the Series Resolution must not exceed \$600,000,000; the number of Series of the Series Bonds and their corresponding principal amounts will be as determined by an Authorized Officer pursuant to Section 2(D) of the Series Resolution, and as set out in the Agency Certificate or Agency Certificates, as the case may be, delivered pursuant to Section 8(A) of the Series Resolution. All the Series of Bonds issued pursuant to the Series Resolution are the “Series Bonds.”

(B) Appointment of Trustee. Pursuant to Section 8.1 of the Bond Resolution, Computershare Trust Company, National Association has been appointed as successor Trustee under the Bond Resolution and is vested with all the property, rights, powers and duties granted, pledged and assigned to it by the Bond Resolution, in trust for the Owners of Bonds issued and to be issued thereunder.

Section 2. Authorization of Series Bonds.

(A) Purposes. It is determined to be in the best interests of the Agency to issue the Series Bonds for the purpose of providing funding for the Program, and in particular for the making and purchase of DPA Loans, and Program Securities backed by pools of Program Loans,

that constitute qualified Program Loans in accordance with the provisions of Section 143 of the Code and Sections 10 and 11 of the Series Resolution and the Series Program Determinations made for the Series Bonds in Section 7 of the Series Resolution. This funding will be provided by:

(i) the allocation, for federal income tax purposes, of sale proceeds of the Series Bonds in the amount to be determined by an Authorized Officer pursuant to Section 2(D) of the Series Resolution and set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution and deposit the sale proceeds, together with certain contributed funds of the Agency, if any, into the Funds and Accounts set forth in Section 8(A) of the Series Resolution to be expended for the Program; and/or

(ii) the allocation, for federal income tax purposes, of sale proceeds of the Series Bonds in the amount determined by an Authorized Officer pursuant to Section 2(D) of the Series Resolution and to be set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution to the refunding, on the date or dates to be determined by the Agency, of certain outstanding obligations of the Agency to be listed in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution (the “Refunded Bonds”), and the deposit of certain transferred assets together with transferred loans and securities, if any (as hereinafter defined, the “Transferred Program Obligations”), and certain “transferred,” “replacement” and sale proceeds that will become allocable to the Series Bonds upon the refunding of certain series of the Refunded Bonds, together with certain contributed funds of the Agency, if any, into the Funds and Accounts set forth in Section 9 of the Series Resolution to be expended for the Program.

(B) Single Issue. Pursuant to the provisions of Section 1.150-1(c)(1) of the Income Tax Regulations (the “Regulations”), the Agency intends to treat all Tax-Exempt Series Bonds (as defined herein) sold on the same date as a single issue of bonds.

(C) Pledge. The pledge made and security interests granted in the Bond Resolution with respect to all Revenues, Program Obligations, money, securities and Funds and Accounts therein defined and created, and all covenants and agreements made by the Agency therein, are made and granted for the equal benefit, protection and security of the Owners of all Bonds issued and to be issued thereunder, including the Series Bonds, without preference, priority or distinction of one Bond over any other of any Series, as fully as though set out at length and resolved herein, except as otherwise expressly provided therein or in a Series Resolution as permitted thereby.

(D) Approval of Contract of Purchase. The Agency will negotiate for the sale of the Series Bonds issued pursuant to this Series Resolution to RBC Capital Markets, LLC, Morgan Stanley & Co. LLC, Piper Sandler & Co., Wells Fargo Bank, National Association and a fifth investment bank determined in accordance with this Section 2(D) (collectively, the “Underwriters”). The fifth investment bank to be included as a purchaser of Series Bonds is the selling group member or most recent rotating co-manager that, in the determination of an

Authorized Officer in consultation with the Agency's financial advisor, made the greatest contribution to sales for the most recent single family bond issue of the Agency; the selling group, for purposes of the aforementioned determination, includes the non-permanent investment bank included as an Underwriter with respect to that previous issue of single family bonds of the Agency.

Any Authorized Officer is hereby authorized to approve the final terms of the Series Bonds, subject to the following parameters:

- (i) the principal amount of each Series of the Series Bonds; provided that the aggregate principal amount of all Series of the Series Bonds is not in excess of \$600,000,000;
- (ii) the maturity schedule of each Series of the Series Bonds (including any mandatory sinking fund schedule); provided that the Series Bonds mature at any time or times in the amount or amounts not later than 32 years from the Issue Date thereof;
- (iii) the interest rates borne by each Series of the Series Bonds; provided that the combined yield on the Series Bonds issued on a particular Issue Date does not exceed 9.00% per annum; and
- (iv) the fee or other compensation payable to the Underwriters of the Series Bonds; provided that the fee or other compensation does not exceed 1.00% of the principal amount of the Series Bonds.

That approval will be conclusively evidenced by the execution of one or more Contracts of Purchase (each a "Purchase Contract") with the Underwriters by an Authorized Officer. The Agency has received and examined the general form of the Purchase Contract which will set forth the terms and conditions upon which the Underwriters will purchase the related Series Bonds from the Agency. The Purchase Contract is hereby approved substantially in the form submitted and an Authorized Officer is authorized and directed to execute Purchase Contracts on behalf of the Agency with those revisions, consistent with the foregoing parameters, as may be required or approved by counsel for the Agency and the Authorized Officer of the Agency executing the same. The final terms of the Series Bonds, including any mandatory sinking fund provisions for the Series Bonds, other redemption provisions and the purchase price of the Series Bonds, will be set forth in the Agency Certificate(s) to be delivered pursuant to Section 8(A)(5) of the Series Resolution.

(E) Official Statement. The Agency has examined a draft of the form of the Preliminary Official Statement of the Agency, to be dated the date of distribution thereof, containing information relating to the Agency and the Series M Bonds; the form of the Preliminary Official Statement with respect to subsequent Series of the Series Bonds will be revised as to (i) the number and designation of Series, (ii) the structure of each Series and (iii) whether the Series is intended to be bonds the interest on which is excludable from gross income for federal income tax purposes ("Tax-Exempt Series Bonds"), all as approved by an Authorized Officer and subject to the limitations of Section 2(D) of the Series Resolution. An



Authorized Officer is hereby authorized to (i) approve a final version of the Preliminary Official Statement describing the proposed terms of, and number of Series of, the Series Bonds to be issued and the use thereof by the Underwriters in the public offering of the Series M Bonds, and (ii) approve any Preliminary Official Statements in substantially similar form to be used by the Underwriters in connection with any additional Series of the Series Bonds authorized by the Series Resolution. Final Official Statements, substantially in the form of the related Preliminary Official Statement except for revisions required or approved by counsel for the Agency and an Authorized Officer, and insertion of the terms of the related Series Bonds as provided in the related Purchase Contract, are approved and authorized to be signed by an Authorized Officer, and furnished to the Underwriters for distribution to investors.

(F) Approval of Continuing Disclosure Undertaking. The Agency has received and examined the form of a Continuing Disclosure Undertaking relating to the Series Bonds, wherein the Agency will covenant for the benefit of the beneficial owners of the Series Bonds to provide annually certain financial information and operating data relating to the Agency and to provide notices of the occurrence of certain enumerated events. The Continuing Disclosure Undertaking is approved substantially in the form submitted and a Continuing Disclosure Undertaking is authorized to be signed on behalf of the Agency by an Authorized Officer for each Series of Series Bonds, with the revisions as may be required or approved by counsel for the Agency, and the Authorized Officer of the Agency executing the same.

Section 3. Forms of Series Bonds. Each of the Series Bonds will be prepared in substantially the form appearing as Exhibits A (which is hereby incorporated herein and made a part hereof), with the additions, deletions or modifications as are permitted or required by the Bond Resolution or the Series Resolution.

#### Section 4. Terms.

(A) Issue and Interest Payment Dates; Denominations; Manner of Payment; Execution and Delivery. The Issue Date of the Series Bonds will be the date of original delivery thereof. The Series Bonds of each Series will be issued as fully registered Bonds in denominations as set forth in the related Agency Certificate delivered pursuant to Section 8(A) of this Series Resolution. Interest will accrue on the outstanding principal amount of the Series Bonds in the manner as set forth in the related Agency Certificate delivered pursuant to Section 8(A) of this Series Resolution, and be paid on the dates as set forth in that Agency Certificate (the Interest Payment Dates for those Series Bonds). Interest will be computed on the basis of a 360-day year composed of twelve 30-day months. Interest on the Series Bonds will be paid by check or draft mailed to the Owner as shown on the registration books of the Agency maintained by the Trustee on the 15th day of the calendar month immediately preceding the Interest Payment Date (the "Record Date") or, upon the written request of an Owner of Series Bonds of a Series in an aggregate principal amount of at least \$100,000, in form satisfactory to the Trustee, by wire transfer on each Interest Payment Date from the Trustee to a domestic bank or trust company designated by the Owner; provided, however, that so long as all of the outstanding Series Bonds of a Series are registered in the name of The Depository Trust Company ("DTC") or its designee, or other securities depository, payment will be made in accordance with the operational arrangements of DTC or its designee, or other securities depository, as agreed to by the Agency. The principal of and any redemption premium on the Series Bonds of a Series will be payable at

the designated corporate trust office of the Trustee upon presentation and surrender of the Series Bonds on or after the date of maturity or redemption thereof; provided, however, that so long as all outstanding Series Bonds of a Series are registered in the name of DTC or its designee, or other securities depository, DTC or any other securities depository may, in its discretion, make a notation on any Series Bond of the Series indicating the date and amount of any reduction of principal except in the case of final maturity or payment in full, in which case the Series Bonds of the Series will be surrendered to the Trustee for payment. The Series Bonds will be executed in the manner provided in Article III of the Bond Resolution by the facsimile signatures of the Chair and Commissioner of the Agency. Each Series Bond will be authenticated by the Trustee by the manual signature of its authorized representative on the Trustee's Certificate of Authentication on each Series Bond, attesting that it is delivered pursuant to the Bond Resolution and the Series Resolution, and will be delivered to the Underwriters upon compliance with the conditions set forth in Section 8 of the Series Resolution.

(B) Maturities, Interest Rates and Redemption. The Series Bonds will mature on the date or dates and in the principal amounts, will bear interest at the rate or rates per annum, and will be subject to redemption as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A)(5) of the Series Resolution, all subject to the limitations in Section 2(D) of the Series Resolution.

(C) Manner of Redemption.

(i) Mandatory Redemption. Notice of the date or amount of any mandatory redemption of any Series Bond redemption (other than through mandatory sinking fund installments, if any) will be given to any Bondowner as set forth in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution.

If Series Bonds are to be redeemed in part upon any mandatory redemption, each of the Series Bonds then outstanding will be redeemed as set forth in the related Agency Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution.

(ii) Optional Redemption. Notice of any optional redemption of Series Bonds will be mailed, by first class mail, postage prepaid, to the last address on the registry books of the Owners of those Series Bonds, or, if all Outstanding Series Bonds are registered in the name of DTC or its designee, or other Bond Depository, the Trustee must give notice to the Bond Depository in accordance with its operational arrangements, in each case not less than 30 days before the optional redemption date. Upon an optional redemption of the Series Bonds, the principal amount of the Series Bonds to be redeemed will be selected by an Authorized Officer and certified to the Trustee on behalf of the Agency in accordance with the provisions of Article V of the Bond Resolution and this Series Resolution. Upon redemption of any of the Series Bonds that are Term Bonds (other than through sinking fund installments), an Authorized Officer will also determine and certify to the Trustee the years in which and the amounts by which the Sinking Fund Installments, if any, referred to in the related Agency

Certificate delivered pursuant to Section 8(A)(5) of this Series Resolution are to be reduced, in the manner that the aggregate reduction equals the aggregate principal amount of the Series Bonds so redeemed.

If less than all Series Bonds are to be optionally redeemed, the Series Bonds to be optionally redeemed will be selected (i) as DTC determines under DTC's current operational arrangements, or (ii) if the Series Bonds are held under the name of another Bond Depository, under the operational arrangements of that Bond Depository. All actions of the Agency and the Trustee in the redemption of Series Bonds must conform to the provisions of Article V of the Bond Resolution and this Series Resolution.

Section 5.     [Reserved]

Section 6.     Securities Depository.

(A)     Definitions. For purposes of this Section 6, the following terms have the following meanings:

“Beneficial Owner” means, whenever used with respect to a Series Bond, the Person in whose name the Series Bond is recorded as the beneficial owner of that Series Bond by a Participant on the records of the Participant, or that Person's subrogee.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series Bonds.

“Participant” means any broker-dealer, bank or other financial institution for which DTC holds Series Bonds as securities depository.

(B)     General Provisions. The Series Bonds of each Series will be initially issued as separately authenticated fully registered bonds, and one Series Bond will be issued in the principal amount of each Series and stated maturity of the Series Bonds. Upon initial issuance, the ownership of the Series Bonds will be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Trustee and the Agency may treat DTC (or its nominee) as the sole and exclusive owner of the Series Bonds registered in its name for the purposes of payment of the principal or purchase price of, premium, if any, and interest on the Series Bonds, selecting the Series Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to Owners of Series Bonds under the Bond Resolution or the Series Resolution, registering the transfer of Series Bonds, and for all other purposes whatsoever, and neither the Trustee nor the Agency will be affected by any notice to the contrary. Neither the Trustee nor the Agency will have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Series Bonds under or through DTC or any Participant, or any other Person that is not shown on the bond register as being an Owner of any Series Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal or purchase price of, premium, if any, and interest on the Series Bonds, with respect to any notice that is permitted or required to be given to owners of Series Bonds under the Bond Resolution or the Series Resolution, with respect to the selection by DTC or any Participant of

any Person to receive payment in the event of a partial redemption or mandatory tender of the Series Bonds, or with respect to any consent given or other action taken by DTC as Owner of the Series Bonds. So long as any Series Bond is registered in the name of Cede & Co., as nominee of DTC, the Trustee will pay all principal and purchase price of, premium, if any, and interest on the Series Bond, and will give all notices with respect to the Series Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all the payments must be valid and effective to fully satisfy and discharge the Agency's obligations with respect thereto to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Series Bonds will be transferable to the new nominee in accordance with Subsection (D) of this Section 6.

(C) Discontinuation of Book-Entry System. In the event the Agency determines to discontinue the book-entry system for the Series Bonds or any Series thereof, the Agency may notify DTC and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of Series Bonds of the Series in the form of certificates. In that event, the Series Bonds of the Series will be transferable in accordance with Subsection (D) of this Section 6. DTC may determine to discontinue providing its services with respect to the Series Bonds or one or more Series at any time by giving notice to the Agency and the Trustee and discharging its responsibilities with respect thereto under applicable law. In that event the Series Bonds of that Series will be transferable in accordance with Subsection (D) of this Section 6.

(D) Transfer and Exchange. In the event that any transfer or exchange of Series Bonds is permitted under Subsection (B) or (C) of this Section 6, the transfer or exchange will be accomplished upon receipt by the Trustee of the Series Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of the Bond Resolution and the Series Resolution. In the event Series Bonds of a Series in the form of certificates are issued to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all the Series Bonds, or another securities depository as Owner of all the Series Bonds, the provisions of the Bond Resolution and the Series Resolution will apply to all matters relating thereto, including, without limitation, the preparation of the Series Bonds in the form of bond certificates, the method of payment of principal and purchase price of, redemption premium, if any, and interest on the Series Bonds and the method of giving notice of redemption and other events.

## Section 7. Series Program Determinations for the Series Bonds; Covenants.

(A) Definitions. As used in this Section 7 and in Sections 9 and 11 of the Series Resolution, the following terms have the following respective meanings:

*2024/2025 Series Program Loan:* A DPA Loan, a Transferred Program Loan, or a Pooled 2024/2025 Series Program Loan.

*2024/2025 Series Program Security:* A Program Security financed in whole or in part with amounts on deposit in the 2024/2025 Series Acquisition Account and bearing interest at a rate equal to the stated interest rate on the corresponding Pooled 2024/2025 Series Program Loans less the applicable servicing fee and guaranty fee.

*Conventional Mortgage Loan:* A 2024/2025 Series Program Loan other than a DPA Loan, an FHA Insured Program Loan, a VA Guaranteed Program Loan or a USDA Rural Development Guaranteed Program Loan, satisfying the requirements of Fannie Mae or Freddie Mac, as applicable.

*Defaulted DPA Loan:* A DPA Loan on which (a) payments are 60 days in arrears, in the case of interest-bearing DPA Loans, and/or (b) payment is not made on the sale or transfer of the property, or when the property is no longer occupied by the Mortgagor; a Defaulted DPA Loan does not include a DPA Loan as to which all defaults have been cured to the satisfaction of the Agency.

*Defaulted Transferred Mortgage Loan:* A Transferred Mortgage Loan on which payments are 60 days in arrears (but not a Transferred Mortgage Loan as to which all defaults have been cured to the satisfaction of the Agency).

*Delivery Period:* If all Program Securities allocable to a Series of Bonds will not be purchased on the date of issuance of that Series of Bonds, the period of time for the purchase of Program Securities from the Master Servicer. The entire Delivery Period will be as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, unless extended by the Agency pursuant to Section 7(E) of the Series Resolution; provided the Delivery Period may not be extended beyond the date named in the related Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, provided that the date is not greater than 42 months from the Issue Date of the Series Bonds.

*DPA Loan:* Junior lien Program Loans which are either (a) interest-free, deferred payment loans or (b) interest-bearing, amortizing ten year term loans, and in each case, made by the Agency for down payment and closing cost assistance in connection with a first lien Program Loan purchased or financed by the Agency; each interest-bearing DPA Loan shall have an interest rate equal to the interest rate of the applicable first lien Program Loan.

*Fannie Mae:* The Federal National Mortgage Association, or any successor thereto.

*Fannie Mae Security:* A single pool, guaranteed mortgage pass-through Fannie Mae program security or UMBS, guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

*FHA:* The Federal Housing Administration of the Department of Housing and Urban Development or any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

*FHA Insurance:* FHA mortgage insurance issued under one of the FHA Insurance programs pursuant to the National Housing Act, including but not limited to: (a) FHA §203(b), Home Unsubsidized; (b) FHA §234(c), Condominiums; (c) FHA §203(b)(2), Veteran's Status, or (d) FHA Section 184, Indian Housing Loans.

*FHA Insured:* Insured by FHA Insurance.

*Freddie Mac:* The Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to the Federal Home Loan Mortgage Act (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459), and any successor to its functions.

*Freddie Mac Security:* A single pool, guaranteed mortgage pass-through Freddie Mac program security or UMBS, guaranteed as to timely payment of principal and interest by Freddie Mac and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

*GNMA:* The Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development, and any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C., §1716 *et seq.*).

*GNMA Security:* A GNMA I Mortgage Pass-Through Certificate or a GNMA II Mortgage Pass-Through Certificate issued by the Master Servicer in the name of the Trustee in exchange for Program Loans and guaranteed as to timely payment of principal and interest by GNMA pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder, and backed by FHA Insured Program Loans, USDA Rural Development Guaranteed Program Loans or VA Guaranteed Program Loans in the related pool.

*Home:* Real property and improvements in the State, comprising not more than four dwelling units, occupied or to be occupied by one or more persons or families.

*Lender:* Any of the following institutions making or holding a 2024/2025 Series Program Loan: (i) any bank, savings bank, credit union, mortgage company or nonprofit corporation organized or licensed under the laws of the State or the United States, and any mortgagee or lender approved or certified by the Secretary of Housing and Urban Development or by the Administrator of Veteran Affairs; or (ii) any agency or instrumentality of the United States or the State, or a political subdivision of the State.

*Master Servicer:* The Person designated as servicer under the Participation Agreements and the Master Servicing Agreement, and its successors or assigns, or any substitute servicer designated by the Agency in accordance with the Master Servicing Agreement.

*Master Servicing Agreement:* The Servicing Agreement, dated as of October 17, 2013, between the Agency and U.S. Bank National Association, as Master Servicer, as the same has been or may be amended from time to time or any agreement executed by the Agency replacing that agreement.

*Mortgage:* A mortgage deed, deed of trust, or other instrument securing a 2024/2025 Series Program Loan and constituting a lien on a Home.

*Mortgagor:* The obligor or joint obligors on a 2024/2025 Series Program Loan.

*Participation Agreements:* One or more of the Participation Agreements, as amended from time to time, relating to the origination of Program Loans under the Program, either (i) between the Agency, the Master Servicer (with respect to a Participation Agreement relating to Program Loans to be pooled to back Program Securities), and a Lender, or (ii) between the Agency and a Lender (together with a separate participation agreement between the Master Servicer and a Lender with respect to a participation agreement relating to Program Loans to be pooled to back Program Securities).

*Pool Purchase Contract:* (i) Any Fannie Mae Pool Purchase Contract between the Master Servicer and Fannie Mae relating to the sale by the Master Servicer of Pooled 2024/2025 Series Program Loans to Fannie Mae and the servicing thereof, or (ii) any Fannie Mae Pool Purchase Contract between the Agency and Fannie Mae relating to the sale by the Agency of Pooled 2024/2025 Series Program Loans to Fannie Mae and the servicing thereof, or (iii) any Freddie Mac Pool Purchase Contract between the Master Servicer and Freddie Mac relating to the sale by the Master Servicer of 2024/2025 Series Program Loans to Freddie Mac and the servicing thereof.

*Pooled 2024/2025 Series Program Loan:* A loan to a Mortgagor, secured by a Mortgage on a Home and evidenced by a promissory note, or a security payable from or evidencing an interest in Program Loans, and financed in whole or in part with amounts on deposit in the 2024/2025 Series Acquisition Account, acquired by the Master Servicer pursuant to Subsection (F) of this Section 7.

*Servicer:* The Agency or any other public or private institution (including the Trustee or a Depository) with which the Agency has executed a Servicing Agreement.

*Servicing Agreement:* A contractual agreement of the Agency with a Servicer for the servicing of a Transferred Mortgage Loan.

*Transferred Program Loans:* The Transferred Mortgage Loans and the Program Loans pooled into the Transferred Program Securities, if any.

*Transferred Mortgage Loan:* The Program Loans allocable to the Series Bonds upon the refunding of the Refunded Bonds, if any.

*Transferred Program Obligations:* Collectively, the Transferred Mortgage Loans and the Transferred Program Securities allocable to the Series Bonds upon the refunding of the Refunded Bonds, if any.

*Transferred Program Securities:* The Program Securities allocable to the Series Bonds upon the refunding of the Refunded Bonds, if any.

*UMBS:* The common, single mortgage-backed securities backed by fixed-rate mortgages formally known as the Uniform Mortgage-Backed Security, issued as of June 3, 2019, by Fannie Mae and Freddie Mac, guaranteed by either Fannie Mae or

Freddie Mac, depending upon which issues the UMBS. UMBS are a type of Program Security.

*USDA Rural Development:* Rural Development, a division of the United States Department of Agriculture, and any successor to its functions. Its powers are prescribed by the Housing Act of 1949, as amended.

*USDA Rural Development Guaranteed:* Guaranteed by USDA Rural Development under the USDA Rural Development Guaranteed Rural Housing Loan Program.

VA: The Veterans Administration, an agency of the United States of America, or any successor to its functions.

*VA Guaranteed:* Guaranteed by the VA under the Serviceman's Readjustment Act of 1944, as amended.

(B) Debt Service Reserve Requirement. In accordance with the provisions of the Bond Resolution, the Debt Service Reserve Requirement for the Bond Resolution is the sum of amounts established for each Series of Bonds by each respective Series Resolution. The Debt Service Reserve Requirement with respect to each Series of the Series Bonds will be in that amount or that percentage of the principal amount of the then Outstanding Series Bonds of the Series as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution.

(C) Insurance Reserve Requirement. In accordance with the provisions of the Bond Resolution, the Insurance Reserve Requirement for the Bond Resolution is the sum of amounts established for each Series of Bonds by each respective Series Resolution. The Insurance Reserve Requirement with respect to each Series of the Series Bonds will be in that amount or that percentage of the principal amount of the then Outstanding Series Bonds of the Series as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution.

(D) Requirements for 2024/2025 Series Program Securities. The Agency will designate in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution whether or not the Series Bonds are intended to be Tax-Exempt Bonds. A portion of the sale proceeds of Series Bonds may be used for the purchase of DPA Loans which were made by the Agency in connection with Program Loans backed by Mortgages that are in compliance with the Act and the Program. The sale proceeds of Series Bonds not used to purchase DPA Loans, or to refund certain obligations of the Agency, will be used to purchase Program Securities that (1) are backed by Mortgages that are in compliance with the Act, the Program, and, in the case of Series Bonds that are Tax-Exempt Bonds, the Code, and (2) comply with the requirements set forth in the Master Servicing Agreement. The Agency represents that the Transferred Program Loans were made in accordance with the applicable provisions of the Bond Resolution and the Agency's Mortgage Program Procedural Manual as in effect at the time the Transferred Program Loans were purchased by the Agency, those provisions will constitute the Series Program Determinations with respect to the Transferred Program Loans, and those Transferred Program Loans will be Program Loans within the meaning of the Bond Resolution



and the Series Resolution. Except as expressly provided, the provisions of Subsection (E) of this Section 7 will not apply to the Transferred Program Loans. The provisions of the Agency's Start Up Procedural Manual or its Step Up Procedural Manual, as applicable, and the Master Servicer's lending guide, each as most recently revised and as revised from time to time, the applicable Participation Agreements and the Master Servicing Agreement will be used to administer the financing of the Pooled 2024/2025 Series Program Loans.

(E) Acquisition of 2024/2025 Series Program Securities and DPA Loans. For any Series Bonds designated as Mortgage-Backed Securities Pass-Through Program, prior to and/or during the Delivery Period for each issuance of a Series of Series Bonds, the Master Servicer will acquire Program Loans from Lenders and pool the Program Loans into 2024/2025 Series Bond Program Securities as provided in the Master Servicing Agreement. For any Series Bonds not designated as Mortgage-Backed Securities Pass-Through Program, during the Delivery Period for each issuance of a Series of Series Bonds, the Master Servicer will acquire Program Loans from Lenders and pool the Program Loans into 2024/2025 Series Program Securities as provided in the Master Servicing Agreement. In each case, the Trustee will disburse moneys from the 2024/2025 Series Acquisition Account related to the Series for the acquisition of Program Securities pursuant to the Master Servicing Agreement and this Subsection (E). The Trustee will pay the Master Servicer the purchase price of each Program Security acquired from the Master Servicer as approved by an Authorized Officer, plus applicable fees or charges payable to a Federal Mortgage Agency and not paid by the Mortgagor, plus accrued interest, if any.

The Trustee will disburse moneys from the 2024/2025 Series Acquisition Account related to the Series for the acquisition of DPA Loans as set out in the Agency Certificate or Agency Certificates, as the case may be, delivered pursuant to Section 8(A) of the Series Resolution.

For any Series Bonds with a Delivery Period, the Agency may at any time transfer any proceeds of a Series of the Series Bonds in a 2024/2025 Series Acquisition Account related to the Series to the 2024/2025 Series Account related to the Series in the Bond Redemption Fund to be applied to the redemption of the Series Bonds. In addition, at the end the Delivery Period related to the Series of Series Bonds, the Agency must transfer from the 2024/2025 Series Acquisition Account related to the Series any amounts not expended to that date to the Bond Redemption Fund to be applied to the redemption of Series Bonds within 41 days thereafter; provided that the Agency may (instead of redeeming those Series Bonds from unexpended proceeds) extend the related Delivery Period with respect to all or any portion of the unexpended amounts remaining in a 2024/2025 Series Acquisition Account related to the Series, for the period as the Agency determines consistent with the final sentence of this paragraph, but only if the Agency has delivered to the Trustee on or prior to the expiration of the Delivery Period designated in the related Agency Certificate a Certificate (i) designating the new ending date for that Delivery Period, (ii) certifying that the Agency has delivered a Cash Flow Certificate and a Parity Certificate confirmed by an investment banking firm, financial consulting firm or accounting firm, in each case nationally recognized with respect to the cash flow analysis of qualified mortgage bonds, that Cash Flow Certificate and Parity Certificate will accompany the Agency Certificate; (iii) certifying that, to the extent necessary to satisfy the requirements of the Cash Flow Certificate and each Rating Agency then rating the Bonds, an Investment Obligation has been arranged for investment of amounts in the 2024/2025 Series Acquisition Account

related to the Series to a date not earlier than the ending date of the extended Delivery Period; (iv) designating the amount of any additional deposits, if any, required by the Cash Flow Certificate, the Parity Certificate and each Rating Agency then rating the Bonds to be made into funds held under the Resolution in connection with the extension, those deposits must be made on or before the date of expiration of that Delivery Period and must be made only from the Agency's funds; and (v) certifying that the Agency has notified each Rating Agency then rating the Bonds that the extension is being planned and has provided copies of the Cash Flow Certificate and Parity Certificate to each Rating Agency then rating the Bonds, together with any other documentation as each Rating Agency then rating the Bonds may request, and has received written confirmation that the Rating of Outstanding Bonds will not be impaired by the extension of the Delivery Period. On any date subsequent to any extension of the related Delivery Period, the Agency may transfer any unexpended proceeds remaining in the 2024/2025 Series Acquisition Account related to the Series and allocable amounts, as reasonably determined by the Agency, held in the 2024/2025 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, in each case allocable to the related Series, to the 2024/2025 Series Account related to those Series Bonds in the Bond Redemption Fund to be applied to redemption of those Series Bonds as provided in Section 4(C) of the Series Resolution. At the end of each Delivery Period for a Series of Bonds, including any extension thereof as provided in this Subsection (E), the Trustee must transfer from the 2024/2025 Series Acquisition Account related to the Series Bonds an amount equal to the amount of proceeds of the Series Bonds in the 2024/2025 Series Acquisition Account not expended to that date and allocable amounts, as reasonably determined by the Agency, held in the 2024/2025 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, and in each case related to the Series Bonds, to the 2024/2025 Series Account in the Bond Redemption Fund to be applied to the redemption of those Series Bonds in accordance with Section 4(C) of the Series Resolution. The Delivery Period may not be extended pursuant to this Subsection (E) beyond the date named in the related Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, provided that the date is not greater than 42 months from the Issue Date of the related Series Bonds. Notwithstanding any provision in this Subsection (E) to the contrary, the Trustee must apply amounts in a 2024/2025 Series Acquisition Account related to the Series to the redemption of the Series Bonds in accordance with Section 4(C) of the Series Resolution.

The Agency may participate each 2024/2025 Series Program Security between different sources of funds of the Agency, so long as the interest of each has equal priority as to lien in proportion to the amount of the 2024/2025 Series Program Security secured, but those interests need not be equal as to interest rate.

(F) Enforcement of Transferred Mortgage Loans and DPA Loans.

(1) Subject to the right of the Agency to modify the Transferred Mortgage Loans and DPA Loans pursuant to Section 6.5(E) of the Bond Resolution, the Agency will take or require a Servicer to take all measures, actions and proceedings as are reasonably necessary and are deemed by it to be most effective to recover the balance due and to become due on each Defaulted Transferred Mortgage Loan or Defaulted DPA Loan, including the curing of the default by the Mortgagor, foreclosure of the Mortgage, acceptance of a conveyance in lieu of foreclosure, sale of the Transferred Mortgage Loan, renting or selling the Home, collection of any applicable mortgage insurance or guaranties, and preservation of the title to and value of the Home pending recovery of the balance of the Defaulted Transferred Mortgage Loan or the Defaulted DPA Loan, but any action will, to the extent legally necessary, conform to the requirements of, and protect the interests of any agency or instrumentality of the United States guaranteeing, insuring or otherwise assisting the payment of that Defaulted Transferred Mortgage Loan or the Defaulted DPA Loan. All collection recoveries for Defaulted DPA Loans are subject to any collection recoveries applicable to the related first lien Program Loan.

(2) Upon receipt of any Revenues with respect to any Defaulted Transferred Mortgage Loan and any Defaulted DPA Loan, or from operation of the Home subject to that Defaulted Transferred Mortgage Loan or Defaulted DPA Loan, after foreclosure or conveyance of the Home to the Agency in lieu of foreclosure, in excess of the amounts needed to preserve title to and the value of the Home, the Agency will transmit those Revenues to the Trustee for deposit in the Revenue Fund.

(G) Enforcement of 2024/2025 Series Program Securities.

(1) The 2024/2025 Series Program Securities acquired by the Trustee on behalf of the Agency, and the Transferred Program Securities, if any, will be held at all times by the Trustee in trust and subject to the pledge of the Bond Resolution. If the Trustee does not receive a payment on a GNMA I Security when due by the close of business on the 17th day of each month, or if the Trustee does not receive a payment on a GNMA II-Custom Pool Security when due by the close of business on the 22nd day of each month, the Trustee will immediately notify, and demand payment from GNMA. If the Trustee does not receive payment or advice from the depository of payment, with respect to a Fannie Mae Security when due by the close of business on the 25th day of any month (or the next Business Day if the 25th is not a Business Day), the Trustee will immediately demand payment from Fannie Mae in connection with the guaranty of timely payments of principal and interest by Fannie Mae. If the Trustee does not receive payment on a Freddie Mac Security when due by the close of business (a) for Freddie Mac Securities which are not UMBS, on the 18th day of each month (or the next Business Day if the 18th day is not a Business Day) or (b) for Freddie Mac Securities which are UMBS, on the 25<sup>th</sup> day of each month (or the next Business Day if the 25<sup>th</sup> day is not a Business Day), the Trustee will immediately demand payment from Freddie Mac.

(2) The Agency agrees that the Trustee in its name or (to the extent required by law) in the name of the Agency may enforce all rights of the Agency and all

obligations of a Master Servicer under and pursuant to a Master Servicing Agreement for and on behalf of the Bondowners whether or not an Event of Default under the Bond Resolution or the Series Resolution has occurred or is continuing. The Agency will supervise, or cause to be supervised, each Lender's compliance with the Participation Agreements. In the event the Master Servicing Agreement is cancelled or terminated for any reason, the Agency will proceed with due diligence to procure a successor Master Servicer, subject to the provisions of the Master Servicing Agreement and the requirements of each applicable Federal Mortgage Agency. During the period necessary to obtain that successor, the Trustee will, subject to the approval of the applicable Federal Mortgage Agency, cause to be performed the duties and responsibilities of the Master Servicer, under the Master Servicing Agreement and will be compensated therefor, in addition to the compensation payable to it under the Bond Resolution or any other instrument, in the same manner and amounts as provided under the Master Servicing Agreement.

(H) [Reserved].

(I) [Reserved].

(J) Information to be Furnished. The Trustee will furnish information concerning the Series Bonds and the Program to each Rating Agency upon reasonable request thereof.

(K) Amendments. This Section 7 of the Series Resolution may be amended subsequent to the issuance of the Series Bonds to reflect changes in requirements applicable to the 2024/2025 Series Program Securities, DPA Loans, or the Transferred Program Obligations; provided that the amendment will become effective only if Bond Counsel renders an opinion to the effect that the amendment will not adversely affect the exclusion of interest on the Series Bonds from gross income of the owners thereof for federal income tax purposes and if the Agency delivers an Agency Certificate to the Trustee to the effect that the amendment will not impair the Ratings on the Series Bonds by each Rating Agency.

#### Section 8. Conditions Precedent to Issuance.

(A) Documents Furnished to Trustee. Prior to the delivery of each Series of the Series Bonds an Authorized Officer will cause to be furnished to the Trustee, unless previously furnished, the following items as required by Sections 2.5 and 2.6 of the Bond Resolution:

(1) Certified copies of the Bond Resolution and the Series Resolution.

(2) An opinion of counsel to the Agency that the Bond Resolution and the Series Resolution have been duly adopted by the Agency and are valid and binding upon it and enforceable in accordance with their terms, that the Bond Resolution creates the valid pledge that it purports to create, and that the principal amount of the Series Bonds and other obligations heretofore issued by the Agency does not exceed any legal limitation.

(3) The Opinion of Bond Counsel required by Section 2.5(2) of the Bond Resolution.

(4) A Counsel's Opinion that the Series Bonds are exempt from registration under, or have been registered in accordance with, the Securities Act of 1933 and that the Series Resolution is qualified under the Trust Indenture Act of 1939 or that qualification is not necessary.

(5) An Agency Certificate (i) requesting the Trustee to authenticate the Series Bonds, and deliver them to the Underwriters upon payment of the purchase price set forth in the related Agency Certificate, (ii) certifying that the Agency is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Bond Resolution, (iii) setting forth the amount of the proceeds of the Series Bonds and other funds to be deposited with the Trustee pursuant to Section 4.1 of the Bond Resolution and the Funds and Accounts into those deposits should be made, (iv) certifying that upon the issuance and delivery of the Series Bonds, the amount on deposit in the Debt Service Reserve Fund will be at least equal to the Debt Service Reserve Requirement and the amount on deposit in the Insurance Reserve Fund will be at least equal to the Insurance Reserve Requirement, (v) stating that the issuance of the Series Bonds will have no adverse material effect on the ability of the Agency to pay the Debt Service on the Bonds then Outstanding, (vi) stating whether or not the Series of Series Bonds are intended to be Tax-Exempt Bonds, (viii) setting forth whether any of the funds deposited to the related 2024/2025 Acquisition Account may be used for purchase of DPA Loans as provided in Section 7(E) of the Series Resolution, and (viii) setting forth the terms of the Series Bonds to be specified as provided in Section 2(D) and Section 4(C) of the Series Resolution.

(6) An Agency Certificate as required by Section 2.5(6) of the Bond Resolution and any information required to be filed with the Trustee upon deposit of amounts in an Acquisition Account pursuant to Section 4.4 of the Bond Resolution. A Cash Flow Certificate need not be filed with the Trustee in connection with the issuance of any Series of the Series Bonds.

(7) Written confirmation from each Rating Agency that issuance of the Series Bonds will not impair then existing Rating on the Bonds.

(8) If applicable, evidence that the Agency has given irrevocable instructions of the redemption of all the related Refunded Bonds, if any, and the redemption dates, if any, upon which the related Refunded Bonds are to be redeemed, to the Trustee or to the owners of the related Refunded Bonds or the trustee for those owners, as applicable.

(9) Evidence that money or Government Obligations in an amount sufficient to effect payment of the applicable redemption price, or amount payable on maturity, of the related Refunded Bonds, if any, have been deposited with the Trustee in accordance with the Bond Resolution, or have been received by the owners of the related Refunded Bonds or the trustee for those owners, in accordance with the resolution of the Agency whereby the related Refunded Bonds were issued, as applicable.

(10) If applicable, an Opinion of Bond Counsel to the effect that issuance of the Series Bonds will not result in interest on the related Refunded Bonds being included in gross income for federal income tax purposes.

(B) Acceptance and Certification by Trustee. Prior to the delivery of any Series of the Series Bonds, the Agency will also receive from the Trustee a certificate stating that it has received the documents listed in Subsection (A); and that the amounts to be deposited in the Debt Service Reserve Fund and Insurance Reserve Fund, if any, are sufficient to increase the amount in those Funds to the Debt Service Reserve Requirement and Insurance Reserve Requirement effective after the issuance of the Series Bonds as computed by the Trustee. The Trustee will administer and observe on behalf of the Agency all applicable requirements of the Code now or hereafter relating to information reporting, withholding and similar requirements with respect to ownership or payment of the Series Bonds, including, without limitation, the requirements imposed by Sections 871(h)(2)(B), 1441, 1442, 3406, 6045 and 6049 of the Code.

(C) Program Securities. Prior to each delivery of Series Bonds designated as Mortgage-Backed Securities Pass-Through Program, Transferred Program Securities and/or Series Bond Program Securities in an aggregate principal amount equal to or greater than the aggregate principal amount of those Series Bonds and to constitute the Transferred Program Securities or Series Bond Program Securities, as applicable, for those Series of Bonds must be identified by the Agency in a manner acceptable to the Trustee.

(D) Documents Required by the Purchase Contract. Prior to delivery of a Series of the Series Bonds, an Authorized Officer will also cause to be furnished to the Underwriters each of the certificates, opinions and other documents required by the related Purchase Contract.

(E) Certification Under Applicable Federal Tax Law. An Authorized Officer is also authorized and directed, on the date of delivery of a Series of the Series Bonds that are intended to be Tax-Exempt Bonds, to prepare and execute a certificate on behalf of the Agency, setting forth in brief and summary terms the facts, estimates and circumstances on the basis of which the Agency reasonably expects that the proceeds of the Series Bonds will be used in a manner that would not cause the Series Bonds to be arbitrage bonds under applicable federal tax law, and on the basis of which the Series Bonds will be “qualified mortgage bonds” under the provisions of applicable federal tax law.

(F) Delivery. Upon fulfillment of the above conditions an Authorized Officer will direct the Trustee to authenticate and deliver the related Series Bonds as provided in the related Purchase Contract upon receipt by the Trustee of the purchase price to be paid by the Underwriters under the Purchase Contract.

## Section 9. Deposit of Bond Proceeds and Other Funds; Investment Obligations.

(A) 2024/2025 Series Accounts. Within the Acquisition Account, the Revenue Fund, the Bond Fund Interest Account, the Bond Fund Principal Account, the Debt Service Reserve Fund (but only if the Debt Service Reserve Requirement with respect to the Series Bonds is greater than zero), the Insurance Reserve Fund (but only if the Insurance Reserve Requirement with respect to the Series Bonds is greater than zero) and, as applicable, the Bond Redemption

Fund and the Alternative Loan Fund, the Trustee may maintain a combined 2024/2025 Series Account designated for each Series of Series Bonds issued on the same Issue Date, as directed in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution, for the purpose of recording the proceeds of the related Series Bonds and other amounts directed by the Series Resolution to be deposited therein and the Transferred Program Obligations, other transferred proceeds, 2024/2025 Series Program Securities, DPA Loans, and Investment Obligations purchased therefrom or allocated thereto and the prepayments and other receipts from the Transferred Program Obligations, the 2024/2025 Series Program Securities, the DPA Loans, and Investment Obligations, and the Revenues received with respect to the related Series of Series Bonds. In addition, the Trustee will establish a separate Cost of Issuance Account for the Series of Series Bonds issued on the same Issue Date.

(B) Deposits of Funds. The proceeds of each Series of the Series Bonds, the DPA Loans acquired with, or reimbursed from the proceeds of a Series of the Series Bonds, the Transferred Program Obligations, other transferred proceeds and funds of the Agency, if any, will be deposited by the Trustee into the Accounts established pursuant to Section 9(A), as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution.

(C) Investment Agreements. If deemed advantageous, the Commissioner or other Authorized Officer is authorized to negotiate and execute one or more investment agreements for the investment of all or a portion of the proceeds of the Series Bonds and other funds of the Agency related thereto.

Section 10. Tax Covenant and Restrictions. The below covenants relate to all Series Bonds intended to be Tax-Exempt Bonds ("Tax-Exempt Series Bonds"):

(A) General Tax Covenant. The Agency covenants that it will at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Agency on Tax-Exempt Series Bonds will be excludable from gross income for purposes of federal income taxation, and that no part of the proceeds of the Tax-Exempt Series Bonds will at any time be used directly or indirectly to acquire securities or obligations the acquisition of which, from the funds used for that purpose, if reasonably anticipated on the date of issuance of any Tax-Exempt Series Bond, would have caused the Tax-Exempt Series Bonds to be arbitrage bonds, unless that acquisition is at that time permitted by applicable federal tax law and the Treasury Regulations thereunder, as then in effect. The Agency must at all times do and perform all acts and things permitted by law and the Bond Resolution and necessary or desirable in order to assure that the proceeds of the Tax-Exempt Series Bonds, and the Revenues attributable thereto, will be used in a manner consistent with the provisions of applicable federal tax law so that the interest on the Tax-Exempt Series Bonds will be excludable from gross income for federal income tax purposes.

(B) Qualified Program Loans. The covenants and restrictions set forth in Section 11 of the Series Resolution will apply to each Program Loan, including Program Loans purchased by the Master Servicer to be pooled in a Program Security from the sale proceeds of any Tax-Exempt Series of Series Bonds. The Agency retains the right to impose covenants with respect to Program Loans, Homes and Mortgagors more restrictive than those imposed by applicable federal tax law.

(C) Amendments. Any particular covenant or restriction set forth in Sections 10 and 11 of the Series Resolution, other than the covenant in Subsection (A) of this Section 10, will apply only to the extent that the same is necessary to implement the provisions of applicable federal tax law to assure that the interest to be paid on the Tax-Exempt Series Bonds will be and remain excluded from gross income for purposes of federal income taxation. If and to the extent that applicable federal tax law is amended or supplemented, and the Agency determines on the advice of counsel that the effect thereof is to add to, delete from or change the restrictions and limitations contained in applicable federal tax law or the Agency's interpretation thereof, any provision of Section 10 and 11 of the Series Resolution may be amended or supplemented to conform to applicable federal tax law as then in effect, without the consent of the Trustee or Bondowners, as contemplated in Section 9.1(B)(6) of the Bond Resolution.

#### Section 11. Compliance with Applicable Federal Tax Law.

(A) Code Provisions. Unless otherwise determined in the Agency Certificate to be delivered pursuant to Section 8(A) of the Series Resolution, the Agency determines that Section 143 of the Code is applicable to the Tax-Exempt Series Bonds as a "qualified mortgage issue." Under Section 143(a), a "qualified mortgage bond" is one issued as part of a qualified mortgage issue, all proceeds of which, exclusive of issuance costs and a reasonably required reserve, are to be used to finance owner-occupied residences, and that meets the requirements of subsections (c) through (i), inclusive, and (m)(7), of Section 143.

(B) Mortgage Eligibility Requirements; Good Faith and Corrective Action. Actions to assure compliance with the requirements of applicable federal tax law as applicable to Tax-Exempt Series Bonds are set forth in Subsections (C) through (L) of this Section 11. As to the mortgage eligibility requirements of applicable federal tax law as set forth in subsections (c) through (f), and (i), of Section 143 of the Code, the Agency and its staff have attempted, and will in good faith attempt, to meet, or cause the Master Servicer to meet, all of them before each Mortgage is executed, and to assure that 95% or more of the proceeds of the Tax-Exempt Series Bonds devoted, directly or indirectly, to owner-financing are devoted to residences with respect to which, at the time the Mortgages were or are executed, all those requirements were or are met, and that any failure to meet those requirements will be corrected within a reasonable period after the failure is first discovered, if necessary by accelerating or selling the Program Loan or replacing it with a qualifying Program Loan. With respect to the Transferred Program Loans, certifications and warranties of Mortgagors, Lenders and the Servicers and provisions of the Mortgages and related promissory notes designed for this purpose were set forth in the Agency's Mortgage Program Procedural Manual as in effect at the time the Transferred Program Loans were executed. With respect to the Pooled 2024/2025 Series Program Loans, certifications and warranties of Mortgagors, Lenders and the Master Servicer and provisions of the Mortgages and related promissory notes designed for this purpose are set forth in the Agency's Mortgage Loan Program Procedural Manual: MBS, the Participation Agreements and the Master Servicing Agreement. As to the arbitrage and recapture requirements of Sections 143 and 148 of the Code, the Agency and its staff will in good faith attempt to meet all the requirements and will take all reasonable steps to avoid failure due to inadvertent error.

(C) Residence. Each Program Loan purchased in whole or in part by the Master Servicer to be pooled in a Program Security to be financed in whole or in part from the proceeds



of, or allocated to, the Tax-Exempt Series Bonds, will have been made or will be made to finance the cost of construction of a new Home, or to finance the cost of acquisition, with or without rehabilitation or improvement, of an existing Home, or to finance the cost of rehabilitation or improvement of an existing Home owned by the Mortgagor located in Minnesota and containing not more than four dwelling units, that is or can reasonably be expected to become the principal residence of the Mortgagor as established by an affidavit secured by the Lender from the Mortgagor stating his or her intent so to occupy the Home not later than 60 days after final closing and thereafter to maintain it as his or her principal residence, and that no use will be made of the Home (or of the area occupied by the Mortgagor in the case of a two- to four-family Home) that would cause any Tax-Exempt Series Bond to meet the private business use tests of Section 141(b) of the Code, and that the Home is not to be used as an investment property or a recreational home.

(D) Three-Year Prior Ownership. No Program Loan will be purchased in whole or in part by the Master Servicer to be pooled in a Program Security, unless the originating Lender secures, or has secured, and retains an affidavit of the Mortgagor stating that he or she has not had a present ownership interest in a principal residence at any time during the three-year period ending on the date when the Mortgage is executed, unless the Program Loan is made for a residence within a “targeted area,” as defined in Section 143(h) of the Code and Section 6a.103A-2(b)(3) of the Regulations, or the Program Loan is made to a “veteran” borrower (as defined in 38 U.S.C. Section 101) who has not previously obtained mortgage loans financed by single family mortgage revenue bonds utilizing the veteran exception. In addition, except for Program Loans in targeted areas, or to “veteran” borrowers, the Lender must secure, or have secured, from the Mortgagor either (i) copies of the Mortgagor’s federal tax returns that were filed with the Internal Revenue Service for the preceding three years (if due for these years), or (ii) credit reports from a reputable credit reporting agency (if such credit reports will provide information to the Agency which is at least as reliable with respect to first-time homebuyer status as the review of income tax returns), in order to ascertain and certify to the Agency whether the Mortgagor has either claimed a deduction for taxes on property that was the Mortgagor’s principal residence or for interest on a mortgage secured by that property, or, in the case of receipt and review of a credit report, whether the Mortgagor had a mortgage on property which was the residence of the Mortgagor. The Program Loan must not be purchased if either the Lender or the Master Servicer, as applicable, has reason to believe the affidavit to be false. Notwithstanding the preceding provisions of this Subsection (D) of Section 11, a Program Loan may be purchased by the Master Servicer to be pooled in a Program Security, financing the rehabilitation of a Home owned by the Mortgagor, or the purchase of a Home rehabilitated by the seller, of which the Mortgagor is the first resident after the rehabilitation work is completed, provided that the Program Loan is or has been provided in connection with a “qualified rehabilitation” as defined in Section 143(k)(5) of the Code.

(E) Purchase Price. No Program Loan will be purchased in whole or in part by the Master Servicer to be pooled in a Program Security, if the acquisition cost of the Home for which it is made exceeds 90%, or 110% if located in a targeted area as defined in Subsection (D) above, of the average area purchase price applicable to the Home as of the date of purchase or the date of financing commitment by the Lender, whichever is earlier, as established by average area purchase price limitations published by the Treasury Department for the statistical area where the Home is located, or as established by the Agency pursuant to more accurate and comprehensive

data available to the Agency. Acquisition cost will be determined in accordance with Section 6a.103A-2(b)(8) of the Regulations, including all cash and non-cash items deemed therein to be included under particular circumstances as a cost of acquiring a residence from the seller as a completed residential unit. The Lender must secure and retain, or file with the Master Servicer, affidavits from both the seller and the Mortgagor, establishing facts showing that the acquisition cost requirement has been met.

(F) Income Requirements. All Program Loans to be financed in whole or in part from the proceeds of the Tax-Exempt Series Bonds, including Program Loans purchased by the Master Servicer to be pooled in a Program Security, must be made, or have been made, to Mortgagors whose family income is 115 percent or less of the applicable median family income, except as otherwise permitted for targeted areas pursuant to Section 143(f)(3) of the Code or high housing cost areas pursuant to Section 143(f)(5) of the Code. The Lender must secure, or have secured, and retain, or file with the Master Servicer, income information from available loan documents, as specified in Rev. Rul. 86-124, and an affidavit of the Mortgagor that the family income restrictions have been met. The family income limits will be adjusted for families of fewer than three individuals in accordance with Section 143(f)(6) of the Code.

(G) Limitation of Amount. Certain Series of the Tax-Exempt Series Bonds will be, for federal tax purposes, current refunding bonds issued pursuant to either the provisions of Section 1313(a) of the Tax Reform Act of 1986 or Section 146(i) of the Code and the Agency will not be required to apply the principal amount of the Tax-Exempt Series Bonds against the unused volume cap of the Agency for the issuance of qualified mortgage bonds during calendar year 2024 or 2025, as applicable, as provided pursuant to Section 146 of the Code and applicable state law.

The unused volume cap of the Agency for the issuance of qualified mortgage bonds during calendar year 2024 or 2025, as applicable, including the amount carried forward from calendar years 2021, 2022, 2023, and 2024, as applicable, as provided pursuant to Section 146 of the Code and applicable state law, is in excess of the amount of the Tax-Exempt Series Bonds. The Agency must apply the portion of the principal amount of the Tax-Exempt Series Bonds against the unused volume cap as required for the allocation of volume cap pursuant to Section 146 of the Code as set forth in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution.

(H) Placement in Targeted Areas. To the extent the Tax-Exempt Series Bonds are, for federal tax purposes, issued to refund bonds with respect to which the requirements of Section 143(h) of the Code have previously been met, the Agency will not be required to make available any amount of the proceeds of the Tax-Exempt Series Bonds for the making of Program Loans in targeted areas (as defined in Section 143(j) of the Code).

With respect to any portion of the Tax-Exempt Series Bonds that are not issued to refund bonds with respect to which the requirements of Section 143(h) of the Code have previously been met, the Agency must make available an amount equal to twenty percent (20%) of the proceeds of the Tax-Exempt Series Bonds deposited into the 2024/2025 Series Acquisition Account for the making of Program Loans in targeted areas (as defined in Section 143(j) of the Code).

(I) Recapture of Federal Subsidy. The Agency will take all action necessary to comply with the requirements of Section 143(m) applicable to it, including particularly the requirements of Section 143(m)(7) and applicable Regulations, as well as the provisions of Revenue Ruling 91-3 and Revenue Procedure 91-8.

(J) Arbitrage. The Agency must take all actions as may be prescribed in the future by Regulations or rulings of the Internal Revenue Service applicable to the Tax-Exempt Series Bonds to assure that the Tax-Exempt Series Bonds will meet the requirements of Section 143(g) of the Code and Section 148 of the Code relating to arbitrage, to-wit:

(1) The effective rate of interest on the Transferred Program Loans and the portions of 2024/2025 Series Program Loans purchased with, or allocated to, the proceeds of the Tax-Exempt Series Bonds may not exceed the yield of the Tax-Exempt Series Bonds, computed in accordance with Section 143(g)(2) of the Code and the Regulations, by more than one and one-eighth percentage points.

(2) The Agency must pay or cause to be paid the rebate amount required by Section 148(f) of the Code and applicable Regulations, as provided in the Arbitrage Rebate Certificate executed by the Trustee and the Agency in conjunction with the issuance and delivery of the Tax-Exempt Series Bonds.

(K) Special Requirements Relating to Use of Certain Amounts on Deposit in the 2024/2025 Series Account in the Revenue Fund. The Agency must take all necessary action pursuant to Section 143(a)(2)(A) of the Code to ensure that scheduled repayments and prepayments of principal of Transferred Mortgage Loans and 2024/2025 Series Program Securities are used to pay and redeem Tax-Exempt Series Bonds in the amounts and within the time periods mandated by that Section 143(a)(2)(A); provided that the provisions of this Subsection (K) will be not generally be applicable if (i) there is a change in the Code or Regulations, or notice or other announcement from the Treasury Department or Internal Revenue Service, that has the effect of removing the requirement for those redemptions of Tax-Exempt Series Bonds or (ii) there is delivered to the Trustee an opinion of nationally recognized bond or tax counsel that failure to make those redemptions will not adversely affect the exclusion from federal gross income of interest on the Tax-Exempt Series Bonds. Notwithstanding any contrary provisions of this Subsection (K), the Agency agrees that, so long as Tax-Exempt Series Bonds maturing on the date or dates and designated as “Specified Bonds,” if any, in the Agency Certificate(s) delivered pursuant to Section 8(A) of the Series Resolution (the “Specified Bonds”) remain Outstanding, the provisions of Section 143(a)(2), as existing on the date of issue of the Tax-Exempt Series Bonds, will be considered as being in full force and effect (notwithstanding any subsequent change in law or regulation) and the Agency, to the full extent permitted by law, must comply with the provisions of the Agency’s final Official Statement furnished to the Underwriters pursuant to Section 2(F) of the Series Resolution relating to the special redemption of Specified Bonds from certain mortgage prepayments and/or regularly scheduled repayments of principal of the Transferred Mortgage Loans and the portion of 2024/2025 Series Program Loans allocable to the Tax-Exempt Series Bonds.

(L) New Mortgage and Assumption Requirements. None of the proceeds of the Tax-Exempt Series Bonds will be used, and none of the proceeds of any of the Refunded Bonds,

if any, were used, to acquire or replace an existing mortgage, and all of the lendable proceeds of the Tax-Exempt Series Bonds will be used, and all of the lendable proceeds of any Refunded Bonds were used, to purchase Program Loans, or Program Securities backed by Program Loans, made to persons who did not have a mortgage (whether or not paid off) on the Home securing the Program Loan at any time prior to the execution of the Mortgage, except in the cases of (i) a mortgage securing a construction period loan, (ii) a mortgage securing a bridge loan, or similar initial temporary financing having a term of 24 months or less, (iii) an existing mortgage in the case of a Program Loan for a qualified rehabilitation as described in Section 143(k)(5) of the Code and (iv) certain contract for deed arrangements as set forth in Section 143(i)(1) of the Code. The relevant instruments relating to each 2024/2025 Series Program Loan and Mortgage purchased in whole or in part from the proceeds of the Tax-Exempt Series Bonds will contain a clause to the effect that the 2024/2025 Series Program Loan will be due on sale of the Home unless assumption by the purchaser is consented to by the Agency, which consent will be given only if the Agency has determined that the requirements of Subsections (C), (D), (E) and (F) of this Section 11 are met with respect to that assumption for any 2024/2025 Series Program Loan funded with proceeds of Tax-Exempt Series Bonds. In the event that those requirements are not met, notwithstanding that determination, the error will be corrected as provided in Subsection (B) of this Section 11.

Section 12. Discretion of Authorized Officer. An Authorized Officer will determine the number and aggregate principal amount of each Series of the Series Bonds, subject to the limitations in Section 2(D) of the Series Resolution. Notwithstanding anything contained in the foregoing sections of the Series Resolution, if an Authorized Officer, upon consultation with the Chair and upon the advice of Bond Counsel or counsel to the Agency, determines that it is not in the best interests of the Agency to issue and sell the Series Bonds or any Series thereof (subject to any applicable provisions of any bond purchase agreement theretofore executed), then the Series Bonds will not be issued or sold in accordance with the Series Resolution.

[Remainder of page intentionally left blank]

Adopted by the Minnesota Housing  
Finance Agency this 23<sup>rd</sup> day of May, 2024.

By: \_\_\_\_\_  
Chair

Attest: \_\_\_\_\_  
Commissioner

[Resolution No. MHFA 24-026]

## EXHIBIT A

[Form of Series Bond]

No.

\$

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RESIDENTIAL HOUSING FINANCE BOND, [2024] [2025] SERIES [\_] [(TAXABLE)]

[(MORTGAGE-BACKED SECURITIES PASS-THROUGH PROGRAM)]

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
		_____, [2024][2025]	

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

CEDE &amp; CO.

or registered assigns, the principal sum of

DOLLARS

on the maturity date specified above, with interest thereon from the Date of Original Issue set forth above at the annual rate specified above, computed on the basis of a 360-day year composed of twelve 30-day months, payable on each January 1 and July 1, commencing \_\_\_\_\_, to the order of the registered owner hereof as shown on the Bond Register maintained by the Trustee (as hereinafter defined) on the fifteenth (15th) day (whether or not a business day) of the immediately preceding month, subject to the provisions referred to herein with respect to the redemption of principal before maturity. The interest hereon and, upon presentation and surrender hereof, the principal and any redemption premium with respect to this Series Bond are payable in lawful money of the United States by check or draft, or other agreed means of payment, by Computershare Trust Company, National Association, in Minneapolis, Minnesota, successor Trustee under the Bond Resolution referred to below, or its successor (the "Trustee"). For the prompt and full payment thereof when due the full faith and credit of the Agency are irrevocably pledged. This Series Bond is a general obligation of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of resolutions or indentures now or hereafter pledging particular moneys, assets or revenues to particular notes or bonds, or state or federal laws appropriating particular funds for a specified purpose. The Agency has no taxing power. The State of Minnesota is not liable hereon, and this Series Bond is not a debt of the State.

This Series Bond is one of a duly authorized Series of Residential Housing Finance Bonds, [2024] [2025] Series [ ] [(Mortgage-Backed Securities Pass-Through Program)], in the original principal amount of \$\_\_\_\_\_ (the “Series Bonds”), issued to provide funds needed for the Agency’s Program of making or purchasing Program Obligations to facilitate the purchase, development or rehabilitation of a sufficient supply of residential housing in Minnesota at prices that persons and families of low and moderate income can afford. The Series Bonds are issued under and pursuant to the Agency’s Amended and Restated Residential Housing Finance Bond Resolution, adopted August 24, 1995, as amended and supplemented (the “Bond Resolution”), and the Agency’s series resolution[s], adopted [October 26, 2023 and] May 23, 2024 ([together,] the “Series Resolution”), to which resolutions, including all supplemental resolutions that may be adopted pursuant to the provisions thereof, reference is made for a description of the revenues, moneys, securities, funds and accounts pledged to the Trustee for the security of the Owners of the Series Bonds, the respective rights thereunder of the Agency, the Trustee and other Fiduciaries and the Owners of the Series Bonds, and the terms upon which the Series Bonds are issued, delivered and secured. [The Series Bonds are issued contemporaneously with the Agency’s Residential Housing Finance Bonds, [2024] [2025] Series [ ] [ ] [(Mortgage-Backed Securities Pass-Through Program)].]

The Series Bonds are issuable in fully registered form. The Series Bonds are issued in denominations of \$[ ] principal amount or integral multiples thereof of a single stated maturity.

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

[All Series Bonds are subject to mandatory redemption on each Interest Payment Date, in whole or in part, at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium, in a principal amount equal to all principal repayments, including Prepayments, on the [2024][2025] [ ] Program Securities purchased with proceeds of the Series Bonds on deposit in the Revenue Fund received during the immediately preceding calendar month, as further provided in the Series Resolution.]

All Series Bonds are subject to (i) special redemption at any time at a price of par plus accrued interest, without premium, from unexpended proceeds of the Series Bonds not used to purchase Program Obligations and allocable amounts, if any, held in the 2024/2025 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, and (ii) special redemption at any time at a price of par plus accrued interest, without premium, from Excess Revenues (as hereinafter defined) on deposit in the Revenue Fund. “Excess Revenues,” for this purpose, means Revenues, including Prepayments, on deposit in the Revenue Fund received in excess of (i) the Principal Installments and interest from time to time due and payable on Bonds Outstanding under the Bond Resolution, (ii) amounts required by the provisions of series resolutions heretofore or hereafter adopted to be used for the mandatory redemption of certain Outstanding Bonds as specified in said series resolutions, (iii) amounts required to maintain the required balance in the Debt Service Reserve Fund and Insurance Reserve Fund, (iv) amounts

payable to a Swap Counterparty, and (v) amounts required to pay fees and other costs of the Agency in connection with the Program.

All Series Bonds with stated maturities on or after \_\_\_\_\_ are also subject to redemption at the option of the Agency in whole or in part from any amounts available to the Agency for that purpose, on \_\_\_\_\_ and any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, if any, to the date of redemption, without premium.

Upon redemption of any of the Series Bonds, the maturities and amounts of the Series Bonds to be redeemed will be selected by the Agency in a manner determined to have no material adverse effect on its ability to pay when due the Principal Installments of and interest on all Bonds Outstanding under the Bond Resolution after the redemption.

If less than all Series Bonds of a maturity are to be redeemed, the Trustee will select them at random. Upon partial redemption of a Series Bond, a new Series Bond or Series Bonds will be delivered to the Owner without charge, representing the remaining amount Outstanding.

Notice of any redemption of Series Bonds will be mailed, by first class mail, postage prepaid, to the last address on the registry books of the registered owner of any Series Bond, not less than 30 days before the redemption date. Notice having been given, the Series Bonds or portions of Series Bonds specified will be due and payable at the specified redemption date and price, with accrued interest, and funds for that payment being held by or on behalf of the Trustee so as to be available therefor, interest thereon will cease to accrue, and those Series Bonds or portions thereof will no longer be considered Outstanding under the Bond Resolution. Any failure to give that mailed notice, or defect therein, will not impair the validity of redemption of any Series Bond not affected by that defect or failure.

The Agency has issued other Series of Bonds and the Bond Resolution authorizes additional Series of Bonds to be issued (collectively with the Series Bonds, the “Bonds”), all of which are secured by the pledge made and security interest granted therein, regardless of the times of issue or maturity, are of equal rank without preference, priority or distinction of any Bond of any Series over any other except as expressly provided or permitted in the Bond Resolution; subject to conditions specified in the Bond Resolution, including conditions that upon the issuance of each Series of Bonds (a) the amount held by the Trustee in the Debt Service Reserve Fund and Insurance Reserve Fund will be increased to an amount not less than their respective requirements effective after the issuance of the Bonds, and (b) each Rating Agency will confirm that issuance of a Series of Bonds will not impair then existing rating on the Outstanding Bonds.

The Bond Resolution permits, with certain exceptions, the modification or amendment thereof and of the rights and obligations of the Agency and of the Owners of the Bonds thereunder, by a supplemental bond resolution adopted with the written consent, filed with the Trustee, of the Owners of at least a majority in principal amount of the Bonds Outstanding or affected by the amendment at the time the consent is given. Any resolution will be binding upon the Agency and all Fiduciaries and Owners of Bonds at the expiration of thirty days after filing with the Trustee of proof of the mailing of notice that the required consent has been given.



Supplemental resolutions may also be adopted, effective immediately, for the purpose of adding restrictions on or covenants by or surrendering privileges of the Agency, authorizing additional Bonds, or making provisions affecting only Bonds not yet issued or reasonably necessary to assure that interest on an applicable Series of Bonds will be, or remains, excludable from gross income under the Code; and may also be adopted, effective upon consent of the Trustee, for the purpose of curing or correcting an ambiguity, omission, defect or inconsistency, or inserting provisions not inconsistent with the Bond Resolution, clarifying matters or questions arising under it, or for any other purpose as will not be, in the opinion of the Trustee, materially adverse to the security or other interests of the Bondowners. Every Owner hereof is deemed by its purchase and retention of this Series Bond to consent to be bound by every supplemental resolution and every modification and amendment adopted in accordance with the provisions of the Bond Resolution, whether or not noted or endorsed hereon or incorporated herein.

No Owner of any Series Bond may institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Bond Resolution or for the execution of any trust thereunder or for any other remedy thereunder except upon the conditions therein provided, but nothing therein affects or impairs the right of any Owner to enforce the payment of the principal of and interest on any Series Bonds held by that Owner, or the obligation of the Agency to pay the same at the time and place expressed in the Series Bonds.

IT IS CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to exist, to happen and to be performed precedent to and in the issuance of the Series Bond in order to make it a valid and binding general obligation of the Agency in accordance with its terms do exist, have happened and have been performed in due form, time and manner as so required; that the issuance of the Series Bonds does not cause the indebtedness of the Agency to exceed any constitutional or statutory limitation; and that the opinion attached hereto is a full and correct copy of the legal opinion given by Bond Counsel with reference to the Series Bonds, dated the date of original issuance and delivery of the Series Bonds.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this Series Bond is transferable upon the books of the Agency at the designated corporate trust office of the Trustee, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or the owner's duly authorized attorney and may also be surrendered in exchange for Series Bonds of other authorized denominations. Upon the transfer or exchange the Agency will cause to be issued in the name of the transferee or owner a new Series Bond or Series Bonds of the same aggregate principal amount, maturity, interest rate and terms as the surrendered Series Bond, subject to reimbursement for any tax, fee or governmental charge required to be paid by the Agency or the Trustee with respect to the transfer.

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

with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the Agency.

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

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

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Agency has caused this Series Bond to be executed by the facsimile signatures of its Chairperson and Commissioner, the Agency having no corporate seal.

Date of Authentication: \_\_\_\_\_

Trustee's Certificate

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

COMPUTERSHARE TRUST  
COMPANY, NATIONAL  
ASSOCIATION,  
as successor Trustee

MINNESOTA HOUSING FINANCE AGENCY

\_\_\_\_\_  
By: (Facsimile Signature)  
Chairperson

By \_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Attest: (Facsimile signature)  
Commissioner

## ASSIGNMENT

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

\_\_\_\_\_  
(please print or type name and address of transferee)  
the within Series Bond and all rights thereunder and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the within Series Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

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

Signature Guaranteed:

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

Please insert social security or other identifying number of assignee:  
  
\_\_\_\_\_

## NEW ISSUE

RATINGS: Moody's: 2024 Series LM: "\_\_\_" 2024 Series N: "\_\_\_"

S&amp;P: 2024 Series LM: "\_\_\_" 2024 Series N: "\_\_\_"

(See "Ratings" herein.)

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



\$200,000,000\*

## Minnesota Housing Finance Agency

\$\_\_\_\_\_,000\* Residential Housing Finance Bonds, 2024 Series L (Non-AMT)

\$\_\_\_\_\_,000\* Residential Housing Finance Bonds, 2024 Series M (Taxable)

\$\_\_\_\_\_,000\* Residential Housing Finance Bonds, 2024 Series N (Taxable)<sup>1</sup>  
(Social Bonds)

Dated Date: Date of Delivery

Due: As shown on inside front cover

**Tax Exemption** In the opinion of Bond Counsel, under existing laws, regulations, rulings, and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2024 Series L Bonds (the "Tax-Exempt Series Bonds") is excludable from gross income for federal income tax purposes and is not includible in taxable net income of individuals, trusts and estates for state of Minnesota (the "State") income tax purposes. Interest on the Tax-Exempt Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Tax-Exempt Series Bonds may affect the federal alternative minimum tax imposed on certain corporations. Interest on the 2024 Series M Bonds and the 2024 Series N Bonds is includable in gross income for purposes of federal income taxation and is includable in the taxable net income of individuals, trusts and estates for State income tax purposes. For additional information, see "Tax Exemption and Related Considerations" herein.

**Redemption and Tender** The Agency may redeem all or a portion of the Series Bonds by optional or special redemption, and must redeem a portion of the Series Bonds by mandatory sinking fund redemption, as described under "The Series Bonds" herein. Owners of the 2024 Series N Bonds will have the option, and may be required, to tender their Series Bonds at par, as described under "The Series Bonds" herein.

**Security** Payment of principal and interest on the Series Bonds is secured, on an equal basis with payment of principal and interest on all Outstanding Bonds that the Agency has issued, and may subsequently issue, under the Bond Resolution, by the Agency's pledge of all Bond proceeds, Program Obligations, Investment Obligations, Revenues and other assets held under the Bond Resolution, except as otherwise expressly provided in the Bond Resolution or in a Series Resolution. The Series Bonds are also general obligations of the Agency, payable out of any of its generally available moneys, assets or revenues. *The Agency has no taxing power. The State is not liable for the payment of the Series Bonds and the Series Bonds are not a debt of the State.* (See "Security for the Bonds" herein.) Liquidity support for the purchase of any 2024 Series N Bonds tendered will, subject to the terms and conditions of that support, initially be provided by State Street Bank and Trust Company. See "Liquidity Facility" and "Security for the Bonds" herein.

**Interest Payment Dates** January 1 and July 1, commencing January 1, 2025,\* and, in respect of a Series Bond to be redeemed, the redemption date.

**Denominations** \$5,000 or any integral multiple thereof for the 2024 Series L Bonds and the 2024 Series M Bonds, and \$100,000 or any integral multiple of \$5,000 in excess thereof for the 2024 Series N Bonds.

**Closing/Settlement** July 2, 2024\* through the facilities of DTC in New York, New York.

**Bond Counsel** Kutak Rock LLP.

**Underwriters' Counsel** Dorsey & Whitney LLP.

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

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

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

## RBC Capital Markets

Morgan Stanley

Northland Securities

Piper Sandler &amp; Co.

Wells Fargo Securities

The date of this Official Statement is \_\_\_\_\_, 2024.

RBC Capital Markets, LLC is the initial Remarketing Agent for the 2024 Series N Bonds.

\*Preliminary; subject to change.

<sup>1</sup>Long-term variable rate.

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

## 2024 Series L Bonds (Non-AMT) (Social Bonds)

\$____,000* Serial Bonds							
Due*	Principal Amount*	Interest Rate	CUSIP**	Due*	Principal Amount*	Interest Rate	CUSIP**
						%	

Price of Serial Bonds — %

\$\_\_\_\_,000\* % Term Bonds Due 1, \* at % (CUSIP \*\*)

\$\_\_\_\_,000\* % PAC Term Bonds Due 1, \* at % (CUSIP \*\*)

## 2024 Series M Bonds (Taxable) (Social Bonds)

\$_____,000* Serial Bonds							
Due*	Principal Amount*	Interest Rate	CUSIP**	Due*	Principal Amount*	Interest Rate	CUSIP**
						%	

Price of Serial Bonds — %

\$,000\* % Term Bonds Due 1, \* at % (CUSIP \*\*)

\$,000\* % Term Bonds Due 1, \* at % (CUSIP \*\*)

\$,000\* % Term Bonds Due 1, \* at % (CUSIP \*\*)

## 2024 Series N Bonds (Taxable) (Social Bonds)

\$,000,000\* Variable Rate Demand Term Bonds Due 1, \* (CUSIP \*\*)

(The initial interest rate on the 2024 Series N Bonds will be set forth in a certificate of RBC Capital Markets, LLC delivered to the Trustee at closing.)

Price of 2024 Series N Bonds — 100%

\*Preliminary; subject to change.

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

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

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

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

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

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

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**OFFICIAL STATEMENT**  
**relating to**  
**\$200,000,000\***  
**MINNESOTA HOUSING FINANCE AGENCY**  
**RESIDENTIAL HOUSING FINANCE BONDS,**  
**2024 SERIES L, 2024 SERIES M (TAXABLE)**  
**AND 2024 SERIES N (TAXABLE)**  
**(SOCIAL BONDS)**

This Official Statement (which includes the cover page, inside front cover and Appendices) provides certain information concerning the Minnesota Housing Finance Agency (the “Agency”), and its Residential Housing Finance Bonds, 2024 Series L (the “Tax-Exempt Series Bonds”), 2024 Series M (Taxable) (the “2024 Series M Bonds,” and collectively with the Tax-Exempt Series Bonds, the “Fixed Rate Series Bonds”) and 2024 Series N (Taxable) (the “2024 Series N Bonds,” and collectively with the 2024 Series M Bonds, the “Taxable Series Bonds”). The 2024 Series Tax-Exempt Series Bonds and the Taxable Series Bonds are herein referred to collectively as the “Series Bonds.” The Agency is issuing the Series Bonds pursuant to Minnesota Statutes, Chapter 462A, as amended (the “Act”), a resolution of the Agency adopted as amended and restated on August 24, 1995, and as further amended and supplemented in accordance with its terms (the “Bond Resolution”), and series resolutions of the Agency adopted on October 26, 2023, as amended, and May 23, 2024, with respect to the Fixed Rate Series Bonds (the “2023/2024 Series Resolutions”) and a series resolution adopted on December 14, 2023, with respect to the 2024 Series N Bonds (the “2024 Series N Resolution” and, collectively with the 2023/2024 Series Resolutions, the “Series Resolutions”). (The Bond Resolution and the Series Resolutions are herein sometimes referred to as the “Resolutions.”)

The Residential Housing Finance Bonds Outstanding in the aggregate principal amount of \$3,734,095,000 as of May 31, 2024, under the Bond Resolution, and any additional Residential Housing Finance Bonds hereafter issued pursuant to the Bond Resolution, including the Series Bonds (collectively referred to as the “Bonds”), are and will be equally and ratably secured under the Bond Resolution (except as otherwise expressly provided therein or in a Series Resolution).

The Resolutions include definitions of capitalized terms used in this Official Statement, some of which are reproduced in Appendix C and Appendix J. The summaries and references in this Official Statement to the Act, the Resolutions, the Standby Bond Purchase Agreement and other documents are only outlines of certain provisions and do not summarize or describe all the provisions thereof. All references in this Official Statement to the Act and the Resolutions are qualified in their entirety by the complete text of the Act and the Resolutions, copies of which are available from the Agency. All references to the Series Bonds are qualified in their entirety by the complete form thereof and the provisions in the Resolutions establishing the terms of the Series Bonds.

## INTRODUCTION

The Agency is a public body corporate and politic, constituting an agency of the state of Minnesota (the “State”). The Act authorizes the Agency to issue bonds for the purpose, among other purposes, of purchasing, making or otherwise participating in the making of long-term mortgage loans to persons and families of low and moderate income for the purchase of residential housing upon the determination by the Agency that those loans are not otherwise available from private lenders upon equivalent terms and conditions.

Since its creation in 1971, the Agency has issued bonds to purchase single family mortgage loans, to purchase home improvement loans and to finance multifamily developments. In addition to financing loans through the issuance of debt, the Agency finances grants and loans through State and federal appropriations and its Alternative Loan Fund

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\* Preliminary; subject to change.



in the Bond Resolution. Please refer to the information in the notes to the financial statements included in Appendix A-1 to this Official Statement at pages 69 and 70 under the heading “Net Position — Restricted by Covenant.”

Prior to the fall of 2009, the Agency implemented its single-family mortgage lending program by purchasing “whole loans” from lenders and financing purchases of the loans with proceeds of its bonds. In September 2009, the Agency began acquiring mortgage-backed securities guaranteed as to timely payment of principal and interest by a Federal Mortgage Agency (as defined in the Resolutions, “Program Securities”) instead of directly acquiring mortgage loans from lenders. (See “The Residential Housing Finance Program—‘MBS’ Model.”)

The Agency is issuing the Series Bonds to provide money, from proceeds of the Series Bonds and from available funds associated with certain other outstanding single family mortgage bonds to be refunded by the Series Bonds, to be used, along with certain contributed funds of the Agency, to continue its Program by purchasing Program Securities guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“GNMA Securities”), the Federal National Mortgage Association (“Fannie Mae Securities”) or the Federal Home Loan Mortgage Corporation (“Freddie Mac Securities”) and backed by pools of mortgage loans (“Program Loans”), that certain mortgage lending institutions (the “Lenders”) have made to qualified persons or families of low and moderate income to finance the purchase of single-family residences in Minnesota. Program Securities guaranteed by the Federal National Mortgage Association (“Fannie Mae”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac”) may also include Uniform Mortgage-Backed Securities (“UMBS”). (See “The Residential Housing Finance Program—Uniform Mortgage-Backed Securities.”) Each Program Loan must be (i) insured by the Federal Housing Administration (the “FHA”) of the United States Department of Housing and Urban Development (“HUD”) pursuant to the National Housing Act of 1934, as amended (the “Housing Act”), (ii) guaranteed by the Veterans Administration (“VA”) pursuant to the Servicemen’s Readjustment Act of 1944, as amended, (iii) guaranteed by USDA Rural Development (formerly Rural Economic and Community Development) (“USDA Rural Development”), under its Guaranteed Rural Housing Loan Program, or (iv) insured by private mortgage insurance issued by an entity acceptable to Fannie Mae or Freddie Mac or have certain loan-to-value ratios or other characteristics acceptable to Fannie Mae or Freddie Mac.

The 2024 Series N Bonds will bear interest at a rate determined weekly (the “Weekly Mode”), unless the Agency converts the 2024 Series N Bonds to a different interest-rate-setting mode (a “Mode”) as described herein. Except as otherwise provided herein, so long as the 2024 Series N Bonds are in the Weekly Mode, the owners of any 2024 Series N Bonds are entitled to demand purchase of their 2024 Series N Bonds at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon satisfaction of the terms and conditions described herein. Owners also will be required to tender their 2024 Series N Bonds for purchase under certain circumstances. RBC Capital Markets, LLC, will act as the initial remarketing agent for the 2024 Series N Bonds (the “Remarketing Agent”). (See “Description of the Series Bonds – Remarketing of 2024 Series N Bonds.”)

The Agency will provide a liquidity facility (the “Liquidity Facility”) to be in effect for the period from the date of delivery of the 2024 Series N Bonds until the date, if any, when the Agency has converted all 2024 Series N Bonds from a Weekly Mode to another mode not requiring a Liquidity Facility, subject to terms and conditions described herein. The initial Liquidity Facility with respect to the 2024 Series N Bonds will be a Standby Bond Purchase Agreement (the “Standby Bond Purchase Agreement” or the “Initial Liquidity Facility”), between the Agency, the Trustee, the Tender Agent and State Street Bank and Trust Company (the “Initial Liquidity Provider”). The Initial Liquidity Facility has a stated expiration date of June 30, 2028,\* subject to earlier termination or suspension as hereinafter described. The Standby Bond Purchase Agreement will be executed as of the date of delivery of the 2024 Series N Bonds and will provide for the purchase by the Initial Liquidity Provider on the terms and conditions specified therein of tendered 2024 Series N Bonds that cannot be remarketed. If the Standby Bond Purchase Agreement is to expire or terminate according to its terms (other than as a result of an Immediate Termination Event thereunder) or is to be replaced with another Liquidity Facility, the 2024 Series N Bonds are subject to mandatory tender. If an Immediate Termination Event or Immediate Suspension Event (each as defined in the Standby Bond Purchase Agreement) has occurred under the Standby Bond Purchase Agreement, the Initial Liquidity Provider will have no obligation to purchase the 2024 Series N Bonds and the Remarketing Agent will be entitled to suspend its

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\* Preliminary; subject to change.

efforts to remarket 2023 Series N Bonds. (See “Description of the Series Bonds—Optional and Mandatory Tender of Certain 2024 Series N Bonds—Agency Not Responsible to Owners for Initial Liquidity Provider’s Failure to Purchase 2024 Series N Bonds” herein, and “Appendix K – Summary of Certain Provisions of and Relating to the Standby Bond Purchase Agreement” hereto.)

**THIS OFFICIAL STATEMENT PROVIDES INFORMATION TO PROSPECTIVE INVESTORS OF 2024 SERIES N BONDS WHILE THOSE 2024 SERIES N BONDS ARE IN THE WEEKLY MODE AND WHILE THE INITIAL LIQUIDITY FACILITY REMAINS IN EFFECT. PROSPECTIVE INVESTORS OF 2024 SERIES N BONDS IN THE EVENT OF A MODE CHANGE, IF A CONVERSION DATE OR FLOATING RATE CHANGE DATE HAS OCCURRED OR WHILE AN ALTERNATE LIQUIDITY FACILITY IS IN EFFECT SHOULD NOT RELY ON THIS OFFICIAL STATEMENT. THE AGENCY MUST DELIVER AN UPDATED DISCLOSURE DOCUMENT IN THE EVENT OF A MODE CHANGE, FLOATING RATE CHANGE OR CONVERSION AND THE RELATED REMARKETING OF 2024 SERIES N BONDS.**

On April 24, 2003, the Members of the Agency adopted a resolution authorizing the Agency to enter into interest rate exchange agreements in respect of Bonds Outstanding or proposed to be issued. The Swap Agreement (as hereinafter defined) is expected to be executed with Bank of America, N.A., as counterparty, in connection with the issuance of the 2024 Series N Bonds, effective on the anticipated date of delivery of the 2024 Series N Bonds and with an initial notional amount equal to all or a portion of the principal amount of the 2024 Series N Bonds. (See “The Series Bonds — Interest on the 2024 Series N Bonds – Swap Agreement” herein.)

Payment of principal and interest on the Series Bonds is secured, on an equal basis with payment of principal and interest on all Outstanding Bonds that the Agency has issued, and may subsequently issue, under the Bond Resolution (except as otherwise expressly provided therein or in a Series Resolution), by the Agency’s pledge of all Program Obligations, Investment Obligations, Revenues and other assets held and received by the Agency pursuant to the Bond Resolution. Under the Bond Resolution, the Agency is authorized to acquire Program Obligations in connection with Housing, which is defined to include single family loans, home improvement loans, multifamily loans and other housing related loans, and to secure those loans in the manner as the Agency determines, which would include first mortgage loans, subordinate mortgage loans or loans that are unsecured. The Program Obligations acquired with the proceeds of Bonds have primarily consisted of Program Loans comprising single family housing loans secured by first or subordinate mortgages. In addition, the Agency has financed certain home improvement loans as Program Obligations by a single Series of Bonds issued under the Bond Resolution. The Agency also intends to apply a portion of the proceeds of the Series Bonds to acquire Deferred Payment Loans and Deferred Payment Loans Plus (each a “Deferred Payment Loan”). (See “Estimated Sources and Uses of Funds” and “Other Programs—Deferred Payment Loans.”) The mortgagor must repay the Agency for each Deferred Payment Loan on sale or transfer of the property. The Agency has pledged, and will apply repayments of, the Deferred Payment Loans to pay or redeem the Series Bonds. The Agency does not currently anticipate that future Series of Bonds issued under the Bond Resolution will finance Program Obligations other than Program Securities backed by single family loans, Deferred Payment Loans, Monthly Payment Loans or certain home improvement loans. (See “Security for the Bonds,” “Appendix C – Summary of Certain Provisions of the Bond Resolution,” “Other Programs—Deferred Payment Loans” and “Other Programs—Monthly Payment Loans”)

The Series Bonds are also general obligations of the Agency payable from any of its moneys, assets or revenues, subject only to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or bonds, or State or federal laws or restrictions that provide that particular funds must be applied for a specified purpose. The net position of the General Reserve and the Alternative Loan Fund is legally available if needed to pay debt service on any obligations of the Agency, including the Series Bonds. (See “The Agency—Net Position Restricted By Covenant and Operations to Date—General Reserve; Alternative Loan Fund.”) (For purposes of the Resolutions, the General Reserve is designated as the “General Reserve Account.”)

Although the State has appropriated amounts to the Agency for various specific purposes (see “The Agency—State Appropriations”), the Agency generally pays its general and administrative expenses from certain interest earnings and fees charged in connection with its bond-funded programs. For programs funded through State

appropriations, the Agency recovers the costs of administering those programs from those appropriations only to the extent of interest earnings on the appropriations, although certain of the programs allow the Agency to use a portion of the appropriations for administrative costs. The appropriations are not available to pay debt service on the Bonds.

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

## **DESIGNATION OF THE SERIES BONDS AS SOCIAL BONDS**

### **General**

The Agency has designated the Series Bonds as “Social Bonds.” The information under the headings “Social Bonds Designation” and “Independent Second Party Opinion on Social Bonds Designation and Disclaimer” below has been provided by Kestrel (“Kestrel”). None of the Agency, any of the Underwriters, CSG Advisors Incorporated, Kutak Rock LLP or Dorsey & Whitney LLP has independently confirmed or verified the information below or assumed any obligation to ensure that the Series Bonds comply with any legal or other standards or principles that may be related to Social Bonds. The Agency has designated the Series Bonds as Social Bonds based solely on the Social Bonds Second Party Opinion provided by Kestrel, which describes the conformance of the Series Bonds with the ICMA Social Bond Principles. The designation of the Series Bonds as Social Bonds does not entitle the Owner of any Series Bond to any benefit under the Code. Owners of the Series Bonds do not have any security other than as described under “Security for the Bonds.”

### **Social Bonds Designation**

Per the International Capital Market Association (“ICMA”), Social Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Social Projects and which are aligned with the four core components of the Social Bond Principles. The four core components are: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting.

Kestrel has determined that the Series Bonds are in conformance with the four core components of the ICMA Social Bond Principles, as described in Kestrel’s ‘Second Party Opinion’, which is attached hereto as Appendix N.

### **Independent Second Party Opinion on Social Bonds Designation and Disclaimer**

For over 20 years, Kestrel has been consulting in sustainable finance. Kestrel is an Approved Verifier accredited by the Climate Bonds Initiative and an Observer for the ICMA Green Bond Principles and Social Bond Principles. Kestrel reviews transactions in all asset classes worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and criteria.

The Second Party Opinion issued by Kestrel does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the Series Bonds. Second Party Opinions provided by Kestrel are not a recommendation to any person to purchase, hold, or sell the Series Bonds and designations do not address the market price or suitability of the Series Bonds for a particular investor and do not and are not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel has assumed and relied upon the accuracy and completeness of the information made publicly available by the Agency or that was otherwise made available to Kestrel.

## Use of Proceeds Report

Upon the expenditure of the proceeds of the Series Bonds deposited in the 2024 Series L-M-N Acquisition Account, the Agency will prepare a report regarding the Program Loans backing the Program Securities financed with the proceeds of the Series Bonds consisting of the information set forth in Appendix M.

## THE AGENCY

### Purpose

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

### Structure

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

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

*John DeCramer*, Chair — Term expired January 2024,\* Marshall, Minnesota – Magnetics Engineer

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

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

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

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

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

*Terri Thao*, Vice Chair — Term expired January 2024,\* St. Paul, Minnesota – Program Director

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\*Continues to serve until a successor is appointed and qualified.

### Staff

The staff of the Agency presently consists of approximately 300 persons, including professional staff members and contractors who have responsibilities in the fields of finance, law, mortgage underwriting, architecture, construction inspection and housing management. The Attorney General of the State provides certain legal services to the Agency.

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

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

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

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

*Michael Solomon* — Chief Financial Officer, appointed effective August 2022. In this position, Mr. Solomon leads the finance and accounting teams of the Agency and provides strategic direction regarding the organization's financial resources. Prior to this position he served as Treasurer of the City of Saint Paul overseeing financial operations including cash, investment and debt management in addition to significant work in economic development and financial empowerment. He held other roles in the City's Office of Financial Services from 2012 to 2017 including Debt Manager leading the issuance of debt obligations from a variety of credits utilizing innovative financing tools. Mr. Solomon worked for a local municipal financial advisory and consulting firm from 2008 to 2012 specializing in the issuance and management of municipal debt. He received his degree in Financial Management from the University of St. Thomas in Saint Paul, Minnesota and is an active member of the Government Finance Officers Association, serving on its Committee of Treasury and Investment Management contributing to best practices and guidance used across the industry.

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

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

*Kayla Schuchman* — Assistant Commissioner, Single Family, appointed effective January 2022. Prior to Ms. Schuchman's appointment to this role she was the Housing Director for the City of Saint Paul, and prior to that worked as a Project Manager at CommonBond Communities. Her previous experience includes nine years with the Agency, including as Multifamily Programs Middle Manager from December 2014 to December 2016, Low Income Housing Tax Credit Program Manager and RFP Coordinator from 2012 to 2014 and Multifamily Housing Development Officer from 2007 to 2012. Prior to that, Ms. Schuchman held positions as a Senior Financial Analyst and Budget Analyst at Minneapolis Public Housing Authority. She holds a Master's degree in Public Policy from the University of Minnesota's Humphrey School and a Bachelor of Arts Degree in Economics from Macalester College, Saint Paul, Minnesota. Ms. Schuchman holds a Housing Development Finance Professional certification through the National Development Council, has served as a director on several nonprofit boards and was named a 40 under 40 honoree by the Minneapolis/Saint Paul Business Journal in February 2021.

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

### **Independent Auditors**

The financial statements of the Agency as of and for the year ended June 30, 2023, included in this Official Statement as Appendix A-1, have been audited by RSM US LLP, independent auditors, as stated in their report appearing herein. RSM US LLP has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2023. RSM US LLP also has not performed any procedures relating to this Official Statement.

### **Financial Statements of the Agency**

The Agency financial statements included in this Official Statement as Appendix A-1 as of and for the fiscal year ended June 30, 2023, are presented in combined "Agency-wide" form followed by "fund" financial statements presented for its major funds in order to comply with the requirements of Statement No. 34 of the Governmental Accounting Standards Board.

Information regarding the Minnesota State Retirement System ("MSRS"), to which the Agency contributes, is included in Appendix A-1 in the Notes to Financial Statements at pages 71 through 74 under the heading "Defined Benefit Pension Plan." The Agency's allocable portion of net pension liability reported at June 30, 2023, with respect to MSRS is \$11.271 million. The Agency's total net pension liability and post-employment benefits liability is \$13.428 million.

In Appendix A-2 to this Official Statement, the Agency has included certain unaudited financial statements of the Agency (excluding State Appropriated and Federal Appropriated Funds) as of and for the nine months ended March 31, 2024. The Agency has prepared the information in Appendix A-2 and, in the opinion of the Agency, that information reflects all normal recurring adjustments and information necessary for a fair statement of the financial position and results of operations of the Agency (excluding State and Federal Appropriated Funds) for the period, subject to year-end adjustments. The information in Appendix A-2 is not accompanied by a statement from the independent auditors.

## Disclosure Information

The Agency will covenant in a Continuing Disclosure Undertaking for the benefit of the Owners and Beneficial Owners (as defined in Appendix B hereto) of the Series Bonds to provide annually certain financial information and operating data relating to the Agency (the “Agency Annual Report”) and to provide notices of the occurrence of certain enumerated events. (There is no other obligated person under the Continuing Disclosure Undertaking.) The Agency must file the Agency Annual Report no later than 120 days after the close of each fiscal year, commencing with the fiscal year ending June 30, 2024, with the Municipal Securities Rulemaking Board, at its EMMA internet repository. The Agency also must file notices of the occurrence of the enumerated events, if any, with EMMA. (See “Appendix B — Summary of Continuing Disclosure Undertaking.”)

During the prior five years, one disclosure report timely filed with EMMA was not timely linked to all outstanding CUSIPs for the associated Bonds of the Agency. The Agency timely filed the Agency Annual Report for its fiscal year ended June 30, 2019, with EMMA; however, that Agency Annual Report was not specifically linked to two CUSIPs for the Agency’s Residential Housing Finance Bonds, 2014 Series C, and three CUSIPs for the Agency’s Residential Housing Finance Bonds, 2014 Series E. The Agency posted that Annual Report to CUSIP 60416SHP8, the only one of the five omitted CUSIPs with respect to bonds still outstanding, on February 1, 2021. In addition, the Agency failed to file with EMMA within 10 business days of the occurrence of a May 22, 2023, downgrade of the short-term rating by S&P of the Agency’s Residential Housing Finance Bonds, 2019 Series H. The Agency did not receive any notice from S&P of that downgrade, which was triggered by the downgrade by S&P of the liquidity provider for those bonds. Upon discovery of the downgrade on July 6, 2023, the Agency that same day posted notice with EMMA of both the downgrade and failure to file to CUSIP 60416SP61. Also, on June 29, 2023, and July 27, 2023, the Agency entered into derivative agreements with The Bank of New York Mellon in connection with the Agency’s Residential Housing Finance Bonds, 2023 Series I, with an issuance date of July 26, 2023, and Residential Housing Finance Bonds, 2023 Series K, with an issuance date of August 24, 2023, respectively. On August 23, 2023, the day after the Agency discovered that it had failed to file event notices regarding each of these financial obligations within 10 business days of their respective incurrence, the Agency posted notice of both the incurrence of those financial obligations and its failure to file to all CUSIPS of its bonds for which it had an obligation to report these events.

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

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

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

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

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

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

Under the net position requirements and investment guidelines effective January 23, 2014, the required size of Pool 1 (which is intended to be a liquidity reserve) is 1 percent of gross loans receivable (excluding mortgage-backed securities, appropriated loans and loans credited to Pool 3) and the required size of Pool 2 is an amount that would cause the combined net position (exclusive of unrealized gains and losses resulting from marking to market investment securities, including mortgage-backed securities, and swaps entered into by the Agency for which the unrealized loss or gain will not be realized if the security or swap is held to maturity or its optional termination date; and realized gains and losses resulting from the purchase and sale of investment securities between Agency funds) in the General Reserve, in Pool 2, and in the funds pledged under bond resolutions to be at least equal to the combined net position of the same funds as of the immediately preceding fiscal year end. Currently, this amount is \$492.196 million, representing the combined net position of these funds so calculated as of June 30, 2023. Pool 2 is intended to comprise amortizing interest-bearing housing loans or investment grade securities. Pool 1 and Pool 2 represent, with assets pledged to pay bonds of the Agency, the sustainable lending operations of the Agency. Pool 3 represents the more mission-intensive operations of the Agency and is intended to comprise deferred, zero percent and low interest-rate loans and grants and, for unapplied funds, investment grade securities. Pool 3 is not subject to the investment guidelines. Loan activity related to loans financed by funds in Pool 2 and Pool 3 is recorded as part of the Alternative Loan Fund. The Agency approves all interfund transfers. A further discussion of Pools 1, 2 and 3 and the amounts credited thereto as of June 30, 2023, appears in the Notes to Financial Statements of the Agency included in Appendix A-1 to this Official Statement at pages 69 and 70 under the heading "Net Position — Restricted by Covenant."

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The following summary indicates the revenues earned, the expenses paid, and funds transferred to and from the General Reserve (which contains Pool 1 and net investment in capital assets), for the two most recent audited fiscal years of the Agency and for the nine-month period ended March 31, 2024 (unaudited) (in thousands):

	Nine months Ended March 31, 2024 (unaudited)	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022
<b>Revenues</b>			
Fees earned and other income <sup>(1)</sup>		\$14,901	\$12,372
Interest earned on investments		823	157
Unrealized gain (loss) on investments		--	--
Administrative reimbursement <sup>(2), (3)</sup>		<u>34,959</u>	<u>31,161</u>
Total revenues		50,673	43,690
<b>Expenses</b>			
Salaries and benefits		29,219	17,676
Other general operating expenses		5,574	4,282
Interest		<u>359</u>	<u>423</u>
Total expenses		35,152	22,381
Revenues over expenses		15,521	21,309
Non-operating transfer of assets between funds <sup>(4)</sup>		(14,922)	(22,153)
Change in net position		599	(844)
Net position beginning of period		<u>8,891</u>	<u>9,735<sup>(5)</sup></u>
Net position end of period		<u>\$9,490</u>	<u>\$8,891</u>

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

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

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

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

(5) Adjusted pursuant to required GASB 87 treatment of Leases as of July 1, 2021.

### State Appropriations

Over the years, the State Legislature has appropriated funds to the Agency to be used for low interest loans, grants, programs for low and moderate income persons and families and other housing related program costs. The Agency generally does not pay its general or administrative expenses from appropriated funds, although it can recover

its allocable costs of administering State appropriations from investment earnings thereon. The State Legislature has appropriated funds to the Agency for its programs in every biennium since 1975. The Agency has expended or committed most of the appropriations.

Over the biennial periods ended June 30, 2015, through June 30, 2023, the total appropriations to the Agency aggregated approximately \$562.15 million. For the biennial period ending June 30, 2025, the Legislature has appropriated approximately \$1.065 billion to the Agency.

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

### Agency Indebtedness

The principal amount of general obligation bonds and notes of the Agency that are outstanding at any time (excluding the principal amount of any refunded bonds and notes) is limited to \$5,000,000,000 by State statute. The following table lists the principal amounts of general obligation indebtedness of the Agency outstanding as of May 31, 2024:

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds.....	12	2054	\$ 80,340	\$ 79,545
Residential Housing Finance Bonds.....	96	2054	5,222,140	3,734,095
Homeownership Finance Bonds.....	59	2052	2,674,572	953,770
Multifamily Housing Bonds (Treasury HFA Initiative) .....	1	2051	15,000	12,300
General Purpose Bonds.....	1	2039	60,000	60,000
Totals.....	169		\$8,052,052	\$4,839,710

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

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

The Agency has entered into liquidity facilities and interest rate swap agreements in respect of its outstanding Bonds that bear interest at a variable rate and are subject to optional and mandatory tender. Certain information related to those liquidity facilities is included in Appendix H – Certain Information Relating to Liquidity Facilities for Bonds Outstanding and certain other information related to variable rate bonds and swap agreements is included in the notes to the audited financial statements contained in Appendix A-1 to this Official Statement and in the unaudited financial statements contained in Appendix A-2 to this Official Statement. The Agency does not make any representation as to the creditworthiness of any provider or counterparty on facilities and agreements relating to its variable rate bonds.

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

In 2009, the Agency issued \$13,270,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2009, to finance permanent supportive housing in two different multifamily housing developments. In 2011, the Agency issued \$21,750,000 in aggregate principal amount of its Nonprofit Housing Bonds (State Appropriation), Series 2011, to finance permanent supportive housing in five additional multifamily housing developments. Both series of bonds were issued under a separate indenture of trust, are not general obligations of the

Agency and are not payable from any funds or assets of the Agency other than the appropriations the Agency expects to receive from the State General Fund pursuant to a standing appropriation made by the Legislature in 2008.

From time to time, beginning in 2012, the Legislature has authorized the Agency to issue housing infrastructure bonds (the “Housing Infrastructure Bonds”) for various purposes payable, like the Nonprofit Housing Bonds, solely from a standing appropriation from the State General Fund and not from any other funds or assets of the Agency. The aggregate principal amount of Housing Infrastructure Bonds that the Agency may issue is \$515,000,000. The Agency has issued 32 series of its State Appropriation Bonds (Housing Infrastructure) in 2013 through 2023 in an aggregate principal amount of \$498,130,000 under a separate indenture of trust.

On December 23, 2021, the Agency issued its Third Amended and Restated Bank Note (the “Amended Bank Note”) to Royal Bank of Canada (the “Bank”), pursuant to a Revolving Credit Agreement dated as of June 1, 2018, as amended by a First Amendment to Revolving Credit Agreement dated as of October 28, 2019, a Second Amendment to Revolving Credit Agreement dated as of November 22, 2019, a Third Amendment to Revolving Credit Agreement dated as of November 12, 2020, a Fourth Amendment to Revolving Credit Agreement dated as of February 25, 2021, a Fifth Amendment to Revolving Credit Agreement dated as of December 23, 2021, a Sixth Amendment to Revolving Credit Agreement dated as of December 14, 2022 and a Seventh Amendment to Revolving Credit Agreement dated as of December 22, 2023 (the “Amended Revolving Credit Agreement”), and as further amended from time to time, for the purpose of preserving current private activity bond volume cap by refunding the maturing principal or redemption price, as the case may be, of portions of Bonds and Homeownership Finance Bonds previously issued by the Agency (collectively, the “Single Family Housing Bonds”). Upon the refunding of Single Family Housing Bonds with amounts advanced to the Agency pursuant to the Amended Revolving Credit Agreement as evidenced by the Amended Bank Note, funds representing prepayments and repayments of mortgage loans financed with Single Family Housing Bonds, and other amounts available under the applicable bond resolution for the payment of those Single Family Housing Bonds, will be deposited into a cash collateral fund established under a separate amended and restated indenture of trust, as amended (the “2018 Revolving Credit Indenture”), between the Agency and Computershare Trust Company, National Association, as successor trustee, as security for the repayment of the principal amount of the Amended Bank Note that has been advanced to the Agency. The Bank agrees to make advances until December 27, 2024, a later date if extended by the Bank or an earlier date upon an event of default or a termination pursuant to the terms of the Amended Revolving Credit Agreement or if the Agency elects an earlier termination. The amount of the advances outstanding and not repaid with respect to the Amended Bank Note bear interest at a variable interest rate equal to the forward looking Term SOFR Reference Rate for the following one month interest period plus a spread (currently 0.65%) and may not exceed \$75,000,000 at any time, and the cumulative amount of the advances made may not exceed \$1,700,000,000. The obligation of the Agency to pay the interest on, but not the principal of, the Amended Bank Note is a general obligation of the Agency. A portion of the proceeds of the Tax-Exempt Series Bonds will be used to repay a portion of the Amended Bank Note and the equivalent amount released from the cash collateral fund under the 2018 Revolving Credit Indenture will be deposited in the 2024 Series L-M-N Acquisition Account. The Agency has requested advances in the aggregate principal amount of \$[1,231,297,096, \$20,023,465] of which is outstanding.

### **Agency Continuity of Operations Plan**

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

## Cybersecurity

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

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

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

## Single Family Mortgage Production Funding Considerations

As a state housing finance agency, the Agency relies on municipal bond markets operating efficiently to fund its Program. While these markets did not perform well, based on historical market relationships, the Agency could not fully realize the benefit of tax-exempt bond financing using traditional bond structures to finance single family mortgage loans at competitive interest rates. The Agency successfully combined traditional bond structures with economic refunding bonds and bonds secured by excess collateral under the Bond Resolution, and bonds structured with monthly principal pass-through payments from an identified portfolio of GNMA Securities, Fannie Mae Securities and Freddie Mac Securities under the Homeownership Finance Bond Resolution, to fund single family mortgage production by purchasing Program Securities.

In addition to funding its single family mortgage production by issuing bonds, the Agency from time to time sells Program Securities in the secondary market, including selling Program Securities and later repurchasing an interest-only strip in those Program Securities. Since 2009 the Agency has sold approximately \$2.476 billion of Program Securities, including Program Securities sold with the later repurchase of an interest-only strip, in the open market as of June 3, 2024, \$566 million of which would have been eligible to be financed with tax-exempt bonds. In 2013, the Agency also issued and sold three series of its Home Ownership Mortgage-Backed Exempt Securities Certificates in the aggregate principal amount of \$32.5 million, each of which is a special, limited obligation of the Agency payable from, and secured solely by, all principal and interest payments made on a single Program Security. Based on market conditions and the availability of economic refunding opportunities, the Agency determines whether to issue Additional Bonds under the Bond Resolution or under its Homeownership Finance Bond Resolution or to sell Program Securities in the secondary market.

## ESTIMATED SOURCES AND USES OF FUNDS

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

### *Sources*

Principal amount of Series Bonds .....  
 Original issue premium .....  
 Agency funds .....  
 Total Sources of Funds

### *Uses*

Deposit to 2024 Series L-M-N Acquisition Account  
 Deposit to Costs of Issuance Account .....  
 Underwriters' Compensation .....  
 Total Uses of Funds

The Agency expects to apply and disburse approximately \$\_\_\_\_\_ million\* of proceeds of the Series Bonds deposited in the 2024 Series L-M-N Acquisition Account to purchase Program Securities backed by Program Loans with a principal amount of approximately \$\_\_\_\_\_ million,\* which Program Securities are estimated to have pass-through interest rates ranging from \_\_\_\_\_ percent\* to \_\_\_\_\_ percent,\* on or before \_\_\_\_\_ 1, 2024, and to purchase Deferred Payment Loans with a principal amount of approximately \$\_\_\_\_\_ million\* on or before \_\_\_\_\_ 1, 2024. Program Securities and Deferred Payment Loans previously purchased by the Agency to be reimbursed from proceeds of the Series Bonds (if any) will be credited to the 2024 Series L-M-N Acquisition Account and pledged to the payment of Outstanding Bonds. (See “The Residential Housing Finance Program – Reimbursement of Advances of Agency Funds from Proceeds of Series Bonds.”)

## THE SERIES BONDS

### General

The Fixed Rate Series Bonds will be fully registered bonds issued in the denominations of \$5,000 or any integral multiple thereof of single maturities. The 2024 Series N Bonds will be fully registered bonds issued in the denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. The Series Bonds of each Series will initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for each Series of the Series Bonds. Computershare Trust Company, National Association, St. Paul, Minnesota, serves as successor Trustee under the Bond Resolution. (See “Trustee.”) Interest on the Series Bonds will be paid by moneys wired by the Trustee to DTC, or its nominee, as registered owner of the Series Bonds, which interest is to be redistributed by DTC. Principal of the Series Bonds will be paid at maturity or earlier redemption upon surrender at the principal corporate trust office of the Trustee. (See “Appendix E — Book-Entry-Only System.”)

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

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\* Preliminary; subject to change.

### Interest on the Fixed Rate Series Bonds

Interest on the Fixed Rate Series Bonds will be paid semiannually on January 1 and July 1 of each year, commencing January 1, 2025,\* and, in respect of any Fixed Rate Series Bond then to be redeemed, on any redemption date. The Fixed Rate Series Bonds will bear interest from their dated date, at the respective annual rates set forth on the inside front cover hereof until payment of the principal or redemption price on those Fixed Rate Series Bonds. Interest on the Fixed Rate Series Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months and will be paid to the Owners of record in the bond registration books maintained by the Trustee as of the 15th day of the month preceding the regularly scheduled interest payment date, whether or not a business day (the “Record Date” for the Fixed Rate Series Bonds).

### Interest on the 2024 Series N Bonds

The 2024 Series N Bonds will bear interest from their dated date and will be dated as of the date of their authentication and delivery. The Record Date for 2024 Series N Bonds in the Weekly Mode (described below) is the last Business Day preceding each Interest Payment Date.

*Weekly Mode.* Interest on the 2024 Series N Bonds in a Weekly Mode will accrue from their date of delivery and will be payable in arrears, on the basis of a 365/366-day year for the number of days actually elapsed. Interest is payable on January 1 and July 1 of each year, commencing January 1, 2025,\* and on any redemption date or Conversion Date; for the initial Interest Payment Date, from the date of delivery of the 2024 Series N Bonds, and for subsequent Interest Payment Dates, from the preceding Interest Payment Date (i.e., January 1 or July 1), to, but not including, that Interest Payment Date.

The 2024 Series N Bonds will bear interest on the date of delivery at the rate set forth in a certificate delivered by the Remarketing Agent on the date of delivery of the 2024 Series N Bonds. Thereafter, the 2024 Series N Bonds in the Weekly Mode (other than Bank Bonds) will bear interest at the Weekly Rate that will take effect each Thursday, beginning July 4, 2024\* (the “Effective Rate Date”), following a Rate Determination Date and remain in effect until the day before the next Effective Rate Date. The Weekly Rate will be determined by the Remarketing Agent by 4:00 p.m. New York time on the first Business Day preceding the applicable Effective Rate Date (each a “Rate Determination Date”). In no event will the 2024 Series N Bonds (other than Bank Bonds) bear interest at an annual rate in excess of the lesser of 12 percent or the maximum rate permitted by law (the “Maximum Rate”).

The Weekly Rate applicable to the 2024 Series N Bonds will be the rate that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2024 Series N Bonds on the Effective Rate Date (without taking into account accrued interest thereon) being 100 percent of the principal amount thereof. In determining the Weekly Rate for any 2024 Series N Bonds, the Remarketing Agent will take into account to the extent applicable (1) market interest rates for comparable securities held by open-end municipal bond funds or other institutional or private investors with substantial portfolios (a) with interest rate adjustment periods and demand purchase options substantially identical to those 2024 Series N Bonds, (b) bearing interest at a variable rate intended to maintain par value, and (c) rated by a national credit rating agency in the same category as those 2024 Series N Bonds; (2) other financial market rates and indices that may have a bearing on the Weekly Rate (including, but not limited to, rates borne by commercial paper, Treasury Bills, commercial bank prime rates, certificate of deposit rates, federal fund rates, the SOFR Index, indices maintained by *The Bond Buyer*, and other publicly available interest rate indices); (3) general financial market conditions; and (4) factors particular to the Agency and the 2024 Series N Bonds.

The determination by the Remarketing Agent of the Weekly Rate to be borne by any 2024 Series N Bonds (other than Bank Bonds) will be conclusive and binding on the Owners of those 2024 Series N Bonds. If the Remarketing Agent or the Trustee fails to give any notice required under the 2024 Series N Resolution, or there is any defect in a notice, it will not affect the interest rate on any 2024 Series N Bonds or the rights of the Owners thereof.

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\* Preliminary; subject to change.

If for any reason the position of Remarketing Agent is vacant or a Remarketing Agent fails to establish the interest rate, the 2024 Series N Bonds (other than Bank Bonds) will automatically bear interest in a Weekly Mode with the interest rate reset on a weekly basis at the lesser of (i) the SOFR Index plus 0.60 percent or (ii) the Maximum Rate.

*Mode and Interest Rate Changes.* The Agency may elect (1) to change the intervals at which the interest rate is calculated with respect to all or part of the 2024 Series N Bonds (each change is a “Mode Change” with respect to the 2024 Series N Bonds to which that Mode Change applies, and the date on which each Mode Change is effective is a “Mode Change Date”), (2) to change all or part of the 2024 Series N Bonds to become variable rate bonds not required to be covered by a Liquidity Facility (each change an “Unenhanced Variable Rate Change” with respect to the 2024 Series N Bonds to which it applies, and the date of each change an “Unenhanced Variable Rate Change Date”), (3) to change all or a portion of the 2024 Series N Bonds to become FRNs (a “Floating Rate Change” with respect to the 2024 Series N Bonds to which it applies, and the date of each change a “Floating Rate Change Date”) or (4) to convert all or part of the 2024 Series N Bonds to bear interest at fixed rates to their maturity or to bear interest at an index rate (with respect to the 2024 Series N Bonds to which that conversion applies, a “Conversion,” and the date on which that a Conversion is effective a “Conversion Date”). The Agency is to provide notice of a Mode Change, an Unenhanced Variable Rate Change, Floating Rate Change or a Conversion to the Remarketing Agent, the Trustee, the Liquidity Provider, and the Tender Agent not less than 20 days before the applicable Mode Change Date, Unenhanced Variable Rate Change Date, Floating Rate Change Date or Conversion Date. The Trustee is to provide notice of a Mode Change, an Unenhanced Variable Rate Change, Floating Rate Change or a Conversion to DTC not less than 15 days before the applicable Mode Change Date, Unenhanced Variable Rate Change Date, Floating Rate Change Date or Conversion Date. On each Mode Change Date, Unenhanced Variable Rate Change Date, Floating Rate Change Date or Conversion Date, the 2024 Series N Bonds to which that Mode Change, Unenhanced Variable Rate Change, Floating Rate Change or Conversion applies will be subject to mandatory tender for purchase. **This Official Statement does not describe the 2024 Series N Bonds in any Mode other than a Weekly Mode or while an Alternate Liquidity Facility is in effect.**

For additional information with respect to the 2024 Series N Bonds, see also “Optional Redemption of 2024 Series N Bonds” below, “Appendix J – Certain Definitions With Respect to the 2024 Series N Bonds” and “Appendix K – Summary of Certain Provisions of and Relating to the Standby Bond Purchase Agreement.”

*Swap Agreement.* The Agency expects to enter into an interest rate swap agreement (the “Swap Agreement”) with Bank of America, N.A. (the “Swap Counterparty”) effective on the anticipated date of issuance of the 2024 Series N Bonds. The purpose of the Swap Agreement is to place all or a portion of the aggregate net obligation of the Agency with respect to the 2024 Series N Bonds on an approximately fixed-rate basis. Payments made to the Swap Counterparty by the Agency under the Swap Agreement are to be made semiannually on the basis of a notional principal amount, initially \$\_\_\_,000,000,\* and the relationship between an agreed-upon fixed rate and a variable rate calculated by reference to the SOFR Index. Payments the Agency makes to the Swap Counterparty, including any applicable termination amount referenced below, will be paid from Revenues on deposit in the Revenue Fund under the Bond Resolution on a basis subordinate to the payment of the interest on and principal of the Bonds and the funding of the Debt Service Reserve Fund and the Insurance Reserve Fund. Payments the Swap Counterparty makes to the Agency under the Swap Agreement (which would result if the variable rate payable by the Swap Counterparty under the Swap Agreement exceeds the fixed interest rate payable by the Agency under the Swap Agreement) are pledged as Revenues under the Resolutions. Unless earlier terminated in whole (in which case a termination amount may be payable by one party to the other party), the Swap Agreement will expire on \_\_\_\_\_.

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\* Preliminary; subject to change.

### Sinking Fund Redemption

The Agency is required to redeem the 2024 Series L Bonds with a stated maturity of 1, , \* in part on 1, , \* and on each July 1 and January 1 thereafter to and including 1, , \* at the principal amount thereof to be redeemed plus accrued interest thereon, without premium, on the dates and in the principal amounts as follows:

<u>Date*</u>	<u>Principal Amount*</u>	<u>Date*</u>	<u>Principal Amount*</u>
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The Agency is required to redeem the 2024 Series L Bonds with a stated maturity of 1, , \* (the “PAC Term Bonds”) in part on 1, , \* and on each July 1 and January 1 thereafter to and including January 1, 2054,\* at the principal amount thereof to be redeemed plus accrued interest thereon, without premium, on the dates and in the principal amounts as follows:

<u>Date*</u>	<u>Principal Amount*</u>	<u>Date*</u>	<u>Principal Amount*</u>
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The Agency is required to redeem the 2024 Series M Bonds with a stated maturity of 1, , \* in part on 1, , \* and on each July 1 and January 1 thereafter to and including 1, , \* at the principal amount thereof to be redeemed plus accrued interest thereon, without premium, on the dates and in the principal amounts as follows:

<u>Date*</u>	<u>Principal Amount*</u>	<u>Date*</u>	<u>Principal Amount*</u>
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\* Preliminary; subject to change.



The Agency is required to redeem the 2024 Series M Bonds with a stated maturity of 1, \* in part on 1, \* and on each July 1 and January 1 thereafter to and including 1, \* at the principal amount thereof to be redeemed plus accrued interest thereon, without premium, on the dates and in the principal amounts as follows:

<u>Date*</u>	<u>Principal Amount*</u>	<u>Date*</u>	<u>Principal Amount*</u>
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The Agency is required to redeem the 2024 Series M Bonds with a stated maturity of 1, \* in part on 1, 2045,\* and on each July 1 and January 1 thereafter to and including 1, \* at the principal amount thereof to be redeemed plus accrued interest thereon, without premium, on the dates and in the principal amounts as follows:

<u>Date*</u>	<u>Principal Amount*</u>	<u>Date*</u>	<u>Principal Amount*</u>
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The Agency is required to redeem the 2024 Series N Bonds with a stated maturity of 1, \* in part on 1, \* and on each July 1 and January 1 thereafter to and including 1, \* at the principal amount thereof to be redeemed plus accrued interest thereon, without premium, on the dates and in the principal amounts as follows:

<u>Date*</u>	<u>Principal Amount*</u>	<u>Date*</u>	<u>Principal Amount*</u>
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Upon redemption of Series Bonds of a Series and maturity for which sinking fund installments have been established or any purchase and cancellation in lieu of redemption, the principal amount of that Series and maturity of the Series Bonds redeemed or purchased may be credited toward one or more sinking fund installments for that Series and maturity thereafter coming due in the manner the Agency specifies. The portion of any sinking fund installment remaining after the deductions credited to those payments is the unsatisfied balance of that sinking fund installment with respect to that Series and maturity of the Series Bonds for the purpose of calculating the payment due on or scheduled for a future date.

### **Special Redemption**

*Unexpended Proceeds.* At its option, the Agency may redeem the Series Bonds prior to maturity, at any time, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date, without premium (except that any PAC Term Bonds are to be redeemed at a redemption price

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\* Preliminary; subject to change.

equal to the principal amount thereof to be redeemed plus accrued interest, plus the unamortized premium thereon as the Agency determines by straight-line amortization of the original issue premium set forth on the inside front cover of this Official Statement between the date of issue and [July 1, 2033]\* (as of which date the premium would reduce to \$0)), from moneys representing Series Bond proceeds not used to purchase Program Securities and transferred to the Bond Redemption Fund from the 2024 Series L-M-N Acquisition Account and any allocable amounts held in the Debt Service Reserve Fund. In the event the Agency determines to redeem any Series Bonds from unexpended proceeds, the Agency will select the Series, maturities and amounts of the Series Bonds to be redeemed and the Trustee will select the Series Bonds at random within each Series and maturity.

If the Agency has not expended all proceeds of the Series Bonds credited to the 2024 Series L-M-N Acquisition Account and the Delivery Period has not been extended (see “The Residential Housing Finance Program—Acquisition of Program Securities”), then the Agency must redeem the Series Bonds from those unexpended proceeds upon the expiration of the Delivery Period at the redemption price specified above.

The expects to apply and disburse all of the proceeds of the Series Bonds credited to the 2024 Series L-M-N Acquisition Account to purchase Program Securities with a principal amount of approximately \$\_\_\_ million,\* on or before \_\_\_ 1, 2024, and to purchase Deferred Payment Loans with a principal amount of approximately \$\_\_\_ million\* on or before \_\_\_ 1, 2024. (See “The Residential Housing Finance Program – Reimbursement of Advances of Agency Funds from Proceeds of Series Bonds” for information with respect to anticipated Agency purchases of Program Securities as of July 1, 2024.)

*Excess Revenues.* In the Agency’s discretion and subject to the requirements of the Resolutions, the Agency may apply moneys on deposit in the Revenue Fund attributable to Excess Revenues to redeem Outstanding Bonds under the Bond Resolution (including the Series Bonds, but with respect to the PAC Term Bonds not in excess of the maximum cumulative redemption amounts shown below), at any time; subject, however, to any provisions to the contrary in any Series Resolution relating to a Series of Bonds. The redemption price of redeemed Bonds will be the principal amount of those Bonds plus accrued interest thereon, without premium. The Agency will select the Series, maturities and sinking fund installments of the Bonds to be redeemed.

As used herein, “Excess Revenues” means the Revenues, including prepayments (except as described below under “Repayments and Prepayments”), on deposit in the Revenue Fund received in excess of (i) the maturing principal and sinking fund installments and any required mandatory redemptions, together with interest from time to time payable, on Bonds Outstanding under the Bond Resolution, (ii) amounts needed to maintain the Debt Service Reserve Fund and the Insurance Reserve Fund at their respective Requirements, and (iii) amounts required by the Agency to pay fees and other costs in connection with the Bonds associated with maintaining the Program, including amounts to be paid under swap agreements, liquidity facilities, remarketing agreements and other similar instruments.

*10-Year Rule Requirements.* To comply with certain provisions of federal tax law, the Agency must apply all available prepayments and regularly scheduled repayments of mortgage principal from the Deferred Payment Loans and Program Securities allocable to the Tax-Exempt Series Bonds and (i) with respect to proceeds of the Tax-Exempt Series Bonds allocated to the refunding of outstanding bonds of the Agency, received 10 years after the original issue date of the bonds refunded, or (ii) with respect to the remaining proceeds of the Tax-Exempt Series Bonds, received 10 years or more after the issue date of the Tax-Exempt Series Bonds (collectively, the “Tax-Restricted Receipts”), to pay at maturity or redeem Tax-Exempt Series Bonds. This redemption must occur no later than the close of the first semiannual period beginning after the date of receipt, but no redemption is required if the amount available and required to be used to redeem the Tax-Exempt Series Bonds is less than \$250,000. Prepayments and scheduled repayments of mortgage principal from Program Securities and Deferred Payment Loans allocable to the Tax-Exempt Series Bonds (collectively, the “Tax-Exempt Receipts”) received on or after the following dates in the following approximate percentages constitute the “Tax-Restricted Receipts:”

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\* Preliminary; subject to change.

<u>Dates</u> *	<u>Percentages</u> *
July 2, 2024, to	. %
	.
	.
	.
, and thereafter	100.00

*Repayments and Prepayments.* To the extent not needed to make regularly scheduled principal payments on the Taxable Series Bonds, either at maturity or pursuant to sinking fund installments, all prepayments and scheduled repayments of mortgage principal from Program Securities allocable to the Taxable Series Bonds will be applied (a) first, in the event that the Tax-Exempt Receipts available and applied to the redemption of the PAC Bonds were insufficient to redeem the PAC Bonds on a cumulative basis up to the Maximum Cumulative Amounts set forth in the table below, to redeem the PAC Bonds up to those amounts, (b) second, to redeem Taxable Series Bonds of the Series and maturities selected by the Agency at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium and (c) then, if no Taxable Series Bonds are Outstanding, to redeem any Outstanding Bonds (subject, however, to any provisions to the contrary in any Series Resolutions relating to Outstanding Bonds), including any Tax-Exempt Series Bonds other than PAC Term Bonds in excess of the Maximum Cumulative Amounts shown in the table below, at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium, or for any other purpose authorized under the Resolutions.

To the extent not needed to make regularly scheduled principal payments on the Tax-Exempt Series Bonds, either at maturity or pursuant to sinking fund installments, or not required to be applied to redemption of the PAC Term Bonds as described below, the Tax-Restricted Receipts will be applied to redeem the Tax-Exempt Series Bonds at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium; provided, however, that those redemptions will not be required: (1) if there is a change in the Code or any temporary, proposed or final Treasury Regulations, or notices or similar announcements from time to time, that have the effect of removing or reducing the requirement of such redemptions of Tax-Exempt Series Bonds; and (2) if there shall be delivered to the Trustee an opinion of Bond Counsel that those changes in these redemption provisions will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Series Bonds.

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\* Preliminary; subject to change.

To the extent not needed to make regularly scheduled principal payments on the Series Bonds, either at maturity or pursuant to sinking fund installments, all Tax-Exempt Receipts received by or on behalf of the Agency must first be applied to redeem the PAC Term Bonds on a cumulative basis up to the Maximum Cumulative Amounts during each Redemption Period ending on the date therefor set forth in the following table:

<u>Redemption Period*</u>	<u>Maximum Cumulative Amounts*†</u>	<u>Redemption Period*</u>	<u>Maximum Cumulative Amounts*†</u>
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†Based on an approximation of 75 percent PSA prepayment speed on the Program Loans backing Program Securities financed with the proceeds of the Series Bonds. (See “Projected Weighted Average Lives of the PAC Term Bonds” below for a discussion of the PSA Prepayment Model.) Amounts actually to be redeemed pursuant to this provision will be reduced proportionately to the extent any of the PAC Term Bonds are redeemed from unexpended proceeds of the Series Bonds.

To the extent the Agency redeems PAC Term Bonds more than once in a semiannual period or on a date that is not a regularly scheduled interest payment date, the Agency will not redeem PAC Term Bonds on a cumulative basis as of any date in an aggregate principal amount greater than the sum of (i) the Maximum Cumulative Amount in the table above for the immediately preceding regularly scheduled interest payment date and (ii) the proportionate amount (based on the number of days elapsed since the immediately preceding regularly scheduled interest payment date and the total number of days in the period (calculated on the basis of a 360-day year of twelve 30-day months)) of the difference between the Maximum Cumulative Amount set forth in the table above for the next succeeding regularly scheduled interest payment date and the Maximum Cumulative Amount for the immediately preceding regularly scheduled interest payment date.

If the Agency receives Tax-Exempt Receipts sufficient to redeem PAC Term Bonds up to the Maximum Cumulative Amounts in accordance with the table above, (1) to the extent required by applicable federal tax law, the Agency must use any excess Tax-Exempt Receipts (a) to redeem Outstanding Tax-Exempt Series Bonds (other than PAC Term Bonds) from the maturities the Agency selects, or (b) if no Tax-Exempt Series Bonds are Outstanding other than PAC Term Bonds, to redeem Outstanding PAC Term Bonds, in each case on any date, in whole or in part, at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium; and (2) to the extent not required by applicable federal tax law to redeem Tax-Exempt Series Bonds, the Agency, at its option, may use any excess Tax-Exempt Receipts to redeem any Outstanding Bonds, including the Series Bonds (other than PAC Term Bonds), at a price equal to the principal amount thereof to be redeemed plus accrued interest, without premium (subject, however, to any provisions to the contrary in any Series Resolutions relating to Outstanding Bonds), or for any other purpose authorized under the Resolutions.

*Projected Weighted Average Lives of the PAC Term Bonds.* The following information is provided to allow prospective investors to evaluate the PAC Term Bonds that are the subject of the special redemption provisions described above.

The weighted average life of a bond refers to the average length of time that will elapse from the date of issuance of the bond to the date each installment of principal is paid weighted by the principal amount of that installment. The weighted average life of the PAC Term Bonds will be influenced by, among other things, the rate at which Program Securities are purchased and the rate at which principal payments (including scheduled payments and

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\* Preliminary; subject to change.

principal prepayments) are made on the Program Loans backing Program Securities financed with the proceeds of the Series Bonds (collectively, the “Series Bond Program Loans”). An Owner owning less than all of the PAC Term Bonds may experience redemption at a rate that varies from the average life of the PAC Term Bonds.

Levels of prepayment on mortgage loans are commonly measured by a prepayment standard or model. The standard used in this Official Statement is The Standard Prepayment Model of The Securities Industry and Financial Markets Association, formerly The Bond Market Association and formerly the Public Securities Association (the “PSA Prepayment Model”). The PSA Prepayment Model represents an assumed monthly rate of prepayment of the then outstanding principal balance of a pool of mortgage loans. The PSA Prepayment Model does not purport to be either a historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Series Bond Program Loans. “100% PSA” assumes prepayment rates of 0.2 percent per year of the then-unpaid balance of the pool of mortgage loans in the first month of the life of the pool of mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the thirtieth month. Beginning in the thirtieth month and in each month thereafter during the life of the pool of mortgage loans, “100% PSA” assumes a constant prepayment rate of 6 percent per year. Multiples will be calculated from this prepayment rate standard, e.g. “200% PSA” assumes prepayment rates will be 0.4 percent per year in month one, 0.8 percent per year in month two, reaching 12 percent per year in month thirty and remaining constant at 12 percent per year thereafter. “0% PSA” assumes no prepayments of principal of a pool of mortgage loans will occur for the life of the pool of mortgage loans.

The information in the following table, entitled “Projected Weighted Average Lives for the PAC Term Bonds” is based on the assumptions, among other things, that (i) the Series Bond Program Loans prepay at the indicated percentages of the PSA Prepayment Model and Deferred Payment Loans are repaid in full upon the prepayment of the associated Program Loans, (ii) \$\_\_\_\_\_ million\* of the proceeds of the Series Bonds in the 2024 Series L-M-N Acquisition Account are used to purchase Program Securities and \$\_\_\_\_\_ million\* are used to purchase Deferred Payment Loans, (iii) the Program Securities financed with the proceeds of the Series Bonds will have a weighted average pass-through rate of not less than \_\_\_\_\_ percent\* and will be acquired by \_\_\_\_\_ 1, 2024, (iv) the Deferred Payment Loans will be acquired by \_\_\_\_\_ 1, 2024,\* (v) all scheduled principal and interest payments or prepayments on Series Bond Program Loans are received thirty days after the date on which due or assumed to be made and there are no foreclosures or repurchases of those Program Loans, (vi) the PAC Term Bonds are redeemed only on regularly scheduled interest payment dates, and (vii) the Series Bonds, including the PAC Term Bonds, are not redeemed pursuant to optional redemption or from Excess Revenues. Based solely on the assumptions, some or all of which are unlikely to reflect actual experience, the following table provides projected weighted average life information for the PAC Term Bonds.

**Projected Weighted Average Lives for the PAC Term Bonds\***

PSA Prepayment	PAC Term Bonds Weighted Average Life <sup>†</sup>
0%	. years
50	.
75	5.00
100	5.00
200	5.00
300	5.00
400	5.00
500	5.00

<sup>†</sup>The weighted average life may be affected if, among other things, the Series Bonds, including the PAC Term Bonds, are redeemed with Excess Revenues, or from unexpended proceeds of the Series Bonds, as described above, or if PAC Term Bonds are redeemed on a date other than a regularly scheduled interest payment date.

\* Preliminary; subject to change.

The Agency cannot give any assurance that prepayments of principal of the Series Bond Program Loans will conform to any level of a particular prepayment projection, schedule or model or that prepayments will be available to be applied to redemptions of any of the Series Bonds, including the PAC Term Bonds. The rates of principal prepayments on mortgage loans are generally influenced by a variety of economic, geographical, social and other factors, including servicing decisions, changing property values, prevailing interest rates and the time within which mortgage loans are originated. In general, if prevailing interest rates fall significantly below the interest rates on the mortgage loans, those mortgage loans may be likely to prepay at higher rates than if prevailing interest rates remain at or above the interest rates on those mortgage loans. Conversely, if prevailing interest rates increase above the interest rates on the mortgage loans, the rate of prepayments might be expected to decrease. Foreclosures or repurchases of Series Bond Program Loans will also affect the expected special redemption schedules. The Agency cannot predict the number of Series Bond Program Loans that may become delinquent, repurchased or foreclosed. For these reasons, the Agency cannot offer any assurances as to the rate at which the Series Bond Program Loans will prepay and offers no assurance that the scheduled amounts will, in fact, be available to effect any redemptions described herein.

### **Optional Redemption of the Fixed Rate Series Bonds**

The Agency may redeem Fixed Rate Series Bonds with stated maturities on or after July 1, 2034\* prior to their stated maturity dates, at its option, in whole or in part, from the Series and in the amounts and from the stated maturities that the Agency designates, on January 1, 2034\* or any date thereafter, from any amounts available to the Agency for that purpose, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption, without premium.

### **General Provisions as to Fixed Rate Series Bonds**

Except as otherwise provided in the 2023/2024 Series Resolutions, any Fixed Rate Series Bonds to be redeemed other than upon mandatory sinking fund redemption will be redeemed only upon receipt by the Trustee of a certificate signed by an officer authorized by the Agency and stating (a) the Fixed Rate Series Bonds to be redeemed and (b) the maturities and amounts from which Fixed Rate Series Bonds are to be redeemed. If less than all Fixed Rate Series Bonds of a maturity are to be redeemed, the Fixed Rate Series Bonds of that maturity to be redeemed will be selected at random by a method determined by the Trustee. The Agency will not at any time cause Fixed Rate Series Bonds to be redeemed (other than pursuant to mandatory redemption) if this would have any material adverse effect on its ability to pay when due the principal of and interest on the Bonds Outstanding after that redemption.

The Trustee must mail a copy of the notice of redemption, by first class mail, to the registered owner of any Fixed Rate Series Bond called for redemption at least 30 days prior to the redemption date; that registered owner to be determined from the registry books as of the 15th day preceding the date that notice is mailed. (See “Appendix E — Book-Entry-Only System.”)

### **Optional Redemption of 2024 Series N Bonds**

*Optional Redemption.* The Agency may redeem 2024 Series N Bonds in the Weekly Mode at its option, in whole or in part on any Business Day (including any optional or mandatory tender date), from any money made available for that purpose, at a Redemption Price equal to 100 percent of the principal amount thereof to be redeemed, plus accrued interest, if any, to but not including the redemption date.

*Notice of Redemption.* While 2024 Series N Bonds are in the Weekly Mode, the Trustee must give a copy of the notice of redemption identifying 2024 Series N Bonds to be redeemed by Immediate Notice not less than 20 days prior to the date fixed for redemption to the Owners of 2024 Series N Bonds to be redeemed at their addresses as shown on the bond register. “Immediate Notice” means notice by telephone, telex or telecopier to the address as the addressee has directed in writing, promptly followed by written notice by first class mail, postage prepaid. Notwithstanding the foregoing, the Trustee need not give a separate notice of redemption in addition to the notice of

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\* Preliminary; subject to change.

tender the Owner or the Trustee, as applicable, must give for 2024 Series N Bonds to be redeemed on an optional or mandatory tender date.

Subject to the terms of the 2024 Series N Resolution, any 2024 Series N Bonds to be optionally redeemed will be redeemed only upon receipt by the Trustee of a certificate signed by an officer authorized by the Agency stating (1) the principal amount of the 2024 Series N Bonds to be redeemed, and (2) the years in which and the amounts by which the applicable sinking fund installments, if any, are to be reduced. Upon any redemption of 2024 Series N Bonds, the Trustee is to select those to be redeemed by lot or another method of selection as it deems proper in its discretion; provided that the 2024 Series N Bonds that are Bank Bonds must be selected for redemption before other 2024 Series N Bonds.

### **Optional and Mandatory Tender of 2024 Series N Bonds**

*Optional Tender.* Owners of 2024 Series N Bonds in the Weekly Mode may elect to tender their 2024 Series N Bonds for purchase, by providing notice to the Remarketing Agent and the Tender Agent not later than 5:00 p.m. (New York City time) on any Business Day that is at least seven calendar days before the purchase date, which must be a Business Day and must be set forth in the notice. Those 2024 Series N Bonds are to be purchased on the purchase date specified in the notice at a price equal to 100 percent of the principal amount thereof plus accrued interest to but not including the purchase date (the “Purchase Price”). The notice of optional tender for purchase of 2024 Series N Bonds by the Owners or beneficial owners thereof will be irrevocable once that notice is given to the Remarketing Agent and the Tender Agent.

*Mandatory Tender.* The 2024 Series N Bonds or any portion thereof are subject to mandatory tender for purchase (with no right to retain) at the Purchase Price (i) on any Mode Change Date and each Unenhanced Variable Rate Change Date for those 2024 Series N Bonds, (ii) upon scheduled expiration or termination by the Agency of the Initial Liquidity Facility or an Alternate Liquidity Facility (defined below) (a “Liquidity Expiration Event”) for those 2024 Series N Bonds, on a date not less than five days prior to the scheduled expiration or earlier termination of the Liquidity Facility, (iii) the effective date of an Alternate Liquidity Facility, a Non-Conforming Liquidity Facility or Self Liquidity, if a mandatory tender has not already occurred pursuant to the Liquidity Expiration Event, (iv) on any Conversion Date for those 2024 Series N Bonds, (v) on any Floating Rate Change Date and (vi) upon receipt of a Notice of Termination Date (as described in any Liquidity Facility) by the Trustee following the occurrence of certain Events of Default under that Liquidity Facility, on a date not less than five days prior to the date on which the Liquidity Facility will terminate (each a “Mandatory Tender Date”). If any of the listed events occur, the Trustee must deliver a notice of mandatory tender to the Owners, at least 15 days prior to the Mandatory Tender Date, stating the reason for the mandatory tender, the date of mandatory tender, and that all Owners of 2024 Series N Bonds subject to that mandatory tender are deemed to have tendered their 2024 Series N Bonds upon that date.

This paragraph is applicable to the 2024 Series N Bonds only if the book-entry-only system has been discontinued and replacement bonds have been issued. Any 2024 Series N Bonds not tendered and delivered to the Tender Agent on or prior to its Mandatory Tender Date for which there have been irrevocably deposited in trust with the Trustee the Purchase Price will be deemed to have been tendered and purchased on that Mandatory Tender Date. Owners will not be entitled to any payment (including any interest to accrue on or after the Mandatory Tender Date) other than the principal amount of those 2024 Series N Bonds, plus accrued interest to the day preceding the Mandatory Tender Date, and those Owners will no longer be entitled to the benefits of the Resolutions, except for the purpose of payment of the Purchase Price. Replacement 2024 Series N Bonds will be issued in place of those untendered 2024 Series N Bonds pursuant to the 2024 Series N Resolution, and, after the issuance of the replacement 2024 Series N Bonds, the untendered 2024 Series N Bonds will be deemed purchased, canceled, and no longer Outstanding under the Resolutions.

### **Remarketing of 2024 Series N Bonds**

*General.* On each date on which 2024 Series N Bonds are required to be purchased, the Remarketing Agent must use its best efforts to sell those 2024 Series N Bonds at a Weekly Rate (or, in the case of purchase upon a Mode Change, an interest rate corresponding to the appropriate mode) that results as nearly as practicable in the price being 100 percent of the principal amount thereof. In the event the Remarketing Agent is unable to remarket the 2024 Series

N Bonds so tendered while the Initial Liquidity Facility is in effect, the Initial Liquidity Provider has agreed to purchase those 2024 Series N Bonds in accordance with the Initial Liquidity Facility. The Remarketing Agent is not required to remarket the 2024 Series N Bonds (i) after the occurrence of an Event of Default under the Resolution; (ii) after the occurrence of an Immediate Termination Event under the Initial Liquidity Facility and the Initial Liquidity Provider's termination of its commitment to purchase 2024 Series N Bonds thereunder; (iii) during an Immediate Suspension Event under the Initial Liquidity Facility and the Initial Liquidity Provider's suspension of its commitment to purchase the 2024 Series N Bonds thereunder (unless there is reinstatement of the Initial Liquidity Facility; provided that if no reinstatement occurs within specific time periods, termination will occur without mandatory tender); or (iv) if the Initial Liquidity Provider breaches its obligation to purchase 2024 Series N Bonds tendered and not remarketed. The Agency will enter into a Remarketing Agreement with the Remarketing Agent pursuant to which the Remarketing Agent will undertake the duties of Remarketing Agent in the 2024 Series N Resolution, including remarketing of tendered 2024 Series N Bonds and determination of interest rates. The Remarketing Agreement provides that the Remarketing Agent may suspend its activities under certain circumstances, that the Remarketing Agent may resign its duties by giving 30 days' written notice to the Agency, and that the Agency may remove the Remarketing Agent upon 30 days' written notice.

*Remarketing Agent Is Paid by the Agency.* The Remarketing Agent's responsibilities include determining the interest rate from time to time and using best efforts to remarket the 2024 Series N Bonds that are tendered by the Owners thereof (subject, in each case, to the terms of the Remarketing Agreement), as further described in this Official Statement. The Remarketing Agent is appointed by the Agency and is paid by the Agency for its services. As a result, the interests of the Remarketing Agent may differ from those of Owners and potential purchasers of 2024 Series N Bonds.

*Remarketing Agent May Purchase Bonds for Its Own Account.* The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, may purchase those obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered 2024 Series N Bonds for its own account and, in its sole discretion, may acquire tendered 2024 Series N Bonds in order to achieve a successful remarketing of the 2024 Series N Bonds (i.e., because there otherwise are not enough buyers to purchase the 2024 Series N Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase 2024 Series N Bonds and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the 2024 Series N Bonds by purchasing and selling 2024 Series N Bonds other than in connection with an optional or mandatory tender and remarketing. Those purchases and sales may be at or below the principal amount thereof. However, the Remarketing Agent is not required to make a market in the 2024 Series N Bonds. The purchase of 2024 Series N Bonds by the Remarketing Agent may create the appearance that there is greater third-party demand for the 2024 Series N Bonds in the market than is the case. The Remarketing Agent may also sell any 2024 Series N Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2024 Series N Bonds. The practices described above also may result in fewer 2024 Series N Bonds being tendered for purchase pursuant to the 2024 Series N Resolution.

*2024 Series N Bonds May Be Offered at Different Prices on Any Date, Including a Rate Determination Date.* Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2024 Series N Bonds on the Effective Rate Date (without taking into account accrued interest thereon) being 100 percent of the principal amount thereof. The interest rate will reflect, among other factors, the level of market demand for the 2024 Series N Bonds (including whether the Remarketing Agent is willing to purchase 2024 Series N Bonds for its own account). There may or may not be 2024 Series N Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any 2024 Series N Bonds tendered for purchase on that date at the principal amount thereof and the Remarketing Agent may sell 2024 Series N Bonds at varying prices to different investors on that date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the 2024 Series N Bonds at the remarketing price. In the event the Remarketing Agent owns any 2024 Series N Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer those 2024 Series N Bonds on any date, including the Rate Determination Date, at a discount to the principal amount thereof to some investors.



*Ability to Sell the 2024 Series N Bonds Other Than Through Tender Process May Be Limited.* The Remarketing Agent may buy and sell 2024 Series N Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Owners that wish to tender their 2024 Series N Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the 2024 Series N Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2024 Series N Bonds other than by tendering the 2024 Series N Bonds in accordance with the tender process.

*Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the 2024 Series N Bonds, Without a Successor Being Named.* Under certain circumstances, the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event there is no Remarketing Agent, the Trustee will establish the applicable rate of interest on the 2024 Series N Bonds as described in the 2024 Series N Resolution.

*Agency Not Responsible to Owners for Initial Liquidity Provider's Failure To Purchase 2024 Series N Bonds.* Under the terms and provisions of the Remarketing Agreement and the Initial Liquidity Facility, the Purchase Price of 2024 Series N Bonds is payable from moneys furnished in connection with the remarketing of the 2024 Series N Bonds or from the Initial Liquidity Facility. Upon the occurrence of certain Immediate Termination Events or Immediate Suspension Events under the Initial Liquidity Facility, the Initial Liquidity Provider's obligation to purchase 2024 Series N Bonds under the Initial Liquidity Facility will immediately terminate or suspend without notice or other action on the part of the Initial Liquidity Provider. (See "Appendix K – Summary of Certain Provisions of and Relating to the Standby Bond Purchase Agreement.") **The Agency is not responsible to Owners if the Initial Liquidity Provider fails to purchase 2024 Series N Bonds tendered at the option of the Owner or subject to mandatory tender for purchase pursuant to the 2024 Series N Resolution or upon the occurrence of an Immediate Termination Event or a Suspension Event unless the Immediate Termination Event arises solely from the long term credit rating of the 2024 Series N Bonds being withdrawn or suspended or reduced below "Baa3" or "BBB- " by Moody's or S&P, respectively.**

If a Termination Event or Immediate Suspension Event has occurred resulting in the termination or suspension of the Initial Liquidity Facility or if the Initial Liquidity Provider does not purchase any 2024 Series N Bonds tendered or deemed tendered for purchase by the owners thereof and not remarketed, those Bonds will automatically bear interest in a Weekly Mode with the interest rate reset on a weekly basis at the lesser of (i) the SOFR Index plus 1.60 percent or (ii) the Maximum Rate. Owners will not have the right to tender their 2024 Series N Bonds during that period and may be required to hold their 2024 Series N Bonds to maturity or prior redemption.

## LIQUIDITY FACILITY

### General Provisions

The Agency has agreed in the 2024 Series N Resolution to maintain a Liquidity Facility in effect at all times when any 2024 Series N Bonds are in a Weekly Mode, or other Mode requiring a Liquidity Facility, except as otherwise provided below, in an amount not less than the potential Purchase Price of the outstanding 2024 Series N Bonds in the Weekly Mode or other Mode requiring a Liquidity Facility.

The Agency may elect to replace any Liquidity Facility (including but not limited to the Initial Liquidity Facility) for the 2024 Series N Bonds, with another liquidity facility meeting the requirements of the 2024 Series N Resolution (an "Alternate Liquidity Facility," and, together with the Initial Liquidity Facility, a "Liquidity Facility"). The Agency will notify the Trustee, the Remarketing Agent and the Tender Agent of the Agency's intention to deliver an Alternate Liquidity Facility at least 45 days prior to that delivery. Upon receipt of that notice, the Trustee will mail a notice of the anticipated delivery of an Alternate Liquidity Facility, including the name of the provider of that Alternate Liquidity Facility, to each Owner of the 2024 Series N Bonds at that Owner's registered address not less than 15 days prior to the date the 2024 Series N Bonds are subject to mandatory tender. If the Agency elects to replace the Liquidity Facility, the 2024 Series N Bonds will be subject to mandatory tender not less than five days prior to the termination of the existing Liquidity Facility. This Official Statement does not describe the 2024 Series N Bonds when an Alternate Liquidity Facility in respect thereof is in place.

The Agency may also elect to provide liquidity support for any 2024 Series N Bonds from its own funds or by delivering a liquidity facility that does not meet the requirements of an Alternate Liquidity Facility. If the Agency makes an election, those 2024 Series N Bonds will be subject to mandatory tender prior to the expiration of the Liquidity Facility then in effect.

### **The Standby Bond Purchase Agreement**

The Initial Liquidity Facility will be the Standby Bond Purchase Agreement. Appendix K to this Official Statement summarizes certain provisions of the Standby Bond Purchase Agreement, to which Appendix reference is made for the detailed provisions thereof. Certain information regarding the Initial Liquidity Provider appears in Appendix L to this Official Statement. **The Initial Liquidity Provider has no responsibility for the form and content of this Official Statement, other than solely with respect to the information describing itself set forth in “APPENDIX L – Certain Information Regarding the Initial Liquidity Provider”, and has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, other than solely with respect to the information describing itself set forth in “APPENDIX L – Certain Information Regarding the Initial Liquidity Provider”, or omitted herefrom.**

## **SECURITY FOR THE BONDS**

The Outstanding Bonds, including the Series Bonds, are secured as provided in the Bond Resolution by a pledge of (a) all proceeds of the sale of the Bonds (other than proceeds deposited in trust for the retirement of outstanding bonds, notes or other obligations), (b) all Program Obligations and Investment Obligations made or purchased from those proceeds, (c) all Revenues, (d) any other loans, funds, securities, Cash Equivalents or other property of the Agency otherwise pledged as security for Outstanding Bonds pursuant to a Series Resolution; and (e) all money, Investment Obligations, and other assets and income held in and receivables of Funds (other than the Alternative Loan Fund, except as otherwise provided in a Series Resolution), established by or pursuant to the Bond Resolution. The Bonds, including the Series Bonds, are also general obligations of the Agency, payable out of any of its moneys, assets or revenues, subject only to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or bonds, or State or federal laws or restrictions that particular funds be applied for a specified purpose. The pledge granted by the Bond Resolution is for the equal benefit, protection and security of Owners of all Outstanding Bonds, except as otherwise expressly provided therein or in a Series Resolution.

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

### **Cash Flow Certificate**

The Bond Resolution requires that the Agency file a Cash Flow Certificate with the Trustee (i) at least once within a 12-month period and as otherwise required under the Bond Resolution or a Series Resolution, (ii) upon the proposed application of funds in the Revenue Fund to acquire Program Obligations or to pay Program Expenses, if not contemplated by a prior Cash Flow Certificate, or (iii) to release funds to the Agency from the Revenue Fund or to transfer funds to the Alternative Loan Fund. The Bond Resolution also permits a revised Cash Flow Certificate to be filed at any time directed by the Agency. The Cash Flow Certificate is to give effect to the action proposed to be taken and demonstrating that in the current and in each succeeding Fiscal Year in which Bonds are scheduled to be Outstanding that Revenues and other amounts expected to be on deposit in the Funds and Accounts established under the Bond Resolution or any Series Resolution (excluding the Insurance Reserve Fund, and, except to the extent otherwise provided in a Series Resolution, the Alternative Loan Fund) will be at least equal to all amounts required to be on deposit in order to pay the Debt Service on the Bonds and to maintain the Debt Service Reserve Requirement and Insurance Reserve Requirement; provided that, to the extent specified in a Series Resolution, a Fund or Account (other than those excluded above) will not be taken into account when preparing the Cash Flow Certificate. The Cash Flow Certificate is to set forth the assumptions upon which the estimates therein are based, which assumptions will be based upon the Agency’s reasonable expectations at the time the Cash Flow Certificate is filed. The Agency may assume in a Cash Flow Certificate that, if Bonds of a Series are issued for purposes other than the Financing of Program

Loans for the acquisition of owner-occupied housing, amounts to be deposited in or irrevocably appropriated to any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund, unless otherwise provided in a Series Resolution) from sources not subject to the lien of the Bond Resolution will be available in amounts and at times sufficient to pay the Debt Service on Outstanding Bonds of that Series when due and to maintain the Debt Service Reserve Requirement and Insurance Reserve Requirement, if any, in respect of Outstanding Bonds of that Series. As set forth more fully in “Appendix C — Summary of Certain Provisions of the Bond Resolution — Revenue Fund,” the Agency may withdraw from the Revenue Fund funds to be released to the Agency free and clear of the lien of the Bond Resolution, for deposit in the Agency’s General Reserve Account or deposit in the Alternative Loan Fund, in each case upon the filing with the Trustee a Cash Flow Certificate and a Parity Certificate.

### **Program Obligations**

General information concerning the Agency’s Residential Housing Finance Program and the types of Program Obligations that have been and are expected to be financed with the proceeds of the Series Bonds is provided below under the heading “The Residential Housing Finance Program.” The Agency expects that approximately \$\_\_\_\_\_ million\* in aggregate principal amount of Program Securities, and approximately \$\_\_ million\* in Deferred Payment Loans, will be acquired with proceeds of the Series Bonds. (See “Estimated Sources and Uses of Funds.”) Additional information regarding GNMA, Fannie Mae and Freddie Mac and Program Securities and the current Master Servicer is contained in Appendix I to this Official Statement.

### **Investment Obligations**

Bond proceeds and other funds held in the Acquisition Account, the Debt Service Reserve Fund, the Insurance Reserve Fund, the Revenue Fund, the Bond Fund, and the Redemption Fund under the Bond Resolution may be invested in Investment Obligations as defined in the Bond Resolution (see “Appendix C – Summary of Certain Provisions of the Bond Resolution – Certain Defined Terms”).

Under the Bond Resolution, the Agency may direct the Trustee to invest funds held thereunder in investment agreements (sometimes referred to as “guaranteed investment contracts”), if that investment agreement does not adversely affect any ratings of the Bonds at the time of execution thereof. As of March 31, 2024, \$235,500 on deposit in the Debt Service Reserve Fund held in respect of Bonds under the Bond Resolution is invested in an investment agreement with Transamerica Life Insurance Co.

There is no assurance that the providers of Investment Obligations held under the Bond Resolution will be able to pay principal of and interest on those Investment Obligations as provided therein. No representation is made as to the creditworthiness of any provider.

The failure of a provider to pay principal and interest when due under an Investment Obligation pertaining to the Acquisition Account could result in the Agency’s inability to acquire Program Obligations in an amount necessary to fully secure the Bonds. A failure by a provider to pay amounts due under an Investment Obligation pertaining to the other Funds could result in the Agency’s inability to pay debt service on the Bonds. All of the Agency’s investment agreements contain “downgrade” provisions giving the Agency the right to withdraw all invested funds early if the provider’s credit ratings are downgraded below specified levels and remedial action is not taken by the provider. Funds withdrawn from investment agreements under those circumstances will be invested in alternate Investment Obligations at the direction of the Agency.

### **Revenues**

When Revenues are greater than the amount necessary to pay maturing principal of and interest on the Bonds, the Agency may use the excess, to the extent permitted by applicable federal tax law, to make or purchase additional Program Obligations or to redeem Bonds. If Revenues are less than the amount necessary to pay maturing principal of the Bonds, then either the Agency, at its option, may provide the amount necessary for that payment from any of

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\* Preliminary; subject to change.

(a) the General Reserve Account of the Agency, (b) the Alternative Loan Fund, or (c) any other lawful source other than funds and accounts pledged pursuant to the Bond Resolution, or the Trustee must withdraw the necessary amount from the following funds in order of priority: (i) the Bond Redemption Fund, but only to the extent that amounts therein are in excess of amounts required for the redemption of Bonds for which the notice of redemption has been given, (ii) the Revenue Fund, (iii) the Debt Service Reserve Fund, and (iv) the Insurance Reserve Fund.

### **Debt Service Reserve Fund**

The Bond Resolution creates and establishes a Debt Service Reserve Fund and provides that the Debt Service Reserve Requirement as of any date will be the sum of amounts established for each Series of Bonds by each Series Resolution. The aggregate Debt Service Reserve Requirement with respect to the Series Bonds is equal to \$0. The balance in the Debt Service Reserve Fund on June 3, 2024, was \$[5,666,416], which was at least equal to the Debt Service Reserve Requirement for all Series of Bonds then Outstanding.

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

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

In the opinion of Bond Counsel and counsel to the Agency, under current law the State Legislature is legally authorized *but is not legally obligated* to appropriate those amounts.

### **Insurance Reserve Fund**

The Bond Resolution creates and establishes an Insurance Reserve Fund to be used for the purpose of paying that portion of the claim for loss with respect to any defaulted Program Obligation that is not paid by a public or private insuring agency. As of any particular date of calculation, the Insurance Reserve Requirement is the sum of amounts, if any, established for each Series of Bonds by the applicable Series Resolution. The Insurance Reserve Requirement with respect to the Series Bonds is \$0. Currently, there is no balance in the Insurance Reserve Fund, as there is no Insurance Reserve Requirement for any Series of Bonds Outstanding.

## **Additional Bonds**

The Bond Resolution permits the issuance of additional Bonds, upon the adoption of a Series Resolution, without limitation as to amount, to provide funds for the purpose of financing Program Obligations and, in addition, to refund outstanding Bonds or other obligations of the Agency. No additional Series of Bonds may be issued except upon receipt by the Trustee of (i) an Agency Certificate (in which the Agency may make certain assumptions permitted in a Cash Flow Certificate) certifying (a) that an amount equal to the Debt Service Reserve Requirement effective upon issuance of those Bonds will be on deposit in the Debt Service Reserve Fund and an amount equal to the Insurance Reserve Requirement effective upon issuance of those Bonds will be on deposit in the Insurance Reserve Fund, and (b) that estimated Revenues are in excess of required fund transfers and debt service on the Bonds in each Fiscal Year, and (ii) written confirmation that the then existing ratings of the Bonds will not be impaired. A Cash Flow Certificate need not be filed in connection with the issuance of additional Bonds unless the Series Resolution authorizing Bonds of the Series so provides.

Any additional Bonds issued under the Bond Resolution will be secured on an equal basis with the Series Bonds and all other Outstanding Bonds and will be entitled to the equal benefit, protection and security of the provisions, covenants and agreements in the Bond Resolution, except as otherwise expressly provided therein or in a Series Resolution.

## **State Pledge Against Impairment of Contracts**

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

# **THE RESIDENTIAL HOUSING FINANCE PROGRAM**

## **General**

Under the Bond Resolution, the Agency may issue Bonds to finance Program Obligations in order to provide financing for housing for low and moderate income persons, including single family loans, home improvement loans, multifamily loans and other housing-related loans, and to secure those loans in the manner as the Agency determines, which would include first mortgage loans, subordinate mortgage loans or loans that are unsecured. All Outstanding Bonds issued under the Bond Resolution are secured on an equal basis, except as otherwise expressly provided in the Bond Resolution or in a Series Resolution. Certain proceeds of the Series Bonds will be used to purchase Program Securities backed by single family mortgage loans.

The following provides a general description of the Agency's Program in respect of the Program Securities backed by single family mortgage loans to be purchased with proceeds of the Series Bonds. *The Series Program Determinations governing the Program Obligations to be financed with proceeds of the Series Bonds may be revised by the Agency from time to time as provided in the Series Resolutions and, consequently, the following general description is subject to change.*

## **“MBS” Model**

Effective for commitments made on or after September 1, 2009, the Agency changed its single-family mortgage lending program from a “whole loan” model to an “MBS” (mortgage-backed securities) model. The Agency has entered into a Servicing Agreement, dated as of October 17, 2013 (the “Servicing Agreement”), with U.S. Bank National Association, as master servicer (the “Master Servicer”), for an indefinite term (subject to termination rights). Pursuant to the Servicing Agreement, the Master Servicer is to acquire single family mortgage loans meeting Program requirements and pool those Program Loans into Program Securities to be purchased by the Trustee on behalf of the Agency. (See “Procedures for Origination, Purchase and Pooling -- Program Securities” below.) For additional information regarding the Master Servicer, see Appendix I to this Official Statement.

Prior to the transition to the “MBS” model, the Agency’s Program provided funds for the purchase by the Agency of newly originated Program Loans at a price and bearing interest at rates established from time to time on the basis of the interest cost of the Bonds and local mortgage market conditions. Generally, outstanding Program Loans purchased by the Agency with the proceeds of Bonds have 30-year terms except for some outstanding Program Loans purchased during a short period beginning in 2006 until October 2008 that have 40-year terms.

Outstanding Bonds have financed both Program Loans and Program Securities.

### **Reimbursement of Advances of Agency Funds with Proceeds of Series Bonds**

The Agency does not anticipate that it will use proceeds of the Series Bonds to purchase Program Securities that are eligible to be financed with Bonds acquired prior to the date of issuance of the Series Bonds with its own funds. The Agency expects that all funds credited to the 2024 Series L-M-N Acquisition Account will be disbursed on or before \_\_\_\_\_ 1, 2024, to purchase, or reimburse the Agency for the purchase of, Program Securities and Deferred Payment Loans.

### **Procedures for Origination, Purchase and Pooling**

#### ***Application***

The Agency has published, and revises from time to time, its Start Up Program Procedural Manual (the “Manual”) which sets forth the guidelines and procedures for participation in the Program and certain requirements for origination of mortgage loans, including provisions for compliance with the requirements of applicable federal tax law. The Master Servicer has also published its lending manual for the Program establishing additional origination, documentation and processing requirements. The Agency responds to inquiries by interested lenders by directing them to the Master Servicer and the appropriate page on the Master Servicer’s website delineating information regarding the requirements a lender must satisfy to be eligible to participate in the Program. Lenders must complete an application process with the Master Servicer, including the payment of an application fee. Each Lender that satisfies the requirements of the Master Servicer and participates in the Program must execute a participation agreement with the Agency, which incorporates the Manual, and a participating lender agreement with the Master Servicer, which incorporates the Master Servicer’s lending manual by reference. Generally, Lenders that participate in the Program receive no advance commitment of funds. Rather, Lenders may request an individual commitment of loan funds via the internet by entering loan information in the Agency’s online loan purchase approval system (the “Commitment System”). Each commitment request is subject to a review of the Agency’s eligibility rules that are a part of the Commitment System. If the information entered by the Lender meets the eligibility rules, the loan funds are then committed for each specific loan for a specific period. Should a specific loan ultimately be rejected or cancelled, the funds are available for use by another eligible borrower and Lender. There is no prescribed limit on the amount of funds that may be used by an individual participating Lender, subject to availability of funds.

Lenders are not required to pay a reservation fee upon obtaining a commitment of funds through the Commitment System. If the Master Servicer has not received a loan package pursuant to an individual commitment after 60 days, the Agency, at its option, may charge and, if so charged, the Lender must agree to pay an extension fee to maintain the individual commitment for a specified, extended period of time. Extension fees, if charged and not refunded, are deposited into the funds from which the loans or the Program Securities are purchased, either the Alternative Loan Fund or the Revenue Fund under the Bond Resolution.

### ***Qualified Borrowers***

The Agency has established the maximum gross income for eligible borrowers under the Program based upon applicable federal law and Agency policy objectives. The maximum gross income of an eligible borrower under the Program is currently as follows:

<b>Household Size</b>	<b>11-County Twin Cities Metropolitan Area*</b>	<b>Dodge and Olmsted Counties</b>	<b>Balance of State</b>
1 or 2 Persons	\$124,200	\$118,000	\$111,700
3 or more Persons	\$142,800	\$135,700	\$128,400

\*As used in this table, the “Twin Cities Metropolitan Area” comprises the following 11 counties: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright Counties.

The Agency will apply the income limitations set forth in Section 143(f) of the Code to applicants for loans financed with proceeds of the Series Bonds. The Agency may revise the income limits for the loans from time to time to conform to State and federal law and Agency policy objectives.

At the time a loan is made, the borrower must certify his or her intention to occupy the mortgaged property as his or her principal residence.

Lenders must underwrite the borrower’s credit in compliance with the underwriting standards of FHA, VA, USDA Rural Development (formerly the Rural Housing and Community Development Service), Fannie Mae, Freddie Mac or the insuring private mortgage insurance company, as applicable, and of the Master Servicer.

Certain borrowers may be eligible for down payment and closing cost assistance if needed for borrower qualification. (See “Deferred Payment Loans” and “Monthly Payment Loans” under “Other Programs” below.)

### ***Certain Fannie Mae Loan Product***

In May 2012, the Agency began offering the Fannie Mae HFA Preferred Risk Sharing™ loan product for borrowers who meet the qualifying guidelines. The HFA Preferred Risk Sharing™ loan product enabled eligible state housing finance agencies to deliver loans with up to 97 percent loan-to-value ratios without mortgage insurance. The loan product carried a higher Fannie Mae guarantee fee and the Agency had to agree to repurchase the loan if it becomes delinquent in the first 12 months and remains delinquent for four consecutive months thereafter, or if the loan is delinquent at the 12th month, does not become current and remains delinquent for four consecutive months thereafter. From May 2012 to date, Fannie Mae has requested the repurchase of, and the Agency has repurchased, 33 loans. Other than the loans described in the next sentences of this paragraph, no loans of this loan product are still subject to repurchase. Fannie Mae and the Agency entered into a variance with respect to 25 loans to borrowers who requested forbearance during the period permitted by the CARES Act, including the period for which forbearance could be requested as was subsequently extended by FHFA. Under the terms of that variance, Fannie Mae extended the term of the repurchase obligation with respect to those 25 loans to 48 months after resolution of the forbearance by the borrower either making the missed payments or accepting one of Fannie Mae’s home retention workout options. Four of those 25 loans are included in the 33 loans which the Agency has repurchased. If those loans are Program Loans pooled into Program Securities, those Program Securities have the same Fannie Mae guaranty as other Fannie Mae Securities.

Effective for loans with application dates in Fannie Mae’s underwriting system on and after September 5, 2019, Fannie Mae only made the HFA Preferred Risk Sharing™ loan product available to borrowers whose qualifying income, as calculated pursuant to Fannie Mae’s underwriting standards, was not greater than 80 percent of area median income. **Effective July 1, 2020, Fannie Mae no longer offers the HFA Preferred Risk Sharing™ loan product; the Agency ceased taking commitments for those loans on April 1, 2020.**

### ***Uniform Mortgage-Backed Securities***

On June 3, 2019, Fannie Mae and Freddie Mac began issuing new, common, single mortgage-backed securities, formally known as the Uniform Mortgage-Backed Security (“UMBS”). The UMBS finance the same types of fixed-rate mortgages that back Fannie Mae Securities and Freddie Mac Securities issued before that date and are guaranteed by either Fannie Mae or Freddie Mac depending upon which issues the UMBS. The UMBS have characteristics similar to Fannie Mae Securities that are not UMBS and Freddie Mac is offering investors the opportunity to exchange existing Freddie Mac Securities for “mirror” UMBS backed by the same loans as the existing securities. Proceeds of the Series Bonds will be used to purchase Program Securities, which include UMBS. For purposes of this Official Statement, the term “Program Securities” includes UMBS.

### ***Program Loans***

Under the “whole loan” model utilized by the Agency until 2009, Program Loans were purchased from (1) Lenders including any bank, savings bank, credit union or mortgage company organized under the laws of Minnesota or the United States or nonprofit licensed by the State of Minnesota, and any mortgagee or lender approved or certified by the Secretary of Housing and Urban Development or by the Administrator of Veterans Affairs, or (2) any agency or instrumentality of the United States or the State.

Subject to the right of the Agency to modify the terms of Program Loans (see Appendix C – Summary of Certain Provisions of the Bond Resolution – Program Loans; Modification of Terms) under applicable Series Resolutions, the Agency must take or require a Servicer to take all measures, actions and proceedings reasonably necessary and deemed by it to be most effective to recover the balance due on a Defaulted Program Loan, including the curing of the default by the Mortgagor, foreclosure of the Mortgage, acceptance of a conveyance in lieu of foreclosure, sale of the Mortgage, renting or selling the Home, collection of any applicable mortgage insurance or guaranty, and preservation of the title to and value of the Home pending recovery of the balance of the Defaulted Program Loan. (See “State Laws Affecting Foreclosures” in Appendix D to this Official Statement.)

### **Acquisition of Program Securities**

Under the “MBS” model, the Trustee, on behalf of the Agency, is to purchase mortgage-backed GNMA I and GNMA II-Custom Pool securities, guaranteed as to timely payment of principal of and interest by GNMA, mortgage-backed Fannie Mae Securities, guaranteed as to payment of principal and interest by Fannie Mae, and mortgage-backed Freddie Mac Securities, guaranteed as to payment by Freddie Mac (each a Program Security), each of which is backed by pools of mortgage loans that have been made by Lenders to qualified borrowers to finance the purchase of single family residential housing located in the State, in accordance with the Servicing Agreement, the Participation Agreements, the Manual and other Program documents. For additional information regarding GNMA, Fannie Mae, Freddie Mac, Program Securities and the Master Servicer, see Appendix I to this Official Statement.

During the Delivery Period, the Master Servicer is to acquire Program Loans from Lenders and pool the Program Loans into Program Securities as provided in the Servicing Agreement. The Trustee is to disburse moneys from the 2024 Series L-M-N Acquisition Account for the acquisition of Program Securities pursuant to the Servicing Agreement. The Trustee is to pay the Master Servicer an amount equal to between 101.5 percent and 103.5 percent of the principal amount of each Program Security acquired from the Master Servicer, plus accrued interest, if any, and any applicable fees or charges payable to a Federal Mortgage Agency and not paid by the mortgagor.

The Agency may at any time transfer any proceeds of the Series Bonds in the 2024 Series L-M-N Acquisition Account to the Bond Redemption Fund to be applied to the redemption of Series Bonds. In addition, the Agency will transfer any remaining proceeds of the Series Bonds in the 2024 Series L-M-N Acquisition Account to the Bond Redemption Fund to be applied to the redemption of Series Bonds at the end of the Delivery Period; provided that the Agency may (instead of redeeming Series Bonds from unexpended proceeds) extend the Delivery Period with respect to all or any portion of the unexpended amounts remaining in the 2024 Series L-M-N Acquisition Account, for the period or periods as the Agency determines consistent with the final sentence of this paragraph, but only if the Agency has delivered to the Trustee on or prior to the expiration of the then-current Delivery Period an Agency Certificate (i) designating the new ending date for the Delivery Period, (ii) certifying that the Agency has received a Cash Flow



Certificate and a Parity Certificate confirmed by an investment banking firm, financial consulting firm or accounting firm, in each case nationally recognized with respect to the cash-flow analysis of qualified mortgage bonds, that shows that the extension will not adversely affect the availability of Revenues sufficient to make timely payment of principal of and interest on the Outstanding Bonds in the current and each subsequent Fiscal Year, and that at all times the assets of the Program will equal or exceed the liabilities of the Program, which Cash Flow Certificate and Parity Certificate must accompany the Agency Certificate; (iii) certifying that, to the extent necessary to satisfy the requirements of the Cash Flow Certificate and each Rating Agency then rating the Bonds, an Investment Obligation has been arranged for investment of amounts in the 2024 Series L-M-N Acquisition Account to a date not earlier than the ending date of the extended Delivery Period; (iv) designating the amount of any additional deposits required by the Cash Flow Certificate, the Parity Certificate and each Rating Agency then rating the Bonds to be made into funds held under the Resolutions in connection with that extension, which deposits must be made on or before the date of expiration of the then-current Origination Period and only from the Agency's funds; and (v) certifying that the Agency has notified each Rating Agency then rating the Bonds that the extension is being planned and has provided copies of the Cash Flow Certificate and Parity Certificate to each Rating Agency then rating the Bonds, together with any other documentation as each Rating Agency then rating the Bonds may request, and has received written confirmation that the Rating of Outstanding Bonds will not be impaired by the extension of the Delivery Period. On any date or dates subsequent to any extension of the Delivery Period, the Agency may transfer any unexpended proceeds relating to the Series Bonds remaining in the 2024 Series L-M-N Acquisition Account to the Bond Redemption Fund to be applied to redemption of Series Bonds. At the end of the Delivery Period, including any extension thereof, the Trustee is to transfer all amounts relating to the Series Bonds remaining in the 2024 Series L-M-N Acquisition Account to the Bond Redemption Fund to be applied to the redemption of Series Bonds. The Delivery Period may not be extended beyond the date set forth in the definition under "Certain Defined Terms" in Appendix C to this Official Statement.

The Agency may participate each Program Security between different sources of funds of the Agency, so long as the interest of each has equal priority as to lien in proportion to the amount of the Program Security secured, but those interests need not be equal as to interest rate.

### Qualified Real Property

Program Loans may finance the purchase of residential property in Minnesota on which is located an owner-occupied one or two-family dwelling, or an owner-occupied residential unit in a condominium, townhouse or planned unit development.

The Agency has established maximum purchase prices under the Program pursuant to the requirements of applicable federal law. The maximum purchase prices for each of one and two-family homes currently are as follows:

If the property to be mortgaged is located in:	Maximum Purchase Price <u>One-Family</u>	Maximum Purchase Price <u>Two-Family</u>
Twin Cities Metropolitan Area	\$515,200	\$659,550
Balance of State	\$472,030	\$604,400

The Agency may revise the maximum purchase prices from time to time to conform to applicable State and federal law and Agency policy objectives.

### Targeted Areas

Pursuant to applicable federal tax law, targeted areas have been established for the Program. Targeted areas consist of certain census tracts in the State in which 70 percent of the families have an annual income of 80 percent or less of the statewide median income or areas determined by the State and approved by the Secretary of the Treasury of the United States and the Secretary of the United States Department of Housing and Urban Development to be areas of chronic economic distress (the "Targeted Areas"). The Agency will make available the required amount of the proceeds of the Series Bonds for the financing of loans for the purchase of residences located in Targeted Areas and will advertise the availability of those funds for loans in Targeted Areas. The Agency is also required to exercise

reasonable diligence in seeking to finance residences in Targeted Areas. Absent any determination by the Agency that further availability of the proceeds of the Series Bonds is required by federal law, any moneys remaining unused may be made available to finance the purchase of residences located anywhere within the State, or may be used to redeem Bonds.

### **Servicing of Program Loans**

Under the Program, the Agency has set forth requirements for the servicing and accounting of Program Loans in a Servicing Manual. Each Servicer must maintain at all times a fidelity bond and an errors and omissions policy issued by a company having a current rating in Best's Insurance Reports of A/AAA or better. Servicers are required to ensure that mortgagors maintain on each home a hazard insurance policy providing fire and extended coverage equal to or greater than that customary in the geographic area in which the home is located. Servicers are required to advise the Agency if a home is exposed to a risk not otherwise covered by the hazard insurance policy and the Agency may require additional coverage.

The Agency requires its Servicers to supply reports and other data sufficient to reconcile the transactions within its loan portfolio. Servicers remit mortgage collections daily to the Trustee. The Agency may, at any time, terminate a servicing agreement and re-assign servicing. Under the Program, Servicers will receive as compensation a monthly servicing fee not to exceed 0.375 percent/12 of the outstanding principal amount of Program Loans they service.

The Agency has established specific requirements for Servicers regarding the procedures to be followed in cases involving delinquencies. In addition to a monthly report requirement, Servicers are required, by following the Agency's procedures, to bring a delinquency current in the shortest practicable time. Servicers use the following tools in an effort to bring delinquencies current: borrowers may be referred to foreclosure prevention counselors, Servicers may, in some cases, accept partial payments, set up repayment plans with borrowers, enter into forbearance agreements, modify the delinquent loan, approve a short sale and accept a deed-in-lieu of foreclosure. The Agency has significant flexibility under the Bond Resolution to modify the terms of a loan, including interest rate reductions, extension of loan term and principal forgiveness. (See Appendix C – Summary of Certain Provisions of the Bond Resolution – Program Loans; Modification of Terms.)

### **Servicing of Program Securities**

A servicer of mortgage loans backing a Program Security must be a GNMA, Fannie Mae and Freddie Mac approved servicer experienced in servicing pools of mortgage loans for GNMA, Fannie Mae and Freddie Mac under their respective guaranteed mortgage-backed securities programs and be subject to the standards set forth in the GNMA Servicer's Guide, the Fannie Mae Single Family Selling and Servicing Guide and the Freddie Mac guidelines.

The Agency has entered into the Servicing Agreement with the Master Servicer to service mortgage loans backing Program Securities. For additional information regarding the Master Servicer, see Appendix I to this Official Statement. The Series Resolutions provide that in the event the Servicing Agreement is cancelled or terminated for any reason, the Agency must proceed with due diligence to procure a successor Master Servicer, subject to the provisions of the Servicing Agreement and the requirements of each applicable Federal Mortgage Agency. During the period necessary to obtain that successor, the Trustee will, subject to the approval of the applicable Federal Mortgage Agency, cause to be performed the duties and responsibilities of the Master Servicer, under the Servicing Agreement and will be compensated therefor, in addition to the compensation payable to it under the Resolutions or any other instrument, in the same manner and amounts as provided under the Servicing Agreement.

### **Applicable Federal Law Mortgage Eligibility Requirements**

Applicable federal law imposes significant limitations on the financing of mortgage loans on owner occupied one- to four-family residences with the proceeds of a qualified mortgage bond issue, such as the Tax-Exempt Series Bonds. (See "Tax Exemption and Related Considerations.")

## Mortgage Loan Portfolio and Acquired Program Securities

As of March 31, 2024, the Agency had outstanding Program Loans receivable of 169,742,000 gross, including outstanding Deferred Payment Loans receivable of \$19,162,000 gross and Monthly Payment Loans receivable of \$8,667,000 gross, which were financed from the proceeds of Bonds. There are no uncommitted proceeds from previous bond sales under the Bond Resolution available for commitment. Certain information relating to mortgage insurance and delinquency and foreclosure statistics for the single family mortgage whole loan portfolio funded by Bonds is contained in Appendix G to this Official Statement.

In addition, as of March 31, 2024, the following Program Securities (comprised of GNMA Securities, Fannie Mae Securities and Freddie Mac Securities) were pledged to secure Outstanding Bonds under the Bond Resolution [UPDATE split between types]:

	Principal Amount <u>Outstanding</u>	<u>Percentage</u>
GNMA II	\$1,410,790,000	45.83%
GNMA I	36,303,000	1.18
FNMA	1,194,064,000	38.79
FHLMC	<u>437,023,000</u>	<u>14.20</u>
Total	\$3,273,002,000	100.00%

## OTHER PROGRAMS

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

For example, as of March 31, 2024, the Homeownership Finance Bond Fund had \$962,656,000 in outstanding principal amount of mortgage-backed securities, which were financed from the proceeds of the Agency's homeownership finance bonds. As of March 31, 2024, the Agency had outstanding home improvement loans receivable of \$[115,700],000 gross. *None of these loans secure or are available for the payment of principal of or interest on the Bonds.*

### Step Up Program

The Agency has initiated its Step Up Program in 2012 under which the Agency purchases mortgage loans made to mortgagors who do not qualify for its Start Up Program, including in connection with refinancing of an existing mortgage loan. Down payment and closing cost assistance is available under the Step Up Program as described under "Monthly Payment Loans" below. The Agency causes Step Up mortgage loans to be securitized and either financed with Bonds (not including the Series Bonds) or sold on the secondary market, financed with Bonds or retained in the Agency's portfolio.

### Deferred Payment Loans

The Agency has established The Deferred Payment Loan Program, a Homeownership Assistance Fund program funded by State appropriations. The Alternative Loan Fund within the Bond Resolution and Outstanding Bonds are also a source of funding for these loans. (See "Estimated Sources and Uses of Funds" and "The Residential Housing Finance Program—Reimbursement of Advances of Agency Funds with Proceeds of Series Bonds.") Under The Deferred Payment Loan Program there are two options: the Deferred Payment Loan and the Deferred Payment Loan Plus. A Deferred Payment Loan originated under either of these options is a junior lien loan from the Agency to the mortgagor that is interest-free, with repayment due on sale or transfer of the property or when the property is no longer occupied by the mortgagor.

Mortgagors who meet program income and liquid asset limits, and who do not have sufficient cash for down payment and closing costs, are eligible for a Deferred Payment Loan in an amount of up to \$16,500.

Mortgagors who meet the requirements for a Deferred Payment Loan and additional targeting criteria are eligible for a Deferred Payment Loan Plus in an amount of up to \$18,000. In addition to down payments and closing costs, mortgagors may use the funds to write down the senior lien loan principal.

Program Loans backing Program Securities made or purchased from the proceeds of a Series of Bonds may or may not be accompanied by either of The Deferred Payment Loan Program options. The Agency has not pledged the Homeownership Assistance Fund to the payment of principal or interest on Outstanding Bonds and it is not available for that purpose. Amounts on deposit in the Alternative Loan Fund are available for the payment of principal of or interest on the Bonds and other debt of the Agency but are not pledged to payment of Outstanding Bonds or other debt. Deferred Payment Loans financed with proceeds of the Bonds, including the Series Bonds, are pledged to payment of Outstanding Bonds. (See “Security for the Bonds.”)

### **Monthly Payment Loans**

In connection with both the Start Up Program and the Step Up Program, the Agency added another down payment and closing cost loan option, the Monthly Payment Loan. A Monthly Payment Loan is a junior lien loan made by the Agency. The interest-bearing, amortizing loan has a ten-year term with an interest rate equal to the interest rate of the applicable first mortgage loan. Borrowers can receive a Monthly Payment Loan in an amount up to \$18,000. Monthly Payment Loans financed with proceeds of the Bonds are pledged to payment of Outstanding Bonds. (See “Security for the Bonds.”)

## **TAX EXEMPTION AND RELATED CONSIDERATIONS**

### **Federal Tax Matters - The Tax-Exempt Series Bonds**

**General.** In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Tax-Exempt Series Bonds is excludable from gross income for federal income tax purposes. Interest on the Tax-Exempt Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Tax-Exempt Series Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion described above assumes the accuracy of certain representations and compliance by the Agency with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Tax-Exempt Series Bonds. Failure to comply with those requirements could cause interest on the Tax-Exempt Series Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance thereof. The Agency has covenanted to comply with these requirements. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Tax-Exempt Series Bonds.

Section 103(a) and Section 141(e)(1)(B) of the Code provide that gross income for federal income tax purposes does not include interest on a “qualified mortgage bond.” Under Section 143 of the Code, a qualified mortgage bond is a bond which is issued as part of an issue the proceeds of which are used to finance owner-occupied residences meeting certain requirements relating to loan eligibility, targeted areas, yield restrictions and other matters.

The mortgage loan eligibility requirements of Section 143 of the Code generally applicable to the Tax-Exempt Series Bonds are that (a) the residence with respect to which the mortgage loan is made is a single-family residence which is located in the State and can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the mortgage loan is made; (b) except in certain limited circumstances, no part of the proceeds are to be used to acquire or replace any existing mortgage; (c) the acquisition cost of the completed residence meets certain limits; (d) with certain exceptions, most notably targeted areas and for certain mortgagors who are qualified veterans, the mortgagor will not have had a present ownership interest in its principal residence during the preceding three years; (e) with certain exceptions, the family income of the mortgagor will not exceed 100%, in the case of a household of less than three persons, and 115%, in the case of a household of three or more persons, of median gross income for the area in which the residence is located or the State, whichever is greater; and (f) the loan

will not be assumable unless the requirements of (a), (c), (d) and (e) above are met at the time of the assumption. An issue is treated as meeting the loan eligibility requirements of Section 143 if (a) the issuer in good faith attempted to meet all of the requirements before the loans were executed; (b) 95% or more of the proceeds of the issue used to finance loans was devoted to residences which met all those requirements at the time the loans were executed; and (c) any failure to comply with the loan eligibility requirements is corrected within a reasonable period after that failure is first discovered.

The Code imposes additional nonmortgage loan eligibility requirements relating to the Tax-Exempt Series Bonds to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Series Bonds. For example, the Code limits the amount of the costs of issuance which may be paid from the proceeds of the Tax-Exempt Series Bonds, limits the size of reserve funds established with the proceeds of the Tax-Exempt Series Bonds and can require earnings on nonmortgage investments in excess of the yield on the Tax-Exempt Series Bonds to be rebated to the United States. Of the mortgage loans originally funded with proceeds of the Tax-Exempt Series Bonds, the mortgage loan principal prepayments and repayments that are received more than 10 years after the date of issuance of the Tax-Exempt Series Bonds or more than 10 years after the issuance of any prior bonds that are refunded from proceeds of the Tax-Exempt Series Bonds (or the earliest date in a chain of refundings) must be used to redeem or retire the Tax-Exempt Series Bonds, and those amounts may not be recycled into new mortgage loan originations. Any original proceeds of the Tax-Exempt Series Bonds (or transferred original proceeds of a prior bond refunded by the Tax-Exempt Series Bonds) that are deposited into the 2024 Series L-M-N Acquisition Account must either be used to: (a) acquire mortgage loans within 42 months of the date of issuance of the Tax-Exempt Series Bonds (or, as applicable, the date of issuance of the refunded prior bond); or (b) be used to redeem the Tax-Exempt Series Bonds by that applicable date. The Code also imposes limitations on the yield of the mortgage loans allocable to the Tax-Exempt Series Bonds. The Agency will covenant to take those actions as are necessary to comply with those requirements unless, in the opinion of nationally recognized bond counsel, it is not necessary to comply with those requirements in order to assure the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Series Bonds.

***Original Issue Premium.*** Any Tax-Exempt Series Bonds sold at initial public offering prices which are greater than the stated amounts to be paid at maturity constitute “Premium Bonds.” An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on that Premium Bond. A purchaser of a Premium Bond must amortize any premium over the term of the Premium Bond using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of a Premium Bond callable prior to its maturity, by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in the Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of that Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of a Premium Bond should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to state and local tax consequences of owning a Premium Bond.

***Original Issue Discount.*** Any Tax-Exempt Series Bonds that have an original yield above their respective interest rates (collectively, the “Discount Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of those Discount Bonds and their stated amounts to be paid at maturity (excluding “qualified stated interest” within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

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

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of that

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

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase those bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

**Other Tax Consequences.** The accrual or receipt of interest on the Tax-Exempt Series Bonds may otherwise affect a bondholder’s federal income tax liability. The extent of these other tax consequences will depend upon the bondholder’s particular tax status and other items of income or deduction. Bond Counsel expresses no opinion regarding any of those consequences.

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

## **Federal Tax Matters - The Taxable Series Bonds**

**General.** In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Taxable Series Bonds is included in gross income for federal income tax purposes. The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership, and disposition of the Taxable Series Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the Taxable Series Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Taxable Series Bonds.

Although there are not any regulations, published rulings or judicial decisions involving the characterization for federal income tax purposes of securities with terms substantially the same as the Taxable Series Bonds, Bond Counsel has advised the Agency that the Taxable Series Bonds will be treated for federal income tax purposes as evidences of indebtedness of the Agency and not as an ownership interest in the trust estate securing the Taxable Series Bonds or as an equity interest in the Agency or any other party, or in a separate association taxable as a corporation. Interest on the Taxable Series Bonds will be fully subject to federal income taxation. In general, interest paid on the Taxable Series Bonds and recovery of accrued market discount, if any, will be treated as ordinary income to a bondholder, and principal payments will be treated as a return of capital. The Code contains special federal income tax rules for “real estate mortgage investment conduits.” The Agency does not intend to treat the arrangement by which the trust estate secures the Taxable Series Bonds as a “real estate mortgage investment conduit.”

**Bond Premium.** An investor that acquires a Taxable Series Bond for a cost greater than its remaining stated redemption price at maturity and holds that bond as a capital asset will be considered to have purchased that bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize that premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated between, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any Taxable Series Bonds purchased with a bond premium should consult their own tax advisors as to the effect of that bond premium with respect to their own tax situation and as to the treatment of bond premium for state or local tax purposes.

**Market Discount; Original Issue Discount.** An investor that acquires a Taxable Series Bond for a price less than the adjusted issue price of that bond (or an investor who purchases a Taxable Series Bond in the initial offering at a price less than the issue price) may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a Taxable Series Bond originally issued at a discount, the amount by which the issue price of that bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Taxable Series Bond not originally issued at a discount, the amount by which the stated redemption price of that bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Taxable Series Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on that sale or disposition as ordinary income to the extent of the cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include that market discount in income currently as it accrues on all market discount instruments acquired by that owner on or after the first day of the taxable year to which that election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Taxable Series Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Taxable Series Bond that acquired that bond at a market discount also may be required to defer, until the maturity date of that bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry the bond in excess of the aggregate amount of interest (including original issue discount) includable in that owner's gross income for the taxable year with respect to that bond. The amount of the net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Taxable Series Bond for the days during the taxable year on which the owner held the bond and, in general, would be deductible when the market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Taxable Series Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include the market discount in income currently as it accrues on all market discount obligations acquired by that owner in that taxable year or thereafter.

Attention is called to the fact that regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

**Unearned Income Medicare Contribution Tax.** Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Taxable Series Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Taxable Series Bonds and to gain on the sale of a Taxable Series Bond.

***Sales or Other Dispositions.*** If an owner of a Taxable Series Bond sells the bond, the owner will recognize gain or loss equal to the difference between the amount realized on the sale and the owner's basis in that bond. Ordinarily, that gain or loss will be treated as a capital gain or loss. If the terms of a Taxable Series Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Taxable Series Bond should consult its own tax advisor concerning the circumstances in which that bond would be deemed reissued and the likely effects, if any, of that reissuance.

***Defeasance.*** The legal defeasance of the Taxable Series Bonds may result in a deemed sale or exchange of those bonds under certain circumstances. Owners of Taxable Series Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

***Foreign Investors.*** An owner of a Taxable Series Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Taxable Series Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Taxable Series Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that the owner is not a United States person and providing the name and address of that owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30% United States withholding tax will apply to interest paid and original issue discount accruing on Taxable Series Bonds owned by foreign investors. In those instances in which payments of interest on the Taxable Series Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Taxable Series Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Taxable Series Bond.

***Tax-Exempt Investors.*** In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for that entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to that interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Taxable Series Bond incurs acquisition indebtedness with respect to that bond, interest paid or accrued with respect to that owner may be excluded by that tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Taxable Series Bond is urged to consult its own tax advisor regarding the application of these provisions.

***ERISA Considerations.*** The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities whose underlying assets are considered to include "plan assets" (within the meaning of 29 C.F.R. Section 2510.3 (as modified by Section 3(42) of ERISA)), such as collective investment funds and separate accounts whose underlying assets include the assets of those plans (collectively, "ERISA Plans," and together with arrangements that are subject to Section 4975 of the Code or similar provisions under any other federal, state, local, non-United States or other laws or regulations or similar law, as applicable, "Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the Taxable Series Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances



of the investment. Government and non-electing church plans are generally not subject to ERISA. However, those plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Taxable Series Bonds, could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Agency or any dealer of the Taxable Series Bonds might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Taxable Series Bonds are acquired by those plans or arrangements with respect to which the Agency or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Taxable Series Bonds. The sale of the Taxable Series Bonds to a Plan is in no respect a representation by the Agency or the Underwriter that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular Plan. Any ERISA Plan proposing to invest in the Taxable Series Bonds should consult with its counsel to confirm that that investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

Neither the Agency nor any of the Underwriters is acting as a fiduciary, or undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, to any purchaser or transferee with respect to the decision to purchase or hold the Taxable Series Bonds or an interest in the Taxable Series Bonds.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed on persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Taxable Series Bonds on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to that investment and whether an exemption would be applicable to the purchase and holding of the Taxable Series Bonds.

### **State Tax Matters**

In the opinion of Bond Counsel, interest on the Tax-Exempt Series Bonds is not includable in the taxable net income of individuals, trusts and estates for State income tax purposes. Interest on the Tax-Exempt Series Bonds is includable in the income of corporations and financial institutions for purposes of the State franchise tax. Interest on the 2024 Series G Bonds is not includable in the State alternative minimum taxable income of individuals, estates, and trusts. Interest on the Taxable Series Bonds is includable in the taxable net income of individuals, trusts and estates for State income tax purposes, and that interest is also includable in the income of corporations and financial institutions for purposes of the State franchise tax.

### **Backup Withholding**

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

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

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved or whether the Series Bonds or the market value thereof would be impacted thereby. Purchasers of the Series Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinion expressed by Bond Counsel is based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series Bonds, and Bond Counsel has not expressed any opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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

## **LITIGATION**

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

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

## **LEGAL MATTERS**

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

## **RATINGS**

The Fixed Rate Series Bonds are rated “\_\_\_” by Moody’s Investors Service, Inc. (“Moody’s”), and “\_\_\_” by S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (“S&P”), and the 2024 Series N Bonds are rated “\_\_\_” by Moody’s and “\_\_\_” by S&P. The short-term ratings assigned to the 2024 Series N Bonds are conditioned upon the issuance by the Initial Liquidity Provider of the Standby Bond Purchase Agreement. The ratings reflect only the views of the applicable rating agency, and an explanation of the significance of that rating may be obtained only from the rating agency and its published materials. The ratings described above are not a recommendation to buy, sell or hold the Series Bonds. There can be no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Therefore, after the date hereof, investors should not assume that those ratings are still in effect. A downward revision or withdrawal of either rating is likely to have an adverse effect on the market price and marketability of the Series Bonds. The Agency has not assumed any responsibility either to notify the owners of the Series Bonds of any proposed change in or withdrawal of any rating subsequent to the date of this Official Statement, except in connection with the reporting of events as provided in the Continuing Disclosure Undertaking (see Appendix B to this Official Statement), or to contest any revision or withdrawal.

## **TRUSTEE**

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

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

## **FINANCIAL ADVISOR**

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

## **UNDERWRITING**

RBC Capital Markets, LLC, Piper Sandler & Co., Wells Fargo Bank, National Association, Morgan Stanley & Co. LLC and Northland Securities, Inc. (collectively, the "Underwriters") will purchase from the Agency, and the Agency will sell to the Underwriters, all of the Series Bonds for the public offering prices stated on the inside front cover of this Official Statement. The Agency will pay the Underwriters a fee of \$\_\_\_\_\_ with respect to their purchase of the Series Bonds. The Underwriters may offer and sell the Series Bonds to certain dealers and certain dealer banks at prices lower than those public offering prices.

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

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

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

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

RBC Capital Markets, LLC, one of the Underwriters of the Series Bonds and the initial Remarketing Agent for the 2024 Series N Bonds, is a subsidiary of Royal Bank of Canada.

### **MISCELLANEOUS**

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

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

### **MINNESOTA HOUSING FINANCE AGENCY**

By \_\_\_\_\_  
Commissioner

Dated: \_\_\_\_\_, 2024.

**APPENDIX A-1**

**AUDITED FINANCIAL STATEMENTS OF THE AGENCY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**APPENDIX A-2**

**FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY**  
**(EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS)**  
**AS OF MARCH 31, 2024**  
**AND FOR THE NINE MONTHS THEN ENDED (UNAUDITED)**

## APPENDIX B

### SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

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

#### **Purpose**

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

#### **Definitions**

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

“*Annual Financial Information*” means the following financial information and operating data (in addition to Audited Financial Statements): information about the outstanding principal amounts and types of Program Securities pledged to the payment of Bonds outstanding under the Bond Resolution as the end of that fiscal year of a type substantially similar to that under the heading “The Residential Housing Finance Program—Mortgage Loan Portfolio and Acquired Program Securities” in the Official Statement; information of the type set forth in Appendix G to the Official Statement relating to mortgage insurance and delinquency and foreclosure statistics; information of the type set forth in Appendix H to the Official Statement relating to liquidity facilities for outstanding Bonds; and information under the heading “Security for the Bonds – Investment Obligations” in the Official Statement concerning funds held in respect of Bonds under the Bond Resolution in investment agreements.

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

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

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

“*Commission*” means the Securities and Exchange Commission.

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

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

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

1. Principal and interest payment delinquencies;
2. Nonpayment-related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Agency (within the meaning of the Rule);
13. The consummation of a merger, consolidation or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

“*Listed Events Disclosure*” means dissemination of a notice of a Listed Event as described under the heading “Listed Events Disclosure” in this Appendix B.

“*MSRB*” means the Municipal Securities Rulemaking Board.

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

“*Prescribed Form*” means, with regard to the filing of Annual Financial Information, Audited Financial Statements and notices of Listed Events with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org) (or another address or addresses as the MSRB may from time to time specify), the electronic format, accompanied by



the identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of that information.

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

“*Undertaking*” means the obligations of the Agency described under the headings “Annual Financial Information Disclosure” and “Listed Events Disclosure” in this Appendix B.

### **Annual Financial Information Disclosure**

The Agency shall disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below) for each fiscal year of the Agency, commencing with the fiscal year ended June 30, 2024, by one of the following methods: (i) the Agency may deliver that Annual Financial Information and the Audited Financial Statements to the MSRB within 120 days of the completion of the Agency’s fiscal year or (ii) delivery of an Official Statement of the Agency to the MSRB within 120 days of the completion of the Agency’s fiscal year, but only to the extent that Official Statement includes that Annual Financial Information and Audited Financial Statements.

The Agency shall deliver the information in Prescribed Form and by the time so that those entities receive the information by the dates specified.

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

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

All or a portion of the Annual Financial Information and the Audited Financial Statements may be included by reference to other documents that have been submitted to the MSRB or filed with the Commission. The Agency shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 120 days after the last day of the Agency’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the Agency.

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

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

### **Listed Events Disclosure**

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

### **Consequences of Failure of the Agency To Provide Information**

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

In the event of a failure of the Agency to comply with any provision of this Disclosure Undertaking, the Bondowner or Beneficial Owner of any Series Bond may seek specific performance by court order to cause the Agency to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolutions or any other agreement, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Agency to comply with this Disclosure Undertaking shall be an action to compel performance.

### **Amendment; Waiver**

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

- (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Agency or type of business conducted;
- (ii) This Disclosure Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (iii) The amendment or waiver does not materially impair the interests of the Bondowners of the Series Bonds, as determined either by parties unaffiliated with the Agency (such as the Trustee) or by an approving vote of the Bondowners of the Series Bonds holding a majority of the aggregate principal amount of the Series Bonds (excluding Series Bonds held by or on behalf of the Agency or its affiliates) pursuant to the terms of the Resolutions at the time of the amendment; or
- (iv) The amendment or waiver is otherwise permitted by the Rule.

### **Termination of Undertaking**

This Disclosure Undertaking shall terminate when the Agency shall no longer have any legal liability for any obligation on or relating to the repayment of the Series Bonds. The Agency shall give notice to the MSRB in a timely manner and in Prescribed Form if the Undertaking is so terminated before the final stated maturity of the Series Bonds.

### **Additional Information**

Nothing in this Disclosure Undertaking shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Agency chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Agency shall not have any obligation under this Disclosure Undertaking to update that information or include it in any future disclosure or notice of the occurrence of a Listed Event.

### **Beneficiaries**

This Disclosure Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Undertaking shall inure solely to the benefit of the Agency, the Bondowners and Beneficial Owners of the Series Bonds, and shall create no rights in any other person or entity.

**Recordkeeping**

The Agency shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure, including the content of that disclosure, the names of the entities with whom that disclosure was filed and the date of filing that disclosure.

## APPENDIX C

### SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following statements are brief summaries of certain provisions of the Bond Resolution. Terms defined herein are identical in all material respects with the definitions in the Bond Resolution or the Series Resolutions.

#### **Certain Defined Terms**

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

*Agency Swap Payment:* A payment due to a Swap Counterparty from the Agency pursuant to the applicable Swap Agreement (including, but not limited to, payments in respect of any early termination of such Swap Agreement).

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

*Bondowner or Owner:* The registered owner of any outstanding Bond or Bonds which at the time is registered on the registration books maintained by the Trustee.

*Cash Flow Certificate:* A certificate from an Authorized Officer giving effect to the action proposed to be taken and demonstrating that in the current and in each succeeding Fiscal Year in which Bonds are scheduled to be Outstanding that Revenues and other amounts expected to be on deposit in the Funds and Accounts established hereunder or under any Series Resolution (excluding the Insurance Reserve Fund and, except to the extent otherwise provided in a Series Resolution, the Alternative Loan Fund) will be at least equal to all amounts required to be on deposit in order to pay the Debt Service on the Bonds and to maintain the Debt Service Reserve Requirement and Insurance Reserve Requirement; provided that, to the extent specified in a Series Resolution, a Fund or Account (other than those excluded above) shall not be taken into account when preparing such Cash Flow Certificate. The Cash Flow Certificate shall set forth the assumptions upon which the estimates therein are based, which assumptions shall be based upon the Agency's reasonable expectations at the time such Cash Flow Certificate is filed. The Agency may assume in a Cash Flow Certificate that, if Bonds of a Series are issued for purposes other than the Financing of Program Loans for the acquisition of owner-occupied housing, amounts to be deposited in or irrevocably appropriated to any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund or, unless otherwise provided in a Series Resolution) from sources not subject to the lien of the Bond Resolution will be available in amounts and at times sufficient to pay the Debt Service on Outstanding Bonds of such Series when due and to maintain the Debt Service Reserve Requirement and Insurance Reserve Requirement, if any, with respect to Outstanding Bonds of such Series.

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

*Counterparty Swap Payment:* A payment due to or received by the Agency from a Swap Counterparty pursuant to a Swap Agreement (including, but not limited to, payments in respect of any early termination of such Swap Agreement) and amounts received by the Agency under any related Swap Counterparty Guarantee.

*Debt Service Reserve Requirement:* As of any particular date of computation, the sum of amounts established for each Series of Bonds by each Series Resolution.

*Defaulted Program Loan:* A Program Loan on which payments are 60 days in arrears (but not a Program Loan as to which all defaults have been cured to the satisfaction of the Agency).

*Delivery Period:* For the Series Bonds, the period of time for the purchase of Program Securities from the Master Servicer; the Delivery Period shall end on January 1, 2025 unless extended by the Agency pursuant to the Series Resolutions; provided the Delivery Period may not be extended beyond January 1, 2028.

*Fannie Mae:* The Federal National Mortgage Association or any successor thereto.

*Fannie Mae Security:* A single pool, guaranteed mortgage pass-through Fannie Mae Program Security, guaranteed as to timely payment of principal and interest by Fannie Mae and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

*Federal Mortgage Agency:* The Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Farmers Home Mortgage Corporation and such other public or private agencies or corporations as the United States Congress may create for the purpose of housing finance and which are an agency or instrumentality of the United States or sponsored thereby.

*FHA:* The Federal Housing Administration of the Department of Housing and Urban Development or any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

*Finance or finance:* When used with reference to a Program Obligation, shall be construed to include (i) the making or purchase of such Program Obligation, (ii) the participation by the Agency, either with itself or with others, in the making or purchase thereof, or (iii) the permanent financing of a Program Obligation which has been temporarily financed by the Agency through the issuance of notes or other obligations or otherwise.

*Fiscal Year:* The period of 12 calendar months commencing on July 1 in any calendar year and ending on June 30 in the following year, or such other 12-month period as may be designated by the Agency by Agency Certificate delivered to the Trustee.

*Freddie Mac:* The Federal Home Loan Mortgage Corporation, a corporate instrumentality of the United States created pursuant to the Federal Home Loan Mortgage Act (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459), and any successor to its functions.

*Freddie Mac Security:* A single pool, guaranteed mortgage pass-through Freddie Mac program security, guaranteed as to timely payment of principal and interest by Freddie Mac and backed by Conventional Mortgage Loans, or FHA Insured or VA Guaranteed Program Loans, in the related mortgage pool.

*GNMA:* The Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within HUD, and any successor to its functions. Its powers are prescribed generally by Title III of the National Housing Act, as amended (12 U.S.C., §1716 et seq.).

*Insurance Reserve Requirement:* As of any particular date of computation, the sum of amounts, if any, established for each Series of Bonds by the Series Resolution.

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

- (a) Direct obligations of, or obligations the timely payment of principal and interest on which are insured or guaranteed by, the United States of America;
- (b) Obligations (i) which are backed by the full faith and credit of any state of the United States of America, (ii) of any agency of the United States of America, or (iii) of any public corporation sponsored by the United States of America, provided that, at the time of purchase, such obligations shall not adversely affect the Rating of the Bonds;
- (c) Interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other savings institution (including any Fiduciary) provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation or guaranteed by the State, the proceeds of which insurance are timely available, or (ii) such Depository has combined capital and surplus of

at least \$75,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clause (a) or (b) of this definition, or a combination thereof, at such levels and valuation frequency as shall not adversely affect the Rating of the Bonds or (iii) the deposit of funds with such Depository will not adversely affect the Rating of the Bonds;

- (d) Repurchase agreements and reverse repurchase agreements with banks which are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (a) and (b) of this definition;
- (e) Shares of (i) an investment company registered under the federal investment company act of 1940, whose shares are registered under the federal securities act of 1933, whose only investments are in securities described in subparagraphs (a) or (b) above, or (ii) a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least \$75,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, whose only investments are in securities described in subparagraphs (a) or (b) above;
- (f) Any investment contract with any provider as long as such investment contract does not adversely affect the Rating of the Bonds; and
- (g) Any other investment that will not adversely affect the Rating of the Bonds.

*Lender:* To the extent permitted in the Act, any bank or trust company, savings and loan association, savings bank, credit union, insurance company or other financial intermediary (whether or not organized for profit) approved by the Agency or mortgage banker or mortgage broker authorized to deal in mortgage loans insured or guaranteed by an agency of the United States government. Such Lender shall be authorized to do business in the State, and shall have such qualifications as may be established from time to time by rules and regulations of the Agency. For purposes of the Bond Resolution, Lender shall also be deemed to include any federal or state agency, including the Agency, or any political subdivision of the State or agency thereof.

*Parity Certificate:* An Agency Certificate, giving effect to the action proposed to be taken in connection with the filing thereof, showing that (A) the sum of (i) the moneys, Investment Obligations and Cash Equivalents then credited to the Acquisition Accounts, the Revenue Fund, the Bond Fund Principal Account, the Bond Fund Interest Account and the Debt Service Reserve Fund, (ii) the unpaid principal amount of all Program Obligations credited to the Acquisition Accounts (other than any Acquisition Account funded with moneys transferred from the Alternative Loan Fund), and (iii) any other moneys, Investment Obligations and Cash Equivalents and the unpaid principal amount of all Program Obligations otherwise specifically pledged to the payment of Outstanding Bonds by a Series Resolution, exceeds (B) an amount equal to 103% of the principal amount of Outstanding Bonds of all Series.

*Principal Requirement:* As of any particular date of calculation with respect to Bonds Outstanding on that date, the amount of money equal to any unpaid Principal Installment then due plus the Principal Installment to become due on each Series of Bonds on the next respective Principal Installment Date within the next succeeding six months.

*Private Mortgage Insurer:* Any private mortgage insurance company approved by the applicable Federal Mortgage Agency and the Agency and providing private mortgage guaranty insurance on Conventional Mortgage Loans.

*Program:* The program for the financing of Program Obligations for Housing established by the Agency pursuant to the Act, as the same may be amended from time to time, and the Bond Resolution and for financing Other Obligations.

*Program Loan:* A loan for Housing secured in such manner as the Agency may specify in the applicable Series Resolution for Program Loans to be made from the proceeds of a Series of Bonds.

*Program Obligation:* Any Program Loan or Program Security acquired by the Agency by the expenditure of amounts in an Acquisition Account.

*Program Security:* An obligation representing an undivided interest in a pool of Program Loans, to the extent the payments to be made on such obligation are guaranteed or insured by a Federal Mortgage Agency.

*Rating:* With respect to any Series of Bonds, the rating issued by a Rating Agency in force immediately prior to the proposed action to be taken by the Agency under the Bond Resolution, and an action which does not “impair” the Rating with respect to any Series of Bonds shall be an action which will not cause the Rating Agency to lower or withdraw the rating it has assigned to the Series of Bonds.

*Rating Agency:* Any nationally recognized entity which, upon the request of the Agency, has issued a credit rating on any Series of Bonds issued pursuant to the Bond Resolution.

*Revenues:* With respect to the Outstanding Bonds, all payments, proceeds, rents, premiums, penalties, charges and other cash income received by the Agency from or on account of any Program Obligation (including scheduled, delinquent and advance payments of, and any net insurance or guaranty proceeds with respect to, principal and interest on any Program Obligation or the net operating income or net proceeds of sale of any property acquired thereunder) (exclusive, however, of Program Obligations, if any, credited to the Alternative Loan Fund), any Counterparty Swap Payments received from any Swap Counterparty pursuant to a Swap Agreement, any amounts deposited in or irrevocably appropriated to any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund, except as otherwise provided in a Series Resolution) from sources not subject to the lien of the Bond Resolution, and all interest earned or gain realized in excess of losses as a result of the investment of the amount in any Fund or Account established under the Bond Resolution (other than the Alternative Loan Fund, except as otherwise provided in a Series Resolution), but excludes (i) any amount retained by a servicer (including the Agency) of any Program Obligation as compensation for services rendered in connection with such Program Obligation, (ii) any payments for the guaranty or insurance of any Program Obligation, (iii) any payments of taxes, assessments or similar charges or premiums or other charges for fire or other hazard insurance (and any escrow payments in connection therewith) called for by or in connection with any Program Obligation, (iv) amounts payable with respect to a Program Obligation which represent a return on amounts financed by the Agency or by other persons pursuant to a participation, forbearance or other arrangement from sources other than proceeds of Bonds or other amounts held hereunder and (v) to the extent such items do not exceed the income derived therefrom, payments or charges constituting expenses of managing and maintaining property acquired pursuant to a Program Loan.

*Series:* All Bonds delivered on original issuance in a simultaneous transaction, regardless of variations in maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the Bond Resolution.

*Series Resolution:* A resolution of the Agency authorizing the issuance and delivery of Bonds pursuant to the Bond Resolution.

*Swap Agreement:* With respect to any Bonds, an interest rate exchange agreement between the Agency and a Swap Counterparty, as amended or supplemented, or other interest rate hedge agreement between the Agency and a Swap Counterparty, as amended or supplemented, for the purpose of converting, in whole or in part, (i) the Agency’s fixed interest rate liability on all or a portion of any Bonds to a variable rate liability, (ii) the Agency’s variable rate liability on all or a portion of any Bonds to a fixed rate liability or (iii) the Agency’s variable rate liability on all or a portion of any Bonds to a different variable rate liability.

*Swap Counterparty:* Any Person with whom the Agency shall from time to time enter into a Swap Agreement, as specified in a Series Resolution.

*Swap Counterparty Guarantee:* A guarantee in favor of the Agency given in connection with the execution and delivery of a Swap Agreement, as specified in a Series Resolution.

*UMBS:* The common, single mortgage-backed securities backed by fixed-rate mortgages formally known as the Uniform Mortgage-Backed Security, issued as of June 3, 2019 by Fannie Mae and Freddie Mac, guaranteed by either Fannie Mae or Freddie Mac, depending upon which issues the UMBS. UMBS are a type of Program Security.

## **Series Accounts**

Unless otherwise provided in a Series Resolution, the Trustee shall establish within each Fund under the Bond Resolution (other than the Alternative Loan Fund), a separate Series Account for each Series of Bonds. The proceeds of a particular Series of Bonds, other amounts made available by the Agency in the Series Resolution or otherwise relating to a particular Series of Bonds and the Revenues relating to a particular Series of Bonds (including the payments on Program Obligations acquired with the proceeds of a particular Series of Bonds or the payments on any other collateral pledged to a particular Series of Bonds and the earnings on investments of any of said proceeds, funds and amounts) shall be deposited or credited to the separate Series Accounts established for that particular Series of Bonds. Where required to assure compliance with the covenants of the Bond Resolution and any Series Resolution, withdrawals from Series Accounts established in connection with a particular Series of Bonds may be made and used (including for purposes of redemption) for any other Series of Bonds. For purposes of investment, the Trustee, may, or shall at the direction of the Agency, consolidate the Series Accounts required to be established in a particular Fund so long as adequate records are maintained as to the amounts held in each such Fund allocable to each Series of Bonds. In addition to the Funds and Accounts established under the Bond Resolution, the Trustee may from time to time, establish, maintain, close and reestablish such accounts and subaccounts as may be requested by the Agency for convenience of administration of the Program and as shall not be inconsistent with the provisions of the Bond Resolution.

## **Cost of Issuance Accounts**

Each Series Resolution authorizing the issuance of a Series of Bonds may, but is not required to, provide for a separate Cost of Issuance Account to be held by the Trustee. Moneys in each such Cost of Issuance Account shall be expended for Costs of Issuance of such Series of Bonds and for no other purpose upon receipt by the Trustee of a requisition signed by an Authorized Officer stating the amount and purpose of any such payment. Any amounts in a Cost of Issuance Account remaining therein upon payment of all Costs of Issuance for such Series of Bonds shall (i) if not proceeds of Bonds, be transferred to the Revenue Fund and (ii) if sale proceeds, investment proceeds or transferred proceeds of Bonds, be transferred to any one or more of the Acquisition Accounts or the Bond Redemption Fund, upon receipt by the Trustee of a Certificate of the Agency stating that such moneys are no longer needed for the payment of Costs of Issuance whereupon such Account shall be closed. Interest and other income derived from the investment or deposit of each such Cost of Issuance Account shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

## **Acquisition Accounts**

Each Series Resolution authorizing the issuance of a Series of Bonds shall, unless such Bonds are Refunding Bonds for which no such account is necessary, establish a separate Acquisition Account to be held by the Trustee. There shall be deposited from time to time in each Acquisition Account (i) any proceeds of Bonds or other amounts required to be deposited therein pursuant to the Bond Resolution or the applicable Series Resolution and (ii) any other amounts determined by the Agency to be deposited therein from time to time.

Except as otherwise permitted or required to be transferred to other Funds and Accounts, amounts in an Acquisition Account shall be expended only to Finance Program Obligations. All Program Obligations Financed by application of amounts in an Acquisition Account shall be credited to such Acquisition Account or, if a Series Resolution so provides, to the Alternative Loan Fund. No Program Loan shall be Financed unless the requirements of the applicable Series Resolution have been met, and no Program Security shall be Financed unless the Program Security is registered in the name of the Trustee or is registered in the name of the Agency and delivered to the Trustee with a written assignment thereof to the Trustee pursuant to the Bond Resolution from and after the date such Program Security is Financed hereunder. In addition, no Program Security shall be Financed unless such Program Security represents a pass through or participation interest in a pool of Program Loans and provides for a guaranty of all payments to be made to the Agency thereunder by a Federal Mortgage Agency.

The Trustee shall pay out and permit the withdrawal of amounts on deposit in any Acquisition Account at any time for the purpose of making payments pursuant to the Bond Resolution, but only upon receipt of the following documents prior to any proposed withdrawal:



(1) an Agency Certificate setting forth the amount to be paid, the person persons to whom such payment is to be made (which may be or include the Agency) and, in reasonable detail, the purpose or purposes of such withdrawal; and

(2) an Agency Certificate stating that the amount to be withdrawn from such Acquisition Account pursuant to such requisition is a proper charge thereon and, if such requisition is made to Finance the acquisition of Program Obligations, that (i) the terms of such Program Obligations conform to the description of the Program Obligations to be Financed from such amount as provided to the Trustee pursuant to the terms of the Bond Resolution, and (ii) such Program Obligations otherwise comply with the provisions of the Bond Resolution.

At any time the Agency, by Agency Certificate, may direct the Trustee to transfer amounts in an Acquisition Account into the Bond Fund Principal Account or Bond Fund Interest Account, as appropriate, to pay principal or sinking fund installments of and interest on the related Series of Bonds, or into the appropriate account in the Debt Service Reserve Fund or Insurance Reserve Fund, which Request shall state that such transfer is appropriate to meet the requirements of said Fund.

The interest earned and other income derived from the investment or deposit of each Acquisition Account may be transferred to the appropriate account in the Revenue Fund for the related Series of Bonds by the Trustee upon receipt thereof to the extent that such amounts exceed any losses realized by investment of deposits in such Acquisition Account or may be retained in the Acquisition Account for the Financing of additional Program Obligations, as directed by Agency Certificate.

All amounts deposited into an Acquisition Account shall be disbursed in the manner provided in the Bond Resolution or the Agency may, by Agency Certificate, direct the Trustee to transfer any amounts from the Acquisition Account to the Bond Redemption Fund to be used for the redemption of Bonds of the related Series; provided, however, that (i) the Agency Certificate shall specify the maturities, the principal amounts of each maturity, and the Series of Bonds to be redeemed (including any credits against sinking fund installments on any Term Bonds to be redeemed) and (ii) in the case of any selection method of Bonds for an optional or special redemption different from the selection method assumed in the most recently filed Cash Flow Certificate, the Agency shall file an updated Cash Flow Certificate with the Trustee.

The Agency may establish temporary subaccounts within an Acquisition Account for the collection and custody of fees paid by Lenders or other persons in connection with the reservation of funds in the Acquisition Account for use in Financing Program Obligations to be originated by such Lenders or other persons. To the extent that the Agency's agreements with such Lenders or other persons provide for the refund of any such fees (or portions thereof), amounts may be withdrawn from any such subaccount or the Acquisition Account in accordance with such agreements, and any amounts not required to be so applied may, pursuant to an Agency Certificate, be applied to any other purpose of the Acquisition Account as provided in the Bond Resolution.

## **Revenue Fund**

The Agency shall cause all Revenues to be deposited promptly with a Depository and to be transmitted regularly to the Trustee. Unless otherwise provided in the Bond Resolution, all such amounts shall be deposited in the Revenue Fund. There shall also be deposited in the Revenue Fund any other amounts required to be deposited therein pursuant to the Bond Resolution or the Series Resolution or other resolution of the Agency.

The Trustee shall withdraw from any money in the Revenue Fund and credit to each of the following Funds and Accounts, or pay to the Person specified, the amount indicated in the following tabulation, at the times indicated in the following tabulation:

(1) on or before the applicable Interest Payment Date, to the Bond Fund Interest Account the amount needed, taking into account any balance then on deposit therein, to increase the balance therein to the Interest Requirement;

(2) on or before the applicable Principal Installment Date, to the Bond Fund Principal Account the amount, needed, taking into account any balance then on deposit therein, to increase the amount therein to the Principal Requirement;

(3) on any date, assuming any prior transfers required pursuant to subsections (1) and (2) above have been made, to the Debt Service Reserve Fund, the amount, if any, needed to increase the amount therein to the Debt Service Reserve Requirement;

(4) on any date, assuming any prior transfers required pursuant to subsections (1), (2) and (3) above have been made, to the Insurance Reserve Fund, the amount, if any, needed to increase the amount therein to the Insurance Reserve Requirement;

(5) unless otherwise expressly provided in the Series Resolution in respect of a Series of Bonds to which the Swap Agreement relates in whole or in part, on or before the applicable due dates, assuming any prior transfers required pursuant to subsections (1), (2), (3) and (4) above have been made, to any Swap Counterparty, the Agency Swap Payments due from time to time pursuant to a Swap Agreement; and

(6) to the extent not transferred pursuant to the preceding subsections, the balance shall be held in the Revenue Fund until and unless directed by Agency Certificate to be transferred and utilized as set forth elsewhere in this section.

At such periodic intervals as the Agency, by Agency Certificate, shall direct, the Trustee shall withdraw from the Revenue Fund and transfer to the United States of America such amounts as are necessary to comply with the Code, including particularly the arbitrage rebate requirements of Section 148 thereof.

Amounts credited to the Revenue Fund shall be transferred to the Bond Redemption Fund on or before the designated Redemption Date to be used for the purchase or redemption of Bonds pursuant to the Bond Resolution and the terms of any related Series Resolution upon the filing with the Trustee of (i) an Agency Certificate specifying the maturities, the principal amounts of each maturity, and the Series of Bonds to be redeemed (including any credits against sinking fund installments on any Term Bonds to be redeemed) and (ii) in the case of any selection method of Bonds for an optional or special redemption different from the selection method assumed in the most recently filed Cash Flow Certificate, a Cash Flow Certificate.

Amounts credited to the Revenue Fund may be transferred to an existing Acquisition Account or a new Acquisition Account to be established to be used to acquire Program Obligations upon filing with the Trustee of (i) an Agency Certificate specifying the amount to be so transferred and either specifying the existing Acquisition Account to which the funds are to be deposited or directing the establishment of a new Acquisition Account for the deposit of the funds and providing the information relating to the new Acquisition Account required by the Bond Resolution and (ii) a Cash Flow Certificate.

Amounts credited to the Revenue Fund, as directed by an Agency Certificate, shall be released to the Agency for the payment of Program Expenses or the establishment of reserves therefor in an amount needed or required to pay reasonable and necessary Program Expenses; provided that if the amount to be released exceeds the amount assumed in the most recently filed Cash Flow Certificate, the Agency shall file a new Cash Flow Certificate with the Trustee.

Amounts credited to the Revenue Fund, except Program Expenses, may be released to the Agency free and clear of the lien of the Bond Resolution, for deposit in the Agency's General Reserve Account or deposit in the Alternative Loan Fund, upon the filing with the Trustee of (i) an Agency Certificate directing the same, (ii) a Cash Flow Certificate and (iii) a Parity Certificate.

Any investment earnings on moneys held in the Revenue Fund shall be retained therein.

#### **Bond Fund Interest Account and Bond Fund Principal Account**

The Trustee shall withdraw from the Bond Fund Interest Account, on or immediately prior to each Interest Payment Date of the Bonds, an amount equal to the unpaid interest due on the Bonds on such Interest Payment Date,

and shall cause the same to be applied to the payment of said interest when due and is authorized to transmit the same to any Paying Agents who shall apply the same to such payment.

If the withdrawals required with respect to the same and every prior date shall have been made, the Trustee shall withdraw from the Bond Fund Principal Account, on or immediately prior to each Principal Installment Date, an amount equal to the principal amount of the Outstanding Bonds, if any, maturing on or before said Principal Installment Date and shall cause the same to be applied to the payment of the principal amount of said Bonds when due and is authorized to transmit the same to any Paying Agents who shall apply the same to such payment.

Any amount at any time held in the Bond Fund Interest Account or Bond Fund Principal Account in excess of the Interest Requirement or Principal Requirement may be transferred by the Trustee to the Revenue Fund, if so directed by Agency Certificate, and otherwise shall be retained in the Bond Fund Interest Account or Bond Fund Principal Account, as the case may be.

The interest earned or other income derived from the investment of moneys in the Bond Fund Interest Account and Bond Fund Principal Account shall be transferred by the Trustee to the Revenue Fund (unless the Trustee is directed by Agency Certificate to retain such amounts in the Bond Fund Interest Account or Bond Fund Principal Account, as the case may be).

### **Bond Redemption Fund**

Subject to the provisions of the respective Series of Bonds and to the provisions of the respective Series Resolutions authorizing the issuance thereof, all amounts deposited in the Bond Redemption Fund shall be applied to the purchase or redemption of Bonds, including payment of any redemption premium, on the applicable Redemption Date; provided, however, that in the event the Agency has issued refunding obligations for the purpose of redeeming Bonds of a Series in accordance with the Bond Resolution, upon receipt of an Agency Certificate directing such transfer and confirmation by the Trustee that provisions have been made for wiring proceeds of such refunding obligations to the Trustee, the Trustee, immediately on the date of such confirmation, shall transfer moneys in the Bond Redemption Fund in an amount equal to the amount of refunding proceeds received by the Trustee to the funds or accounts specified in the refunding resolution as specified in the Agency Certificate. The Redemption Price of Bonds subject to redemption by operation of the Bond Redemption Fund in the Bond Fund shall be the price set forth in the applicable Series Resolution. Upon receipt of an Agency Certificate directing the same, the Trustee shall transfer at the time of purchase or no more than 45 calendar days prior to such redemption to the Bond Redemption Fund in the Bond Fund from the Debt Service Reserve Fund or Insurance Reserve Fund the amount stated in such Request, which amount shall be no greater than the amount by which the Debt Service Reserve Requirement or Insurance Reserve Requirement will decrease due to the purchase or redemption of Bonds. Subject to the provisions of the Bond Resolution or of any Series Resolution authorizing the issuance of Bonds, requiring the application thereof to the purchase or redemption of any particular Bonds, the Trustee shall apply any amounts deposited in the Bond Redemption Fund to the purchase or redemption of Bonds at the times and in the manner provided in the Bond Resolution. Amounts on deposit in the Bond Redemption Fund for the payment, purchase or redemption of any particular Bonds in accordance with the provisions of any Series Resolution authorizing the issuance of Refunding Bonds shall be segregated and shall be identified as such on the records of the Trustee.

Any earnings derived from the investment of amounts deposited in the Bond Redemption Fund pursuant to the issuance and delivery of Refunding Bonds, to the extent required to provide amounts sufficient for the payment or redemption of Bonds in accordance with the conditions for issuance of Refunding Bonds set forth in the Resolution, be deposited in the Bond Redemption Fund. All other interest earned or other income derived from the investment or deposit or moneys in each Bond Redemption Fund in the Bond Fund shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

### **Debt Service Reserve Fund**

There shall be deposited in the Debt Service Reserve Fund all amounts required to be deposited therein by the Bond Resolution or any Series Resolution and any other amounts available therefor and determined by the Agency to be deposited therein.

If on any Bond Payment Date the amount in the Bond Fund Interest Account, Bond Fund Principal Account or Bond Redemption Fund, as appropriate, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date, the Trustee shall apply amounts from the Debt Service Reserve Fund to the extent required pursuant to the Bond Resolution.

If, concurrently with any allocation from the Revenue Fund pursuant to the Bond Resolution, or, on any date upon which a Series Resolution shall be delivered to the Trustee, the amount on deposit in the Debt Service Reserve Fund shall be in excess of the Debt Service Reserve Requirement, the Trustee shall, if so directed in writing pursuant to an Agency Certificate, (1) transfer the amount of such excess which is Revenues to any one or more of the Acquisition Accounts, the Bond Fund Interest Account, the Bond Fund Principal Account, the Bond Redemption Fund or the Revenue Fund as so directed and (2) transfer the amount of such excess which is sale proceeds, investment proceeds or transferred proceeds of Bonds to any one or more of the Acquisition Accounts or the Bond Redemption Fund.

Subject to any limitation provided in the Act, a Series Resolution may provide that the Debt Service Reserve Requirement may be funded through Cash Equivalents. For purposes of determining whether such Requirement has been met, the amount in the Debt Service Reserve Fund so funded shall be deemed to include any amount payable under such Cash Equivalents on the demand of the Trustee.

Any earnings derived from the investment of amounts deposited in the Debt Service Reserve Fund shall, to the extent the balance therein is less than the Debt Service Reserve Requirement, be retained in the Debt Service Reserve Fund and otherwise shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

In order better to secure the Bonds and to make them more marketable and to maintain in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement, and in accordance with the provisions of Section 22, Subdivision 3 of the Act, the Agency shall cause the Chair annually, on or before December 1 of each year, to make and deliver to the Governor of the State the Chair's certificate stating the sum, if any, that is necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. All money received by the Agency from the State in accordance with the provisions of Section 22, Subdivision 3 of the Act pursuant to any such certification shall be paid to the Trustee for deposit in and credit to the Debt Service Reserve Fund.

Notwithstanding the provisions of the foregoing paragraph, prior to causing the Chair to execute and deliver the certificate specified therein, the Agency shall first transfer to the Debt Service Reserve Fund from the Alternative Loan Fund such amount as may be available therein to reduce or eliminate, if possible, the deficiency in the Debt Service Reserve Fund.

### **Insurance Reserve Fund**

The Insurance Reserve Requirement, if any, received by the Trustee upon the issuance of a Series of Bonds shall be held in the Insurance Reserve Fund and used for the purpose of paying that portion of the claim for loss with respect to any Program Loan in default, made or purchased from an Acquisition Account, which is not paid by any public or private insuring agency. The Agency shall promptly furnish to the Trustee an Agency Certificate stating the amount of the loss, when determinable, and the Trustee shall forthwith transfer this amount to the extent available from the Insurance Reserve Fund to the Revenue Fund.

If on any Bond Payment Date the amount in the Bond Fund Interest Account, Bond Fund Principal Account or Bond Redemption Fund, as appropriate, shall be less than the amount required for the payment of the Principal Installments and interest due on the Outstanding Bonds on such date, the Trustee shall apply amounts from the Insurance Reserve Fund to the extent required pursuant to the Bond Resolution.

If, concurrently with any allocation from the Revenue Fund pursuant to the Bond Resolution, or, on any date upon which a Series Resolution shall be delivered to the Trustee, the amount on deposit in the Insurance Reserve Fund shall be in excess of the Insurance Reserve Requirement, the Trustee shall, if so directed in writing pursuant to an Agency Certificate, (1) transfer the amount of such excess which is Revenues to any one or more of the Acquisition Accounts, the Bond Fund Interest Account, the Bond Fund Principal Account, the Bond Redemption Fund or the

Revenue Fund as so directed and (2) transfer the amount of such excess which is sale proceeds, investment proceeds or transferred proceeds of Bonds to any one or more of the Acquisition Accounts or the Bond Redemption Fund.

Subject to any limitation provided in the Act, a Series Resolution may provide that the Insurance Reserve Requirement may be funded through Cash Equivalents. For purposes of determining whether such Requirement has been met, the amount in the Insurance Reserve Fund so funded shall be deemed to include any amount payable under such Cash Equivalents on the demand of the Trustee.

Any earnings derived from the investment of amounts deposited in the Insurance Reserve Fund shall, to the extent the balance therein is less than the Insurance Reserve Requirement, be retained in the Insurance Reserve Fund and otherwise shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

### **Alternative Loan Fund**

The Trustee shall maintain the Alternative Loan Fund created within the Bond Resolution and shall deposit therein any amounts authorized by an Agency Certificate to be withdrawn from the Revenue Fund in accordance with the Resolution and any other amounts provided by the Agency for deposit therein. Amounts on deposit in the Alternative Loan Fund shall be free and clear of any lien or pledge created by the Bond Resolution, and free and clear of any restrictions on the investment of funds set forth in the Bond Resolution. Amounts deposited into the Alternative Loan Fund may be used for any lawful purpose for which the Agency may from time to time use funds on deposit in its General Reserve Account and, pending such use, may be invested in any securities or investments permissible generally for the investment of funds of the Agency as specified by Agency Certificate. By Agency Certificate furnished to the Trustee, the Agency may at any time appropriate any funds and investments on deposit in the Alternative Loan Fund to any Account or Fund created pursuant to the Bond Resolution (in which case such funds and investments shall become subject to the lien and pledge thereof) or may direct that such funds and investments be transferred to the Agency's General Reserve Account or to any other fund or account established pursuant to resolution of the Agency.

The Agency, by Agency Certificate, may request the Trustee to establish one or more subaccounts in the Alternative Loan Fund to be restricted to such uses, and used in accordance with such terms, as are specified in the Agency Certificate.

Any earnings derived from the investment of amounts deposited in the Alternative Loan Fund shall be retained therein unless otherwise directed by Agency Certificate.

### **Investment of Moneys Held by the Trustee**

Moneys held by the Trustee for the credit of any Account or Fund established under the Bond Resolution shall be invested by the Trustee as directed by the Agency to the fullest extent practicable and reasonable in Investment Obligations which shall mature or be redeemable at the option of the Owner prior to the respective dates when the moneys held for the credit of such Fund or Account will be required for the purposes intended. Unless otherwise confirmed in writing, an account statement delivered by the Trustee to the Agency shall be deemed written confirmation by the Agency that investment transactions identified therein accurately reflect the investment directions given to the Trustee pursuant to the terms of the Bond Resolution, unless the Agency notifies the Trustee in writing to the contrary within 45 days of the date of such settlement.

The Investment Obligations purchased shall be held by the Trustee and shall be deemed at all times to be part of such Fund or Account or combination thereof, and the Trustee shall inform the Agency of the detail of all such investments. The Trustee shall sell at the best price obtainable, or present for redemption, any Investment Obligations purchased by it as an investment whenever it shall be necessary to provide moneys to meet any payment from a Fund or Account. The Trustee shall not be liable for any depreciation of the value of any investment on the redemption, sale and maturity thereof, and in the absence of any direction from the Agency, the Trustee shall not be required to invest such funds.

The Trustee may purchase from or sell to itself or an affiliate, as principal or agent, any Investment Obligations. The Trustee shall advise the Agency in writing monthly, unless otherwise directed by Agency Certificate,

of all investments held for the credit of each Fund and Account in its custody under the provisions of the Bond Resolution as of the end of the preceding month.

In computing the amount in any Fund or Account, Investment Obligations shall be valued at par or, if purchased at a price other than par, at their Amortized Value, in either event exclusive of accrued interest purchased.

Except as otherwise specifically provided in the Bond Resolution or in a Series Resolution, the income or interest earned, or gain, shall be transferred by the Trustee upon receipt thereof to the appropriate Revenue Account.

The Trustee shall not be liable or responsible for the making of any investment authorized by the Bond Resolution in the manner provided in the Bond Resolution or for any loss resulting from any such investment so made, except for its own negligence.

### **Program Loans; Modification of Terms**

The Agency may consent to the modification of the security for, or any terms or provisions of, one or more Program Loans but only if (1) the Agency reasonably determines that the modification will not be materially adverse to the security or other interests of Owners of Outstanding Bonds, and (2) the modification does not impair any contract of insurance or guaranty of the Program Loan.

Any such modifications shall be reflected in the next Cash Flow Certificate which the Agency is required to prepare and provide to the Trustee pursuant to the provisions of the Bond Resolution; provided, however, that if the cumulative effect of such modifications not reflected in a Cash Flow Certificate previously delivered to the Trustee would reduce estimated Revenues from the Program Loans so modified by more than \$500,000 in the current or any future Fiscal Year, then the Agency may not consent to such modifications until it has delivered a Cash Flow Certificate to the Trustee reflecting such modifications.

### **Sale of Program Obligations**

The Agency may at any time sell, assign or otherwise dispose of a Program Obligation (or the premises to which such Program Obligation is related):

- (i) in the event that payment under such Program Loan is delinquent more than 90 calendar days or, at any time, in order to realize the benefits of insurance with respect to such Program Obligation or property;
- (ii) in order to obtain funds to provide for the redemption (whether optional or special, to the extent permitted by the terms of any applicable Series Resolution) or purchase of an amount of Bonds having a value corresponding to the value of such Program Obligation as reasonably estimated by the Agency; or
- (iii) in the event that a Certificate of the Agency shall be filed with the Trustee, and each Rating Agency, which gives effect to the proposed sale thereof and states that such sale, assignment, transfer or other disposition would not have a material adverse effect on the ability of the Agency to pay the Debt Service on the Outstanding Bonds when and as due and payable and reasonable and necessary Program Expenses.

### **Cash Flow Certificates**

The Agency is required to file a Cash Flow Certificate (i) at least once within any 12-month period and (ii) at such other times as may be required pursuant to the provisions of the Bond Resolution or of any Series Resolution authorizing the issuance of Bonds of a Series then Outstanding.

### **Creation of Liens**

The Agency shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of Revenues or of the moneys, securities, rights and interests pledged or held or set aside by the Agency or by any Fiduciary under the Bond Resolution and shall not create or cause to be created any lien or charge on any pledged Revenues or such moneys, securities, rights or interests: provided, however, that nothing in the Bond Resolution shall prevent the Agency from issuing (i) evidences of indebtedness secured by a pledge of Revenues to

be derived after any pledge of Revenues provided in the Bond Resolution shall be discharged and satisfied as provided in the Bond Resolution, or (ii) notes or bonds of the Agency not secured under the Bond Resolution; and provided, further, that, to secure its obligation to make Agency Swap Payments to a Swap Counterparty pursuant to a Swap Agreement, the Agency may grant to the Swap Counterparty a subordinate and junior pledge and security interest (subordinate and junior to the pledge and security interest granted to the Bondowners) in all or any of the collateral pledged to the payment of the Bonds under the Bond Resolution.

### **Defeasance of Bonds**

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or any one or more of the alternate Paying Agents (through deposit by the Agency of moneys for such payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the Bond Resolution. All Outstanding Bonds of any Series shall be deemed prior to the maturity or Redemption Date thereof to have been paid within the meaning and with the effect expressed in the Bond Resolution if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Agency shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail notice of redemption of such Bonds on said date; (ii) there shall have been deposited with the Trustee either moneys in an amount sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys in an amount that, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be. Neither Government Obligations nor moneys deposited with the Trustee pursuant to this section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds.

### **Events of Default**

Each of the following events shall constitute an event of default under the Bond Resolution: (1) the Agency shall fail to pay any Principal Installment or the Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise, or shall fail to pay the purchase price of any Bond tendered or deemed tendered for purchase on the date established therefor; or (2) the Agency shall fail to pay any installment of interest on any Bond when and as the same shall become due and payable; or (3) the Agency shall fail to perform or observe any other covenant, agreement or condition on its part contained in the Bond Resolution or in the Bonds, and such failure shall continue for a period of 60 days after written notice thereof to the Agency by the Trustee or to the Agency and to the Trustee by the Bondowners of not less than a majority in principal amount of the Bonds Outstanding; or (4) the Agency shall file a petition seeking a composition of indebtedness under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State; or (5) the State limits or alters the rights of the Agency pursuant to the Act, as in force on the date of adoption of the Bond Resolution, to fulfill the terms of any agreements made with the Owners of the Bonds or in any way impaired the rights and remedies of Owners of Bonds while any Bonds are Outstanding.

### **Acceleration; Annulment of Acceleration**

Upon the occurrence of an Event of Default, the Trustee may and, upon the written request of the Bondowners of not less than 25% in aggregate principal amount of Bonds Outstanding shall, give 30 days' notice in writing to the Agency of its intention to declare all Bonds Outstanding immediately due and payable; provided, however, that the Trustee may not make any such declaration with respect to an Event of Default under item (3) above unless (1) the Trustee has received a written request to do so from 100% of the Owners of all Outstanding Bonds or (2) there are sufficient moneys available in the Funds and Accounts to pay the principal and interest on the Bonds upon such declaration. At the end of such 30-day period the Trustee may, and upon such written request of Bondowners of not less than 25% in aggregate principal amount of Bonds Outstanding shall, by notice in writing to the Agency, declare all Bonds Outstanding immediately due and payable and such Bonds shall become and be immediately due and payable, anything in the Bonds or in the Bond Resolution to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Bond Resolution, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if (1) moneys shall have been deposited in the Bond Fund sufficient to pay all matured installments of interest and principal or Redemption Price or purchase price (other than principal then due only because of such declaration) of all Outstanding Bonds; (2) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and any Paying Agents; (3) all other amounts then payable by the Agency under the Bond Resolution shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (4) every Event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee. No such annulment shall extend to or affect any subsequent Default or impair any right consequent thereon.

If the Agency shall fail to pay any Principal Installment, the Redemption Price, the purchase price or any installment of interest on any Bond when and as the same shall become due and payable, the Trustee shall, within 30 days, give written notice thereof by first class mail to the Bondowners, shown by the registry of Bondowners required to be maintained at the office of the Trustee.

### **Additional Remedies and Enforcement of Remedies**

Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Bondowners of not less than a majority in aggregate principal amount of the Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the Bondowners under the Act, the Bonds and the Bond Resolution by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to: (1) suit upon all or any part of the Bonds; (2) suit to require the Agency to account as if it were the trustee of an express trust for the Bondowners; (3) suit to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondowners; (4) enforcement of any other right of the Bondowners conferred by law or by the Bond Resolution; and (5) in the event that all Bonds are declared due and payable, by selling Program Obligations.

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

### **Amendments**

Amendments of the Resolutions may be made by a Supplemental Resolution.

Supplemental Resolutions may become effective upon filing with the Trustee if they add limitations and restrictions in addition to the limitations and restrictions contained in the Bond Resolution or Series Resolution, add covenants and agreements of the Agency in the Bond Resolution or Series Resolution that are not contrary to or inconsistent with the Bond Resolution or the applicable Series Resolution in effect at the time, add limitations and restrictions to be observed by the Agency, surrender any right, power or privilege reserved to or conferred upon the Agency or are reasonably necessary to preserve the tax exemption of Outstanding Bonds or permit the issuance of additional tax exempt Bonds.

Supplemental Resolutions become effective upon consent of the Trustee for the following purposes:

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Bond Resolution or any Series Resolution;

(2) To insert such provisions clarifying matters or questions arising under the Bond Resolution or any Series Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution or the applicable Series Resolution theretofore in effect;



(3) To waive any right reserved to the Agency, provided that the loss of such right shall not adversely impair any Revenues available to pay the Outstanding Bonds of any Series; and

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

Other Supplemental Resolutions may become effective only with consent (i) of the Bondowners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Bondowners of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given.

However, no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price or purchase price thereof or in the rate of interest thereon (except as otherwise provided in a Series Resolution) without the consent of the Bondowners of all such Bonds, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Bondowners of which is required to effect any such modification or amendment or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

Any amendment may be made with unanimous consent of the Bondowners, except that no amendment shall change any of the rights or obligations of any fiduciary without the consent of the Fiduciary.

## APPENDIX D

### MORTGAGE INSURANCE PROGRAMS AND STATE LAWS AFFECTING FORECLOSURES

*The following description of certain mortgage insurance programs is only a brief outline and does not purport to summarize or describe all of the provisions of these programs. For a more complete description of the terms of these programs, reference is made to the provisions of the insurance and guaranty contracts embodied in regulations of the Federal Housing Administration (“FHA”), Rural Development (“RD”) and the Veterans Administration (“VA”), respectively, and of the regulations, master insurance contracts and other information of the various private mortgage insurers. Program Loans purchased by the Agency are not limited by the Resolutions to the foregoing programs and it is possible that insurance benefits under other federal or private programs in which the Agency may participate could be more or less favorable.*

*While all Program Loans are subject to the applicable mortgage insurance programs, Program Loans that back Program Securities are further guaranteed by GNMA, Fannie Mae or Freddie Mac as further described in Appendix I to this Official Statement.*

#### **Federal Housing Administration Single-Family Mortgage Insurance Programs**

The National Housing Act of 1934, as amended, authorizes various FHA mortgage insurance programs, which differ in some respects depending primarily upon whether the mortgaged premises contain five or more dwelling units or less than five units.

The regulations governing all of the FHA programs under which the mortgage loans may be insured provide that insurance benefits are payable upon foreclosure (or other acquisition of possession) and conveyance of the mortgaged premises to the Department of Housing and Urban Development (“HUD”).

Under some of the FHA insurance programs, insurance claims are paid by HUD in cash, unless the mortgage holder specifically requests payment in debentures issued by HUD. Under others, HUD has the option, at its discretion, to pay insurance claims in cash or in those debentures. The current HUD policy, subject to change at any time, is to make insurance payments on single family mortgage loans in cash, with respect to all programs covering those units as to which it has discretion to determine the form of insurance payment.

HUD debentures issued in satisfaction of FHA insurance claims bear interest at the HUD debenture interest rate in effect under HUD regulations on the date of the mortgage insurance commitment or of the initial insurance endorsement of the mortgage, whichever rate is higher. The HUD debenture interest rates applicable to the FHA insured mortgages that the Agency has acquired or committed to acquire are in most cases lower than the interest rates of those mortgages.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance, the insurance payment is computed as of the date of institution of foreclosure proceedings or acquisition of the property. The mortgage holder generally is not compensated for mortgage interest accrued and unpaid prior to that date. Under those circumstances, the amount of insurance benefits generally paid by FHA is equal to the unpaid principal amount of the mortgage loan, adjusted to reimburse the mortgagee for certain tax, insurance and similar payments made by it and to deduct certain amounts received or retained by the mortgagee after default, plus reimbursement not to exceed 2/3 of the mortgagee’s foreclosure costs. The regulations under all insurance programs described above provide that the insurance payment itself bears interest from the date of default, to the date of payment of the claim at the same interest rate as the applicable HUD debenture interest rate determined in the manner set forth above.

When any property to be conveyed to HUD has been damaged by fire, earthquake, flood or tornado, or, if the property has suffered damage because of failure of the mortgage holder to take action to inspect and preserve the property, it is generally required, as a condition to payment of an insurance claim, that the property be repaired by the

mortgage holder prior to the conveyance or assignment. For mortgages insured on or after April 19, 1992, if the property has been damaged during the mortgage holder's possession by events other than fire, flood, earthquake or tornado notwithstanding reasonable action by the mortgage holder, HUD may require the mortgage holder to repair the property prior to conveyance to HUD as a condition to payment of an insurance claim.

### **Veterans Administration Guaranty Program**

The Serviceman's Readjustment Act of 1944, as amended, permits a veteran (or, in certain instances, his or her spouse) to obtain a mortgage loan guaranteed by the VA covering mortgage financing of the purchase of a one to four family dwelling unit at interest rates agreed upon by the purchaser and the mortgagee, as the VA may elect. The program has no mortgage loan limits (other than that the amount may not exceed the property's reasonable value as determined by the VA), requires no down payment from the purchaser and permits the guaranty of mortgage loans with terms of up to 30 years. The guaranty provisions for mortgage loans are as follows: (a) for home and condominium loans of \$45,000 or less, 50 percent of the loan is guaranteed (for loans with an original principal balance of \$45,000 and not more than \$56,250, the guaranty will not exceed \$22,500); (b) for home and condominium loans of more than \$56,250 but less than or equal to \$144,000, 40 percent of the loan is guaranteed subject to a maximum guaranty of \$36,000; (c) for home and condominium loans of more than \$144,000, 25 percent of the principal amount of the loan is guaranteed subject to a maximum guarantee amount hereinafter described; and (d) for loans for manufactured homes, 40 percent of the loan is guaranteed (with a maximum guaranty of \$20,000). The maximum guaranty amount for loans greater than \$144,000 is generally 25 percent of the Freddie Mac conforming loan limit (currently \$417,000); however, pursuant to the Housing and Economic Recovery Act of 2008 and the Veterans Benefits Improvement Act of 2008, the maximum guaranty amount for loans originated in 2009 through 2011 is 25 percent of the greater of (i) the Freddie Mac conforming loan limit or (ii) 125 percent of the area median price for a single family residence in the county in which the property securing the loan is located. The liability on the guaranty is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty. Notwithstanding the dollar and percentage limitations of the guaranty, a mortgage holder will ordinarily suffer a monetary loss only where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of mortgaged premises is greater than the original guaranty as adjusted. The VA may, at its option and without regard to the guaranty, make full payment to a mortgage holder of unsatisfied indebtedness on a mortgage upon its assignment to the VA.

### **Rural Development (RD) Insured Program**

Loans insured by RD may be made to purchase new or existing homes in designated rural areas. Eligible rural areas have a population not in excess of 10,000 persons or if located outside a Metropolitan Statistical Area, not in excess of 25,000. Loans may be made up to 100 percent of the market value of the property or 100 percent of the acquisition cost, whichever is less. The maximum loan amount is the applicable FHA maximum loan amount. The interest rate of these 30 year mortgages may not exceed the higher of the current VA rate or the Fannie Mae required net yield for 90 day commitments on a 30 year fixed rate mortgage with actual/actual remittance plus 60 basis points. RD covers all losses on foreclosed loans up to 35 percent of the original principal. Any loss in excess of this amount carries an 85 percent guarantee. It is the present administrative policy of the Agency to tender a claim to RD by the earlier of (a) six months after the date of acquisition of the property through foreclosure or (b) 30 days after the sale of the property. The Agency retains title to the property and may apply the insurance proceeds and any sale proceeds to the outstanding debt.

### **Private Mortgage Insurance Programs**

Under outstanding Series Resolutions, all Program Loans insured by a private mortgage insurance company are to be in any amount not exceeding the Market Value of the Home, provided that the Agency is issued a mortgage insurance policy under which the minimum insured percentage of any claim filed is at least equal to that percentage of the Market Value or sale price of the Home, whichever is less, by which the original principal amount of the mortgage exceeds 80 percent of that Market Value. Each private mortgage insurer insuring those Program Loans must be a company (a) that is licensed to do business in Minnesota; (b) that has ratings not less than "A2" from Moody's Investors Service, Inc., and "AA" from S&P Global Ratings, Inc., or that is approved to insure mortgages purchased by Fannie Mae and Freddie Mac, or any other agency or instrumentality of the United States to which the powers of either of them have been transferred or which has similar powers to purchase Program Loans; and (c) that, by insuring Program Loans financed by the Agency, does not cause the Rating on the Bonds to be adversely affected. Both Fannie

Mae and Freddie Mac require approval of private mortgage insurance companies before mortgages insured by those companies are eligible for purchase by them.

Among the considerations taken into account by Fannie Mae in determining whether to approve a private mortgage insurer currently are the following: (a) experienced mortgage insurers are expected to have policyholders' surplus of not less than \$5 million; (b) it is preferred that an insurer's principal insurance activity relate to loss resulting from nonpayment of mortgages and deeds of trust on residential structures, with total liability not in excess of 25 times its policyholders' surplus; (c) a private mortgage insurer must demonstrate that it possesses the technical expertise necessary to properly evaluate property and credit; and (d) an insurer must expressly consent to and comply with Fannie Mae's requirements for audit and reports concerning changes in personnel, financial structure, qualifications, and rates.

Freddie Mac eligibility requirements for approving private mortgage insurers presently provide that (a) not more than 10 percent of an insurer's mortgage insurance risk may be represented by mortgage insurance covering property other than real property improved by a building or buildings designed for occupancy by one to four families; (b) an insurer shall not insure mortgages secured by properties in a single housing tract or contiguous tracts where the insurance risk applicable thereto is in excess of 10 percent of its policyholders' surplus (net of reinsurance); (c) no insurer shall have more than 20 percent of its total insurance in force in any one Standard Metropolitan Statistical Area nor may any combination of insurance in force in any one state exceed 60 percent of its total insurance in force; and (d) an insurer shall limit its insurance risk with respect to each insured to the maximum permitted under state law.

Freddie Mac also requires the private mortgage insurer to meet the following financial requirements: (a) policyholders' surplus must be maintained at not less than \$5 million; (b) an insurer shall maintain an unearned premium reserve computed on a monthly pro rata basis; if a greater unearned premium reserve is required by the state where the insurer is licensed, then that greater requirement shall be met; (c) an insurer shall establish and maintain a contingency reserve in an amount equal to 50 percent of earned premiums; (d) an insurer shall maintain a loss reserve for claims incurred but not reported, including estimated losses on insured mortgages that have resulted in the conveyance of property that remains unsold, mortgages in the process of foreclosure or mortgages in default for four or more months; (e) an insurer shall maintain no less than 85 percent of its total admitted assets in the form of marketable securities or other highly liquid investments that qualify as insurance company investments under the laws and regulations of the state of its domicile and the standards of the National Association of Insurance Commissioners; and (f) an insurer shall not at any time have total insurance risk outstanding in excess of 25 times its policyholders' surplus. Approved private mortgage insurers must file quarterly and annual reports with the Freddie Mac.

It has been the administrative policy of the Agency to require that any private mortgage insurance policy with respect to a Program Loan to be purchased with the proceeds of Bonds contain provisions substantially as follows: (a) the private mortgage insurer must pay a claim, including unpaid principal, accrued interest and certain expenses, within sixty days of presentation of the claim by the mortgage lender; (b) for a mortgage lender to present a claim, the mortgage lender must have acquired, and tendered to the insurer, title to the property, free and clear of all liens and encumbrances, including any right of redemption by the mortgagor; (c) when a claim is presented, the insurer will have the option of paying the claim in full, taking title to the property and arranging for its sale, or of paying the insured percentage of the claim (the Agency's exposure is to be limited to 70 percent or 75 percent, depending on the initial loan-to-value ratio of the mortgage loan) and allowing the insured lender to retain title to the property.

The private mortgage insurance companies providing mortgage insurance on outstanding Program Loans under the Bond Resolution are identified in Appendix G to this Official Statement. There is no assurance that any private mortgage insurance company will be able or willing to honor its obligations under the mortgage insurance policy as provided therein. In particular, certain private mortgage insurance companies have recently experienced substantial financial difficulties and ratings downgrades, and some are in receivership and are paying claims at the rate of 50 cents on the dollar. No representation is made as to the creditworthiness of any private mortgage insurance company.

### **State Laws Affecting Foreclosures**

Mortgage foreclosures in Minnesota are governed by statute and permit two alternative methods, "by action" or "by advertisement." The latter is normally utilized since it is slightly faster, less expensive, and does not have the same tendency to invite contest as does foreclosure by action. The process is normally initiated by the publication,

recordation and service of a notice of foreclosure. This notice must include all relevant information on the mortgage loan and the secured premises as well as a statement of the time and place of sale and the time allowed by law for redemption by the mortgagor. This notice must then be published in a legal newspaper each week for six consecutive weeks. Service of the notice on the mortgagor and any other affected party must be completed at least four weeks prior to the designated date of the foreclosure sale. Compliance with the above publication and service of notice requirements within the prescribed time limitations is essential to the validity of the mortgage foreclosure sale.

Prior to the foreclosure sale, the mortgagor has the right to reinstate the mortgage and prevent foreclosure by curing all defaults on a current basis and by paying attorneys' fees and out-of-pocket disbursements to the extent permitted by statute. If the mortgage is not reinstated, the foreclosure sale is held in the sheriff's office in the county in which the real estate being foreclosed is located. Although anyone can bid at a foreclosure sale, the normal result of the foreclosure sale is that the lien holder bids in the debt without competing bidders (and under the Bond Resolution, the Agency is required to do so), and purchases the mortgaged property from the defaulting borrower through the sheriff, subject to the rights of the borrower and subsequent creditors to redeem.

The holding of the foreclosure sale starts the period of redemption. The period of redemption will normally be six months but can be as long as twelve months. During the period of redemption the mortgagor normally retains the right to remain in possession of the mortgaged property without making mortgage payments or paying real estate taxes. During the period of redemption, the mortgagor has the right to pay off the entire indebtedness, including full principal, accrued interest, any amounts reasonably paid by the mortgagee to preserve the security, and attorneys' fees and disbursements to the extent allowed by statute.

After the period of redemption expires, the mortgagee is entitled to possession of the premises, but may have to bring an unlawful detainer proceeding to enforce its possessory rights, and a proceeding subsequent in the case of Torrens property to perfect its title to the mortgaged property.

It is not unusual, therefore, for a mortgagee to be delayed 10 months or more from the date of initiation of the mortgage foreclosure proceeding until it realizes its possessory rights.

## APPENDIX E

### BOOK-ENTRY-ONLY SYSTEM

#### General

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

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

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

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

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

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

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

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

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

A Beneficial Owner must give notice to elect to have its Series Bonds purchased or tendered, through its Participant, to the Tender Agent and the Remarketing Agent, and must effect delivery of such Series Bonds by causing the Direct Participant to transfer the Participant's interest in the Series Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series Bonds to the Tender Agent's DTC account.

The above information contained in this section "Book-Entry-Only System" is based solely on information provided by DTC. No representation is made by the Agency or the Underwriters as to the completeness or the accuracy of that information or as to the absence of material adverse changes in that information subsequent to the date hereof.

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

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

**Discontinuation of Book-Entry System**

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

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



**APPENDIX F**  
**FORM OF OPINION OF BOND COUNSEL**

[to be dated the date of issuance of the Series Bonds]

\_\_\_\_\_, 2024

Minnesota Housing Finance Agency  
St. Paul, Minnesota 55102

Minnesota Housing Finance Agency  
Residential Housing Finance Bonds  
2024 Series L  
2024 Series M (Taxable)  
2024 Series N (Taxable)

Ladies and Gentlemen:

We have acted as bond counsel to the Minnesota Housing Finance Agency (the “Agency”) in connection with the authorization, issuance and delivery by the Agency of its Residential Housing Finance Bonds, 2024 Series L, in the aggregate principal amount of \$\_\_\_\_\_ (the “2024 Series L Bonds”), its Residential Housing Finance Bonds, 2024 Series M (Taxable), in the aggregate principal amount of \$\_\_\_\_\_ (the “2024 Series M Bonds”), and its Residential Housing Finance Bonds, 2024 Series N (Taxable), in the aggregate principal amount of \$\_\_\_\_\_ (the “2024 Series N Bonds”) and, together with the 2024 Series L Bonds and the 2024 Series M Bonds, the “2024 Series Bonds”) each series of which is issuable only as fully registered bonds of single maturities in denominations as are provided in the Series Resolutions referenced below.

The 2024 Series Bonds are dated, mature on the dates, bear interest at the rates and are payable as provided in the Series Resolutions referenced below. The 2024 Series Bonds are subject to optional, mandatory and special redemption prior to maturity, including special redemption at par, and the 2024 Series N Bonds are subject to optional and mandatory tender, all as provided in the Series Resolutions referenced below.

As bond counsel, we have examined certificates as to facts, estimates and circumstances and certified copies of resolutions and proceedings of the Agency and other documents we considered necessary as the basis for this opinion, including the Agency’s Amended and Restated Bond Resolution adopted August 24, 1995, as amended and supplemented (the “Bond Resolution”), and Series Resolutions relating to the 2024 Series L Bonds and the 2024 Series M Bonds adopted October 26, 2023, as amended, and May 23, 2024, and a Series Resolution relating to the 2024 Series N Bonds adopted December 14, 2023 (together, the “Series Resolutions”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Applicable federal tax law, including certain provisions of Sections 143 and 148 of the Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met subsequent to the delivery of the 2024 Series L Bonds in order that interest on the 2024 Series L Bonds may be excluded from gross income for federal income tax purposes. The Agency has covenanted in the Bond Resolution and Series Resolutions to comply with the requirements of applicable federal tax law and for such purpose to adopt and maintain appropriate procedures. In rendering this opinion, we have assumed compliance by the Agency with and enforcement by the Agency of the provisions of the Bond Resolution and Series Resolutions.

From such examination it is our opinion that, under state and federal laws, regulations, rulings and decisions in effect on the date hereof: (1) the Agency is a public body corporate and politic, having no taxing power, duly organized and existing under Minnesota Statutes, Chapter 462A, as amended; (2) the Bond Resolution and Series Resolutions have been duly and validly adopted by the Agency and are valid and binding upon it in accordance with their terms, and create the valid pledge and security interest they purport to create with respect to the Program Obligations, Investment Obligations, Revenues, moneys and other assets held and to be set aside under the Bond Resolution and Series Resolutions; (3) the 2024 Series Bonds are duly and lawfully authorized to be issued and are

valid and binding general obligations of the Agency in accordance with their terms, entitled to the benefits granted by and secured by the covenants contained in the Bond Resolution and Series Resolutions, and are further secured by the pledge of the full faith and credit of the Agency, and are payable out of any of its moneys, assets or revenues, subject to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets, or revenues to other bonds or notes, or state laws appropriating particular funds for a specified purpose, but the State of Minnesota is not liable thereon and the 2024 Series Bonds are not a debt of the State; (4) in the Bond Resolution the Agency has created a Debt Service Reserve Fund for the security of the 2024 Series Bonds and other bonds issued or to be issued under the Bond Resolution, to be maintained in an amount specified therein, and has agreed to certify annually to the Governor the sum, if any, necessary to restore the Fund to this amount for inclusion in the next budget submitted to the Legislature, and the Legislature is legally authorized, but is not legally obligated, to appropriate such amount to the Fund; (5) the interest payable on the 2024 Series L Bonds is not includable in gross income of owners thereof for federal income tax purposes or in taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes, but such interest is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; (6) the interest payable on 2024 Series M Bonds and the 2024 Series N Bonds (together, the “2024 Series Taxable Bonds”) is includable in gross income of owners thereof for federal income tax purposes, in taxable net income of individuals, trusts and estates for state of Minnesota income tax purposes and in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; and (7) the 2024 Series Taxable Bonds will not be treated as a taxable mortgage pool within the meaning of Section 7701(i) of the Code.

Interest on the 2024 Series L Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the 2024 Series L Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. Interest on the 2024 Series L Bonds will not be treated as an item of tax preference for purposes of calculating the Minnesota alternative minimum tax imposed on individuals, trusts and estates. We express no opinion regarding other federal, state or local tax consequences arising from the ownership or disposition of the 2024 Series Bonds. All owners of 2024 Series Bonds (including, but not limited to, insurance companies, financial institutions, Subchapter S corporations, United States branches of foreign corporations and recipients of social security and railroad retirement benefits) should consult their tax advisors concerning other possible indirect tax consequences of owning and disposing of the 2024 Series Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2024 Series Bonds and the Bond Resolution and Series Resolutions is subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully yours,

## **APPENDIX G**

### **CERTAIN INFORMATION RELATING TO THE RHFB WHOLE LOAN MORTGAGE PORTFOLIO**

**Mortgage Insurance for RHFB Whole Loan Mortgage Portfolio as of March 31, 2024**

**RHFB Whole Loan Mortgage Portfolio**  
**Delinquency and Foreclosure Statistics as of March 31, 2024**

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# **APPENDIX H** **CERTAIN INFORMATION RELATING TO LIQUIDITY FACILITIES** **FOR BONDS OUTSTANDING**

**as of March 31, 2024**

**(unaudited)**

<u>Liquidity Provider</u>	<u>Related Bond Series</u>	<u>Bonds Outstanding</u>	<u>Expiration Date</u>
Royal Bank of Canada	2015 Series D	\$ 13,460,000	8/11/2027
	2015 Series G	27,710,000	11/17/2027
	2017 Series F	31,865,000	11/17/2027
	2019 Series D	32,425,000	[7/1/2024]*
	2022 Series D	48,945,000	3/16/2027
	2022 Series F	50,000,000	5/12/2027
	2018 Series D	19,625,000	6/30/2028
	2018 Series H	28,820,000	6/30/2028
	2023 Series K	<u>20,000,000</u>	8/24/2028
		\$272,850,000	
Federal Home Loan Bank of Des Moines	2016 Series F	\$ 36,800,000	1/2/2027
	2017 Series C	30,430,000	[7/19/2024]**
	2022 Series H	50,000,000	7/7/2025
	2022 Series K	25,000,000	9/29/2025
	2023 Series I	30,000,000	7/27/2026
	2023 Series T	43,750,000	11/30/2026
	2023 Series V	<u>26,250,000</u>	12/14/2026
		\$242,230,000	
U.S. Bank National Association	2019 Series H	\$40,840,000	9/10/2024
TD Bank, N.A.	2023 Series M	\$ 30,000,000	9/14/2028
	2023 Series Q	30,000,000	10/12/2028
	2024 Series C	20,000,000	2/8/2027
	2024 Series E	<u>20,000,000</u>	3/26/2027
		\$100,000,000	

\*Expiration Date as of \_\_\_\_\_, 2024

\*\*Expiration Date as of \_\_\_\_\_, 2024

## APPENDIX I

### CERTAIN INFORMATION RELATING TO GNMA, FANNIE MAE, FREDDIE MAC AND CERTAIN PROGRAM SECURITIES AND THE MASTER SERVICER

#### GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE-BACKED SECURITIES

*This summary does not purport to be comprehensive and is qualified in its entirety by reference to the GNMA Mortgage-Backed Securities Guide and to the documents referred to herein for full and complete statements of their provisions. Additional information is available at [www.ginniemae.gov](http://www.ginniemae.gov).*

The Government National Mortgage Association is a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development with its principal office in Washington, D.C. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

Each GNMA Security is to be issued under either the GNMA I Program or the GNMA II Program. Although there are a number of differences between GNMA I Securities and GNMA II-Custom Pool Securities, those differences do not adversely affect the availability of Revenues with which to pay principal of and interest on Outstanding Bonds. Each GNMA Security is to be backed by a pool of mortgage loans in a minimum aggregate amount of \$25,000 and multiples of \$1 in excess of \$25,000. The Master Servicer is required to pay to the Trustee (in the case of a GNMA I Security) or to the Central Paying and Transfer Agent (in the case of a GNMA II-Custom Pool Security), and the Central Paying and Transfer Agent is required to pay to the Trustee, as the owner of the GNMA Security, the regular monthly installments of principal and interest on the mortgage loans backing the GNMA Security (less the Master Servicer's servicing fee, which includes the GNMA guaranty fee), whether or not the Master Servicer receives those installments, plus any mortgage prepayments received by the Master Servicer in the previous month. The Government National Mortgage Association guarantees the timely payment of the principal of and interest on the GNMA Security.

In order to issue GNMA Securities, the Master Servicer must first apply to and receive from the Government National Mortgage Association a commitment to guarantee securities. Such a commitment authorizes the Master Servicer to issue GNMA Securities up to a stated amount during a one-year period following the date of the commitment. The Master Servicer is required to pay the application fee to the Government National Mortgage Association for the commitments. The amount of commitments to guarantee GNMA Securities that the Government National Mortgage Association can approve in any federal fiscal year is limited by statute and administrative procedures. The total annual amount of available commitments is established in appropriation acts and related administrative procedures.

The issuance of each GNMA Security by the Master Servicer is subject to the following conditions, among others: (i) the purchase by the Master Servicer of mortgage loans in a minimum aggregate principal amount at least equal to the minimum size permitted by the Government National Mortgage Association for each GNMA Security (the origination being subject, among other conditions, to the availability of FHA mortgage insurance and VA guarantees), (ii) the submission by the Master Servicer to the Government National Mortgage Association of certain documents required by the Government National Mortgage Association in form and substance satisfactory to the Government National Mortgage Association, (iii) the Master Servicer's continued compliance, on the date of issuance of the GNMA Security, with all of the Government National Mortgage Association's eligibility requirements, specifically including, but not limited to, certain net worth requirements, (iv) the Master Servicer's continued approval by the Government National Mortgage Association to issue GNMA Securities, and (v) the Master Servicer's continued ability to issue, execute and deliver the GNMA Security, as that ability may be affected by the Master Servicer's



bankruptcy, insolvency or reorganization. In addition, the issuance of a GNMA Security by the Master Servicer is subject to the condition that the Government National Mortgage Association must have entered into a guaranty agreement with the Master Servicer. The conditions to the Government National Mortgage Association entering into such an agreement may change from time to time, and there can be no assurance that the Master Servicer will be able to satisfy all the requirements in effect at the time a GNMA Security is to be issued. Moreover, there can be no assurance that all of the above conditions will be satisfied at the time a GNMA Security is to be issued by the Master Servicer for purchase by the Trustee.

### **GNMA Security**

The Government National Mortgage Association is authorized by Section 306(g) of Title III of the National Housing Act of 1934, as amended (the "Housing Act") to guarantee the timely payment of the principal of, and interest on, securities that are based on and backed by a pool composed of, among other things, mortgage loans insured by FHA under the Housing Act or guaranteed by the VA under the Servicemen's Readjustment Act of 1944, as amended. Section 306(g) further provides that "[T]he full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." An opinion dated December 9, 1969, of an Assistant Attorney General of the United States, states that guarantees under Section 306(g) of mortgage-backed securities of the type to be delivered to the Trustee by the Lenders are authorized to be made by the Government National Mortgage Association and "would constitute general obligations of the United States backed by its full faith and credit."

### **Government National Mortgage Association Borrowing Authority**

In order to meet its obligations under the guaranty, the Government National Mortgage Association, in its corporate capacity under Section 306(d) of Title III of the Housing Act, may issue its general obligations to the United States Treasury (the "Treasury") in an amount outstanding at any one time sufficient to enable the Government National Mortgage Association, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Securities. The Treasury is authorized to purchase any obligations so issued by the Government National Mortgage Association and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of Housing and Urban Development ("HUD") that the Treasury will make loans to the Government National Mortgage Association, if needed, to implement the aforementioned guaranty.

The Government National Mortgage Association is to warrant to the Trustee, as the owner of the GNMA Securities, that, in the event it is called upon at any time to honor its guaranty of the payment of principal and interest on any GNMA Security, it shall, if necessary, in accordance with Section 306(d), apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make the payment.

### **Servicing of the Mortgage Loans**

Under contractual arrangements that will be entered into by and between the Master Servicer and the Government National Mortgage Association, and pursuant to the Program Documents, the Master Servicer is responsible for servicing and otherwise administering the mortgage loans in accordance with generally accepted practices of the mortgage lending industry and the Government National Mortgage Association Servicer's Guide.

The monthly remuneration of the Master Servicer, for its servicing and administrative functions, and the guaranty fee charged by the Government National Mortgage Association, are based on the unpaid principal amount of each GNMA Security outstanding on the last day of the month preceding the calculation. Each GNMA Security carries an interest rate that is fixed below the lowest interest rate on the underlying mortgage loans because the servicing and guaranty fees are deducted from payments on the mortgage loans before the payments are forwarded to the Trustee.

It is expected that interest and principal payments on the mortgage loans received by the Master Servicer will be the source of money for payments on the GNMA Securities. If those payments are less than the amount then due, the Master Servicer is obligated to advance its own funds to ensure timely payment of all scheduled payments of principal and interest due on the GNMA Securities. The Government National Mortgage Association guarantees the

timely payment in the event of the failure of the Master Servicer to pass through an amount equal to the scheduled payments (whether or not made by the mortgagors).

The Master Servicer is required to advise the Government National Mortgage Association in advance of any impending default on scheduled payments so that the Government National Mortgage Association, as guarantor, will be able to continue the payments as scheduled on the third business day after the twentieth day of each month. However, if the payments are not received as scheduled, the Trustee has recourse directly to the Government National Mortgage Association.

### **Guaranty Agreement**

The Government National Mortgage Association guaranty agreement to be entered into by the Government National Mortgage Association and the Master Servicer upon issuance of a GNMA Security, pursuant to which the Government National Mortgage Association guarantees the payment of principal of and interest on that GNMA Security (the “GNMA Guaranty Agreement”), provides that, in the event of a default by the Master Servicer, including (i) a failure to make any payment due under the GNMA Security, (ii) a request to the Government National Mortgage Association to make a payment of principal or interest on a GNMA Security and the utilization thereof by the Master Servicer, (iii) insolvency of the Master Servicer, or (iv) default by the Master Servicer under any other terms of the GNMA Guaranty Agreement, the Government National Mortgage Association has the right, by letter to the Master Servicer, to effect and complete the extinguishment of the Master Servicer’s interest in the mortgage loans, and the mortgage loans will thereupon become the absolute property of the Government National Mortgage Association, subject only to the unsatisfied rights of the owner of the GNMA Security. In that event, the GNMA Guaranty Agreement provides that on and after the time the Government National Mortgage Association directs a letter of extinguishment to the Master Servicer, the Government National Mortgage Association will be the successor in all respects to the Master Servicer in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein, and will be subject to all responsibilities, duties, and liabilities (except the Master Servicer’s indemnification of the Government National Mortgage Association), theretofore placed on the Master Servicer by the terms and provisions of the GNMA Guaranty Agreement, provided that at any time the Government National Mortgage Association may enter into an agreement with any other eligible issuer of GNMA Securities under which the latter undertakes and agrees to assume any part or all responsibilities, duties or liabilities theretofore placed on the Master Servicer, and provided that no agreement is to detract from or diminish the responsibilities, duties or liabilities of the Government National Mortgage Association in its capacity as guarantor of the GNMA Security, or otherwise adversely affect the rights of the owner thereof.

### **Payment of Principal of and Interest on the GNMA Securities**

Regular monthly installment payments on each GNMA Security are required to begin on the fifteenth day (in the case of a GNMA I Security) and on the twentieth day (in the case of a GNMA II-Custom Pool Security) (or in each case if that day is not a business day then the next business day), of the first month following the date of issuance of the GNMA Security and will be equal to the aggregate amount of the scheduled monthly principal and interest payments on each mortgage loan in the mortgage pool backing the GNMA Security, less the monthly servicing and guaranty fees. In addition, each payment is required to include any mortgage prepayments on mortgage loans underlying the GNMA Security.

## **FANNIE MAE MORTGAGE-BACKED SECURITIES**

### **General**

*The following summary of the Fannie Mae MBS Program (as defined below), the Fannie Mae Securities, Fannie Mae’s mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Fannie Mae’s Prospectus, as defined below, the Fannie Mae Single Family Selling and Servicing Guides and the other documents referred to herein.*

Fannie Mae is subject to the supervision and regulation of the Federal Housing Finance Agency to the extent provided in the Housing and Economic Recovery Act of 2008. The FHFA has placed Fannie Mae into conservatorship.

Information on Fannie Mae and its financial condition is contained in Fannie Mae's most current annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with the Securities and Exchange Commission (the "SEC"). Fannie Mae files reports, proxy statements and other information with the SEC. Materials that it files with the SEC are also available from the SEC's website, "www.sec.gov." In addition, these materials may be inspected, without charge, and copies may be obtained at prescribed rates, at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. Investors may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The periodic reports filed by Fannie Mae with the SEC are also available on Fannie Mae's website at <http://www.fanniemae.com/ir/sec> or from Fannie Mae at the Office of Investor Relations at 202-752-7115. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

## **Fannie Mae**

Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938, organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. (the "Charter"). Fannie Mae has a public mission to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold. Fannie Mae securitizes mortgage loans originated by lenders in the primary mortgage market into mortgage-backed securities ("Fannie Mae MBS"), which can then be bought and sold in the secondary mortgage market. Fannie Mae also participates in the secondary mortgage market by purchasing mortgage loans (often referred to as "whole loans") and mortgage-related securities, including Fannie Mae MBS, for Fannie Mae's mortgage portfolio. In addition, Fannie Mae makes other investments to increase the supply of affordable housing, however, pursuant to the Charter, Fannie Mae may not lend money directly to consumers in the primary mortgage market. *Although Fannie Mae is a corporation chartered by the U.S. Congress, the conservator of Fannie Mae is a U.S. Government agency, and the United States Department of Treasury ("Treasury") owns senior preferred stock and a warrant to purchase common stock of Fannie Mae, the U.S. Government (including Treasury) does not guarantee, directly or indirectly, the securities or other obligations of Fannie Mae.*

On September 6, 2008, the Director of the Federal Housing Finance Agency ("FHFA"), the safety, soundness and mission regulator of Fannie Mae, placed Fannie Mae into conservatorship and appointed FHFA as the conservator. As the conservator, FHFA succeeded to all rights, titles, powers and privileges of Fannie Mae, and of any stockholder, officer or director of Fannie Mae with respect to Fannie Mae and the assets of Fannie Mae. As such, FHFA has the authority to conduct all business of Fannie Mae. Pursuant to the Housing and Economic Recovery Act of 2008, FHFA, as conservator, may take "such action as may be necessary to put the regulated entity in a sound and solvent condition." Fannie Mae has no control over FHFA's actions or the actions it may direct Fannie Mae to take. The conservatorship has no specified termination date; Fannie Mae does not know when or how the conservatorship will be terminated. In addition, the Board of Directors of Fannie Mae does not have any fiduciary duties to any person or entity except to FHFA, as conservator. Accordingly, the Board of Directors is not obligated to consider the interests of Fannie Mae or the stockholders of Fannie Mae unless specifically directed to do so by FHFA, as conservator. The United States Department of Housing and Urban Development, however, remains Fannie Mae's regulator with respect to fair lending matters.

## **Mortgage-Backed Security Program**

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (the "MBS Program"). **The obligations of Fannie Mae, including its obligations under the Fannie Mae Securities, are obligations solely of Fannie Mae and are not guaranteed by the United States Government (including Treasury) and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof, including Treasury and FHFA, other than Fannie Mae.**

The terms of the MBS Program are governed by the Fannie Mae Single Family Selling and Servicing Guides (the "Fannie Mae Guides"), as modified by a pool purchase contract, and, in the case of mortgage loans such as the Program Loans exchanged with Fannie Mae, a single family master trust agreement (the "Trust Indenture"), and a supplement thereto to be issued by Fannie Mae in connection with each pool. The MBS Program is further described in a prospectus issued by Fannie Mae (the "Fannie Mae Prospectus"). The Fannie Mae Prospectus is updated from time to time.

## Fannie Mae Securities

Fannie Mae Securities are mortgage-backed pass-through securities issued and guaranteed by Fannie Mae under its MBS Program. As of June 3, 2019, each Fannie Mae Security will be a Uniform Mortgage-Backed Security (“UMBS”) (see “The Residential Housing Finance Program—Uniform Mortgage-Backed Securities”). Each Fannie Mae Security will represent the entire interest in a specified pool of mortgage loans purchased by Fannie Mae from the Master Servicer and identified in records maintained by Fannie Mae. The Pool Contract requires that each Fannie Mae Security be in a minimum amount of \$250,000 (or, in each case, the lesser amounts as may be approved by Fannie Mae). The mortgage loans backing each Fannie Mae Security are to bear interest at a rate higher than each Fannie Mae Security (the “pass-through rate”). The difference between the interest rate on the mortgage loans and the pass-through rate on the Fannie Mae Security is to be collected by the Master Servicer and used to pay the Master Servicer’s servicing fee and Fannie Mae’s guaranty fee.

Fannie Mae will guarantee to the registered holder of the Fannie Mae Securities that it will distribute amounts representing scheduled principal and interest at the applicable pass-through rate on the mortgage loans in the pools represented by the Fannie Mae Securities, whether or not received, and the full principal balance of any foreclosed or other finally liquidated mortgage loan, whether or not that principal balance is actually received. **The obligations of Fannie Mae under these guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to the faith and credit of the United States. If Fannie Mae were unable to satisfy these obligations, distributions to the Trustee, as the registered holder of the Fannie Mae Securities, would consist solely of payments and other recoveries on the underlying mortgage loans and, accordingly, monthly distributions to the Trustee, as the holder of the Fannie Mae Securities, and payments on Outstanding Bonds would be affected by delinquent payments and defaults on those mortgage loans.**

### Payments on the Mortgage Loans; Distributions on the Fannie Mae Securities

Payments on a Fannie Mae Security will be made on the 25th day of each month (beginning with the month following the month the Fannie Mae Security is issued), or, if the 25th day is not a business day, on the first business day next succeeding the 25th day. With respect to each Fannie Mae Security, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the mortgage loans in the related pool underlying the Fannie Mae Security during the period beginning on the second day of the month prior to the month of the distribution and ending on the first day of the month of distribution, (ii) the stated principal balance of any mortgage loan that was prepaid in full during the second month next preceding the month of the distribution (including as prepaid for this purpose at Fannie Mae’s election any mortgage loan repurchased by Fannie Mae because of Fannie Mae’s election to repurchase the mortgage loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest; or because of Fannie Mae’s election to repurchase that mortgage loan under certain other circumstances), (iii) the amount of any partial prepayment of a mortgage loan received in the second month next preceding the month of distribution, and (iv) one month’s interest at the pass-through rate on the principal balance of the Fannie Mae Security as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Security on its issue date).

For purposes of distributions, a mortgage loan will be considered to have been prepaid in full if, in Fannie Mae’s reasonable judgment, the full amount finally recoverable on account of that mortgage loan has been received, whether or not that full amount is equal to the stated principal balance of the mortgage loan. Fannie Mae may, in its discretion, include with any distribution principal prepayments, both full and partial, received during the month prior to the month of distribution but is under no obligation to do so.

## FREDDIE MAC MORTGAGE-BACKED SECURITIES

### General

*The following summary of the Freddie Mac Guarantor Program, the Freddie Mac Securities, Freddie Mac’s mortgage purchase and servicing standards and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Freddie Mac’s Mortgage Participation Certificates Offering Circular, applicable Offering Circular Supplements, Freddie Mac’s Information Statement, any Information Statement*

*Supplements, the Freddie Mac Securities and any other documents made available by Freddie Mac. Copies of the Offering Circular, Information Statement and any supplements to those documents and other information can be obtained by calling Freddie Mac's Investor Inquiry Department (telephone (800) 336-3672) or by accessing Freddie Mac's World Wide Web site.*

Freddie Mac is subject to the supervision and regulation of the FHFA to the extent provided in the federal Housing and Economic Recovery Act of 2008. The FHFA has placed Freddie Mac into conservatorship.

Freddie Mac is a publicly traded company listed on the New York Stock Exchange (symbol: FRE). Information on Freddie Mac and its financial condition is contained in annual, quarterly and current reports, proxy statements and other information that Freddie Mac files with the SEC. You may read and copy any document Freddie Mac files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public from the SEC's website at <http://www.sec.gov>. The documents and websites referred to above are not a part of this Official Statement, and neither the Agency nor any of the Underwriters takes any responsibility for information contained in any of these documents or websites.

## **Freddie Mac**

Freddie Mac is a shareholder-owned government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459 (the "Freddie Mac Act"). Freddie Mac's statutory mission is (i) to provide stability in the secondary market for residential mortgages; (ii) to respond appropriately to the private capital market; (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities); and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage financing. Neither the United States nor any agency or instrumentality of the United States is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac or to guarantee Freddie Mac's securities or obligations.

Freddie Mac's principal business consists of the purchase of (i) first-lien, conventional residential mortgages subject to certain maximum loan limits and other underwriting requirements under the Freddie Mac Act and (ii) securities backed by those mortgages. Freddie Mac finances its mortgage purchases and mortgage-backed securities purchases through the issuance of a variety of securities, primarily pass-through mortgage participation certificates and unsecured debt, as well as with cash and equity capital.

On September 7, 2008, the Director of the Federal Housing Finance Agency ("FHFA") appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008 (the "Reform Act") and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S. Department of the Treasury ("Treasury") entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by FHFA and Treasury and descriptions of these programs are available at their respective websites: <http://www.OFHEO.gov> and <http://www.Treasury.gov>.

## **Freddie Mac Guarantor Program**

Freddie Mac has established a mortgage purchase program pursuant to which Freddie Mac purchases a group of mortgages from a single seller in exchange for a Freddie Mac certificate representing an undivided interest in a pool consisting of the same mortgages (the "Guarantor Program"). Freddie Mac approves the institutions that may sell and service mortgages under the Guarantor Program on an individual basis after consideration of factors such as

financial condition, operational capability and mortgage origination and/or servicing experience. Most sellers and servicers are HUD-approved mortgagees or FDIC-insured financial institutions.

### **Freddie Mac Securities**

Freddie Mac Securities will be mortgage-backed pass-through securities issued and guaranteed by Freddie Mac under its Guarantor Program. As of June 3, 2019, each Freddie Mac Security will be a Uniform Mortgage-Backed Security (“UMBS”) (see “The Residential Housing Finance Program—Uniform Mortgage-Backed Securities”). Freddie Mac Securities are issued only in book-entry form through the Federal Reserve Banks’ book-entry system. Each Freddie Mac Security represents an undivided interest in a pool of mortgage loans. Payments by borrowers on the mortgage loans in the pool are passed through monthly by Freddie Mac to record holders of the Freddie Mac Securities representing interests in that pool.

Payments on Freddie Mac Securities that are not UMBS begin on or about the 15th day of the first month following issuance. Payments on Freddie Mac Securities that are UMBS begin on the 25th day of the first month following issuance, or, if the 25th day is not a business day, on the first business day next succeeding the 25<sup>th</sup> day. Each month Freddie Mac passes through to record holders of Freddie Mac Securities their proportionate share of principal payments on the mortgage loans in the related pool and one month’s interest at the applicable pass-through rate. The pass-through rate for a Freddie Mac Security is determined by subtracting from the lowest interest rate on any of the mortgage loans in the pool the applicable servicing fee and Freddie Mac’s management and guarantee fee, if any. The interest rates on the mortgages in a pool formed under Freddie Mac’s Guarantor Program must fall within a range from the pass-through rate on the Freddie Mac Securities plus the minimum servicing fee through the pass-through rate plus 250 basis points.

Freddie Mac guarantees to each record holder of a Freddie Mac Security the timely payment of interest at the applicable pass-through rate on the principal balance of the holder’s Freddie Mac Security. Freddie Mac also guarantees to each holder of a Freddie Mac Security (i) the timely payment of the holder’s proportionate share of monthly principal due on the related mortgage loans, as calculated by Freddie Mac, and (ii) the ultimate collection of the holder’s proportionate share of all principal of the related mortgage loans, without offset or reduction, no later than the payment date that occurs in the month by which the last monthly payment on the Freddie Mac Security is scheduled to be made.

Freddie Mac may pay the amount due on account of its guarantee of ultimate collection of principal on a mortgage at any time after default, but not later than 30 days following (i) the foreclosure sale of the mortgaged property, (ii) if applicable, the payment of an insurance or guaranty claim by the mortgage insurer or guarantor or (iii) the expiration of any right of redemption that the borrower may have, whichever is the last to occur. In no event, however, will Freddie Mac make payments on account of this guarantee later than one year after an outstanding demand has been made on the borrower for accelerated payment of principal or for payment of the principal due at maturity.

**The obligations of Freddie Mac under its guarantees of the Freddie Mac Securities are obligations of Freddie Mac only. The Freddie Mac Securities, including the interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. If Freddie Mac were unable to satisfy its obligations under its guarantees, distributions on the Freddie Mac Securities would consist solely of payments and other recoveries on the related mortgages; accordingly, delinquencies and defaults on the mortgage loans would affect distributions on the Freddie Mac Securities and could adversely affect payments on Outstanding Bonds.**

### **Mortgage Purchase and Servicing Standards**

All mortgage loans purchased by Freddie Mac must meet certain standards established by the Freddie Mac Act. In addition, Freddie Mac has established its own set of mortgage purchase standards, including credit, appraisal and underwriting guidelines. These guidelines are designed to determine the value of the real property securing a mortgage loan and the creditworthiness of the borrower. Freddie Mac’s administration of its guidelines may vary based on its evaluation of and experience with the seller of the mortgage loans, the loan-to-value ratio and age of the mortgage loans, the type of property securing the mortgage loans and other factors.

Freddie Mac has also established servicing policies and procedures to support the efficient and uniform servicing of the mortgage loans it purchases. Each servicer must perform diligently all services and duties customary to the servicing of mortgage loans in a manner consistent with prudent servicing standards. The duties performed by a servicer include collection and remittance of principal and interest to Freddie Mac; administration of escrow accounts; collection of insurance or guaranty claims; property inspections; and, if necessary, foreclosure. Freddie Mac monitors servicers' performance through periodic and special reports and inspections.

In the event of an existing or impending delinquency or other default on a mortgage loan, Freddie Mac may attempt to resolve the default through a variety of measures. In determining which measures to pursue with respect to a given mortgage loan and when to initiate those measures, Freddie Mac seeks to minimize the costs that may be incurred in servicing the mortgage, as well as Freddie Mac's possible exposure under its guarantees. However, the measures that Freddie Mac may choose to pursue to resolve a default will not affect Freddie Mac's guarantees. In any event, Freddie Mac generally repurchases from a pool any mortgage loan that has remained delinquent for at least 120 consecutive days and makes payment of principal to record holders pursuant to Freddie Mac's guarantee of ultimate collection of principal.

## **THE MASTER SERVICER**

U.S. Bank National Association currently serves as Master Servicer for the Agency's MBS Program, including the Program Securities to be financed with proceeds of the Series Bonds. The Agency has entered into a Servicing Agreement, dated as of October 17, 2013 (the "Servicing Agreement"), with U.S. Bank National Association, as master servicer (the "Master Servicer"), for an indefinite term (subject to termination rights), which replaces the previous servicing agreement executed by the Agency and the Master Servicer. The Program Securities acquired with proceeds of the Series Bonds are expected to be serviced by the Master Servicer.

THE FOLLOWING INFORMATION ABOUT THE MASTER SERVICER RELATES TO AND WAS SUPPLIED BY U.S. BANK NATIONAL ASSOCIATION. NONE OF THE AGENCY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL HAS VERIFIED THIS INFORMATION OR GUARANTEES IT AS TO COMPLETENESS OR ACCURACY. POTENTIAL INVESTORS SHOULD NOT CONSTRUE THIS INFORMATION AS A REPRESENTATION OF ANY OF THE AGENCY, THE UNDERWRITERS, THEIR COUNSEL OR BOND COUNSEL.

As of March 31, 2024, the Master Servicer serviced 1,340,871 single-family mortgage loans purchased through its U.S. Bank Home Mortgage Division, with an aggregate principal balance of approximately \$225.5 billion. The Master Servicer currently services single-family mortgage loans for state and local housing finance authorities, mutual savings banks, life insurance companies, savings and loan associations, commercial banks, as well as Fannie Mae, GNMA and Freddie Mac.

As of March 31, 2024, according to its unaudited quarterly financial statements, U.S. Bancorp had total assets of approximately \$683.6 billion and a net worth of \$55.6 billion. For the three months ended March 31, 2024, the Master Servicer, through its U.S. Bank Home Mortgage Division, originated and purchased single-family mortgage loans in the total principal amount of approximately \$7.1 billion.

The Master Servicer is (i) an FHA- and VA-approved lender in good standing, (ii) a GNMA-approved seller and servicer of mortgage loans and an issuer of mortgage-backed securities guaranteed by GNMA, (iii) a Fannie Mae approved seller and servicer of Fannie Mae Securities, and (iv) a Freddie Mac approved seller and servicer of Freddie Mac securities.

The Master Servicer is not liable for the payment of the principal of Outstanding Bonds or the interest or redemption premium, if any, thereon.

The holding company for U.S. Bank National Association is U.S. Bancorp, the fifth largest financial services holding company in the United States.

## APPENDIX J

### CERTAIN DEFINITIONS WITH RESPECT TO THE 2024 SERIES N BONDS

*“Alternate Liquidity Facility”* means any standby purchase agreement, line of credit, letter of credit or similar agreement (not including a Non-Conforming Liquidity Facility or Self-Liquidity Facility) providing liquidity for the Liquidity Facility Bonds or any portion thereof, delivered by the Agency in connection with a Mode Change to a Mode Period or in substitution for an existing Liquidity Facility pursuant to the terms of the 2024 Series N Resolution. The extension or renewal of an extant Liquidity Facility will not be deemed an Alternate Liquidity Facility.

*“Bank”* means (i) with respect to the Initial Liquidity Facility for the 2024 Series N Bonds, State Street Bank and Trust Company, together with its successors and assigns; (ii) with respect to an Alternate Liquidity Facility or a Non-Conforming Liquidity Facility, the provider thereof, together with its successors and assigns; and (iii) with respect to Self-Liquidity, the Agency, together with its successors and assigns.

*“Bank Bonds”* means 2024 Series N Bonds purchased with funds provided by the Bank pursuant to a Liquidity Facility, other than Self Liquidity.

*“Bank Interest Rate”* means the rate of interest, if any, on any Bank Bonds held by and payable to the Bank at any time as determined and calculated in accordance with the provisions of the Liquidity Facility.

*“Bank Purchase Date”* means any Purchase Date on which the Bank purchases 2024 Series N Bonds.

*“Business Day”* means any day other than (a) a Saturday, a Sunday, or (b) a day on which banking institutions in New York, New York are authorized or required by law or executive order to close, or (c) a day on which the New York Stock Exchange is closed or (d) a day on which the principal office of the Trustee is authorized to be closed for regular business.

*“Conversion Date”* means the Business Day on which the interest rate on any of the 2024 Series N Bonds is Converted to a Fixed Interest Rate or an Indexed Rate.

*“Convert,” “Converted” or “Conversion,”* as appropriate, means the conversion of the interest rate on any of the 2024 Series N Bonds to a Fixed Interest Rate or an Indexed Rate pursuant to the 2024 Series N Resolution.

*“Floating Rate Change”* means a change to all or a portion of the Variable Rate Bonds, FRNs or Index Bonds to bear interest at a New Floating Rate.

*“Floating Rate Change Date”* means the date on which a Floating Rate Change is effective (inclusive of a FRN Rate Change Date).

*“Liquidity Expiration Event”* means either (i) the Agency has determined to terminate a Liquidity Facility in accordance with its terms, (ii) the Bank has delivered notice to the Trustee on or prior to 45 days prior to the scheduled expiration of a Liquidity Facility that the Liquidity Facility will not be extended or renewed or (iii) the Bank has not delivered notice to the Trustee on or prior to 45 days prior to the scheduled expiration of a Liquidity Facility that the Liquidity Facility will be extended or renewed.

*“Liquidity Facility”* means any instrument delivered pursuant to the terms of the 2024 Series N Resolution that provides liquidity support for the purchase of Liquidity Facility Bonds in accordance with the terms of the 2024 Series N Resolution, including the Initial Liquidity Facility and any Alternate Liquidity Facility, Non-Conforming Liquidity Facility or Self Liquidity.

*“Maximum Rate”* means (i) with respect to the 2024 Series N Bonds (other than Bank Bonds) 12 percent per annum, unless the Agency directs in writing that the rate be increased to a higher rate and delivers to the Trustee (a) an Agency Certificate to the Trustee to the effect that the increase will not impair the Ratings on the 2024 Series N Bonds by each Rating Agency; and (b) a certified copy of a resolution adopted by the Agency approving that increase in the Maximum Rate; and (ii) with respect to Bank Bonds, the meaning ascribed to that term in the Liquidity Facility;



provided, however, that in no event may the Maximum Rate, as described in (i) above, exceed the lesser of (a) 12 percent or a higher rate as approved by the Agency's governing body or specified for the Bank Bonds, or (b) the maximum rate permitted by applicable law, anything herein to the contrary notwithstanding.

*"Mode"* means the manner in which the interest rate on any of the 2024 Series N Bonds is determined, consisting of a Daily Rate, Weekly Rate, Monthly Rate, Quarterly Rate, or Semiannual Rate.

*"Mode Change"* means a change in Mode Period.

*"Mode Change Date"* means the date of effectiveness of a Mode Change.

*"Mode Period"* means each period beginning on the first Effective Rate Date for any of the 2024 Series N Bonds, or the first Effective Rate Date following a change from one Mode to another, and ending on the date immediately preceding the first Effective Rate Date following the next change in Mode with respect to those 2024 Series N Bonds.

*"Non-Conforming Liquidity Facility"* means a liquidity facility delivered by the Agency pursuant to the 2024 Series N Resolution that does not meet the requirements for an Alternate Liquidity Facility.

*"Purchase Date"* means any date that 2024 Series N Bonds are to be purchased pursuant to the 2024 Series N Resolution.

*"Purchase Price"* means an amount equal to the principal amount of any 2024 Series N Bond tendered or deemed tendered for purchase as provided herein, plus, if the Purchase Date is not an Interest Payment Date, accrued interest from the previous Interest Payment Date to the day preceding the Purchase Date.

*"Qualified Index"* means one of the following indices: (i) SIFMA Swap Index, (ii) SOFR Index, (iii) BSBY Index, or (iv) such other variable rate index selected by the Agency as a commercially reasonable index.

*"Record Date"* means, with respect to Variable Rate Bonds, the Business Day immediately prior to the applicable Interest Payment Date and, in all other cases, the 15th day preceding each Interest Payment Date; provided, however, that if the Record Date is not a Business Day, then that Record Date will be deemed to be the first Business Day following that Record Date.

*"Remarketing Agreement"* means the Remarketing Agreement, between the Agency and RBC Capital Markets, LLC, with respect to the 2024 Series N Bonds, as the same may be amended in accordance with the terms thereof, and any similar agreement entered into between the Agency and any successor Remarketing Agent in respect of those 2024 Series N Bonds.

*"Replacement Index"* means on any Floating Rate Change Date or Conversion Date, or on or after such date or after such period as an originally designated index pursuant to the 2024 Series N Resolution ceases to be available or ceases to be a reliable market indicator, such Qualified Index as shall be designated by the Agency in writing provided to the Calculation Agent via Electronic Means, together with the Effective Date of the substitute or replacement index.

*"Self-Liquidity"* means a liquidity facility provided by the Agency's own funds pursuant to the 2024 Series N Resolution, other than a Non-Conforming Liquidity Facility.

*"SOFR Index"* means the Secured Overnight Financing Rate ("SOFR"), as published on or about 8:00 a.m. (New York time) on the Federal Reserve's Website (or any successor publisher website) for each SOFR Published Date, representing the SOFR Index as of the SOFR Lookback Date. For any date that the SOFR does not so appear by 5:00 p.m. (New York time) on such date or if such date is not a U.S. Government Securities Business Day, the rate shall be the SOFR published on the Federal Reserve's Website on the first preceding U.S. Government Securities Business Day for which SOFR was published on the Federal Reserve's Website. On any date that a SOFR Index determination is necessary, if (1) the relevant rate is not available for any reason or (2) the Agency in its sole but commercially reasonable discretion determines that SOFR is no longer a reliable market indicator, then a comparable Replacement Index will be determined by such alternate method as reasonably selected and designated in writing by the Agency to the Calculation Agent and shall be used in place of the SOFR Index. "SOFR Published Date" means

the second U.S. Government Securities Business Day immediately preceding each Effective Rate Date. “SOFR Lookback Date” means the third U.S. Government Securities Business Day immediately preceding an Effective Rate Date. “U.S. Government Securities Business Day” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor entity) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. Government Securities. “Federal Reserve’s Website” means the website of the Federal Reserve Bank of New York, or the website of any successor publisher of SOFR. Notwithstanding the foregoing, the Agency may choose to modify the description set forth above to a description that is commercially reasonable.

“*Tender Agent*” means the Trustee appointed pursuant to the Bond Resolution.

“*Variable Rate Bonds*” means 2024 Series N Bonds (or portion thereof) during a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period, a Quarterly Mode Period, or a Semiannual Mode Period (whether or not in each case those 2024 Series N Bonds are Liquidity Facility Bonds or Unenhanced Variable Rate Bonds).

**APPENDIX K**  
**SUMMARY OF CERTAIN PROVISIONS OF AND RELATING TO**  
**THE STANDBY BOND PURCHASE AGREEMENT**

## General

*The Initial Liquidity Facility for the 2024 Series N Bonds will be a Standby Bond Purchase Agreement. The following description is a summary of certain provisions of the Initial Liquidity Facility for the 2024 Series N Bonds. This summary does not purport to be a complete description or restatement of the material provisions of the Initial Liquidity Facility. The provisions of any Alternate Liquidity Facility may be different from those summarized herein. Investors should obtain and review a copy of the Standby Bond Purchase Agreement in order to understand all terms of the documents. Certain information regarding the Initial Liquidity Provider appears in Appendix L to this Official Statement.*

The Initial Liquidity Facility provides that, subject to the terms and conditions set forth in the Initial Liquidity Facility, the Initial Liquidity Provider must purchase Eligible Bonds (as defined in the Initial Liquidity Facility) tendered or deemed tendered from time to time pursuant to an optional or mandatory tender by owners thereof in accordance with the terms of the Bond Resolution and the 2024 Series N Resolution (together, the “Resolution”), in each case, to the extent those Eligible Bonds are not remarketed by the Remarketing Agent. The Initial Liquidity Facility will expire on June 30, 2028,\* (the “Expiration Date”), unless extended or terminated pursuant to its terms.

Under certain circumstances described below, the obligation of the Initial Liquidity Provider to purchase Eligible Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender may be immediately and automatically suspended or terminated without notice to the Bondowners. In that event, sufficient funds may not be available to purchase Eligible Bonds tendered or deemed tendered by the owners thereof pursuant to an optional or mandatory tender. In addition, the Initial Liquidity Facility does not provide support or security for the payment of principal of, premium, if any, or interest on the Eligible Bonds.

### **Purchase of Tendered Eligible Bonds by the Initial Liquidity Provider**

Subject to the terms and conditions of the Initial Liquidity Facility, the Initial Liquidity Provider will purchase from time to time during the period from the Effective Date (as defined in the Initial Liquidity Facility) to and including the close of business on the earliest of (a) the Expiration Date, (b) the day immediately succeeding the date on which no Bonds are Outstanding and (c) the date on which the Available Commitment (as defined in the Initial Liquidity Facility) and the Initial Liquidity Provider’s obligation to purchase Eligible Bonds have been terminated in their entireties pursuant to terms of the Initial Liquidity Facility, Eligible Bonds tendered or deemed tendered from time to time, pursuant to an optional or mandatory tender by owners thereof in accordance with the terms and provisions of the Resolution, in each case, to the extent the Eligible Bonds are not remarketed in accordance with the terms and provisions of the Remarketing Agreement (as defined in the Initial Liquidity Facility). The price to be paid by the Initial Liquidity Provider for the Eligible Bonds will be equal to the aggregate principal amount of the Eligible Bonds, provided that the aggregate principal amount of those Eligible Bonds so purchased may not exceed the Available Principal Commitment (as defined in the Initial Liquidity Facility), plus the lesser of (i) the Available Interest Commitment (as defined in the Initial Liquidity Facility) and (ii) interest accrued thereon to but excluding the date of that purchase and, if the Purchase Date for such Eligible Bonds is also an Interest Payment Date, excluding all accrued interest). In no event shall the Purchase Price of any Eligible Bond include Defaulted Interest (as defined in the Initial Liquidity Facility) accrued on such Eligible Bond or any premium owed with respect to such Eligible Bond.

### **Events of Default**

The following events, among others, constitute Events of Default under the Initial Liquidity Facility. Reference is made to the Initial Liquidity Facility for a complete listing of all Events of Default.

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\* Preliminary; subject to change.

### **Events of Default not Permitting Immediate Termination**

(a) *Payments.* The Agency fails to pay (i) when due any amounts owed by the Agency to the Initial Liquidity Provider pursuant to certain sections of the Initial Liquidity Facility (other than as specified in the sub-heading “Events of Default Permitting Immediate Termination or Suspension” below); or (ii) within five Business Days after the same becomes due any amount owed to the Initial Liquidity Provider pursuant to any other section of the Initial Liquidity Facility or the Fee Letter (as defined in the Initial Liquidity Facility).

(b) *Representations.* Any representation or warranty made by or on behalf of the Agency in the Initial Liquidity Facility or in any other Related Document (as defined in the Initial Liquidity Facility) or in any certificate or statement delivered thereunder proves to have been incorrect or untrue in any material respect when made or deemed to have been made.

(c) *Covenants.* The Agency fails to observe or perform certain covenants under the Initial Liquidity Facility.

(d) *Other Covenants.* The Agency fails to perform or observe any other term, covenant or agreement (other than the ones described in any other paragraph under this sub-caption “**Events of Default not Permitting Immediate Termination**”) contained in the Initial Liquidity Facility or any other Related Document on its part to be performed or observed which failure continues for 30 days or more after receipt of written notice of that failure from the Initial Liquidity Provider.

(e) *Other Documents.* Any Event of Default under any of the other Related Documents occurs.

(f) *Downgrade.* The rating assigned to the 2024 Series N Bonds or to any other Parity Debt (as defined in the Initial Liquidity Facility) (without regard to third party credit enhancement) by Moody’s or S&P is withdrawn or suspended for credit related reasons or fall below “A2” by Moody’s or “A” by S&P.

(g) *Cross Acceleration.* Any act or omission by the Agency occurs under any mortgage, agreement or other instrument under or pursuant to which any Material Debt (as defined in the Initial Liquidity Facility) is incurred or issued that results in that Material Debt becoming, or being capable of becoming, immediately due and payable.

(h) *Cross Default.* The Agency defaults under any mortgage, agreement or other instrument under or pursuant to which any Material Debt is incurred or issued, and that default continues beyond the period of grace, if any, allowed with respect thereto.

(i) *Invalidity or Contest of Validity.* Other than as described in the sub-heading “Events of Default Permitting Immediate Termination or Suspension” below, (i) the Initial Liquidity Facility, any other Related Document or any provision of the Initial Liquidity Facility or of any Related Document at any time for any reason ceases to be valid and binding on the Agency or is declared in a final, non-appealable judgment by any court of competent jurisdiction to be null and void, invalid or unenforceable or (ii) the Agency, the State or any other Governmental Authority (as defined in the Initial Liquidity Facility) with appropriate jurisdiction contests the validity or enforceability of the Agency’s obligations under the Initial Liquidity Facility or under the other Related Documents or deny that the Agency has any further liability or obligation under the Initial Liquidity Facility or under the other Related Documents.

(j) *Default.* The Agency defaults in the payment of any regularly scheduled amount due in respect of any Interest Rate Protection Agreement (as defined in the Initial Liquidity Facility) with the Initial Liquidity Provider with a notional amount equal to or greater than \$5,000,000 or in the payment due in respect of any principal of or interest on any Debt outstanding in a principal amount equal to or greater than \$5,000,000 owed to the Initial Liquidity Provider.

### **Events of Default Permitting Immediate Termination or Suspension**

(a) *Event of Insolvency.* An Event of Insolvency (as defined below) has occurred with respect to the Agency.

(b) *Payment Default.* Any principal or interest due with respect to the 2024 Series N Bonds (including regularly scheduled payments of principal and interest on Bank Bonds (as defined in the Initial Liquidity Facility)) is not paid when due or the Agency fails to make or otherwise defaults in any regularly scheduled payment of principal of or interest on any other Material Debt (as defined in the Initial Liquidity Facility) beyond any grace period provided with respect thereto.

(c) *Invalidity.* (i) The Act, the 2024 Series N Bonds (including Bank Bonds), the Initial Liquidity Facility, the Resolution, any Material Debt, or any material provision of the Initial Liquidity Facility or of the Act, the 2024 Series N Bonds (including Bank Bonds), the Resolution or any Material Debt relating to the payment of principal of or interest on the 2024 Series N Bonds or other Material Debt, at any time for any reason ceases to be valid and binding on the Agency as determined by any court of competent jurisdiction or Governmental Authority having appropriate jurisdiction over the Agency in a final non-appealable judgment, ruling, finding, decree, order or legislative act or similar action or is declared in a final, non-appealable judgment, ruling, finding, decree, order or legislative act or similar action by any court of competent jurisdiction or Governmental Authority having appropriate jurisdiction over the Agency to be null and void, invalid or unenforceable; (ii) the pledge of and Lien (as defined in the Initial Liquidity Facility) on the Trust Estate (as defined in the Initial Liquidity Facility) at any time for any reason ceases to be valid and binding on the Agency as determined by any court of competent jurisdiction or Governmental Authority having appropriate jurisdiction over the Agency in a final non-appealable judgment, ruling, finding, decree, order or legislative act or similar action or is declared in a final, non-appealable judgment, ruling, finding, decree, order or legislative act or similar action by any court of competent jurisdiction or Governmental Authority having appropriate jurisdiction over the Agency to be null and void, invalid or unenforceable; or (iii) any Governmental Authority with jurisdiction to rule on the validity of the Initial Liquidity Facility, the Act, the 2024 Series N Bonds (including Bank Bonds), the Resolution or any Material Debt finds or rules that any of the Act, the Initial Liquidity Facility, the 2024 Series N Bonds (including Bank Bonds), the Resolution or any Material Debt, as the case may be, or any provision of the Initial Liquidity Facility or of the Act, the 2024 Series N Bonds (including Bank Bonds), the Resolution or any Material Debt relating to (A) the payment of principal of or interest on the 2024 Series N Bonds (including Bank Bonds) or any Material Debt or (B) the pledge of and Lien on the Trust Estate is not valid or not binding on the Agency or is null and void.

(d) *Contest of Validity.* The Agency or any Governmental Authority with appropriate jurisdiction (i) repudiates or denies that the Agency has any further liability or obligation under the Initial Liquidity Facility, under the 2024 Series N Bonds (including Bank Bonds), the Act, the Resolution or any Material Debt or (ii) claims that any of the provisions that provide (A) for the payment of principal of or interest on the 2024 Series N Bonds (including Bank Bonds) or any Material Debt or (B) for the pledge of and Lien on the Trust Estate, in the Resolution, the 2024 Series N Bonds (including Bank Bonds) or the Initial Liquidity Facility, is not valid or not binding on the Agency; or (iii) initiates any legal proceedings to seek an adjudication that any of the provisions that provide (A) for the payment of principal of or interest on the 2024 Series N Bonds (including Bank Bonds) or any Material Debt or (B) for the pledge of and Lien on the Trust Estate, in the Resolution, the 2024 Series N Bonds (including Bank Bonds) or the Initial Liquidity Facility is not valid or not binding on the Agency; or (iv) has taken or permitted to be taken any official action, or has duly enacted any statute that would make or cause any provision of the 2024 Series N Bonds (including Bank Bonds), the Act, the Resolution or any Material Debt that provide (A) for the payment of principal of or interest on the 2024 Series N Bonds (including Bank Bonds) or any Material Debt or (B) for the pledge of and Lien on the Trust Estate, in the Resolution, the 2024 Series N Bonds (including Bank Bonds) or the Initial Liquidity Facility to be null and void, invalid or unenforceable.

(e) *Investment Grade Rating.* The unenhanced rating of the 2024 Series N Bonds or any other Material Debt is (i) withdrawn or suspended for credit-related reasons or reduced below “Baa3” by Moody’s and (ii) withdrawn or suspended for credit-related reasons or reduced below “BBB-” by S&P.

(f) *Judgment.* (i) One or more final, non-appealable judgments or orders in an amount in excess of \$5,000,000 in the aggregate is rendered against the Agency and (ii) those judgments or orders have not been paid in accordance with the terms of those judgments or orders or discharged, vacated, satisfied or stayed within 60 days after entry thereof or if, after the expiration of any stay, those judgments or orders have not been paid in accordance with the terms of those judgments or orders or discharged.

“*Event of Insolvency*” means, with respect to any Person (as defined in the Initial Liquidity Facility), the occurrence of one or more of the following events:

(a) the issuance, under the laws of any state or under the laws of the United States of America, of an order for relief, rehabilitation, liquidation or dissolution of that Person;

(b) (i) the commencement against that Person of a case or other proceeding seeking an order for relief, liquidation, reorganization or other relief with respect to that Person or its debts under any bankruptcy, insolvency, reorganization or other similar state or federal law now or hereafter in effect, including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for that Person or any substantial part of its property or the appointment, and that Person consents to such case or other proceeding at any time, or such case or other proceeding remains uncontested by that Person for a period of 60 days or such case or proceeding results in an order for such relief; (ii) the commencement by that Person of a case or other proceeding seeking an order for relief, liquidation, reorganization or other relief with respect to that Person or its debts under any bankruptcy, insolvency, reorganization or other similar state or federal law now or hereafter in effect, including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for that Person or any substantial part of its property or the appointment; or (iii) the designation with respect to that Person, of an entity such as an organization, board, commission, authority, agency or body to monitor, review, oversee, recommend or declare a financial emergency or similar state of financial distress with respect to it or the declaration of, or the introduction or proposal for consideration by it or by any legislative or regulatory body with competent jurisdiction over it of the existence of a state of financial emergency or similar state of financial distress in respect of it;

(c) the making of an assignment for the benefit of creditors by that Person;

(d) that Person is “insolvent” as defined in Section 101(32) of the United States Bankruptcy Code;

(e) the declaration of a moratorium with respect to the payment of the debts of that Person, which, in the case of the Agency, means that a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction is declared by, or imposed on, Material Debt as a result of a finding or ruling of a Governmental Authority with jurisdiction over the Agency;

(f) the admission by that Person in writing of its inability to pay its debts when due; or

(g) the initiation of any actions to authorize any of the foregoing by or on behalf of that Person.

### Remedies

The following are remedies available to the Initial Liquidity Provider under the Initial Liquidity Facility upon the occurrence of an Event of Default thereunder:

(a) *Immediate Termination.* Upon the occurrence of any Event of Default described in paragraphs (a), (b), (c)(i), (c)(ii), (d), (e) or (f) under the sub-caption “**Events of Default Permitting Immediate Termination or Suspension**” (each an “*Immediate Termination Event*”), the Available Commitment, the Purchase Period and the obligation of the Initial Liquidity Provider to purchase Eligible Bonds will immediately terminate without notice or demand, and thereafter the Initial Liquidity Provider will be under no obligation to purchase Eligible Bonds. Upon an Immediate Termination Event, the Initial Liquidity Provider will promptly give written notice of the same to the Agency, the Trustee, the Tender Agent and the Remarketing Agent; *provided* that the Initial Liquidity Provider will incur no liability of any kind by reason of its failure to give that notice, and that failure will in no way affect the termination of the Available Commitment, the Purchase Period and the Initial Liquidity Provider’s obligation to purchase Eligible Bonds pursuant to the Initial Liquidity Facility.

(b) *Termination with Notice.* Upon the occurrence of any Event of Default described under the sub-caption “**Events of Default not Permitting Immediate Termination**”, the Initial Liquidity Provider may terminate the Available Commitment and Purchase Period (as defined in the Initial Liquidity Facility) by giving a Notice of Termination Date (as defined in the Initial Liquidity Facility) to the Agency, the Tender Agent, the Trustee and the Remarketing Agent, specifying the date on which the Available Commitment and Purchase Period will terminate, which date will be not less than 30 days after the date of receipt of that Notice of Termination Date by the Trustee (a “Default Tender”). On and after the date specified in a Notice of Termination Date, the Available Commitment and the Purchase Period will terminate and the Initial Liquidity Provider will be under no further obligation to purchase Eligible Bonds under the Initial Liquidity Facility.

(c) *Suspension Events.* In the case of an Event of Default specified in clause (iii) of paragraph (c) under the sub-caption **“Events of Default Permitting Immediate Termination or Suspension”** (following the entry of a judgment subject to further proceedings and prior to the entry of a final, non-appealable judgment) (an *“Immediate Suspension Event”*), the Initial Liquidity Provider’s obligation to purchase Eligible Bonds will be immediately suspended without notice or demand and thereafter the Initial Liquidity Provider will be under no obligation to purchase Eligible Bonds until that obligation is reinstated as described in this paragraph (c). Promptly upon the Initial Liquidity Provider obtaining knowledge of any Immediate Suspension Event, the Initial Liquidity Provider will give written notice to the Agency, the Tender Agent, the Trustee and the Remarketing Agent of that suspension; *provided* that the Initial Liquidity Provider will incur no liability or responsibility whatsoever by reason of its failure to give that notice and that failure will in no way affect the suspension of the Initial Liquidity Provider’s obligation to purchase Eligible Bonds. If a court with jurisdiction to rule on the validity of the provisions described in clause (iii) of paragraph (c) under the sub-caption **“Events of Default Permitting Immediate Termination or Suspension”** enters a final, non-appealable judgment that any provision is not valid and binding on the Agency, then, in either case, the Purchase Period, the Available Commitment and the Initial Liquidity Provider’s obligation to purchase Eligible Bonds will immediately terminate. If a court with jurisdiction to rule on the validity of the provisions described in clause (iii) of paragraph (c) the sub-caption **“Events of Default Permitting Immediate Termination or Suspension”** thereafter finds or rules that those provisions are valid and binding on the Agency, the Initial Liquidity Provider’s obligation to purchase Eligible Bonds under the Initial Liquidity Facility will be automatically reinstated and the terms of the Initial Liquidity Facility will continue in full force and effect (unless the obligation of the Initial Liquidity Provider to purchase Eligible Bonds under the Initial Liquidity Facility otherwise has terminated or been suspended as provided in the Initial Liquidity Facility). Notwithstanding the foregoing, if, upon the earlier of the expiration of the Purchase Period and the date that is two years after the effective date of suspension of the Initial Liquidity Provider’s obligation pursuant to this paragraph (c), litigation is still pending and a judgment regarding the validity of the provisions described in clause (iii) of paragraph (c) under the sub-caption **“Events of Default Permitting Immediate Termination or Suspension”** that are the cause of that Immediate Suspension Event has not been obtained, then the Available Commitment, the Purchase Period and the obligation of the Initial Liquidity Provider to purchase Eligible Bonds will at that time immediately terminate and thereafter the Initial Liquidity Provider will be under no obligation to purchase Eligible Bonds.

(d) *Other Remedies.* In addition to the rights and remedies provided in paragraphs (a), (b) and (c) above, upon the occurrence and during the continuation of any Event of Default specified in any provision under the caption **“Events of Default”** above, upon the election of the Initial Liquidity Provider: (i) all amounts payable under the Initial Liquidity Facility, under the Fee Letter and under Bank Bonds will, upon demand by the Initial Liquidity Provider given to the Agency and the Trustee, become immediately due and payable without other presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Agency pursuant to the Initial Liquidity Facility; and (ii) all Bank Bonds will, upon demand by the Initial Liquidity Provider made to the Agency and the Trustee, become subject to immediate mandatory redemption at a redemption price equal to the principal amount thereof, plus accrued interest thereon, without premium. Upon the occurrence of any Event of Default as specified in any provision under the caption **“Events of Default”** above, the Initial Liquidity Provider will have all the rights and remedies available to it under the Initial Liquidity Facility, the other Related Documents or otherwise pursuant to law or equity; *provided, however*, that the Initial Liquidity Provider will not have the right to terminate its obligation to purchase Eligible Bonds or to declare any amount due under the Initial Liquidity Facility due and payable except as expressly provided in the Initial Liquidity Facility.

(e) *Remedies Non-exclusive.* The remedies provided under the caption **“Remedies”** above will only be exclusive with respect to Events of Default to the extent described under the caption **“Remedies”** above and to the extent they are obtained by the Initial Liquidity Provider. If, for any reason whatsoever, the Initial Liquidity Provider is not able to obtain all those remedies, then the Initial Liquidity Provider thereby reserves the right and will have the right to pursue any other available remedies, whether provided by law, equity, or any Related Document.

Notwithstanding the provisions of paragraph (a) under the caption **“Remedies”** above, if, upon the occurrence of and during the continuation of an Event of Default under the sub-caption **“Events of Default not Permitting Immediate Termination or Suspension,”** the Initial Liquidity Provider exercises its rights under paragraph (d) under the caption **“Remedies”** above or under the Initial Liquidity Facility to declare the amounts owed thereunder, under the Fee Letter and under the Bank Bonds to be immediately due and payable or to have the Bank Bonds become subject to immediate mandatory redemption, the failure by the Agency to pay those accelerated amounts will not, by itself, permit the immediate termination of the Available Commitment, the Purchase Period or the Initial Liquidity Provider’s obligation to purchase Eligible Bonds pursuant to paragraph (a) under the caption **“Remedies”** above.



## **APPENDIX L**

### **CERTAIN INFORMATION REGARDING THE INITIAL LIQUIDITY PROVIDER**

**Certain Information Regarding State Street Bank and Trust Company**

## APPENDIX M

### USE OF PROCEEDS REPORT\*

#### Series Bond Proceeds Summary

Total Proceeds Deposited in 2024 Series L-M-N Acquisition Account	Proceeds Spent to Acquire Program Securities	Proceeds Spent to Acquire Deferred Payment Loans	Proceeds Remaining

Program Loans backing Program Securities Acquired with Series Bonds Originated by Borrower Income as a Percent of Area Median Income ("AMI")**				
AMI Band	\$ of Loans	# of Loans	% of Proceeds Allocated to Acquire Program Loans pooled into Program Securities	% of Proceeds Allocated to Acquire Program Loans to BIPOC Households pooled into Program Securities
<50%				
50% - 59%				
60% - 69%				
70% - 79%				
80% - 89%				
90% - 99%				
100%+				
Total				

Down Payment Assistance Provided in Conjunction with Program Loans pooled into Program Securities Acquired with the Series Bonds	
Total DPA Provided (\$)	
Total DPA Provided (#)	
Borrowers Receiving DPA (%)	
Average DPA Provided per Borrower (\$)	
Average DPA Provided (% of Purchase Price)	

\*As of the date hereof, the Agency has not yet pooled all Program Loans that are expected to be Program Loans backing the Program Securities to be acquired with the Series Bonds. When all proceeds of the Series Bonds deposited in the 2024 Series L-M-N Acquisition Account have been spent, the Agency will provide this information on EMMA with respect to all Program Loans pooled into Program Securities financed with proceeds of the Series Bonds.

\*\*Reported income is based on borrower income at time of loan origination.

## **APPENDIX N**

### **KESTREL'S SECOND PARTY OPINION**



## Item: Adoption, Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2024 C-1 and 2024 C-2 (Carver)

**Information Item:** 7.C  
**Date:** 05/23/2024  
**Staff Contacts:** Michael Solomon, 651.297.4009, michael.solomon@state.mn.us  
 Paula Rindels, 651.296.2293, paula.rindels@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Staff is requesting authorization to issue fixed rate bonds under the existing Rental Housing Bond Resolution. The bonds will be issued in two series, to make a short-term bridge mortgage loan and a long-term, first-lien Low and Moderate Income Rental (LMIR) loan to finance a portion of the acquisition and construction of Carver Place, a 60-unit multifamily housing development in Carver, MN. The Agency anticipates pricing and issuing the bonds described in the attached Preliminary Official Statements in the second or third quarter of the 2024 calendar year.

### Fiscal Impact

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

### Agency Priorities

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

### Attachments

- Resolution
- Preliminary Official Statement

## RESOLUTION NO. MHFA 24-027

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

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

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

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

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

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

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

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

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

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

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

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

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

(i) the principal amount of the Series Bonds; provided that the aggregate principal amount of the Series Bonds is not in excess of \$9,820,000;

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

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

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

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

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

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

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

### **Section 3. Forms.**

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

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



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

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

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

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

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

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

## **Section 5. Issuance and Delivery.**

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

(b) *Securities Depository.*

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

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

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

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

(ii) The Series 1 Bonds and Series 2 Bonds shall be initially issued as separately authenticated fully registered bonds, and one Series 1 Bond and one Series 2 Bond shall be issued in the principal amount of each stated maturity of the Series 1 Bonds and the Series 2 Bonds. Upon initial issuance, the ownership of the Series Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Trustee and the Agency may treat DTC (or its nominee) as the sole and exclusive owner of the Series Bonds registered in its name for the purposes of payment of the principal of, premium, if any, and interest on the Series Bonds, selecting the Series Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Series Bonds under the Bond Resolution or this Series Resolution, registering the transfer of Series Bonds, and for all other purposes whatsoever, and neither the Trustee nor the Agency shall be affected by any notice to the contrary. Neither the Trustee nor the Agency shall have any responsibility or obligation to any Participant, any

person or entity claiming a beneficial ownership interest in the Series Bonds under or through DTC or any Participant, or any other person or entity which is not shown on the bond register as being a registered owner of any Series Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of, premium, if any, and interest on the Series Bonds, with respect to any notice which is permitted or required to be given to owners of Series Bonds under the Bond Resolution or this Series Resolution, with respect to the selection by DTC or any Participant of any person or entity to receive payment in the event of a partial redemption of the Series Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Series Bonds. So long as any Series Bond is registered in the name of Cede & Co., as nominee of DTC, the Trustee shall pay all principal of, premium, if any, and interest on such Series Bond, and shall give all notices with respect to such Series Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the Agency's obligations with respect to the principal of, premium, if any, and interest on the Series Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Series Bonds will be transferable to such new nominee in accordance with subsection (4) hereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) [Reserved].

(f) The average reasonably expected economic life of the Development within the meaning of Section 147(b) of the Code is not less than 25 years.

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

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

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

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

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

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

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

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

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

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

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

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

**Section 12. Discretion of Authorized Officer.** Notwithstanding anything contained in the foregoing sections of this Series Resolution, if an Authorized Officer, upon consultation with the Chair and upon the advice of bond counsel or counsel to the Agency, determines that it is not in the best interests of the Agency to issue and sell the Series Bonds or any portion thereof (subject to any applicable provisions of any bond purchase agreement theretofore executed or the terms

and conditions of the public sale of the Series Bonds following the award thereof), then such Series Bonds shall not be issued or sold in accordance with this Series Resolution.

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Adopted by the Minnesota Housing Finance  
Agency this 23rd day of May, 2024.

By: \_\_\_\_\_  
Chair

Attest: \_\_\_\_\_  
Commissioner

[Signature page to Resolution No. MHFA 24-027]

**EXHIBIT A****DESCRIPTION OF MORTGAGOR AND DEVELOPMENT**

<b><u>Mortgagor</u></b>	<b><u>Name</u></b>	<b><u>Location</u></b>	<b><u>Number of Units</u></b>
Carver County Community Development Agency (CCFDA) Carver Place LP	Carver Place	Carver, MN	60

**EXHIBIT B**  
**FORM OF 2024 SERIES C-1 BONDS**

No. \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

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

<u><b>Interest Rate</b></u>	<u><b>Maturity</b></u>	<u><b>Date of Original Issue</b></u>	<u><b>CUSIP</b></u>
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The Minnesota Housing Finance Agency, a public body corporate and politic organized and existing under the provisions of Minnesota Statutes, Chapter 462A, as amended, for value received promises to pay to

CEDE & CO.

or registered assigns, the principal sum of \_\_\_\_\_ DOLLARS

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

This Series C-1 Bond is one of a duly authorized series of Rental Housing Bonds, [2024] Series [C]-1, issued in the original aggregate principal amount of \$\_\_\_\_\_ (the "Series Bonds"), to provide funds needed to finance the acquisition and construction of a multifamily

housing development in Carver, Minnesota (the “Development”). The Series C-1 Bonds are issued under and pursuant to the Agency’s Bond Resolution, No. MHFA 88-12, dated February 25, 1988, as amended and supplemented, and its Series Resolution, No. MHFA 24-027, adopted May 23, 2024, to which resolutions, including all supplemental resolutions adopted pursuant to the provisions thereof, reference is made for a description of the revenues, money, securities, funds and accounts pledged to the Trustee for the security of the Holders of the Bonds, including the Series C-1 Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series C-1 Bonds, and the terms upon which the Bonds, including the Series C-1 Bonds, are issued, delivered and secured. The Series C-1 Bonds are issued contemporaneously with the Agency’s Rental Housing Bonds, 2024 Series C-2.

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

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

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

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

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

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

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

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

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

No Holder of any Bond may institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Bond Resolution or for the execution of any trust

thereunder or for any other remedy thereunder except upon the conditions therein provided, but nothing therein shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on each Bond, or the obligation of the Agency to pay the same at the time and place expressed in the Bond.

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

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

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

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

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

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

Date of Authentication: \_\_\_\_\_

Trustee's Certificate

MINNESOTA HOUSING FINANCE  
AGENCY

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

By: \_\_\_\_\_  
Chair (Facsimile Signature)

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

By: \_\_\_\_\_  
Authorized Representative

Attest: \_\_\_\_\_  
Commissioner (Facsimile Signature)

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## ASSIGNMENT

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

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(please print or type name and address of transferee)

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

Dated: \_\_\_\_\_

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

Signature Guaranteed: \_\_\_\_\_

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

Please insert social security or other identifying number of assignee:

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**EXHIBIT C**  
**FORM OF 2024 SERIES C-2 BONDS**

No. \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

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

<u><b>Interest Rate</b></u>	<u><b>Maturity</b></u>	<u><b>Date of Original Issue</b></u>	<u><b>CUSIP</b></u>
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The Minnesota Housing Finance Agency, a public body corporate and politic organized and existing under the provisions of Minnesota Statutes, Chapter 462A, as amended, for value received promises to pay to

CEDE & CO.

or registered assigns, the principal sum of \_\_\_\_\_ DOLLARS

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

This Series C-2 Bond is one of a duly authorized series of Rental Housing Bonds, [2024] Series [C]-2, issued in the original aggregate principal amount of \$\_\_\_\_\_ (the "Series Bonds"), to provide funds needed to finance the acquisition and construction of a multifamily

housing development in Carver, Minnesota (the “Development”). The Series C-2 Bonds are issued under and pursuant to the Agency’s Bond Resolution, No. MHFA 88-12, dated February 25, 1988, as amended and supplemented, and its Series Resolution, No. MHFA 24-027 adopted May 23, 2024, to which resolutions, including all supplemental resolutions adopted pursuant to the provisions thereof, reference is made for a description of the revenues, money, securities, funds and accounts pledged to the Trustee for the security of the Holders of the Bonds, including the Series C-2 Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series C-2 Bonds, and the terms upon which the Bonds, including the Series C-2 Bonds, are issued, delivered and secured. The Series C-2 Bonds are issued contemporaneously with the Agency’s Rental Housing Bonds, 2024 Series C-1.

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

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

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

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

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

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

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

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

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

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

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

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

[Remainder of page intentionally left blank]

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

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

Date of Authentication: \_\_\_\_\_

Trustee's Certificate

MINNESOTA HOUSING FINANCE  
AGENCY

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

By: \_\_\_\_\_  
Chair (Facsimile Signature)

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

By: \_\_\_\_\_  
Authorized Representative

Attest: \_\_\_\_\_  
Commissioner (Facsimile Signature)

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## ASSIGNMENT

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

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(please print or type name and address of transferee)

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

Dated: \_\_\_\_\_

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

Signature Guaranteed: \_\_\_\_\_

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

Please insert social security or other identifying number of assignee:

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**NEW ISSUE****Ratings: Moody's: "\_\_\_"  
S&P: "\_\_\_"**

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

**\$9,820,000\*****MINNESOTA HOUSING FINANCE AGENCY****\$4,625,000\* Rental Housing Bonds, 2024 Series C-1 (Non-AMT)****\$5,195,000\* Rental Housing Bonds, 2024 Series C-2 (Non-AMT)****Dated: Date of Delivery****Due: as shown on inside front cover***Tax Exemption*

Interest on the Series Bonds is excludable from gross income for federal income tax purposes, except for interest on any Series Bond for any period during which such Series Bond is held by a "substantial user" of the facilities financed by the Series Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Interest on the Series Bonds is excludable in taxable net income of individuals, trusts and estates for Minnesota income tax purposes. (For additional information, including further information on the application of federal and state alternative minimum tax provisions to the Series Bonds, see "Tax Exemption and Related Considerations" herein.)

*Redemption*

The Agency may redeem all or a portion of the Series Bonds by optional or special redemption and, with respect to the 2024 Series C-1 Bonds, by sinking fund redemption as described under "The Series Bonds" herein.

*Security*

Payment of principal and interest on the Series Bonds is secured, on an equal basis with payment of principal and interest on all Outstanding Bonds that the Agency has issued, and may subsequently issue, under the Bond Resolution, by a pledge of Bond proceeds, Mortgage Loans, Investments, Revenues and other assets held under the Bond Resolution. The Series Bonds are also general obligations of the Agency, payable out of any of its generally available moneys, assets or revenues. THE AGENCY HAS NO TAXING POWER. THE STATE OF MINNESOTA IS NOT LIABLE FOR THE PAYMENT OF THE SERIES BONDS AND THE SERIES BONDS ARE NOT A DEBT OF THE STATE. (See "Security for the Bonds.")

*Interest Payment Dates*

February 1 and August 1, commencing February 1, 2025.\*

*Denominations*

\$5,000 or any integral multiple thereof.

*Closing/Settlement*

On or about \_\_\_\_\_, 2024\* through the facilities of DTC in New York, New York.

*Bond Counsel*

Kutak Rock LLP.

*Underwriter's Counsel*

Dorsey &amp; Whitney LLP.

*Trustee*

Computershare Trust Company, National Association, in Minneapolis, Minnesota.

*Book-Entry-Only System*

The Depository Trust Company. (See Appendix E herein.)

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

**RBC Capital Markets**

The date of this Official Statement is

\_\_\_\_\_, 2024.

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\*Preliminary; subject to change.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES\*****\$4,625,000\* 2024 Series C-1 Bonds**

\$\_\_\_\_,000\* \_\_\_\_ % Series C-1 Term Bonds Due August 1, \_\_\_\_\* (CUSIP \*\*)

\$\_\_\_\_,000\* \_\_\_\_ % Series C-1 Term Bonds Due August 1, \_\_\_\_\* (CUSIP \*\*)

\$\_\_\_\_,000\* \_\_\_\_ % Series C-1 Term Bonds Due August 1, \_\_\_\_\* (CUSIP \*\*)

\$\_\_\_\_,000\* \_\_\_\_ % Series C-1 Term Bonds Due August 1, \_\_\_\_\* (CUSIP \*\*)

**\$5,195,000\* 2024 Series C-2 Bonds**

<b><u>Maturity Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>CUSIP**</u></b>
<b>August 1, 2026*</b>	<b>\$5,195,000*</b>	<b>____%</b>	

**Price of all Series Bonds — \_\_\_\_%**

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\*Preliminary, subject to change.

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



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

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

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

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

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

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## OFFICIAL STATEMENT

relating to  
\$9,820,000\*

### MINNESOTA HOUSING FINANCE AGENCY \$4,625,000\* Rental Housing Bonds, 2024 Series C-1 (Non-AMT) \$5,195,000\* Rental Housing Bonds, 2024 Series C-2 (Non-AMT)

This Official Statement (which includes the Appendices) provides certain information concerning the issuance and sale by Minnesota Housing Finance Agency (the “Agency”) of its Rental Housing Bonds, 2024 Series C-1 in the principal amount of \$4,625,000\* (the “Series C-1 Bonds”) and its Rental Housing Bonds, 2024 Series C-2 in the principal amount of \$5,195,000\* (the “Series C-2 Bonds” and together with the Series C-1 Bonds, the “Series Bonds”). The Agency is issuing the Series Bonds pursuant to Minnesota Statutes, Chapter 462A, as amended (the “Act”), a resolution of the Agency adopted February 25, 1988 (as amended and supplemented in accordance with its terms, the “Bond Resolution”), and a series resolution of the Agency adopted May 23, 2024 (the “Series Resolution”). (The Bond Resolution and the Series Resolution are herein sometimes referred to as the “Resolutions.”)

The Rental Housing Bonds Outstanding in the aggregate principal amount of \$79,545,000 as of May 31, 2024, the Series Bonds and any additional Rental Housing Bonds issued pursuant to the Bond Resolution (collectively referred to as the “Bonds”), are and will be equally and ratably secured under the Bond Resolution.

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

## INTRODUCTION

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

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

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

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\*Preliminary, subject to change.

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

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

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

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

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

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

## THE AGENCY

### Purpose

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

## Structure

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

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

*John DeCramer*, Chair — Term expired January 2024,\* Marshall, Minnesota – Magnetics Engineer

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

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

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

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

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

*Terri Thao*, Vice Chair — Term expired January 2024,\* St. Paul, Minnesota – Program Director

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\*Continues to serve until a successor is appointed and qualified.

## Staff

The staff of the Agency presently consists of approximately 300 persons, including professional staff members and contractors who have responsibilities in the fields of finance, law, mortgage underwriting, architecture, construction inspection and housing management. The Attorney General of the State of Minnesota provides certain legal services to the Agency.

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

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

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

for Supportive Housing and the Melville Charitable Trust. Ms. Ho received a Bachelor of Arts Degree in philosophy from Bryn Mawr College.

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

*Michael Solomon* — Chief Financial Officer, appointed effective August 2022. In this position, Mr. Solomon leads the finance and accounting teams of the Agency and provides strategic direction regarding the organization's financial resources. Prior to this position he served as Treasurer of the City of Saint Paul overseeing financial operations including cash, investment and debt management in addition to significant work in economic development and financial empowerment. He held other roles in the City's Office of Financial Services from 2012 to 2017 including Debt Manager leading the issuance of debt obligations from a variety of credits utilizing innovative financing tools. Mr. Solomon worked for a local municipal financial advisory and consulting firm from 2008 to 2012 specializing in the issuance and management of municipal debt. He received his degree in Financial Management from the University of St. Thomas in Saint Paul, Minnesota and is an active member of the Government Finance Officers Association, serving on its Treasury and Investment Management committee contributing to best practices and guidance used across the industry.

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

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

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

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

## **Independent Auditors**

The financial statements of the Agency as of and for the year ended June 30, 2023, included in this Official Statement as Appendix B-1, have been audited by RSM US LLP, independent auditors, as stated in their report appearing herein. RSM US LLP has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2023. RSM US LLP also has not performed any procedures relating to this Official Statement.

## **Financial Statements of the Agency**

The Agency financial statements included in this Official Statement as Appendix B-1 as of and for the fiscal year ended June 30, 2023 are presented in combined “Agency-wide” form followed by “fund” financial statements presented for its major funds in order to comply with the requirements of Statement No. 34 of the Governmental Accounting Standards Board (“GASB”).

Information regarding the Minnesota State Retirement System (“MSRS”), to which the Agency contributes, is included in Appendix B-1 in the Notes to Financial Statements at pages 71 through 74 under the heading “Defined Benefit Pension Plan.” The Agency’s allocable portion of net pension liability reported at June 30, 2023, with respect to MSRS was \$11.271 million. The Agency’s total net pension liability and post-employment benefits liability was \$13.428 million as of June 30, 2023.

In Appendix B-2 to this Official Statement, the Agency has included certain unaudited financial statements of the Agency (excluding State Appropriated and Federal Appropriated Funds) as of and for the nine months ended March 31, 2024. The Agency has prepared the information in Appendix B-2 and, in the opinion of the Agency, that information reflects all normal recurring adjustments and information necessary for a fair statement of the financial position and results of operations of the Agency (excluding State and Federal Appropriated Funds) for the period, subject to year-end adjustments. The information in Appendix B-2 is not accompanied by a statement from the independent auditors.

## **Disclosure Information**

The Agency will covenant in a Continuing Disclosure Undertaking for the benefit of the Owners and Beneficial Owners (as defined in Appendix C hereto) of the Series Bonds to provide annually certain financial information and operating data relating to the Agency (the “Agency Annual Report”) and to provide notices of the occurrence of certain enumerated events. (There is no other obligated person under the Continuing Disclosure Undertaking.) The Agency must file the Agency Annual Report no later than 120 days after the close of each fiscal year, commencing with the fiscal year ending June 30, 2024, with the Municipal Securities Rulemaking Board, at its EMMA internet repository. The Agency also must file notices of the occurrence of the enumerated events, if any, with EMMA. (See “Appendix C — Summary of Continuing Disclosure Undertaking.”)

During the prior five years, one disclosure report timely filed with EMMA was not timely linked to all outstanding CUSIPs for the associated Bonds of the Agency. The Agency timely filed the Agency Annual Report for its fiscal year ended June 30, 2019 with EMMA; however, that Agency Annual Report was not specifically linked to two CUSIPs for the Agency’s Residential Housing Finance Bonds, 2014 Series C, and three CUSIPs for the Agency’s Residential Housing Finance Bonds, 2014 Series E. The Agency posted that Annual Report to CUSIP 60416SHP8, the only one of the five omitted CUSIPs with respect to bonds still outstanding, on February 1, 2021. In addition, the Agency failed to file with EMMA within 10 business days of the occurrence of a May 22, 2023, downgrade of the short-term rating by S&P of the Agency’s Residential Housing Finance Bonds, 2019 Series H. The Agency did not receive any notice from S&P of that downgrade, which was triggered by the downgrade by S&P of the liquidity provider for those bonds. Upon discovery of the downgrade on July 6, 2023, the Agency that same day posted notice with EMMA of both the downgrade and failure to file to CUSIP 60416SP61. Also, on June 29, 2023, and July 27, 2023, the Agency entered into derivative agreements with The Bank of New York Mellon in connection with the Agency’s Residential Housing Finance Bonds, 2023 Series I, with an issuance date of July 26, 2023, and Residential Housing Finance Bonds, 2023 Series K, with an issuance date of August 24, 2023, respectively. On August 23, 2023, the day after the Agency discovered that it had failed to file event notices regarding each of these financial obligations within 10 business days of their respective incurrence, the Agency posted notice of both the incurrence of those

financial obligations and its failure to file to all CUSIPS of its bonds for which it had an obligation to report these events.

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

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

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

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

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

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

Under the net position requirements and investment guidelines effective January 23, 2014, the required size of Pool 1 (which is intended to be a liquidity reserve) is 1 percent of gross loans receivable (excluding mortgage-backed securities, appropriated loans and loans credited to Pool 3) and the required size of Pool 2 is an amount that would cause the combined net position (exclusive of unrealized gains and losses resulting from marking to market investment securities, including mortgage-backed securities, and swaps entered into by the Agency for which the unrealized loss or gain will not be realized if the security or swap is held to maturity or its optional termination date; and realized gains and losses resulting from the purchase and sale of investment securities between Agency funds) in the General Reserve, in Pool 2, and in the funds pledged under bond resolutions to be at least equal to the combined net position of the same funds as of the immediately preceding fiscal year end. Currently, this amount is \$492.196 million, representing the combined net position of these funds so calculated as of June 30, 2023. Pool 2 is intended to comprise amortizing interest-bearing housing loans or investment grade securities. Pool 1 and Pool 2 represent, with assets pledged to pay bonds of the Agency, the sustainable lending operations of the Agency. Pool 3 represents the more mission-intensive operations of the Agency and is intended to comprise deferred, zero percent and low interest-rate loans and grants and, for unapplied funds, investment grade securities. Pool 3 is not subject to the investment guidelines. Loan activity related to loans financed by funds in Pool 2 and Pool 3 is recorded as part of the Alternative Loan Fund. The Agency approves all interfund transfers. A further discussion of Pools 1, 2 and 3 and the amounts

credited thereto as of June 30, 2023 appears in the Notes to Financial Statements of the Agency included in Appendix B-1 to this Official Statement at pages 69 and 70 under the heading “Net Position — Restricted by Covenant.”

The following summary indicates the revenues earned, the expenses paid, and funds transferred to and from the General Reserve (which contains Pool 1 and net investment in capital assets), for the two most recent audited fiscal years of the Agency and for the nine-month period ended March 31, 2024 (unaudited) (in thousands):

	Nine months Ended March 31, 2024 <u>(unaudited)</u>	Fiscal Year Ended <u>June 30, 2023</u>	Fiscal Year Ended <u>June 30, 2022</u>
<b>Revenues</b>			
Fees earned and other income <sup>(1)</sup>		\$14,901	\$12,372
Interest earned on investments		823	157
Unrealized gain (loss) on investments		--	--
Administrative reimbursement <sup>(2), (3)</sup>		<u>34,959</u>	<u>31,161</u>
Total revenues		50,673	43,690
<b>Expenses</b>			
Salaries and benefits		29,219	17,676
Other general operating expenses		5,574	4,282
Interest		<u>359</u>	<u>423</u>
Total expenses		35,152	22,381
Revenues over expenses		15,521	21,309
Non-operating transfer of assets between funds <sup>(4)</sup>		(14,922)	(22,153)
Change in net position		599	(844)
Net position beginning of period		<u>8,891</u>	<u>9,735<sup>(5)</sup></u>
Net position end of period		<u>\$9,490</u>	<u>\$8,891</u>

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- (1) Fees earned consist primarily of fees collected in conjunction with the administration of the low income housing tax credit program and HUD contract administration of certain non-Agency financed Section 8 developments.
  - (2) The Agency transfers bond funds to the General Reserve for administrative reimbursement in accordance with the Agency's Affordable Housing Plan based on the adjusted assets of the bond funds. Adjusted assets are defined generally as total assets (excluding the reserve for loan loss), unrealized gains or losses on investments (including mortgage-backed securities and interest rate swap agreements), deferred loss on interest rate swap agreements and assets relating to escrowed debt.
  - (3) Reimbursement from appropriated accounts consists of the portion of direct and indirect costs of administering the programs funded by the appropriations. The Agency recovers costs associated with administering state appropriations only to the extent of interest earnings on the appropriations. Costs associated with administering federal appropriations generally are recovered from the appropriations.
  - (4) The Agency may transfer excess assets from bond funds to the General Reserve to the extent permitted by the resolution or indenture securing bonds of the Agency. In addition, the Agency may transfer funds in excess of the requirement for Pool 1 from the General Reserve to the Alternative Loan Fund. See the comments under the headings “Interfund Transfers” and “Net Position Restricted by Covenant” in the Notes to Financial Statements of the Agency in Appendix B-1 to this Official Statement for additional information.
  - (5) Adjusted pursuant to required GASB 87 treatment of Leases as of July 1, 2021.



## State Appropriations

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

Over the biennial periods ended June 30, 2015, through June 30, 2023, the total appropriations to the Agency aggregated approximately \$562.15 million. For the biennial period ending June 30, 2025, the Legislature has appropriated approximately \$1.065 billion to the Agency.

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

## Agency Indebtedness

The principal amount of general obligation bonds and notes of the Agency that are outstanding at any time (excluding the principal amount of any refunded bonds and notes) is limited to \$5,000,000,000 by State statute. The following table lists the principal amounts of general obligation indebtedness of the Agency outstanding as of May 31, 2024:

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds.....	12	2054	\$ 80,340	\$ 79,545
Residential Housing Finance Bonds.....	96	2054	5,222,140	3,734,095
Homeownership Finance Bonds.....	59	2052	2,674,572	953,770
Multifamily Housing Bonds (Treasury HFA Initiative) .....	1	2051	15,000	12,300
General Purpose Bonds.....	1	2039	60,000	60,000
Totals.....	169		\$8,052,052	\$4,839,710

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

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

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

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

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

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

From time to time, beginning in 2012, the Legislature has authorized the Agency to issue housing infrastructure bonds (the “Housing Infrastructure Bonds”) for various purposes payable, like the Nonprofit Housing Bonds, solely from a standing appropriation from the State General Fund and not from any other funds or assets of the Agency. The aggregate principal amount of Housing Infrastructure Bonds that the Agency may issue is \$515,000,000. The Agency has issued 32 series of its State Appropriation Bonds (Housing Infrastructure) in 2013 through 2023 in an aggregate principal amount of \$498,130,000 under a separate indenture of trust.

On December 23, 2021, the Agency issued its Third Amended and Restated Bank Note (the “Amended Bank Note”) to Royal Bank of Canada (the “Bank”), pursuant to a Revolving Credit Agreement dated as of June 1, 2018, as amended by a First Amendment to Revolving Credit Agreement dated as of October 28, 2019, a Second Amendment to Revolving Credit Agreement dated as of November 22, 2019, a Third Amendment to Revolving Credit Agreement dated as of November 12, 2020, a Fourth Amendment to Revolving Credit Agreement dated as of February 25, 2021, a Fifth Amendment to Revolving Credit Agreement dated as of December 23, 2021, a Sixth Amendment to Revolving Credit Agreement dated as of December 14, 2022 and a Seventh Amendment to Revolving Credit Agreement dated as of December 22, 2023 (the “Amended Revolving Credit Agreement”), and as further amended from time to time, for the purpose of preserving current private activity bond volume cap by refunding the maturing principal or redemption price, as the case may be, of portions of Homeownership Finance Bonds and Residential Housing Finance Bonds previously issued by the Agency (collectively, the “Single Family Housing Bonds”). Upon the refunding of Single Family Housing Bonds with amounts advanced to the Agency pursuant to the Amended Revolving Credit Agreement as evidenced by the Amended Bank Note, funds representing prepayments and repayments of mortgage loans financed with Single Family Housing Bonds, and other amounts available under the applicable bond resolution for the payment of those Single Family Housing Bonds, will be deposited into a cash collateral fund established under a separate amended and restated indenture of trust, as amended (the “2018 Revolving Credit Indenture”), between the Agency and Computershare Trust Company, National Association, as successor trustee, as security for the repayment of the principal amount of the Amended Bank Note that has been advanced to the Agency. The Bank agrees to make advances until December 27, 2024, a later date if extended by the Bank or an earlier date upon an event of default or a termination pursuant to the terms of the Amended Revolving Credit Agreement or if the Agency elects an earlier termination. The amount of the advances outstanding and not repaid with respect to the Amended Bank Note bear interest at a variable interest rate equal to the forward looking Term SOFR Reference Rate for the following one month interest period plus a spread (currently 0.65%) and may not exceed \$75,000,000 at any time, and the cumulative amount of the advances made may not exceed \$1,700,000,000. The obligation of the Agency to pay the interest on, but not the principal of, the Amended Bank Note is a general obligation of the Agency. The Agency has requested advances in the aggregate principal amount of \$[1,189,879,799, \$17,207,136] of which is outstanding.

### **Agency Continuity of Operations Plan**

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

## Cybersecurity

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

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

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

## THE DEVELOPMENT

### The Development

The Agency intends to use the proceeds of the Series C-1 Bonds to make a long-term first lien Mortgage Loan and the proceeds of the Series C-2 Bonds to make a short-term second lien Mortgage Loan that will finance a portion of the costs of the acquisition and construction of a multifamily housing development. The Development, known as Carver Place, will be the acquisition and construction of a three-story elevator building, located in Carver, Minnesota. The Development will have 60 residential units. The total development cost is estimated to be approximately \$19.739 million. The Development is expected to be completed by \_\_\_\_\_. The Development will be acquired and constructed by CCCDA Carver Place LP, a Minnesota limited partnership.

The Agency expects to use the proceeds of the Series C-1 Bonds to be deposited in the Mortgage Loan Account to make a first lien Mortgage Loan with respect to the Development on the date of issuance of the Series Bonds. The first lien Mortgage Loan, in the principal amount of \$4.625 million\* will be amortized in level monthly payments of principal and interest over a term of 30 years, commencing on \_\_\_\_\_, with a balloon payment due on \_\_\_\_\_, 204\_.\* The first lien Mortgage Loan has been established in an amount estimated to be supported by the net operating income of the Development and will be insured upon completion under the HUD Risk-Sharing Program, with HUD through the Federal Housing Administration insuring 100% of any loss less certain deductions and the Agency reimbursing HUD for 50% of any loss. (See "The Rental Housing Program—Low and Moderate Income

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\*Preliminary, subject to change.

Rental Program.”) The Agency expects to use the proceeds of the Series C-2 Bonds to be deposited in the Mortgage Loan Account to make a non-amortizing second lien bridge Mortgage Loan with respect to the Development on the date of issuance of the Series Bonds. That bridge Mortgage Loan, in the total principal amount of \$5.195 million,\* will mature in full on \_\_\_\_\_\* and will be secured in part by a guaranty from Carver County Community Development Agency, local government agency of the State. The Agency will also make two zero percent deferred payment loans in the approximate aggregate principal amount of \$7.050 million\* for the benefit of the Development. The bridge Mortgage Loan is expected to be repaid from a portion of those loans together with equity contributions from the tax credit investor.

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

Seven of the units in the Development will be benefitted by Housing Support rental assistance provided by \_\_\_\_\_.

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

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

*Sources:*

Principal Amount of Series Bonds .....	\$9,820,000*
Funds Available to the Agency .....	_____
Total Sources of Funds.....	<u>\$_____.</u>

*Uses:*

Series C Mortgage Loan Account .....	\$9,820,000*
Revenue Fund .....	_____
Debt Service Reserve Fund .....	_____
Costs of Issuance .....	_____
Total Uses of Funds .....	<u>\$_____.</u>

### **THE SERIES BONDS**

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

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

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

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\*Preliminary, subject to change.

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

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

### **Sinking Fund Redemption of Series C-1 Bonds**

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

<u>Date</u> *	<u>Principal Amount</u> *	<u>Date</u> *	<u>Principal Amount</u> *
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The Series C-1 Bonds maturing on August 1, \_\_\_\_\* are subject to mandatory redemption in part on each February 1 and August 1, commencing \_\_\_\_ 1, \_\_\_\_\* and concluding \_\_\_\_ 1, \_\_\_\_\*, at their principal amount plus accrued interest, without premium, from funds in the Sinking Fund Account, in the years and in the principal amounts as follows:

<u>Date</u> *	<u>Principal Amount</u> *	<u>Date</u> *	<u>Principal Amount</u> *
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The Series C-1 Bonds maturing on August 1, \_\_\_\_ are subject to mandatory redemption in part on each February 1 and August 1, commencing \_\_\_\_ 1, \_\_\_\_\* and concluding \_\_\_\_ 1, \_\_\_\_\*, at their principal amount plus accrued interest, without premium, from funds in the Sinking Fund Account, in the years and in the principal amounts as follows:

<u>Date</u> *	<u>Principal Amount</u> *	<u>Date</u> *	<u>Principal Amount</u> *
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\*Preliminary, subject to change.

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

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

### **Special Redemption at Par**

The Agency may redeem the Series Bonds, at its option, in whole or in part on any date, at a redemption price equal to the principal amount thereof plus accrued interest, without premium, (i) from unexpended proceeds of the Series Bonds not used to finance the Development, together with amounts allocable to the Development on deposit in the Debt Service Reserve Fund; (ii) in the event the Agency receives or recovers Recovery Payments (as defined in Appendix D) relating to the Development; and (iii) with respect to the Series C-1 Bonds, in the event the Agency receives a Prepayment relating to the Development upon a determination by HUD that such Prepayment will avoid a mortgage insurance claim and is therefore in the best interests of the federal government. The Agency will apply any unexpended proceeds, Recovery Payments or Prepayments to the redemption of Series Bonds, as determined by the Agency. If Recovery Payments or Prepayments are not sufficient to redeem all Outstanding Series Bonds, the Agency may apply other funds to redeem the Series Bonds in addition to the Recovery Payments or Prepayments.

### **Optional Redemption**

The Agency may redeem the Series C-1 Bonds at its option, in whole or in part, on any date on or after August 1, 2032,\* in amounts as the Agency may designate, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium. The Agency may redeem the Series C-2 Bonds at its option, in whole or in part, on any date on or after \_\_\_\_\_ 1, 2025,\* in amounts as the Agency may designate, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

### **General Redemption Provisions**

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\*Preliminary, subject to change.

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

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

## **SECURITY FOR THE BONDS**

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

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

### **Mortgage Loans**

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

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

Agency may forgive a portion of the interest on any Mortgage Loan provided that, after giving effect to the reduction and all similar reductions then in effect, the Agency continues to comply with the covenant.

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

Appendix A to this Official Statement contains a brief description of the Mortgage Loans outstanding as of December 31, 2023 that have been financed by Bonds or that have been pledged as additional security under the Bond Resolution for the payment of Outstanding Bonds.

### **Debt Service Reserve Fund**

The Debt Service Reserve Requirement for the Series C-1 Bonds is \$\_\_\_\_\_,\* which is equal to the maximum annual debt service payable on Outstanding Series C-1 Bonds in any future fiscal year of the Agency. Upon issuance of the Series C-1 Bonds, cash or Investment Obligations valued at not less than \$\_\_\_\_\_,\* as calculated under the Bond Resolution, and acquired with Agency funds, not proceeds of the Series Bonds, will be deposited into the Debt Service Reserve Fund to meet the Debt Service Reserve Requirement for the Series C-1 Bonds.

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

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

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

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\*Preliminary, subject to change.



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

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

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

#### **Additional Bonds**

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

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

#### **State Pledge Against Impairment of Contracts**

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

### **THE RENTAL HOUSING PROGRAM**

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

The precise nature of the multifamily housing programs financed under the Bond Resolution has varied over the years and is expected to continue to vary based on the housing needs of the State of Minnesota and resources available to address those needs. There follows a description of the housing programs for which there are loans outstanding that were either funded from Bond proceeds under the Bond Resolution or are pledged as additional security under the Bond Resolution. All of the Developments financed under the Bond Resolution in recent years have been processed under the Low and Moderate Income Rental Program, either as long-term loans or as bridge loans.

Recently originated loans have included the acquisition and construction of rental properties that will be eligible for federal low-income housing tax credits and loans for the preservation of existing federal subsidies under the Section 8 program.

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

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

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

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

—Market Rate Mortgage Loan Program

The following table provides summary data regarding the outstanding loans financed or pledged as a portion of the security for the Rental Housing Bond Resolution as of December 31, 2023 for the programs as listed above:

*Rental Housing Program Mortgage Loan Program Summary as of December 31, 2023*

Program	Number of Loans	Number of Units	Outstanding Loan Amount	Percentage of Total Amount
Section 8 Housing Assistance Payments/Asset Management Program*	9	656	\$17,252,925	9.14%
Low and Moderate Income Rental Program** .....	64	4,251	170,361,479	90.21
Market Rate Mortgage Loan Program ...	2	163	1,228,523	0.65
	<u>75</u>	<u>5,070</u>	<u>\$188,842,927</u>	<u>100.00%</u>

\*Includes six HUD Risk-Sharing loans for Developments originally financed with loans originated under this program with 538 aggregate units and an aggregate outstanding loan amount of \$16,124,031.

\*\*Includes 39 HUD Risk-Sharing loans for Developments with 2,696 aggregate units and an aggregate outstanding loan amount of \$77,893,212, including one loan for a Development with 30 units and an aggregate outstanding loan amount of \$1,771,843 that was a refinance of an existing third-party loan, and eight bridge loans for Developments with 490 units and an aggregate outstanding loan amount of \$65,000,000, including one bridge loan for a Development with 52 units and an aggregate outstanding loan amount of \$10,640,000 that is not bridging a Low and Moderate Income end loan.

### **Low and Moderate Income Rental Program**

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

In the LMIR Program, which is administered by the Multifamily Division of the Agency, the Agency uses the proceeds of Bonds issued under the Bond Resolution to provide permanent and construction loan financing for the acquisition/rehabilitation or construction of multifamily housing Developments. The Agency, under the LMIR

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

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

#### *HUD Risk-Sharing Program*

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

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

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

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

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

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

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

### **The Agency Regulatory Agreement**

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

### **Section 8 Program**

#### *General Description*

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

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

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

### **Certain Information Regarding Housing Assistance Payment Contracts**

#### *General*

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

#### *Adjustments in Contract Rents*

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

payments of interest and principal on the Bonds with amounts pledged under the Bond Resolution. (See “Certain Recent Developments.”)

#### *Limitations on Increases in Housing Assistance Payments*

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

#### *Certain Recent Developments*

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

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

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

At this time, the Agency cannot predict the terms of the legislation, if any, that may be enacted with respect to HUD. Legislation could significantly change HUD’s structure, its administration and its programs (including the Section 8 program), and the funding of HUD and its programs. The Agency also cannot predict whether any

legislation, if enacted, would adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds (including the Series Bonds) with amounts pledged under the Resolutions.

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

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

### **Project-Based Vouchers**

Recently, the Agency has been working with local housing and redevelopment authorities and public housing authorities to provide for project-based Section 8 Housing Choice Vouchers for a portion of the units in a Development financed under the LMIR Program. Under this program, approximately 20 percent of the units in a Development receive year-to-year project-based Housing Choice Vouchers with the rents set at the Section 8 Existing Housing Fair Market Rent (“FMR”) or payment standard. The Agency has found that the HUD-published FMR or payment standard

is typically less than the market rent that could be charged without the subsidy; therefore, staff considers there to be minimal risk in the event of nonrenewal of the year-to-year ACC.

## **Section 8 Contract Administration**

In 2000, the Agency was awarded an Annual Contributions Contract (“ACC”) with HUD as a Performance-Based Contract Administrator (“PBCA”) for the contract administration of a portion of HUD’s project-based Section 8 portfolio. Under the ACC, HUD partners with qualified entities for the administration of Section 8 HAP Contracts made directly between HUD and owners of the affected developments. In 2011, HUD held a national competitive rebid to qualified entities for the work performed under the ACC. The Agency was one of 11 states that had only one bid and were awarded a contract uncontested. As a result, the Agency was awarded a new two-year PBCA contract for the State of Minnesota, which was originally set to expire on September 30, 2013. The Agency has been granted extensions of its ACC since September 30, 2013. The most recent extension is in effect through July 31, 2024. The 2011 national rebid process resulted in a number of bid protests. As a result of those protests and the resultant litigation, the U.S. Court of Appeals for the Federal Circuit ruled that the PBCA ACCs should be awarded through the federal procurement process rather than the Notice of Funding Availability and cooperative agreements that HUD used in making its 2011 contract awards. The Supreme Court declined to review the ruling.

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

## **Market Rate Mortgage Loan Program**

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

## **Monitoring of Developments**

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

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



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

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

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

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

- (i) Monthly Operating Report—due the 15th day of the following month;
- (ii) Analysis of Accounts Payable and Receivable—due the 15th day of the month following the end of each quarter;
- (iii) Analysis of Reserve Accounts—prepared monthly by Asset Management staff;
- (iv) Annual Budget—due 60 days prior to the beginning of the fiscal year to which the budget relates; and
- (v) Annual Audited Financial Statements—due not more than 90 days (60 days for HUD Risk Share) following the end of each fiscal year.

For seasoned, well-maintained, financially sound Developments, the Agency may only require annual operating reports in the future.

- *Training Sessions.* The Agency provides technical assistance when needed for new management agents and the on-site resident manager to acquaint them with Agency and HUD procedures and requirements. Technical assistance is provided, as needed, throughout the life of the Mortgage Loan.

### **Applicable Federal Law Requirements**

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

## **OTHER PROGRAMS**

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

## **TAX EXEMPTION AND RELATED CONSIDERATIONS**

### **Series Bonds – Federal Tax Matters**

**General.** In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series Bonds is excludable from gross income for federal income tax purposes, except for interest on any Series Bond for any period during which such Series Bond is held by a "substantial user"

of the facilities financed by the Series Bonds or a “related person” within the meaning of Section 147(a) of the Code, and interest on the Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion described above assumes the accuracy of certain representations and compliance by the Issuer and the Borrower with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series Bonds. Failure to comply with such requirements could cause interest on the Series Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series Bonds. The Issuer and the Borrower have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series Bonds.

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

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

### **State Tax Matters**

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

### **Backup Withholding.**

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

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

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

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

## **LITIGATION**

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

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

## **LEGAL MATTERS**

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

## **FINANCIAL ADVISOR**

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

## **RATINGS**

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

## **TRUSTEE**

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

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

## **UNDERWRITING**

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

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

The Underwriter is a subsidiary of Royal Bank of Canada.

## **MISCELLANEOUS**

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

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

## **MINNESOTA HOUSING FINANCE AGENCY**

\_\_\_\_\_, 2024. By \_\_\_\_\_  
Commissioner

## **APPENDIX A**

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

**APPENDIX B-1**

**AUDITED FINANCIAL STATEMENTS OF THE AGENCY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**APPENDIX B-2**

**FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY  
(EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS)  
AS OF MARCH 31, 2024  
AND FOR THE NINE MONTHS THEN ENDED (UNAUDITED)**

## APPENDIX C

### SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

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

#### **Purpose**

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

#### **Definitions**

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

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

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

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

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

“*Commission*” means the Securities and Exchange Commission.

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

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

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

1. Principal and interest payment delinquencies;
2. Nonpayment-related defaults, if material;



3.       Unscheduled draws on debt service reserves reflecting financial difficulties;
4.       Unscheduled draws on credit enhancements reflecting financial difficulties;
5.       Substitution of credit or liquidity providers, or their failure to perform;
6.       Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7.       Modifications to rights of security holders, if material;
8.       Bond calls, if material, and tender offers;
9.       Defeasances;
10.      Release, substitution or sale of property securing repayment of the securities, if material;
11.      Rating changes;
12.      Bankruptcy, insolvency, receivership or similar event of the Agency (within the meaning of the Rule);
13.      The consummation of a merger, consolidation or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14.      Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15.      Incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and
16.      Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

“*Listed Events Disclosure*” means dissemination of a notice of a Listed Event as described under the heading “Listed Events Disclosure” in this Appendix C.

“*MSRB*” means the Municipal Securities Rulemaking Board.

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

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

“Rule” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“Undertaking” means the obligations of the Agency described under the headings “Annual Financial Information Disclosure” and “Listed Events Disclosure” in this Appendix C.

### **Annual Financial Information Disclosure**

The Agency shall disseminate the Annual Financial Information and the Audited Financial Statements (in the form and by the dates set forth below) for each fiscal year of the Agency, commencing with the fiscal year ending June 30, 2024, by one of the following methods: (i) the Agency may deliver such Annual Financial Information and the Audited Financial Statements to the MSRB within 120 days of the completion of the Agency’s fiscal year or (ii) delivery of an Official Statement of the Agency to the MSRB within 120 days of the completion of the Agency’s fiscal year, but only to the extent such Official Statement includes such Annual Financial Information and Audited Financial Statements.

The Agency is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

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

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

All or a portion of the Annual Financial Information and the Audited Financial Statements may be included by reference to other documents which have been submitted to the MSRB or filed with the Commission. The Agency shall clearly identify each such item of information included by reference.

Annual Financial Information will be provided to the MSRB within 120 days after the last day of the Agency’s fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, and Audited Financial Statements will be provided to the MSRB within 10 business days after availability to the Agency.

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

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

### **Listed Events Disclosure**

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

### **Consequences of Failure of the Agency To Provide Information**

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

In the event of a failure of the Agency to comply with any provision of this Disclosure Undertaking, the Bondholder or Beneficial Owner of any Series Bond may seek specific performance by court order to cause the Agency to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution or any other agreement, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Agency to comply with this Disclosure Undertaking shall be an action to compel performance.

### **Amendment; Waiver**

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

- (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Agency or type of business conducted;
- (ii) This Disclosure Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (iii) The amendment or waiver does not materially impair the interests of the Bondholders of the Series Bonds, as determined either by parties unaffiliated with the Agency (such as the Trustee) or by an approving vote of the Bondholders of the Series Bonds holding a majority of the aggregate principal amount of the Series Bonds (excluding Series Bonds held by or on behalf of the Agency or its affiliates) pursuant to the terms of the Resolution at the time of the amendment; or
- (iv) The amendment or waiver is otherwise permitted by the Rule.

### **Termination of Undertaking**

The Undertaking of the Agency shall be terminated when the Agency shall no longer have any legal liability for any obligation on or relating to the repayment of the Series Bonds. The Agency shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

### **Additional Information**

Nothing in this Disclosure Undertaking shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Agency chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Agency shall not have any obligation under this Disclosure Undertaking to update such information or include it in any future disclosure or notice of the occurrence of a Listed Event.

### **Beneficiaries**

This Disclosure Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Disclosure Undertaking shall inure solely to the benefit of the Agency, the Bondholders and Beneficial Owners of the Series Bonds, and shall create no rights in any other person or entity.

### **Recordkeeping**

The Agency shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

*The Bond Resolution contains various covenants and security provisions, certain of which are summarized below. The summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Bond Resolution, to which reference is hereby made, copies of which are available from the Agency or the Trustee.*

#### **Resolution Constitutes Contract with Trustee and Bondholders**

Upon acceptance by the Trustee of the trusts created in the Bond Resolution and upon the purchase of Bonds by a Holder thereof, the Bond Resolution and applicable Series Resolution shall constitute a contract of the Agency with the Trustee and the Bondholders. The pledge made and security interests granted in the Bond Resolution are for the equal benefit, protection and security of all such Bondholders; all Bonds shall be of equal rank without preference, priority or distinction except as expressly provided or permitted in the Bond Resolution. The Agency covenants that it will cause to be deposited with the Trustee all proceeds of Bonds, all Mortgages, Mortgage Loans, and other securities purchased from Bond Proceeds and all income thereon. The pledge of the Agency is valid and binding from the time when made and all Mortgages, Mortgage Loans, securities and income thereon pledged and received by the Agency shall be subject to the lien thereof. The Agency pledges its full faith and credit for payment of principal, interest, and premium, if any, on the Bonds; the Bonds are a general obligation of the Agency. The State has pledged to and agreed with the Bondholders that it will not limit or alter the rights vested in the Agency nor impair the rights or remedies of the Bondholders until the Bonds, together with interest due, are fully paid.

#### **Definitions**

The following are definitions of certain terms used in the Bond Resolution and in this Official Statement (but not otherwise defined herein).

*Accreted Value:* for any Capital Accumulator Bond or Bonds, as of any date, the value (which may be rounded to the nearest dollar) resulting from the compounding of interest on the original principal amount and accretion thereof to principal on each prior Interest Payment Date at the approximate yield expressed in the Bond and provided in the applicable Series Resolution.

*Agency Hedge Payment:* a payment due to a Hedge Counterparty from the Agency pursuant to the applicable Hedge Agreement (excluding, however, payments in respect of any early termination of such Hedge Agreement).

*Bond Requirement:* as of any particular date of calculation, the sum of (i) that amount of the interest to become due on each Series of Outstanding Bonds at its next Interest Payment Date the deposit of which, once each month between that and the last such Interest Payment Date (or if none, since the Issue Date), would produce a sum sufficient to pay such interest, (ii) that amount of the Principal Installment due on each Series of Outstanding Bonds at its next Principal Installment Date, the deposit of which, once each month between that and the last such Principal Installment Date (or if none, once each month for a period of twelve months prior to the next Principal Installment Date), would produce a sum sufficient to pay such Principal Installment; (iii) any amount referred to in clause (i) and (ii) which has not been deposited in the Bond Fund in any month preceding the date of calculation; (iv) any Principal Installment and interest due and unpaid before the date of calculation; and (v) interest accrued on any such Principal Installment and (to the extent lawful) on any such interest, at the same rate as that borne by the Principal Installment before its maturity; provided that if, as of the date of calculation, the interest rate on any Variable Rate Bonds cannot be determined for any period before the next Interest Payment Date therefor, the interest rate for such period shall be assumed to be the Maximum Rate for such Variable Rate Bonds.

*Capital Accumulator Bond:* any Bond the interest on which is not currently payable on Interest Payment Dates during each year of its term (or portion of its term) but accrues and is accreted to principal on each Interest

Payment Date and is payable as part of the Accreted Value of the Bond at maturity, or at a prior date on which the Bond is duly called for redemption, as provided in the applicable Series Resolution.

*Current Interest Bond:* any Bond the interest on which is payable on Interest Payment Dates during each year of its term (or portion of its term), or to a prior date on which the Bond is duly called for redemption, as provided in the applicable Series Resolution.

*Debt Service Reserve Requirement:* as of any particular date of computation, an amount of money (or cash equivalent available under a letter of credit, insurance policy, surety bond or similar security instrument issued by an institution whose debt obligations at the time of such issuance are rated as high as or higher than the Bonds by a nationally recognized bond rating agency) equal to the sum of amounts computed for each Series of Outstanding Bonds, each in accordance with the applicable Series Resolution.

*Development:* a specific improvement or structure constituting residential housing as defined in the Act, containing units for possession pursuant to a leasehold estate or cooperative ownership, and financed in whole or in part by the issuance of Bonds or Notes.

*Escrow Payment:* any payment made in order to obtain or maintain mortgage insurance and fire and other hazard insurance, including payments for any Federal, state, local or private program intended to assist in providing Mortgages, and any payments required to be made with respect to Mortgages for taxes or other governmental charges or other similar charges to a Mortgagor customarily required to be escrowed, and payments or charges constituting construction or operating contingency, performance or completion or replacement reserves required pursuant to the applicable Mortgage Loan or any Subordinate Mortgage Loan.

*Expense Requirement:* such amount of money as may from time to time by Series Resolution or Supplemental Bond Resolution of the Agency be determined to be necessary for the payment of costs and expenses of the Agency pursuant to the Program (other than costs and expenses properly payable from a Cost of Issuance Account), and including any Agency Hedge Payments owing from time to time to a Hedge Counterparty pursuant to a Hedge Agreement and any fees or expenses owing from time to time to a person or entity providing credit or liquidity support or remarketing services in respect of any Bonds.

*Hedge Agreement:* a payment exchange agreement, swap agreement, forward agreement or any other hedge agreement between the Agency and a Hedge Counterparty, as amended or supplemented, providing for payments between the parties based on levels of, or changes in, interest rates or other indices, including, without limitation, interest rate exchange agreements, floors or caps, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to any Bonds outstanding or proposed to be issued and which is entered into in accordance with the requirements described under the subheading "Hedge Agreements."

*Hedge Counterparty:* any person or entity with whom the Agency shall from time to time enter into a Hedge Agreement, as specified in a Series Resolution or other resolution of the Agency.

*Hedge Counterparty Guarantee:* a guarantee in favor of the Agency given in connection with the execution and delivery of a Hedge Agreement, as specified in a Series Resolution or other resolution of the Agency.

*Interest Payment Date:* each date on which interest on any Series of Bonds is required to be paid under the applicable Series Resolution.

*Investment Obligation:* any of the following, including puts and call options in future contracts traded on a contract market designated and regulated by a federal agency, which at the time are legal investments for Fiduciaries under the laws of the State for moneys held hereunder which are then proposed to be invested therein: (i) direct general obligations of the United States of America; (ii) obligations the payment of the principal of and interest on which, in the opinion of the Attorney General of the United States, is unconditionally guaranteed by the United States; (iii) bonds, debentures, participation certificates, notes or other debt issued by any of the following: Bank for Cooperatives, Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal National Mortgage Association, Export Import Bank of the United States, Farmer's Home Administration, Federal Home Loan Mortgage Corporation or Government National Mortgage Association, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of the Congress of

the United States as an agency or instrumentality thereof or sponsored thereby; (iv) direct and general obligations of any state within the United States or of any political subdivision of the State of Minnesota, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (v) interest bearing deposit accounts in savings and loan associations or in state, national or foreign banks (including the Trustee and any Paying Agent), provided that either said deposits are insured by the Federal Deposit Insurance Corporation, are secured by obligations described in clauses (i) through (iii) above, or at the time the purchase is made the debt obligations of the depository are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vi) bankers' acceptances drawn on and accepted by commercial banks whose debt obligations at the time the purchase is made are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vii) commercial paper issued by United States corporations or their Canadian subsidiaries rated at the time the purchase is made in the highest rating category for commercial paper by each Rating Agency providing a Rating on Outstanding Bonds and maturing in 270 days or less; (viii) repurchase agreements and reverse repurchase agreements with banks which (1) are members of the Federal Deposit Insurance Corporation and (2) are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (i) through (iii) of this sentence; (ix) guaranteed investment contracts or similar deposit agreements with insurance companies with a claims paying rating from each Rating Agency providing a Rating on Outstanding Bonds at the time the contract or agreement is made at least equal to the respective Rating of the Bonds by the related Rating Agency, or with other financial institutions or corporations provided, at the time the contract or agreement is made, the debt obligations of any such financial institution or corporation are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds or such contracts or agreements are secured by obligations described in clauses (i), (ii), (iii) and (viii) above; (x) shares in an investment company registered under the Federal Investment Company Act of 1940 whose shares are registered under the Federal Securities Act of 1933, or shares of a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least \$50,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, and whose only investments are qualified investments described in clauses (i), (ii), (iii) and (viii) above; (xi) notes, bonds, debentures or other debt issued or guaranteed by domestic corporations, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (xii) notes, bonds, debentures or other debt issued by the World Bank or the Inter-American Development Bank, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; and (xiii) any other investment that as of the date made does not impair the Rating of any Outstanding Bonds.

*Maximum Rate:* in respect of any Variable Rate Bonds, the maximum interest rate that such Bonds may bear as specified in the Series Resolution authorizing the issuance of the Variable Rate Bonds.

*Mortgage:* a mortgage deed, deed of trust, or other instrument, which, except as otherwise provided in the Bond Resolution, shall constitute a first lien in the State on improvements and real property in fee simple, or on a leasehold under a lease having a remaining term which, at the time the Mortgage is acquired, does not expire for at least that number of years beyond the maturity date of the Mortgage Loan or Subordinate Mortgage Loan secured by such Mortgage which is equal to the number of years remaining until the maturity date of the Mortgage Loan or Subordinate Mortgage Loan.

*Mortgage Loan:* a loan by the Agency to a Mortgagor for the financing and/or refinancing of a Development for the purposes set forth in Section 101 of the Bond Resolution, secured by a Mortgage on the Development.

*Mortgagor:* a natural person, a public or private corporation, a partnership, a joint venture or other organization or entity, to the extent permitted by the Act and the rules of the Agency thereunder (including the Agency or any corporation, agency or instrumentality created or controlled by the Agency).

*Outstanding:* a reference as of any particular time to all Bonds theretofore delivered except (i) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Agency or by any other Fiduciary, at or before that time, and (ii) any Bond for the payment or redemption of which either (a) money equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (b) Investment Obligations or money in the amounts, or the maturities and otherwise as described

and required under the provisions of paragraph (B) or (D) of Section 1201 of the Bond Resolution, has been deposited with one or more Fiduciaries in trust (whether upon or prior to the maturity or redemption date of the Bond) and except in the case of a Bond to be paid at maturity, of which notice of redemption has been given or provided for in accordance with Article VII therein, and (iii) any Bond in lieu of or in substitution for which another Bond has been delivered pursuant to Section 605, 607 or 906 of the Bond Resolution.

*Prepayment:* any money received from a payment of principal on a Mortgage Loan or Subordinate Mortgage Loan in excess of the scheduled payments of principal then due, or from the sale of a Mortgage Loan or Subordinate Mortgage Loan pursuant to Section 313 of the Bond Resolution, other than money constituting a Recovery Payment.

*Principal Installment:* as of any particular date of calculation, an amount equal to the sum of (i) the principal amount of Outstanding Current Interest Bonds which mature on a single future date, reduced by the aggregate amount of any Sinking Fund Installments payable before that date toward the retirement of such Outstanding Current Interest Bonds, plus (ii) the amount of any Sinking Fund Installment payable on said future date toward the retirement of such Outstanding Current Interest Bonds, plus (iii) the Accreted Value, as of the same future date, of Capital Accumulator Bonds which mature or are required to be redeemed as a Sinking Fund Installment on such date.

*Program:* the Agency's program of making Mortgage Loans, including the payment when due of principal of and redemption premium, if any, and interest on Notes, for the purposes specified in Section 101 of the Bond Resolution.

*Rating:* with respect to any Bonds and as of any date, the rating issued by a Rating Agency then in force and prior to a proposed action to be taken by the Agency. An action does not "impair" the Rating with respect to any Bonds if the action will not cause the Rating Agency to lower or withdraw the rating it has assigned to such Bonds.

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

*Recovery Payment:* any money received or recovered by the Agency, in excess of the expenses necessarily incurred by the Agency in collection thereof, from (i) the sale or other disposition of a Development acquired by the Agency, or (ii) condemnation of a Development or part thereof, or (iii) other proceedings taken in the event of default by the Mortgagor, or (iv) the sale or other disposition of a Mortgage in default for the purpose of realizing on the Agency's interest therein, or (v) mortgage insurance or guaranty or hazard insurance.

*Redemption Price:* when used with respect to a Bond or portion thereof, the principal amount of a Current Interest Bond or the Accreted Value of a Capital Accumulator Bond or any portion thereof plus the applicable premium, if any, payable upon redemption thereof in accordance with its terms.

*Revenues:* all payments, proceeds, rents, charges and other income derived by or for the account of the Agency from or related to the Program, including without limitation the scheduled amortization payments of principal of and interest on Mortgages (whether paid by or on behalf of the Mortgagor or occupants of the Development subject to the Mortgage) and any Counterparty Hedge Payments payable by or received from or on behalf of any Hedge Counterparty pursuant to a Hedge Agreement or a Hedge Counterparty Guarantee, but not including Prepayments, Recovery Payments or Escrow Payments, and not including inspection, financing, application, commitment or similar fees or charges of the Agency which are included in the original principal amount of a Mortgage.

*Sinking Fund Installment:* any amount of money required by or pursuant to a Series Resolution as referred to in Section 202 of the Bond Resolution to be paid on a specified date by the Agency toward the retirement of any particular Term Bonds before their maturity.

*Sinking Fund Installment Date:* the date on which a Sinking Fund Installment is payable.

*Subordinate Mortgage Loan:* a Mortgage Loan, which may be junior and subordinate to other mortgage liens on a Development, made by the Agency pursuant to the authorization contained in Section 308 of the Bond Resolution.

*Variable Rate Bonds:* any Bonds the interest rate on which varies periodically such that the interest rate at a future date cannot be determined as of the date of calculation.

### **Authorization of Bonds**

In order to provide sufficient funds for the Program, Bonds of the Agency designated as Rental Housing Bonds are authorized by the Bond Resolution to be issued from time to time without limitation as to amount except as provided in the Bond Resolution or as may be limited by law, and shall be issued subject to the terms, conditions and limitations established in the Bond Resolution. The full faith and credit of the Agency is pledged for the security of the Bonds, including interest and redemption premiums thereon, and the Bonds are general obligations of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of any other resolutions, indentures or state laws now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or Bonds.

### **Other Obligations**

(A) Except as provided in Article II of the Bond Resolution, the Agency covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge or lien on the Revenues or will be payable from any of the Funds or Accounts established and created by or pursuant to the Bond Resolution, including the Debt Service Reserve Fund. The foregoing provision shall not be construed as prohibiting the Agency from entering into hedging transactions, such as interest rate swaps, in connection with the issuance of any Series of Bonds, or in connection with the payment of any Series of Outstanding Bonds.

(B) The Agency expressly reserves the right to adopt one or more additional bond or note resolutions and reserves the right to issue other obligations so long as they are not a charge or lien prohibited by paragraph (A) of this Section of the Bond Resolution.

### **Pledge of the Resolution**

The Agency in the Bond Resolution covenants that it will cause to be paid to and deposited with the Trustee, or to its credit with Depositories designated by the Agency, and pledges and grants to the Trustee a security interest in, all proceeds of Bonds, all Mortgages and Mortgage Loans and other securities made and purchased from such proceeds (or from the proceeds of Notes paid from the proceeds of Bonds), and all income and receipt therefrom. This pledge is intended to be valid and binding from the time when made, and the Bond proceeds, Mortgages, Mortgage Loans, other securities, income and receipts pledge and hereafter received by the Agency are immediately to be subject to the lien thereof without any physical delivery or further act, and the lien of such pledge is intended to be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, whether or not such parties have notice thereof.

### **Custody and Application of Bond Proceeds**

Each Series Resolution authorizing the issuance of a Series of Bonds is required to specify the purposes for which the proceeds of such Series of Bonds may be used and to provide for the disposition of the proceeds thereof. Purposes for which Bonds may be issued are (a) the making of Mortgage Loans, (b) the financing of Mortgage Loans previously made from the proceeds of Notes, (c) the refunding of Outstanding Bonds, and (d) incident to these purposes, the deposit of amounts determined by or pursuant to the Bond Resolution to be credited and paid into the Funds and Accounts referred to in the Bond Resolution.

*Note Accounts.* Money in any Note Account shall be held by the Trustee and applied as directed by the applicable Series Resolution to the payment of Notes upon receipt of an Officer's Certificate identifying them by title, date of issuance and maturity or redemption, interest rate and the person to whom payment is to be made and the amount thereof. All interest and other income received from the deposit and investment of money in the Note Account pending application to the payment of Notes, unless otherwise directed by the applicable Series Resolution, shall be transferred as received to the Revenue Fund. Upon receipt of evidence satisfactory to the Trustee that such Notes have been paid and canceled, the Trustee shall transfer any balance remaining in the Note Account to the appropriate Project Account.



*Project Account and Mortgage Loan Accounts.* Money in each Project Account and Mortgage Loan Account shall be held by the Trustee or a Depository as directed by an Officer's Certificate. The Trustee shall create specific Mortgage Loan Accounts within the Project Account to finance specific Developments and the Trustee shall from time to time pay out or permit the designated Depository to pay out money in any Mortgage Loan Account held for the purpose of making a Mortgage Loan, upon receipt by the Trustee (or by the Depository with a copy to the Trustee) of an Officer's Certificate as to each payment or withdrawal, stating:

- (i) the name of the Mortgagor to, and Development for, which the payment is to be made;
- (ii) the amount to be paid; and
- (iii) that this amount, together with all prior withdrawals from said Mortgage Loan Account and all prior advances made by the Agency to the Mortgagor on account of the Mortgage Loan, will not exceed in the aggregate the authorized amount of the Mortgage Loan.

All interest and other income from time to time received from the deposit and investment of money in the Project Account or any Mortgage Loan Accounts shall be transferred as received to the Trustee for deposit in the Revenue Fund.

Promptly upon the fulfilling of its commitment to make a Mortgage Loan to a Mortgagor, or upon revocation of the commitment before any substantial disbursement of funds thereunder, the Agency will deliver to the Depository and the Trustee an Officer's Certificate stating such fact and the amount of money, if any, remaining in the applicable Mortgage Loan Account, and directing this amount to be transferred by the Depository to the Trustee and deposited by the Trustee in a designated Project Account or in one or more designated Mortgage Loan Accounts or the Redemption Fund.

### **Mortgage Provisions and Conditions**

Each Mortgage Loan financed from the proceeds of Bonds or of Notes paid from the proceeds of Bonds or from amounts made available from the Redemption Fund, and the Mortgage securing it, shall conform to the following terms, conditions, provisions and limitations as well as those stated in "Program Covenants" herein, except to the extent, if any, that a variance therefrom is required by an agency or instrumentality of the United States guaranteeing, insuring, or otherwise assisting in the payment of the Mortgage Loans. In addition, the Agency may, solely from Excess Revenues under the Bond Resolution which could otherwise be withdrawn therefrom pursuant to Section 404(5) thereof, make Subordinate Mortgage Loans with respect to a Development upon such terms and conditions as the Agency may deem appropriate, and without regard to the following provisions.

*Lien.* With respect to each Mortgage Loan, the Mortgage and complementary financing statements and other necessary documents shall be executed, recorded and filed in accordance with the requirements of existing laws, so as to create and constitute a valid first mortgage lien on the real property or leasehold interest in real property of the Mortgagor which is the site of the Development and improvements thereon for which the Mortgage Loan is made, and a valid security interest in all personal property acquired with proceeds of the Mortgage Loan and attached to or used in the operation of the Development.

*Title.* Before the disbursement of Bond proceeds to make the Mortgage Loan or to pay Notes the proceeds of which were used to make it, the Mortgagor shall have acquired marketable title in fee simple to the site of the Development, or a leasehold interest therein sufficient as the subject of a Mortgage as defined in Section 103 of the Bond Resolution, subject only to liens and encumbrances which in the reasonable judgment of the Agency do not materially affect its value or usefulness for the intended use; and there shall be deposited with the Trustee, or with an agent (which may be the Agency) authorized by the Trustee to receive on its behalf and transmit to the Trustee, (i) the Mortgage; (ii) the note evidencing the Mortgage Loan; (iii) an acceptable title opinion or title insurance policy; and (iv) originals or photocopies of all other agreements and certificates of the Mortgagor relating to the Development.

*Participation.* The Agency may participate with another party or parties in the making of a Mortgage Loan for various purposes as set forth in the Resolution, if its mortgage lien and security interests, in proportion to its participation, is on a parity with or superior to that of all other parties, but the interest rate and time and rate of amortization of that part of the Mortgage Loan made by the Agency and that made by others need not be equal. The

Agency may make an additional Mortgage Loan in certain circumstances on a parity of lien with the Mortgage then held by the Agency or subordinate thereto (but not junior or subordinate to a mortgage held by any other party unless permitted by the Resolution).

*Prepayments.* With respect to each Mortgage Loan, the Mortgage shall not permit a Prepayment of the Mortgage Loan without the consent of an Authorized Officer of the Agency, unless required by an agency of the United States as contemplated in this section; but the Agency may undertake in the Mortgage to give its consent if the following conditions with respect to Prepayment exist:

- (a) the amount to be paid prior to satisfaction of the Mortgage equals, as of the date of the Prepayment:
  - (i) the unpaid principal balance of the Mortgage Loan; plus
  - (ii) accrued interest to the date of the Prepayment; plus
  - (iii) unless waived or modified by the Agency, a prepayment penalty calculated in accordance with the terms of the Mortgage; and
- (b) an Authorized Officer determines that after such Prepayment (whether total or partial), the Agency will remain in compliance with its Revenue Covenant.

The Agency may consent to the Prepayment of any Subordinate Mortgage Loan upon such terms as it, in its sole discretion, deems appropriate.

*Insurance and Escrow.* With respect to each Mortgage Loan, the Mortgage or an accompanying document shall require the Mortgagor:

- (a) to procure and maintain fire and extended coverage insurance on the Development in amount as determined by the Agency, payable to the Agency as its interest may appear;
- (b) to pay all taxes, special assessments and other lawful governmental charges with respect to the Development before they become delinquent, and all claims for work done and materials furnished with respect thereto before they are filed as liens on the Development, except during any period for which payment of part or all thereof may be deferred, with the written consent of and upon such terms as are specified by an Authorized Officer, for the purpose of contesting the same; and
- (c) to make monthly Escrow Payments to the Agency or a Servicer or a Depository sufficient to accumulate funds for taxes and other governmental charges and insurance premiums.

*Disbursements.* Before the disbursements of a Mortgage Loan from Bond proceeds the Mortgagor shall have completed the Development and paid all costs thereof in a manner approved by an Authorized Officer, or shall have:

- (a) obtained all governmental approvals required by law for the acquisition and construction of the Development;
- (b) obtained written approval by an Authorized Officer of final plans and specifications for the Development and provided, if required, assurance and documentation of a nature and in an amount sufficient in the opinion of an Authorized Officer, securing performance of the work in accordance therewith, provided that no disbursement of construction costs shall be made until such approval is given and such assurance furnished;
- (c) deposited with the Trustee or a Depository cash or an irrevocable letter of credit or other valuable consideration satisfactory to an Authorized Officer, in any amount by which the cost of the Development as estimated by the Agency exceeds the authorized amount of the Mortgage Loan.

The Agency may impose additional disbursement requirements, or modify the foregoing requirements, to the extent required to comply with the rules, regulations or procedures of any agency or instrumentality of the United States guaranteeing, insuring or otherwise participating in the making of a Mortgage Loan or the repayment thereof.

*Alienation.* Except as provided below, with respect to each Mortgage Loan, the Mortgage shall not permit the sale, lease or encumbrance of the Development without the written consent of the Agency, by its Authorized Officer, which consent may be given (but need not be given) only in the cases of:

- (a) receipt of full Prepayment conforming to the requirements stated below;
- (b) grant of easements, licenses or rights-of-way over, under or upon the site of the Development which, in the opinion of the Officer, do not destroy or diminish its usefulness for the purpose intended;
- (c) lease of the Development or a part thereof to a third party for the purpose of operation, provided that such lease is permitted by law and is subject to all of the terms, provisions and limitations of the Mortgage;
- (d) sale or exchange of any improved or unimproved land which in the opinion of an Authorized Officer is not needed for the efficient operation of the Development, provided that an appraisal acceptable to the Agency is received showing that the Development, subsequent to such release, has an appraised value not less than 110% of the outstanding principal balance of the Mortgage;
- (e) sale to another eligible Mortgagor approved by resolution of the Agency, who assumes all obligations of the original Mortgagor under the Mortgage and accompanying documents; in which case the Agency may release the original Mortgagor unless otherwise provided in the Mortgage;
- (f) grant of a parity mortgage lien on the Development or a portion thereof if such parity mortgage lien is given to secure financing for the expansion, improvement or renovation of the Development or portion thereof; or
- (g) grant of a subordinate mortgage lien on the Development or a portion thereof.

*Enforcement.* The Agency shall diligently enforce, and take all reasonable steps, actions and proceeding necessary for the enforcement, of all terms, covenants and conditions of Mortgages securing Mortgage Loans made by the Agency, including the prompt collection of Mortgage repayments and fees and charges and other Revenues.

Whenever it shall be necessary in order to protect and enforce the rights of the Agency under a Mortgage securing a Mortgage Loan and to protect and enforce the rights and interests of Bondholders under the Bond Resolution, the Agency shall commence foreclosure proceedings against each Mortgagor in default under the provisions of a Mortgage, shall bid for and purchase the Development covered by such Mortgage at the foreclosure or other sale thereof and shall acquire and take possession of such Development.

Upon foreclosure of a Mortgage securing a Mortgage Loan, or upon acquisition of the Development in lieu of foreclosure of a Mortgage in default, and so long as the Agency shall have title to or be in possession of the Development, the Agency shall, as the case may be, construct, operate and administer such Development in the place and stead of the Mortgagor in such manner as the Agency reasonably determines is in the best interests of the Bondholders. In so doing, the Agency, to the extent it may have money available for such purpose, including any money on deposit in the Mortgage Loan Account relating to the Development, may complete the construction and development thereof if not already completed in such manner as the Agency reasonably determines is in the best interests of the Bondholders. From money provided by the Agency from the ownership and operation of the Development, to the extent such money is sufficient for the following purposes, the Agency shall first pay or make provision for payment of the costs and expenses of taxes, insurance, foreclosure fees, including appraisal and legal fees and similar expenses required to preserve or acquire unencumbered title to the Development, and after providing currently for these expenses shall pay the cost and expenses of operating the Development, including the repayments which the Mortgagor was obligated to pay pursuant to the terms and provisions of the Mortgage. The Trustee or other Depository of the Mortgage Loan Account established with respect to any Development foreclosed or otherwise acquired by the Agency prior to its completion shall be authorized to pay to the Agency upon its requisition any

amount on deposit in the Mortgage Loan Account, upon receipt of an Officer's Certificate that such amount is required to pay an item that would have been included in the cost of the Development had the Agency not acquired the same. If the Agency determines that completion of the Development is not in the best interests of the Bondholders, the remaining funds in any such Mortgage Loan Account shall be disposed of in the same manner as set forth in the Bond Resolution for funds remaining in a Mortgage Loan Account upon completion of a Development or cancellation of a commitment to make a Mortgage Loan for a Development.

Upon or after foreclosure of a Development under a Mortgage securing a Mortgage Loan, or acquisition thereof from the Mortgagor in lieu of foreclosure:

- (a) the Agency may resell the Development to an eligible Mortgagor and make a Mortgage Loan with respect thereto as if such eligible Mortgagor were the original Mortgagor, subject to all of the terms, provisions, conditions and limitations contained in this section and "Program Covenants" below; or the Agency may sell the Development to a party other than an eligible Mortgagor;
- (b) the Agency shall not resell the Development for a price less than its fair market value as reasonably determined by the Agency through a solicitation of bids for the purchase of the Development or by an appraiser or other real estate consultant selected by the Agency and acceptable to the Trustee;
- (c) subsequent to such sale the Agency must remain in compliance with its Revenue Covenant under the Bond Resolution; and
- (d) all proceeds from the sale of any Development shall be considered a Recovery Payment and shall be deposited in the Suspense Account in the Redemption Fund.

The foregoing provisions regarding foreclosure of mortgages shall not apply to Mortgages securing Subordinate Mortgage Loans, and the Agency may proceed to protect and enforce the rights of the Agency under a Mortgage securing a Subordinate Mortgage Loan in such manner as the Agency, in its sole discretion, deems appropriate.

*Modification.* Except as otherwise permitted by the terms of the Bond Resolution, the Agency shall not consent to the modification of the security for or any terms or provisions of any Mortgage Loan or the Mortgage securing the same in a manner materially detrimental to Bondholders. No reduction in the interest rate or schedule of payments will be made which would result in a failure by the Agency to comply with its Revenue Covenant. Notwithstanding the foregoing, the Agency may consent to the modification of the terms of any Subordinate Mortgage Loan or Mortgage securing such loan in any manner and to any extent the Agency, in its sole discretion, deems appropriate.

*Sale.* The Agency may sell any Mortgage or other obligation securing a Mortgage Loan provided that after such sale an Authorized Officer determines the Agency will remain in compliance with its Revenue Covenant. The Agency may sell any Mortgage or other obligation securing a Subordinate Mortgage Loan upon such terms and conditions as the Agency, in its sole discretion, deems appropriate.

#### **Program Covenants—Revenue Covenant**

The Agency shall from time to time, with all practical dispatch and in a sound economical manner consistent in all respects with the Act as then amended and in effect and with the provisions of the Bond Resolution, use and apply the proceeds of the Bonds, to the extent not required by the Bond Resolution for other Program purposes, to make Mortgage Loans pursuant to the Act and the Bond Resolution, and shall do all such acts and things as are necessary to receive and collect Revenues, Prepayments, Recovery Payments and Escrow Payments, consistent with sound practices and principles, and shall diligently enforce and take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of the Mortgage Loans. The Agency shall also take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of Subordinate Mortgage Loans.

There shall at all times be scheduled payments of principal and interest on Mortgage Loans pledged under the Bond Resolution which, when added to any other legally enforceable payments on Mortgage Loans or with respect

to the Bond Resolution (including Counterparty Hedge Payments), and interest and other income estimated by the Agency to be derived from the investment or deposit of money available therefor in any Fund or Account created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on all Outstanding Bonds (excluding from such calculations all amounts scheduled to be received pursuant to the provisions of Subordinate Mortgage Loans). In making a determination as of any date that the Agency is in compliance with this covenant, the Agency may make assumptions as to future events (including, as applicable, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions shall be based upon the Agency's reasonable expectations as of the date of such determination.

The Agency reserves the right:

- (a) at the time of issuance of any Series of Bonds for the purpose of repaying notes or Bonds the proceeds of which were used to make a Mortgage Loan, to consent to a reduction of the interest on that Mortgage Loan, provided that the Agency will then be in compliance with the preceding paragraph;
- (b) at any time, to forgive a portion of the interest on a Mortgage Loan by consenting to the establishment of scheduled payments of principal and interest lower than those required to amortize the Mortgage Loan during its then remaining term at the agreed interest rate, provided that (i) the scheduled payments of principal and interest on all Mortgage Loans, giving effect to that and all similar reductions then in effect, will in the aggregate be sufficient to comply with the preceding paragraph, and (ii) if it is subsequently determined by an Authorized Officer that such aggregate scheduled principal and interest payments will or may be insufficient for such compliance, such forgiveness may be terminated in whole or in part with respect to subsequent payments on that Mortgage Loan; and
- (c) to consent to any modifications to a Subordinate Mortgage Loan, including forgiving all or a portion of principal thereof or interest thereon, as the Agency may determine in its sole discretion. The Agency reserves the right to withdraw any amount from its General Reserve Account and deposit it in the Bond Fund in payment and satisfaction of a corresponding amount of the scheduled principal or interest payments on any Mortgage Loan. The Agency shall be entitled to recover from the Mortgagor any amounts so advanced, together with interest thereon at the rate payable on the Mortgage Loan, or to enforce its right to such recovery under the Mortgage, but only after all other defaults thereunder have been cured.

### **Deposit of Revenues and Other Money**

The Agency will collect and deposit or will require a Servicer to collect and deposit with the Trustee or a Depository, on the date of receipt so far as practicable, all Revenues, Prepayments, Recovery Payments and Escrow Payments receivable from Mortgagors, and will forward or require the Depository to forward promptly to the Trustee statements of each amount deposited except Escrow Payments. The Trustee shall be accountable only for moneys actually so deposited, other than Escrow Payments. All moneys so deposited shall be apportioned by the Agency or Servicer and paid into and credited on the books of the Depository and the Trustee as follows:

- (a) Revenues to the Revenue Fund;
- (b) Prepayments and Recovery Payments to the Redemption Fund; and
- (c) Each Escrow Payment to an Escrow Account separately held by the Depository or the Agency.

### **Revenue Fund**

As of the first and on or before the tenth day of each month after the first delivery of Bonds, on any Interest Payment Date or on any date as further provided in clause (d) below, from any moneys in the Revenue Fund then held by the Trustee and Depositories, the Trustee shall withdraw and pay into each of the following Funds the amount indicated in the following tabulation, or so much thereof as remains after first crediting to each Fund preceding it in the tabulation the full amount indicated for that Fund:

- (a) to the Bond Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions), the amount needed to increase the aggregate balance therein to the Bond Requirement;

(b) to the Debt Service Reserve Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions), the amount needed to increase the aggregate balance therein to the Debt Service Reserve Requirement;

(c) to an Account in the Revenue Fund held by the Trustee at its Principal Office, the additional amount needed to make each of the payments which will be required under the foregoing clauses (a) and (b) to be made as of the first day of the following month:

(d) if payment of interest and Principal Installments, if any, then or theretofore due on all Outstanding Bonds has been made in full and the amounts on deposit in all Funds and Accounts referred to in clauses (a) to (c) equal or exceed the Requirements applicable thereto, to the Expense Fund, the amount then required to increase the balance therein to the Expense Requirement (provided that the Agency may elect to receive the Expense Requirement from time to time by payment directly from the Revenue Fund upon providing the Trustee with an Officer's Certificate as provided in the Bond Resolution); and

(e) when authorized by an Officer's Certificate, the Trustee may credit Revenues to the Bond Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions) upon receipt, up to the amount of the current Bond Requirement, and in excess of that requirement if the current Debt Service Reserve and Expense Requirements, if any, have been met.

In the event that on any Interest Payment Date, after payment of all interest and Principal Installments then due, the amounts in all Funds and Accounts referred to in clauses (a) to (d) equal or exceed the Requirements applicable thereto, any amount then on hand in the Revenue Fund and any Revenues thereafter received in excess of the current requirements of all of said Funds and Accounts may be transferred to the Agency's General Reserve Account, and shall be so transferred upon request in writing by an Authorized Officer; provided that no such transfer shall be made unless, after giving effect to such transfer, total assets of the Bond Resolution shall exceed total liabilities, determined in accordance with generally accepted accounting principles and evidenced by an Officer's Certificate.

The Agency reserves the right, in its sole and absolute discretion, to deliver to the Trustee from time to time funds not constituting Revenues or otherwise subject to the pledge of the Bond Resolution and an Officer's Certificate directing the Trustee to credit such funds to one or more Funds or Accounts hereunder, and the Trustee is authorized to credit such funds in accordance with the directions of the Officer's Certificate and such funds shall thereupon become subject to the lien and provisions of the Bond Resolution, as applicable.

### **Bond Fund**

(a) The Trustee shall withdraw from the Bond Fund, prior to each Interest Payment Date an amount equal to the unpaid interest due on the Outstanding Bonds on or before that date, and shall cause it to be applied to the payment of said interest when due, or shall transmit it to one or more Paying Agents who shall apply it to such payment as provided in Series Resolutions.

(b) If the withdrawals required under (a) above on the same and every prior date have been made, the Trustee shall withdraw from the Bond Fund, prior to each Principal Installment Date and Sinking Fund Installment Date, an amount equal to the principal amount or Accreted Value of the outstanding Bonds, if any, maturing or subject to mandatory redemption on or before that date and shall cause it to be applied to the payment of the principal or Accreted Value of said Bonds when due or transmit it to Paying Agents who shall apply it to such payment.

(c) Each withdrawal from the Bond Fund under (a) and (b) above shall be made not earlier than five (5) days prior to the Interest Payment or Principal Installment Date or Sinking Fund Installment Date to which it relates, and the amount so withdrawn shall be deemed to be part of the Bond Fund until the Interest Payment Date or Principal Installment Date or Sinking Fund Installment Date.

(d) The Trustee shall apply money in the Bond Fund to the purchase or the redemption of Outstanding Term Bonds subject to mandatory redemption in the manner provided in this paragraph and Section 702 of the Bond Resolution, provided that no such Bond shall be purchased during the period of thirty (30) days next preceding the Date of a Sinking Fund Installment established for such Bonds. The price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond

purchased pursuant to this paragraph shall not exceed the Redemption Price applicable on the next date on which such Bond could be redeemed in accordance with its terms as part of a Sinking Fund Installment. Subject to the limitations set forth and referred to in this paragraph, the Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Agency may determine in an Officer's Certificate furnished to the Trustee.

(e) As soon as practicable after the forty-fifth and before the thirtieth day prior to the Date of each Sinking Fund Installment, unless a different notice period is required by the applicable Series Resolution, the Trustee shall call for redemption on that date the principal amount or Accreted Value of the remaining Bonds entitled to said Installment, and on that date the Trustee shall apply the money in the Bond Fund to the payment of the Redemption Price of the Bonds so called for redemption.

(f) If, on any Interest Payment Date for Bonds that are subject to a Hedge Agreement, payment of interest and Principal Installments, if any, then or theretofore due on all Outstanding Bonds has been made in full and the amounts on deposit in all Funds and Accounts referred to in clauses (a) to (c) under the heading "Revenue Fund" equal or exceed the Requirements applicable thereto, then any amounts on hand in the Bond Fund in excess of the Bond Requirement on such date shall be transferred to the Expense Fund upon the written request of an Authorized Officer if required to increase the balance therein to the Expense Requirement in respect of Agency Hedge Payments and credit or liquidity support or remarketing fees then owing.

(g) No amount is to be withdrawn or transferred from or paid out of the Bond Fund except as described in this Section.

#### **Debt Service Reserve Fund**

(a) If at any time there is not a sufficient amount in the Bond Fund to provide for the payment when due of Principal Installments of and interest on the Outstanding Bonds, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the Bond Fund the amount of the deficiency then remaining. The Trustee shall notify the Agency in writing ten (10) days prior to any such withdrawal from the Debt Service Reserve Fund.

(b) In addition to the payments made into the Debt Service Reserve Fund pursuant to Section 404 of the Bond Resolution or otherwise, the Agency shall deposit in the Debt Service Reserve Fund any money appropriated and paid to the Agency by the State pursuant to the Act for the purpose of restoring the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(c) If as of the first day of any month the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, the Trustee within ten (10) days thereafter shall withdraw any amount therein in excess of the Debt Service Reserve Requirement, and pay the same into the Revenue Fund.

(d) The Agency shall at all times maintain the Debt Service Reserve Fund and will do and perform or cause to be done and performed each and every act and thing with respect to the Debt Service Reserve Fund provided to be done or performed by or on behalf of the Agency or the Trustee under the terms and provisions of Article IV of the Bond Resolution and of the Act.

(e) In order to better secure the Bonds and to make them more marketable and to maintain in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement, and in accordance with the provisions of Section 22, Subdivision 8 of the Act, the Agency shall cause the Chairperson, annually, on or before December 1 of each year, to make and deliver to the Governor of the State a certificate stating (a) the amount, if any, that is necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement (but not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all Bonds and Notes which are then Outstanding and secured by the Debt Service Reserve Fund) and (b) the amount, if any, determined by the Agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and estimated to be received into the Revenue Fund during that year, for the payment of the principal and interest due and payable in that year on all then Outstanding Bonds and Notes secured by the Debt Service Reserve Fund. All moneys received by the Agency from the State in accordance with the provisions of Section 22, Subdivision 8 of the

Act pursuant to any such certification shall be paid to the Trustee for deposit in and credit to the Debt Service Reserve Fund or Revenue Fund, as provided in the Bond Resolution.

(f) No amount is to be withdrawn from or paid out of the Debt Service Reserve Fund except as described in this Section.

### **Expense Fund**

(a) Money deposited in the Expense Fund, if any, shall be disbursed for the payment of continuing expenses of the Program (including operating and maintenance expenses of Developments in the possession of the Agency), any Agency Hedge Payments owing from time to time to a Hedge Counterparty pursuant to a Hedge Agreement and any fees or expenses owing from time to time to a person or entity providing credit or liquidity support or remarketing services in respect of any Bonds upon receipt of an Officer's Certificate stating the name of the party to be paid, the amount to be paid and the purpose of the payment.

(b) Income received or other money held in the Expense Fund in excess of the Expense Requirement shall be credited by the Trustee to the Revenue Fund.

(c) No amount is to be withdrawn, transferred or paid out of the Expense Fund except as described in this Section.

### **Redemption Fund**

(a) The Trustee shall establish a Suspense Account in the Redemption Fund, to which it shall credit all Prepayments and Recovery Payments, and all surplus amounts transferred from Mortgage Loan Accounts under Section 307(G) of the Bond Resolution; each of which shall be used and applied as directed by an Officer's Certificate, either (i) to provide additional funds to a Mortgage Loan Account for an increase in the amount of a Mortgage Loan authorized by the Agency, or (ii) for the establishment of one or more Mortgage Loan Accounts for new Mortgage Loans made by the Agency, or (iii) for the purchase or redemption of Outstanding Bonds, or (iv) if no Bonds of a Series are Outstanding and Prepayments have been received from one or more Mortgage Loans financed by Bonds of the Series, any such remaining Prepayments, for the payment of any Agency Hedge Payments under, or any amounts payable by the Agency upon early termination of, a Hedge Agreement relating to such Series of Bonds; provided that as of the first day of each month while any Prepayment or Recovery Payment is held in the Suspense Account, the Trustee shall transfer from that Account to the Bond Fund the scheduled monthly payment of principal of the Mortgage Loan with respect to which the Prepayment or Recovery Payment was received, less the amount of any payment of principal actually received with respect to such Mortgage Loan, if such transfer is required in order to meet the Bond Requirement.

(b) By Officer's Certificate the Agency may authorize the increase of any Mortgage Loan or the making of a new Mortgage Loan as contemplated above, and for that purpose may appropriate any money at the time available in or transferred to the Redemption Fund in accordance with the provisions of Article IV of the Bond Resolution to one or more designated Mortgage Loan Accounts for disbursement pursuant to Section 307 of the Bond Resolution. Upon the filing with the Trustee of the Officer's Certificate, the Trustee shall withdraw from the Redemption Fund and deposit the amount authorized in each Mortgage Loan Account designated in the Certificate.

(c) Upon receipt of the Officer's Certificate referred to in Section 702 of the Bond Resolution, the Trustee shall apply money in the Redemption Fund not otherwise applied in accordance with paragraphs (a) and (b) above to the purchase of Bonds designated in the Certificate at the most advantageous price obtainable with due diligence. Bonds not so purchased may be redeemed at a Redemption Price determined by Series Resolution at the time and in the manner provided in Article VII of the Bond Resolution. Bonds shall not be purchased pursuant to this paragraph during the period of forty-five (45) days next preceding a redemption date from money to be applied to the redemption of Bonds on such date.



(d) Notwithstanding the foregoing, any Prepayment or Recovery Payment received with respect to a Subordinate Mortgage Loan may be used and applied, as directed by an Officer's Certificate, in such manner as the Agency, in its sole discretion, may determine.

(e) Income from the investment of the Redemption Fund shall be credited as received to the Revenue Fund.

(f) No amount is to be withdrawn or transferred from or paid out of the Redemption Fund except as described above.

### **Escrow Accounts**

Escrow Payments received by the Agency or a Servicer, whether separately or as part of some other payment, shall be deposited in an Escrow Account and shall be promptly applied by the Agency or Servicer to the purpose for which such payments were received, and any such payments received by the Trustee or a Depository, whether separately or as part of some other payment, shall immediately be paid to the Agency and applied by the Agency to the purpose for which they were received.

### **General Reserve Account**

All amounts authorized in Article IV of the Bond Resolution to be withdrawn from the Revenue Fund and deposited in the General Reserve Account of the Agency shall be free and clear of any lien or pledge created by the Bond Resolution and may be used for any purpose authorized by the Act, subject to the provisions of Section 102, clauses (6) and (7) of the Bond Resolution.

### **Investment and Deposit of Funds**

(a) Subject to instructions from time to time received from an Authorized Officer (which need not be in writing), and with the objective of assuring the maximum yield reasonably possible on money held in each Fund, each Fiduciary shall keep all money held by it invested and reinvested, as continuously as reasonably possible, in Investment Obligations defined in Section 103 of the Bond Resolution (including interest-bearing time deposits and certificates of deposit). All Investment Obligations shall mature or be redeemable (at the option of the holder) and bear interest payable at the times and in the amounts estimated to be necessary to provide funds for Mortgage Loan disbursements and for the payment of the principal and Accreted Value of and interest and premium, if any, on Bonds when due or when scheduled for redemption pursuant to applicable Series Resolutions. The maturity date of a security purchased under a repurchase agreement shall be deemed to be the agreed repurchase date. The maturity date of a time deposit or certificate of deposit shall be deemed to be any date on which, with such notice as may be required, the deposit may be withdrawn without loss of interest.

(b) Money in separate Funds may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of paragraph (a) of this Section. Moneys in separate funds or series accounts may be invested in common trust funds or pools of which such money forms a part pursuant to the terms of which each Fund or series account is allocated a share of a pooled security proportionate to the amount contributed to the purchase price of the pooled security, subject to the provisions of paragraph (a) of this Section and to the restrictions on Investment Obligations imposed by each Series Resolution. Investments shall be sold at the best price obtainable, and amounts held in certificates of deposit or time deposits shall be withdrawn, whenever necessary in order to make any disbursement or repurchase of Mortgage Loans, payment of expenses of debt service. Investment Obligations need not be disposed of to make required transfers from one Fund or Account to another, but one or more Investment Obligations or portions thereof may be transferred in lieu of cash.

(c) Subject to approval by an Authorized Officer, the Trustee or another Fiduciary may apply money pertaining to any Fund or Account created by or pursuant to the Bond Resolution to the purchase of Investment Obligations owned by it or its individual capacity, and may sell to itself in its individual capacity Investment Obligations held by it in any such Fund or Account as such Fiduciary.

## Additional Bonds

The Bond Resolution provides that after authorization by a Series Resolution and compliance with such requirements as are set forth therein, Bonds of any Series may be delivered upon the following, among other, conditions:

The Agency shall furnish to the Trustee:

(a) copies of the Bond Resolution and the applicable Series Resolution, certified by an Authorized Officer;

(b) a Counsel's Opinion that:

(i) the Bond Resolution and the applicable Series Resolution have been duly adopted by the Agency and are valid and binding upon it and enforceable in accordance with their terms;

(ii) the Bond Resolution creates the valid pledge which it purports to create; and

(iii) the principal amount of the Bonds to be issued and other obligations theretofore issued by the Agency does not exceed any legal limitation;

(c) an Officer's Certificate stating:

(i) the amounts to be deposited in all Funds and Accounts;

(ii) that the issuance of the Bonds will have no material adverse effect on the ability of the Agency to pay the Principal Installments of and interest on all Bonds (including the Outstanding Bonds and the Bonds then to be issued);

(iii) that after such issuance there will be scheduled payments of principal and interest on Mortgage Loans then held by the Agency or to be made or purchased by the Agency from the proceeds of such Series of Bonds (or from the proceeds of Notes paid or to be paid from the proceeds of the Bonds) which, with any other legally enforceable payments with respect to such Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and with interest or other income estimated by the Agency to be derived from the investment or deposit of money available therefor in all Funds and Accounts created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on the Bonds then Outstanding and the additional Series of Bonds on their Principal Installment and Interest Payment Dates (excluding from such calculations the amounts to be received by the Agency pursuant to any Subordinate Mortgage Loans); provided that, in making such statement the Authorized Officer may set forth the assumptions upon which the statement is based (including, without limitation, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions shall be based upon the Agency's reasonable expectations as of the date of such Officer's Certificate; and

(iv) that the balance in the Debt Service Reserve Fund immediately prior to the issuance of such Bonds is not less than the Debt Service Reserve Requirement computed with reference to the Outstanding Bonds (except Outstanding Bonds which are to be refunded by the additional Bonds); and

(d) if the Bonds to be issued are Variable Rate Bonds or are the subject of a Hedge Agreement, written confirmation from each Rating Agency that the issuance of such Bonds will not impair the Rating on any Bonds then Outstanding.

The Trustee shall determine and certify:

(a) that it has received the documents listed above; and

(b) that the amount of Bond proceeds or other funds of the Agency to be deposited in the Debt Service Reserve Fund is sufficient to increase the amount in the Fund to the Debt Service Reserve Requirement effective after the issuance of the Bonds, as computed by the Trustee.

### **Hedge Agreements**

The Agency may from time to time enter into one or more Hedge Agreements with respect to any Series of Bonds outstanding or proposed to be issued on the terms and conditions and subject to the limitations set forth in this section and elsewhere in the Bond Resolution. The Agency shall not enter into a Hedge Agreement unless (1) as of the date the Agency enters into the Hedge Agreement, either the Hedge Counterparty or the person or entity executing a Hedge Counterparty Guarantee relating thereto has outstanding unsecured long-term debt obligations rated by, or other applicable rating given by, as high as or higher than the Rating on the Outstanding Bonds; and (2) if the Hedge Agreement relates to Outstanding Bonds, the Trustee receives written confirmation from each Rating Agency that the execution and delivery of the Hedge Agreement by the Agency will not impair the Rating on any Bonds then Outstanding. To secure its obligation to make Agency Hedge Payments to a Hedge Counterparty pursuant to a Hedge Agreement, the Agency may grant to the Hedge Counterparty a subordinate and junior pledge and security interest (subordinate and junior to the pledge and security interest granted to the Bondholders) in all or any of the Revenues, Prepayments, Recovery Payments or any other moneys, securities, Funds or Accounts hereunder; provided, however, that the payment of Agency Hedge Payments shall not be secured by the Debt Service Reserve Fund. Nothing in this Section 205 is intended to prohibit the Agency from securing any payments it is obligated to make in respect of the early termination of a Hedge Agreement by the full faith and credit of the Agency, by amounts to be transferred to the General Reserve Account pursuant to the last sentence of the first paragraph under the heading "Revenue Fund" or by other moneys, assets or revenues of the Agency not pledged to the payment of Outstanding Bonds under the Bond Resolution.

### **Amendments of the Bond Resolution**

Amendments of or supplements to the Bond Resolution may be made by a Supplemental Bond Resolution (a "Supplemental Resolution").

Supplemental Resolutions may become effective upon filing with the Trustee if they add restrictions on the Agency, add covenants by the Agency, surrender privileges of the Agency, authorize additional Bonds and fix the terms thereof or affect only Bonds not yet issued.

Supplemental Resolutions become effective upon consent of the Trustee if they concern only curing or clarifying an ambiguity, omission, defect or inconsistency, or make any other change which, in the judgment of the Trustee, is not prejudicial to the Trustee and which does not adversely affect the interests of Bondholders. Other Supplemental Resolutions become effective only with consent of the Holders of at least a majority in principal amount and Accreted Value of the Outstanding Bonds affected thereby.

However, no amendment shall permit a change in the terms of redemption or maturity of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Accreted Value thereof or the Redemption Price thereof or the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentage of the Holders the consent of which is required to effect any such amendment, without unanimous consent of the Bondholders.

Any amendment may be made with unanimous consent of the Bondholders, except that no amendment shall change any of the rights or obligations of any Fiduciary without the consent of the Fiduciary.

### **Defeasance**

If the Agency shall pay or cause to be paid to the Holders of the Bonds, the principal, Accreted Value and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Bond Resolution, then, unless there shall be an Officer's Certificate delivered to the Trustee to the contrary, the pledge of the Revenues, Prepayments, Recovery Payments and other moneys, securities and funds pledged by the Bond Resolution and the covenants, agreements and other obligations of the Agency to the Bondholders thereunder shall be discharged and satisfied.

Bonds and interest thereon for the payment or redemption of which moneys shall have been deposited with the Trustee shall be deemed to have been paid, provided that, if any of such Bonds are to be redeemed prior to the maturity thereof, provision satisfactory to the Trustee shall have been made for the giving of notice of redemption thereof. Moneys so held by the Trustee shall be invested by the Trustee, as directed by the Agency, in Investment Obligations which are direct obligations of the United States or guaranteed by the United States. If the maturing principal of such Investment Obligations and the interest to fall due thereon at least equal the amount of money required for the payment on any future date of the interest on and principal of or Redemption Price on such Bonds, the Bonds shall be deemed to have been paid.

### **Events of Default**

Each of the following shall constitute an event of default under the Bond Resolution: (a) interest on any of the Bonds is not paid on any date when due, or the principal, Accreted Value or Redemption Price of any of the Bonds is not paid at maturity or at a Redemption Date at which the Bonds have been called for redemption; (b) Bonds subject to redemption by operation of Sinking Fund Installments shall not have been redeemed and paid in the amount required in the applicable Series Resolution on any date; (c) a default shall be made in the observance or performance of any covenant, contract or other provision in the Bonds, the Bond Resolution, or applicable Series Resolution contained and such default shall continue for a period of ninety (90) days after written notice to the Agency from a Bondholder or from the Trustee specifying such default and requiring the same to be remedied; or (d) certain acts of bankruptcy, insolvency or reorganization by the Agency.

### **Remedies**

Upon the happening and continuance of an event of default, the Trustee may, and shall upon the request of the Holders of twenty-five percent (25%) in principal amount and Accreted Value of the Bonds then Outstanding affected by an event of default described in clause (a) or (b) of "Events of Default" above, or twenty-five percent (25%) in principal amount and Accreted Value of all Bonds then Outstanding if the event of default is one described in clauses (c) or (d) of "Events of Default" above, proceed to protect and enforce the rights of the Bondholders under the laws of the State of Minnesota or under the Bond Resolution. No Bondholder shall have the right to institute any proceedings for any remedy under the Bond Resolution unless the Trustee, after being so requested to institute such proceedings and offered satisfactory indemnity, shall have refused or neglected to comply with such request within a reasonable time and unless the proceeding is brought for the ratable benefit of all Holders of all Bonds. However, nothing in the Bond Resolution contained is intended to affect or impair the right of any Bondholder to enforce the payment of the principal or Accreted Value of and interest on his Bonds at the time and place expressed in the Bonds.

## APPENDIX E

### BOOK-ENTRY-ONLY SYSTEM

#### General

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

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

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

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

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

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

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

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

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

The above information contained in this section "Book-Entry-Only System" is based solely on information provided by DTC. No representation is made by the Agency or the Underwriter as to the completeness or the accuracy of that information or as to the absence of material adverse changes in that information subsequent to the date hereof.

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

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

### **Discontinuation of Book-Entry System**

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

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

**APPENDIX F**  
**FORM OF OPINION OF BOND COUNSEL**



\_\_\_\_\_, 2024

Minnesota Housing Finance Agency  
St. Paul, Minnesota 55102

Minnesota Housing Finance Agency  
Rental Housing Bonds  
2024 Series C-1  
2024 Series C-2

Ladies and Gentlemen:

We have acted as bond counsel to the Minnesota Housing Finance Agency (the “Agency”) in connection with the authorization, issuance and delivery by the Agency of its Rental Housing Bonds, 2024 Series C-1, in the aggregate principal amount of \$\_\_\_\_\_ (the “2024 Series C-1 Bonds”) and its Rental Housing Bonds, 2024 Series C-2, in the aggregate principal amount of \$\_\_\_\_\_ (the “2024 Series C-2 Bonds” and, together with the 2024 Series C-1 Bonds, the “2024 Series C Bonds”), each series of which are issuable only as fully registered bonds of single maturities in denominations of \$5,000 or any integral multiple thereof.

The 2024 Series C Bonds are dated, mature on the dates, bear interest at the rates and are payable as provided in the Series Resolution referenced below. The 2024 Series C Bonds are subject to optional, mandatory and special redemption prior to maturity, including special redemption at par, as provided in the Series Resolution referenced below.

As bond counsel, we have examined certified copies of resolutions and proceedings of the Agency and other documents we considered necessary as the basis for this opinion, including the Agency’s Bond Resolution adopted February 25, 1988, as amended and supplemented (the “Bond Resolution”), and the Series Resolution relating to the 2024 Series C Bonds adopted May 23, 2024 (the “Series Resolution”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

From such examination, and assuming continuing compliance by the Agency and the owner of the Development financed by the 2024 Series C Bonds with the covenants contained in the Bond Resolution, the Series Resolution and the loan documentation relating to the Development, it is our opinion that, under existing law as of the date hereof: (1) the Agency is a public body corporate and politic, having no taxing power, duly organized and existing under Minnesota Statutes, Chapter 462A, as amended; (2) the Bond Resolution and Series Resolution have been duly and validly adopted by the Agency and are valid and binding upon it in accordance with their terms, and create the valid pledge and security interest they purport to create with respect to the Mortgage Loans, Revenues, moneys, securities and other Funds held and to be set aside under the Bond Resolution and Series Resolution; (3) the 2024 Series C Bonds are duly and lawfully authorized to be issued and are valid and binding general obligations of the Agency in accordance with their terms, entitled to the benefits granted by and secured by the covenants contained in the Bond Resolution and Series Resolution, and are payable out of any of its moneys, assets or revenues, subject to the provisions of other resolutions or indentures now or hereafter pledging and appropriating particular moneys, assets, or revenues to other bonds or notes, and federal or state laws heretofore enacted appropriating particular funds for a specified purpose, but the State of Minnesota is not liable thereon and the 2024 Series C Bonds are not a debt of the

Minnesota Housing Finance Agency  
 \_\_\_\_\_, 2024  
 Page 2

State; (4) in the Bond Resolution the Agency has created a Debt Service Reserve Fund for the security of the 2024 Series C Bonds and other bonds issued or to be issued under the Bond Resolution, to be maintained in an amount specified therein, and has agreed to certify annually to the Governor the sum, if any, necessary to restore the Fund to this amount for inclusion in the next budget submitted to the Legislature, and the Legislature is legally authorized, but is not legally obligated, to appropriate such amount to such Debt Service Reserve Fund; and (5) the interest payable on the 2024 Series C Bonds is not includable in gross income of owners thereof for federal income tax purposes or in taxable net income of individuals, trusts and estates for State of Minnesota income tax purposes, but such interest is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax; provided, however, interest on any 2024 Series C Bond is not excluded from gross income for federal income tax purposes of any holder of such bonds who is a “substantial user” of a development financed by such 2024 Series C Bond or a “related person” thereto, as such terms are defined in Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”).

Interest on the 2024 Series C Bonds will not be treated as an item of tax preference in calculating the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the 2024 Series C Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. Interest on the 2024 Series C Bonds will not be treated as an item of tax preference for purposes of calculating the Minnesota alternative minimum tax imposed on individuals, trusts and estates. We express no opinion regarding other federal, state or local tax consequences arising from the ownership or disposition of the 2024 Series C Bonds. All owners of 2024 Series C Bonds (including, but not limited to, insurance companies, financial institutions, Subchapter S corporations, United States branches of foreign corporations, applicable corporations as defined in Section 59(k) of the Code relating to the alternative minimum tax imposed on corporations and recipients of social security and railroad retirement benefits) should consult their tax advisors concerning other possible indirect tax consequences of owning and disposing of the 2024 Series C Bonds.

Noncompliance by the Agency or the owner of the Development financed by the 2024 Series C Bonds with their covenants in the Bond Resolution, Series Resolution or applicable loan documentation relating to the Development may result in inclusion of interest in federal gross income and Minnesota taxable net income retroactive to the date of issuance of the 2024 Series C Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2024 Series C Bonds, the Bond Resolution and the Series Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully yours,



## Item: Adoption, Resolution Approving the Amendment of the Revolving Credit Agreement with Royal Bank of Canada

**Action Item:** 7.D  
**Date:** 05/23/2024  
**Staff Contacts:** Michael Solomon, 651.297.4009, michael.solomon@state.mn.us  
 Debbi Larson, 651.296.8081, debbi.larson@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests authorization to negotiate and enter into an amendment to the Revolving Credit Agreement between Minnesota Housing and Royal Bank of Canada (RBC). The Revolving Credit Agreement provides a revolving line of credit (LOC) for the purpose of financing the purchase of mortgage-backed securities prior to issuance of long-term bonds. The proposed amendment would expand the eligible uses of the LOC to include financing multifamily loans prior to purchase of the loan by the Federal Financing Bank (FFB).

### Fiscal Impact

As amended, the Revolving Credit Agreement would make increased liquidity available to support multifamily mortgage lending. The increased use of the revolving LOC will result in increased interest costs to the Agency.

### Agency Priorities

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

### Attachments

- Background
- Resolution

## Background

Pursuant to Resolution No. MHFA 23-059, Minnesota Housing entered into a Revolving Credit Agreement with Royal Bank of Canada dated as of October 1, 2023 (the “Agreement”). Under the Agreement, Royal Bank of Canada (RBC) provides a revolving LOC in an amount up to \$40,000,000, secured by a general obligation pledge, which Minnesota Housing can use to finance the purchase of mortgage-backed securities prior to the issuance of bonds under the Residential Housing Finance Bond Resolution and/or the Homeownership Finance Bond Resolution.

Minnesota Housing utilizes the US Department of Housing and Urban Development’s Risk-Sharing program under Section 542(c) in conjunction with the US Treasury’s Federal Financing Bank (FFB) that provides credit enhancement and liquidity by purchasing multifamily mortgage loans that are made by the Agency. This tool has been identified as an efficient source of capital to reinvest into new lending and reduces risks associated with multifamily mortgage lending. There is a period of approximately 30 days between the time that Minnesota Housing closes on the loan to a multifamily borrower and the subsequent sale of the loan to FFB. Minnesota Housing staff have identified an opportunity to utilize the existing revolving LOC with RBC to finance these multifamily loans during the period after loan closing and prior to purchase by FFB. RBC has indicated its willingness to amend the existing Agreement to permit this new use, pending final internal approvals. The \$40,000,000 limit would not be increased, which may potentially reduce the capacity for warehousing of mortgage-backed securities, the original purpose of the LOC, but staff believes this is a manageable limit for both uses at this time.

If approved by board, Minnesota Housing staff, in consultation with the Agency’s financial advisor, CSG, and legal counsel, will negotiate and enter into an amendment to the Agreement.

**MINNESOTA HOUSING FINANCE AGENCY**

**400 Wabasha Street North, Suite 400  
St. Paul, Minnesota 55102**

**RESOLUTION NO. MHFA 24-XXX  
Modifying Resolution No. MHFA 23-059**

**RESOLUTION APPROVING THE AMENDMENT OF THE REVOLVING MORTGAGE WAREHOUSE  
LINE OF CREDIT TO AUTHORIZE A NEW USE**

WHEREAS, Minn. Stat. 462A.08 authorizes the Agency to borrow funds to achieve its purposes and to issue its notes incident thereto; and

WHEREAS, the Agency utilizes a line of credit provided by Royal Bank of Canada, secured by the general obligation pledge of the Agency, to warehouse mortgage-backed securities to be financed by proceeds of its bonds pursuant to Resolution No. MHFA 23-059; and

WHEREAS, changes in market conditions have caused an increased need for liquidity for warehousing multifamily mortgage loans to be acquired by the Federal Financing Bank; and

WHEREAS, Royal Bank of Canada is willing to amend the existing agreement to allow advances of the line of credit to be used to finance multifamily mortgage loans; and

WHEREAS, Agency staff anticipate negotiation of the final terms and documentation of the amendment in consultation with its financial advisor and legal counsel and would enter into the amendment and related documents in the upcoming weeks.

**NOW THEREFORE, BE IT RESOLVED:**

That the Minnesota Housing Finance Agency board hereby authorizes Agency staff to negotiate and enter into an amendment to the Revolving Credit Agreement between the Agency and Royal Bank of Canada to authorize use of the revolving line of credit to finance multifamily mortgage lending.

Adopted this 23<sup>rd</sup> day of May 2024

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CHAIR

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## **Item: Approval, Selection and Commitment, Capacity Building Funds to HOME Line**

**Action Item:** 7.E  
**Date:** 05/23/2024  
**Staff Contacts:** Ji-Young Choi, 651.296.9839, ji-young.choi@state.mn.us  
**Request Type:** Approval, Resolution

### **Request Summary:**

Staff requests adoption of the attached resolution authorizing the commitment of \$300,000 from Minnesota Housing Capacity Building funds. This will allow the Agency to execute a Grant Contract Agreement with HOME Line from July 1, 2024 to September 30, 2025 to assist Minnesota renters with legal and educational services across the state through their free and statewide tenant hotline.

### **Fiscal Impact:**

Funds are from state appropriated resources, with individual awards structured as grants, which do not earn interest for the Agency.

### **Agency Priorities:**

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

### **Attachments:**

- Background and Request
- Resolution

## Background and Request

Minnesota Housing allocates Capacity Building funds to various entities to enhance the housing system and support households in housing crises. HOME Line is one of the current grantees in this effort, providing free legal, educational and advocacy services for renters statewide through their tenant hotline and educational workshops.

Since the onset of the pandemic, the demand for HOME Line's services has significantly increased, a trend that has continued due to the conclusion of many emergency rental assistance programs and eviction moratoriums. In 2023, the tenant hotline received over 20,000 new calls, marking the third consecutive year of record-breaking call volumes. Of the total 20,086 Minnesota renter households served, 88% are at or below low-income levels, of which 43% are categorized as very low-income by HUD standards. Over two-thirds (68%) of callers are women, and 50% identify as Indigenous, Black and people of color. HOME Line estimates that their services prevented 2,605 evictions, saving families an estimated \$1,959,642 in 2023. Evictions and repairs are the top reasons for calls, with evictions taking precedence over the past 20 months as pandemic-related eviction restrictions were lifted.

This grant will utilize a single/sole source approach as HOME Line is the only organization in the state providing statewide tenant hotline services with free legal advice for any tenants about landlord/tenant law and resources for rental property owners. This helps Minnesota Housing's mission of ensuring safe, decent and affordable housing for renters. Furthermore, HOME Line's collaboration with many community partners throughout the state supports the development and preservation of affordable housing.

Since 2014, Minnesota Housing has annually funded HOME Line \$200,000 and the current Grant Contract Agreement is set to expire on June 30, 2024. Recognizing the heightened need for the tenant hotline and legal and advocacy services, staff propose a new commitment of \$300,000 from Minnesota Housing's Capacity Building funds to cover the period from July 1, 2024, to September 30, 2025. This proposed 15-month grant term is to ensure ample time for contract execution, especially considering the usual timing in budget approval by the legislature. Subsequent grants will be an October to September cycle.



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

**RESOLUTION NO. MHFA 24-XXXX  
RESOLUTION APPROVING COMMITMENT FOR CAPACITY BUILDING GRANT TO HOME LINE**

WHEREAS, the Minnesota Housing Finance Agency (Agency) would like to execute a new Grant Contract Agreement with HOME Line (Grantee) to provide legal, advocacy and educational services; and

WHEREAS, the scope of HOME Line provides a statewide tenant hotline, legal education and advocacy in the state of Minnesota and furthers the Agency's mission; and

WHEREAS, Agency staff has determined that the Grant Contract Agreement is in compliance with Agency's rules, regulations and policies; and that the application will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the Board hereby authorizes Agency staff to enter into Grant Contract Agreement with HOME Line using state resources as set forth below, subject to changes allowable under Agency and Board policies:

1. Agency staff shall review and approve the recommended Grantee for up to \$300,000 for the grant period of July 1, 2024, through September 30, 2025; and
2. The issuance of the Grant Contract Agreement Amendment in form and substance acceptable to Agency staff and the execution of the Grant Contract Agreement Amendment shall occur no later than six months from the adoption date of this Resolution; and
3. The sponsors and such other parties shall provide such information and execute all such documents relating to said Grant Contract Agreement Amendment, as the Agency, in its sole discretion, deems necessary.

Adopted this 23<sup>rd</sup> day of May 2024

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CHAIR

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## Item: Approval, Selection and Commitment, 2024 Housing Tax Credit (HTC) Program - Round 2

**Information Item:** 7.F  
**Date:** 05/23/2024  
**Staff Contacts:** Tim Sullivan, 651.296.8149, tim.sullivan@state.mn.us  
Nicola Viana, 651.296.8277, nicola.viana@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests the following approvals related to 2024 Housing Tax Credit (HTC) Program Round 2:

1. Adoption of a resolution approving the selection and allocation of 2024 HTC Round 2 competitive federal 9% Low Income Housing Tax Credits, the applicable waivers and the creation of a waiting list.
2. Adoption of a resolution approving the selection of projects and units for further processing under the United States Department of Housing and Urban Development Section 811 Project-Based Rental Assistance (HUD Section 811 PRA) Program and, subject to final underwriting and due diligence to execute the Rental Assistance Contract (RAC).

### Fiscal Impact

HTCs and HUD Section 811 PRA are federal resources, and the Agency earns administrative fees for the costs to implement the programs.

### Agency Priorities

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

### Attachments

- Background
- Summary of 2024 HTC Round 2 Selections
- Summary of HUD Section 811 PRA Program Recommendations

- Summary of 2024 HTC Round 2 Waiting List
- Waiver Requests
- Development Summaries
- Selection Map
- Resolutions

## Background

Minnesota Housing allocates 9% HTC twice a year through a competitive process. Most HTCs are allocated during the annual Multifamily Consolidated Request for Proposals (RFP)/HTC Round 1. Following HTC Round 1, the Agency acquires additional 9% HTCs from various sources. These include any remaining HTCs from Round 1, HTC returns, the National Pool where other states return unused HTCs, and any Internal Revenue Service (IRS) updates that result in additional HTCs. Round 2 is used to allocate any remaining 9% HTCs.

In this round, HTCs are combined into one unified pool that does not consider geographic distribution or set-asides, and projects located in a suballocator jurisdiction with a for-profit sponsor, can apply directly to Minnesota Housing. Round 2 also creates a waiting list for additional HTCs that may become available.

In the 2023 Multifamily Consolidated RFP/2024 HTC Round 1, Minnesota Housing allocated \$12,671,466.

On February 22, 2024, Minnesota Housing accepted applications for the 2024 HTC Round 2. A total of \$2,555,550 9% HTCs were available. Table A provides a breakdown of the sources of 2024 HTCs available for allocation in Round 2. The returned credit amount is due to a project selected in the 2023 Multifamily Consolidated RFP, 5780 Lincoln, that was unable to move forward.

**Table A: 2024 HTC Round 2 Available Credits**

2024 HTC Round 1 Remaining Balance	Returned Credits	Increase Due to IRS Update of State Population	Increase of 2023 National Pool	Total 2024 HTCs Available in Round 2
\$ 487,082	\$ 1,792,677	\$ 60,120	\$ 215,671	\$ 2,555,550

Under the [2024-2025 HTC Qualified Allocation Plan](#) (QAP), Chapter 2.E on page 10, priority in HTC Round 2 is given to developments that have previously received a substantial portion of eligible HTCs from Minnesota Housing or a suballocator.

Projects that have previously received HTCs from Minnesota Housing or a suballocator and have an annual HTC shortfall of at least 5%, but not more than 33.33% of the total qualified annual HTC amount, have priority over other applicants in Round 2. If more than one project qualifies under the supplemental priority, projects are ranked according to their validated score.

Chapter 5.D of the QAP outlines six ordered tie breakers in the event that projects score an equal number of points. Staff compare tied projects using one tie breaker at a time. If the first tie breaker does not determine ranking, subsequent tie breakers are applied.

Proposals submitted to Minnesota Housing for the 2024 HTC Round 2 were evaluated and ranked in accordance with the QAP. The highest-ranking applications were reviewed by a team of staff underwriters, architects, asset managers and housing stability officers for:

- Consistency with Minnesota Housing's mission and strategic priorities
- Compliance with statutes and HTC program guidelines
- Consistency with HTC program priorities
- Financial feasibility, market need, architectural quality and overall development team capacity

## Summary of 2024 HTC Round 2 Selections

Minnesota Housing received six applications in Round 2 requesting a combined total of \$5,163,138 in 2024 HTCs. Table B lists the applicants and the amounts they requested.

**Table B: Applications for 2024 HTC Round 2**

Project	City	Total Units	9% HTCs Requested
East 7 <sup>th</sup> Street	St. Paul	60	\$ 242,765
St. Olaf-Exodus	Minneapolis	66	\$ 367,078
Prairie Pointe Apartments	Shakopee	42	\$ 294,784
The Warren Apartments	Minneapolis	58	\$ 1,800,000
Melrose Commons	Medina	50	\$ 1,691,046
Park Rapids Apartments	Park Rapids	48	\$ 767,465
	Total 2024 HTC Round 2 Units and Requests	324	\$ 5,163,138

The applications were reviewed, scored and ranked in accordance with the QAP, which includes the Self-Scoring Worksheet. Staff advanced the top scoring projects to feasibility review and underwriting. The Selection Committee subsequently reviewed the projects and recommends four projects for board approval. Three proposals would be allocated their full requested amount, and one proposal would receive a partial allocation of their requested amount due to limited available HTCs. Table C lists the recommendations for selection.

**Table C: Recommended Project Selections for 2024 HTC Round 2**

Project	Eligible for Supplemental Priority	Total Units	HTC Allocation Recommendation
East 7 <sup>th</sup> Street	Yes	60	\$ 242,765
St. Olaf-Exodus	Yes	66	\$ 367,078
Prairie Pointe Apartments	Yes	42	\$ 294,784
The Warren Apartments	No	58	\$ 1,650,923
	Total 2024 HTC Round 2 Units and Allocation	226	\$ 2,555,550

### Summary of Section 811 PRA Program Recommendations

In 2020, the Agency received its third grant from the United States Department of Housing and Urban Development (HUD) for the HUD Section 811 PRA Program. This award is anticipated to support approximately 160 households where at least one family member is under age 62, has a disability and is extremely low income.

The HUD Section 811 PRA Program expands the supply of supportive housing that promotes and facilitates community integration for people with significant and long-term disabilities. This program also advances Minnesota's Olmstead Plan to help ensure people with disabilities live, learn, work and enjoy life in the most integrated setting possible.

Two projects, with a total of seven units each, are recommended for HUD Section 811 PRA Program funding: East 7<sup>th</sup> Street and The Warren Apartments. Rental assistance under the HUD Section 811 PRA Program are long-term contracts and the initial term is 20 years if funds are available. The award amount in Table D illustrates an estimated annualized gross rent based on the application workbook. The HUD Section 811 PRA Program proposed total award amount may change at the time of contract execution and will be adjusted over time to reflect updated Fair Market Rate rents, Operating Cost Adjustment Factors and other factors that may affect award amounts.

**Table D: Recommended Project Selections for the HUD Section 811 PRA Program**

Project	HUD Section 811 PRA Program Units	Estimated Award Amount
East 7 <sup>th</sup> Street	7	\$ 111,468
The Warren Apartments	7	\$ 92,148
	Total Estimated Award Amount	\$ 203,616



### Summary of 2024 HTC Round 2 Waiting List

The Selection Committee recommends that three projects be placed on a waiting list as shown in Table E, one project that will receive a partial allocation, and two non-select projects. Staff have already completed market, feasibility and underwriting reviews for two of these projects. In the event that more HTCs become available to Minnesota Housing, one or more of these projects would be reconsidered for allocation. Non-select projects will be subject to Selection Committee and board approval.

If the board approves The Warren Apartments for selection and allocation, staff requests the board authorize staff to, in the event additional HTC become available, make an additional reservation and allocation in an amount not to exceed \$149,077, without further board action, after completion of final feasibility review and underwriting review.

**Table E: 2024 HTC Waiting List**

Project	Feasibility Review	Reason for Placement on Waitlist
The Warren Apartments	Yes	Insufficient resources to fully fund
Melrose Commons	Yes	Insufficient resources
Park Rapids Apartments	No	Insufficient resources

## Waiver Requests

### Predictive Cost Model Waiver

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

In accordance with Board Policy No. 15, if a project's proposed total development cost (TDC) is more than 25% higher than the predicted cost for new construction, or 35% for preservation and adaptive reuse developments, the board may approve a waiver to the predictive cost model threshold if it is determined that the higher than expected costs are still reasonable.

St. Olaf-Exodus, a preservation project, has a TDC per unit of \$516,349, exceeding its predicted cost of \$356,693 by 44.76%. Staff recommends a waiver of the predictive cost model threshold from the board. Based on the project review and analysis, staff determined the higher than expected cost is reasonable due to the inclusion of a large new building addition alongside the substantial rehabilitation. Additionally, the project incorporates significant capitalized reserves for supportive services, which is an appropriate measure considering the population that will be served by this facility.

### Waiver of Additional Allocation Limit

Chapter 2.O of the 2024-2025 QAP states, *"Minnesota Housing permits only one supplemental or additional HTC allocation for each development."* It also states that, *"Under extenuating circumstances, such as significant changes in the market, Minnesota Housing may allow additional requests. The determination and approval are at the sole discretion of Minnesota Housing."*

Staff recommends a waiver of the additional HTC allocation limit to allow a second supplemental allocation for Prairie Pointe Apartments. The project was allocated \$1,350,000 of 9% HTCs in 2023 HTC Round 1, and another allocation of \$91,009 in 2023 Round 2. Therefore, this project must place in service by December 31, 2025. The project has experienced increased costs and significant delays. Without this additional allocation, completing on time would be difficult and the project is unlikely to succeed. Staff requests an additional allocation of HTCs to fully fund the project.

## 2024 HTC Round 2 Development Summary – East 7<sup>th</sup> Street

**Project Sponsor:** Project for Pride in Living, Inc.  
**Location:** St. Paul  
**Property (D#):** D8518  
**Project #:** M19588  
**Project Type:** Workforce Housing

### Development Description

East 7<sup>th</sup> Street is a new construction mixed-income development in St. Paul being proposed by Project for Pride in Living (PPL) and Soul Community Development Corporation (Soul). Its 60 units will provide both family general occupancy and supportive housing units. The one-, two-, three-, four- and five-bedroom units will be restricted to households between 30-60% Multifamily Tax Subsidy Project (MTSP) income limits. East 7<sup>th</sup> Street is geared towards multigenerational family housing, with community spaces and services meant to support this. The development will be utilizing services through Minnesota Community Care which include early childhood care, youth learning services and adult care. The development is proposed with a commercial space on the first floor which the developer estimates will create at least 70 full time jobs.

### Population Served\*

- The development will provide 14 units of permanent supportive housing and 46 units of workforce housing.
- Supportive Housing: the development is partially supportive housing.
- High Priority Homeless: seven units will serve families that meet the definition of High Priority Homeless (HPH) and will benefit from Housing Support.
- Persons with Disabilities (PWD): seven units will serve single adults with a disability and will benefit from HUD Section 811 Project-Based Rental Assistance (PRA).
- Rental Assistance: 7 units will benefit from Housing Support and 7 units will benefit from HUD Section 811 PRA. The project has also applied for 14 Project-based Housing Choice Vouchers from the St Paul PHA.

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\* Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

## Sources of Capital Funding

**Table F: Sources of Capital Funding for East 7<sup>th</sup> Street Development**

Source	Amount
First Mortgage	\$ 3,028,000
Syndication Proceeds	\$ 13,583,507
Sales Tax Rebate	\$ 584,000
Energy Rebates	\$ 30,000
Met Council Livable Communities Demonstration Account (LCDA) – Transit Oriented Development (TOD) Predevelopment	\$ 75,000
City of St. Paul American Rescue Plan Act (ARPA)	\$ 3,600,000
Ramsey County	\$ 1,288,063
Met Council Tenant-Based Rental Assistance (TBRA) – Investigation	\$ 24,900
Met Council LCDA – TOD	\$ 975,000
Met Council TBRA	\$ 75,000
City of St. Paul (HOME, other City Funding)	\$ 2,550,000
City – Other	\$ 5,525,000
Deferred Developer Fee	\$ 38,532
Total Permanent Financing	\$ 31,377,002
Funding Gap Remaining	\$ (0)

## 2024 HTC Round 2 Development Summary – St. Olaf-Exodus

**Project Sponsor:** Aeon  
**Project Location:** Minneapolis  
**Property (D#):** D0973  
**Project #:** M19431  
**Project Type:** Permanent Supportive Housing

### Development Description

St. Olaf-Exodus involves the adaptive reuse of a church owned building and construction of a new addition located in downtown Minneapolis. The building formerly provided transitional housing operated by Catholic Charities. Aeon is the project sponsor of this 66-unit permanent supportive housing project, comprised of all studio apartments. This project has considerable community support as evidenced by below market rate 99-year land lease provided by St. Olaf Church, a philanthropic contribution of \$1.12M from Westminster Presbyterian Church, \$1.2M in Hennepin County Supportive Housing Capital Funds and a \$1.5M loan from Aeon. The building will undergo a full rehabilitation, including all major components. Key building features include a resident lounge, kitchen, computer room, fitness center, rooftop deck, meeting rooms, including space for Touchstone Mental Health employees to meet with residents, as well as reception space and bike storage.

### Population Served\*

- Supportive Housing: the development is primarily supportive housing, and all 66 units will meet the Housing Infrastructure requirements under Minnesota Statute 462A.37.
- High Priority Homeless: 50 units will serve single adults that meet the definition of High Priority Homeless (HPH) with 33 units benefitting from Housing Support assistance and 17 from Section 8 Project-Based Rental Assistance (PRA).
- Persons with Disabilities (PWD): 16 units will serve single adults with a disability and will benefit from Section 8 PRA. These units will also meet the Housing Infrastructure statutory Other Homeless requirement.
- Rental Assistance: 33 units will benefit from Housing Support assistance and 33 units will benefit from Section 8 PRA. All will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP) income limits.
- Additional population notes:
  - Hennepin County Supportive Housing Capital Funds require that 30 units be reserved for occupancy by people currently receiving mental health treatment, referred through

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\* Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

Hennepin County's Human Service Department, and 20 units reserved for households experiencing homelessness, referred through Hennepin County's Coordinated Entry System.

## Sources of Capital Funding

**Table G: Sources of Capital Funding for St. Olaf-Exodus Development**

Source	Amount
Syndication Proceeds	\$ 14,865,156
Sales Tax Rebate	\$ 387,333
Energy Rebates	\$ 15,000
Westminster Presbyterian Church Philanthropic Contribution	\$ 1,120,000
Hennepin County Supportive Housing Capital Funds	\$ 1,200,000
Environmental Response Fund	\$ 233,707
Housing Infrastructure Appropriation Homeless	\$ 7,798,000
Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP)	\$ 1,926,605
Affordable Housing Trust Fund Award 2023	\$ 2,019,427
Met Council Local Housing Incentives Account (LHIA)	\$ 750,000
Affordable Housing Incentive Fund (AHIF) – Hennepin County	\$ 2,100,000
Aeon Loan	\$ 1,500,000
General Partner Cash	\$ 100
Deferred Developer Fee	\$ 69,740
Total Permanent Financing	\$ 33,985,068
Funding Gap Remaining	\$ (0)

## 2024 HTC Round 2 Development Summary – Prairie Pointe Apartments

**Project Sponsor:** Beacon Interfaith Housing Collaborative  
**Project Location:** Shakopee  
**Property (D#):** D8328  
**Project #:** M19608  
**Project Type:** Supportive Housing

### Development Description

Prairie Pointe Apartments is a new construction, 42-unit building in Shakopee, sponsored by Beacon Interfaith Housing Collaborative (Beacon). It will provide both workforce housing and permanent supportive housing for households at risk of homelessness. This would be the first development in Scott and Carver Counties with the majority of units being supportive housing units, and it meets a local need for affordable units. The development will also have access to supportive housing services. The building will have large community and programming spaces and a playground area for families. Scott County Child Protective Services has been a core partner in the “Keeping Families Together” initiative and will refer appropriate families to Prairie Pointe Apartments. The project includes units with Housing Support, private rental assistance provided by Beacon and units without rental assistance. Scott County and Shakopee Mdewakanton Sioux Community as well as the developer have all made financial commitments in support of this development.

### Population Served\*

- The development will provide 42 units of workforce and permanent supportive housing.
- High Priority Homeless: 16 units will serve families that meet the definition of High Priority Homeless (HPH) and will benefit from private rental assistance provided by the project sponsor and an additional five units will serve single adults that meet the definition of HPH and will benefit from Housing Support assistance.
- Persons with Disabilities (PWD): seven units will serve single adults with disabilities and will benefit from private rental assistance provided by the project sponsor.
- Rental Assistance: 28 units will benefit from Housing Support (12 units) or private rental assistance (16 units). Of the 28 units, all 28 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Project (MTSP) income limits.
- Additional population notes:
  - The project will serve families involved with Scott County Child Protective Services.

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\* Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

## Capital Sources of Capital Funding

**Table H: Sources of Capital Funding for Prairie Pointe Apartments Development**

Source	Amount
Syndication Proceeds	\$ 14,501,965
Sales Tax Rebate	\$ 246,706
Energy Rebates	\$ 16,580
Minnesota Housing's Economic Development and Housing Challenge (EDHC) Program	\$ 1,224,000
Scott County Deferred Loan	\$ 900,000
Scott County Community Development Agency (CDA) INVEST Program	\$ 500,000
FHLB Affordable Housing Program (AHP)	\$ 750,000
Met Council LHIA	\$ 350,000
Shakopee Mdewakanton Sioux Community	\$ 100,000
Minnesota State Housing Tax Credits	\$ 100,500
Deferred Developer Fee	\$ 67,829
Total Permanent Financing	\$ 18,757,580
Funding Gap Remaining	\$ (0)



## 2024 HTC Round 2 Development Summary – The Warren Apartments

**Project Sponsor:** Premier Development Corporation, LLC  
**Project Location:** Minneapolis  
**Property (D#):** D8385  
**Project #:** M19595  
**Project Type:** Workforce Housing

### Development Description

The Warren Apartments is a six-story, 58-unit affordable multifamily rental housing building being developed by Premier Development Corporation, LLC (Premier). The Warren Apartments will include a unit mix that includes one-, two- and three-bedroom apartments for households with incomes at or below 30-50% Multifamily Tax Subsidy Project (MTSP) income limits. In October 2022, the Minneapolis Community Planning and Economic Development (CPED) Department issued a Historic Review Letter that indicated that the existing church building may meet the criteria for local historic designation. Premier engaged a historic consultant to evaluate the property and determined that the property is not a historical site. The property is located on a bus line and is walking distance to stores, parks and schools.

### Population Served\*

- The development will provide 58 units of workforce and permanent supportive housing.
- Supportive Housing: the development is partially supportive housing.
- High Priority Homeless: seven units will serve single adults that meet the definition of High Priority Homeless (HPH) and will benefit from Housing Support.
- Persons with Disabilities (PWD): seven units will serve single adults with a disability and will benefit from HUD Section 811 PRA.

### Sources of Capital Funding

Table I: Sources of Capital Funding for The Warren Apartments

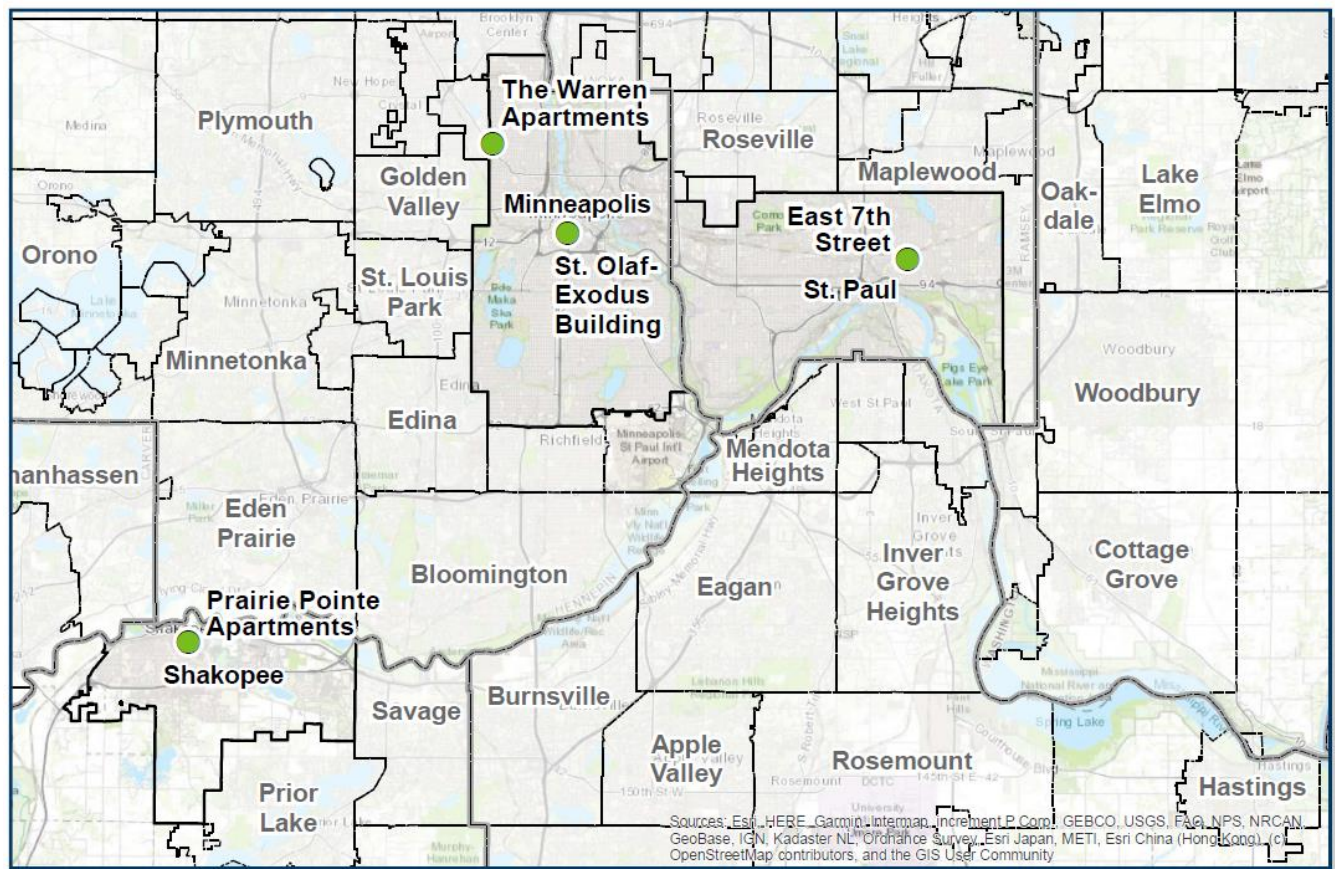
Source	Amount
First Mortgage	\$ 4,194,000
Syndication Proceeds	\$ 13,866,366
Sales Tax Rebate	\$ 312,252
Energy Rebates	\$ 40,000

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\* Units may be counted more than once, as allowed by the Self-Scoring Worksheet.

Source	Amount
City of Minneapolis Affordable Housing Trust Fund (AHTF)	\$ 2,000,000
Hennepin County AHIF	\$ 1,000,000
Met Council TBRA	\$ 36,000
Inflation Reduction Act (IRA) Energy Tax Credit Proceeds	\$ 121,800
Seller Note	\$ 500,000
Deferred Developer Fee	\$ 750,000
Total Permanent Financing	\$ 22,820,418
Funding Gap Remaining	\$ 3,889,751

## 2024 HTC Round 2 Recommendations Projects Map



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

**RESOLUTION NO. MHFA 24-XX**

**RESOLUTION APPROVING ALLOCATION OF  
FEDERAL LOW INCOME HOUSING TAX CREDITS  
FOR CALENDAR YEAR 2024  
TO CERTAIN QUALIFIED LOW-INCOME HOUSING BUILDINGS**

WHEREAS, in accordance with the Tax Reform Act of 1986 and the provisions of Minn. Stat. § 462A.221-462A.223, the Minnesota Housing Finance Agency (Agency) has received applications as a duly designated housing credit agency for allocations to certain developments of the Low Income Housing Tax Credit (HTC) program provided by Section 42 of the Internal Revenue Code of 1986 (IRC); and

WHEREAS, the Agency has applied to said applications the criteria set forth for selection in Minnesota Housing's Qualified Allocation Plan (QAP), duly adopted by the Agency for 2024;

WHEREAS, the Agency has determined to reserve, for future allocation, portions of the 2024 state allocation of HTC to the development identified below, pending final Agency staff review and delivery by the applicants of additional certifications and information required for the Agency's issuance of such allocations; and

WHEREAS, the Agency has determined to create a waiting list, and to place on such waiting list the developments identified below, from which developments may be selected for future reservations and allocations.

**NOW, THEREFORE, BE IT RESOLVED:**

1. The board hereby authorizes Agency staff to reserve and allocate, portions of the state allocation of HTC as set out below upon meeting the requirements for allocation contained in Section 42 of the IRC and QAP subject to the terms and conditions contained herein:

**Projects Receiving HTCs**

<b>Property #</b>	<b>Project #</b>	<b>Project Name</b>	<b>HTC 9% Allocation Amount</b>
D8518	M19588	East 7 <sup>th</sup> Street	\$ 242,765
D0973	M19582	St. Olaf-Exodus	\$ 367,078
D8328	M19608	Prairie Pointe Apartments	\$ 294,784
D8385	M19595	The Warren Apartments	\$ 1,650,923
		<b>Total Selection Amount:</b>	<b>\$ 2,555,550</b>

2. Pursuant to the above-referenced statutes and the allocation ranking factors contained in the QAP when applied to the applications submitted, Agency staff is hereby authorized to make the HTC reservations and allocations for the developments identified in the Projects Receiving HTC table in the amounts shown for calendar year 2024, upon compliance with all of the requirements contained in Section 42 of the IRC and the QAP; and
3. Agency staff is hereby authorized to allocate the portions of the state of Minnesota's ceiling of HTCs to the projects identified in the Projects Receiving HTC table above in the amounts shown, subject to adjustments in accordance with the QAP; and
4. All selections are subject to available resources and the requirements of the Low Income Housing Tax Credit program, and the Commissioner is authorized to approve non-material changes to the selections; and
5. Agency staff is hereby authorized to provide notification letters concerning the reservations and allocations described herein to the approved applicants; and
6. Agency staff is hereby authorized to execute all documents related to the reservation and allocations described herein, subject to such terms and conditions as the Agency, in its sole discretion, deems necessary; and
7. A waiver of Board Policy No. 15 to exceed the preservation predictive cost model threshold of 35% is hereby granted to St. Olaf-Exodus; and
8. A waiver of the additional allocation limit set forth in Chapter 2.O of the QAP is hereby granted to Prairie Pointe Apartments; and
9. A waiting list for future reservations and allocations of 2024 HTC is hereby created and the developments identified in the following table are hereby placed on such waiting list; and

**Projects on the 2024 HTC Waiting List**

<b>Property #</b>	<b>Project #</b>	<b>Project Name</b>	<b>HTC 9% Requested</b>
D8385	M19595	The Warren Apartments	\$ 149,076
D8514	M19576	Melrose Commons	\$ 1,691,046
D3428	M19606	Park Rapids Apartments	\$ 767,465
		<b>Waiting List Amount:</b>	<b>\$ 2,607,587</b>

10. Pursuant to the above-referenced statutes and the allocation of ranking factors contained in the QAP when applied to the applications submitted, in the event that additional HTC become available, Agency staff is hereby authorized to make an additional reservation and allocation of HTC to The Warren Apartments in an amount not to exceed \$149,076 upon compliance with all the requirements contained in Section 42 of the IRC and the QAP.

Adopted this 23<sup>rd</sup> day of May 2024

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CHAIR

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

**RESOLUTION NO. MHFA 24-XX**

**RESOLUTION APPROVING SELECTION AND COMMITMENT OF  
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
SECTION 811 PROJECT RENTAL ASSISTANCE PROGRAM CONTRACTS**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received applications to provide United States Department of Housing and Urban Development (HUD) Section 811 Project Rental Assistance (PRA) Program Contracts for properties serving individuals who are extremely low-income and disabled; and

WHEREAS, Agency staff has reviewed the applications and determined that they are in compliance with the Agency's rules, regulations and policies and that the applications will assist in fulfilling the purpose of Minnesota Statutes chapter 462A.

**NOW THEREFORE, BE IT RESOLVED:**

1. The board hereby authorizes Agency staff to enter into Rental Assistance Contracts (RACs) using federal resources as set forth below, subject to changes allowable under the HUD Section 811 PRA, subject to the terms and conditions contained herein:

**Project Selections for the HUD Section 811 PRA Program**

<b>Property #</b>	<b>Project #</b>	<b>Project Name</b>	<b>Funding Source</b>	<b>Number of Units</b>	<b>Selection Amount</b>
D8518	M19588	East 7 <sup>th</sup> Street	HUD Section 811	7	\$ 111,468
D8385	M19595	The Warren Apartments	HUD Section 811	7	\$ 92,148
<b>Total Units and Amount Awarded:</b>				<b>14</b>	<b>\$ 203,616</b>

2. Agency staff shall review and approve the recommended RACs for up to the total recommended amount for up to 20 years; and
3. The amount reflected illustrates an estimated annualized gross rent based on the application workbook and may be adjusted at the time of contract, and annually, to reflect updated Fair Market Rate rents, Operating Cost Adjustment Factors and other factors; and
4. The issuance of the Agreement to Enter into a RAC in form and substance acceptable to Agency staff shall occur no later than 20 months from the adoption date of this Resolution; and

5. Any extension of an Agency-provided capital funding commitment for a project listed above shall also extend the deadline for that project's RAC for the same term; and
6. All selections are subject to available resources and the requirements of the HUD Section 811 PRA Program; and
7. The Commissioner is authorized to approve non-material changes to the selections; and
8. The sponsors and such other parties shall execute all such documents relating to said contract, to the security therefore, as the Agency, in its sole discretion, deems necessary.

Adopted this 23<sup>rd</sup> day of May 2024

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CHAIR





## Item: Approval, Funding Modification, HOME Investment Partnerships program (HOME) - Wadena West Apartments, D8501, Duluth

**Action Item:** 7.G  
**Date:** 05/23/2024  
**Staff Contacts:** Ted Tulashie, 651.297.3119, ted.tulashie@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary:

At the December 15, 2022 meeting, the Minnesota Housing board approved the proposed development for financing under the HOME program in the amount of up to \$2,087,000 in Resolution No. MHFA 22-103. Agency staff completed the underwriting and technical review of the proposed development and recommends the adoption of a resolution modifying the loan under the HOME program, from \$2,087,000 to a maximum of \$2,725,000.

### Fiscal Impact:

HOME loans are funded with federal appropriations and generally earn no interest for the Agency. Minnesota Housing will earn additional fee income from originating the loans for this project.

### Agency Priorities

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

### Attachments:

- Background
- Resolution

## Background:

Wadena West involves the new construction of 60 units in a three-story elevator building located in Duluth. The development will provide permanent supportive housing with income levels that range from 30% to 60% Multifamily Tax Subsidy Income Limits (MTSP).

Thirty units will serve single adults that meet the definition of High Priority Homelessness (HPH), and the remaining 30 units will serve single adults that meet the Housing Infrastructure Bonds (HIB) statutory Other Homeless Households requirement. Nine of the 60 units will serve Persons with Disabilities. Thirty units will benefit from Project-based Section 8 Voucher rental assistance from the Duluth Housing and Redevelopment Authority, and 30 units will benefit from Housing Support income supplement.

In addition to the HOME loan, the development was also selected for financing under the Housing Infrastructure Bond (HIB) program in the amount of \$4,938,000 and the National Housing Trust Fund (NHTF) program in the amount of \$6,000,000 in the same resolution. The HIB and NHTF loans remain unchanged.

Total development costs increased from \$15.45 million to \$17.56 million since selection resulting in a funding gap of over \$2.11 million. This represents an overall increase of 14% of which approximately \$1.91 million is attributable to higher than expected construction bids and redesign of the building as a result of the poor soil condition of the site. The developer, contractor and architect value engineered the project's construction scope of work to reduce construction costs. In addition, additional sources of funding were obtained including adding a deferred developer fee, and City of Duluth and St Louis County deferred loans.

The requested funding modification of \$638,000 would fill the remaining financing gap and allow the project to proceed to closing.

## Cost Reasonableness

The predictive cost model is a tool that Minnesota Housing uses to identify, from a statistical perspective, proposed rental developments with unusually high costs. The model predicts the costs of a proposed development based on building characteristics and cost data from developments that the Agency has previously financed or to which it has issued tax credits and is benchmarked against industry-wide construction data. While the model is statistically robust, explaining 64% to 79% of the variation in historical costs, it cannot capture all components of every proposed project.

The budgeted total development cost (TDC) per unit of \$292,602 is 14% below the predictive cost model estimate of \$340,658. Because the percentage is below the predictive cost model threshold of 25% for new construction as permitted in Board Policy No. 15, this does not require a board waiver.

## Summary of project costs and sources changes since Selection:

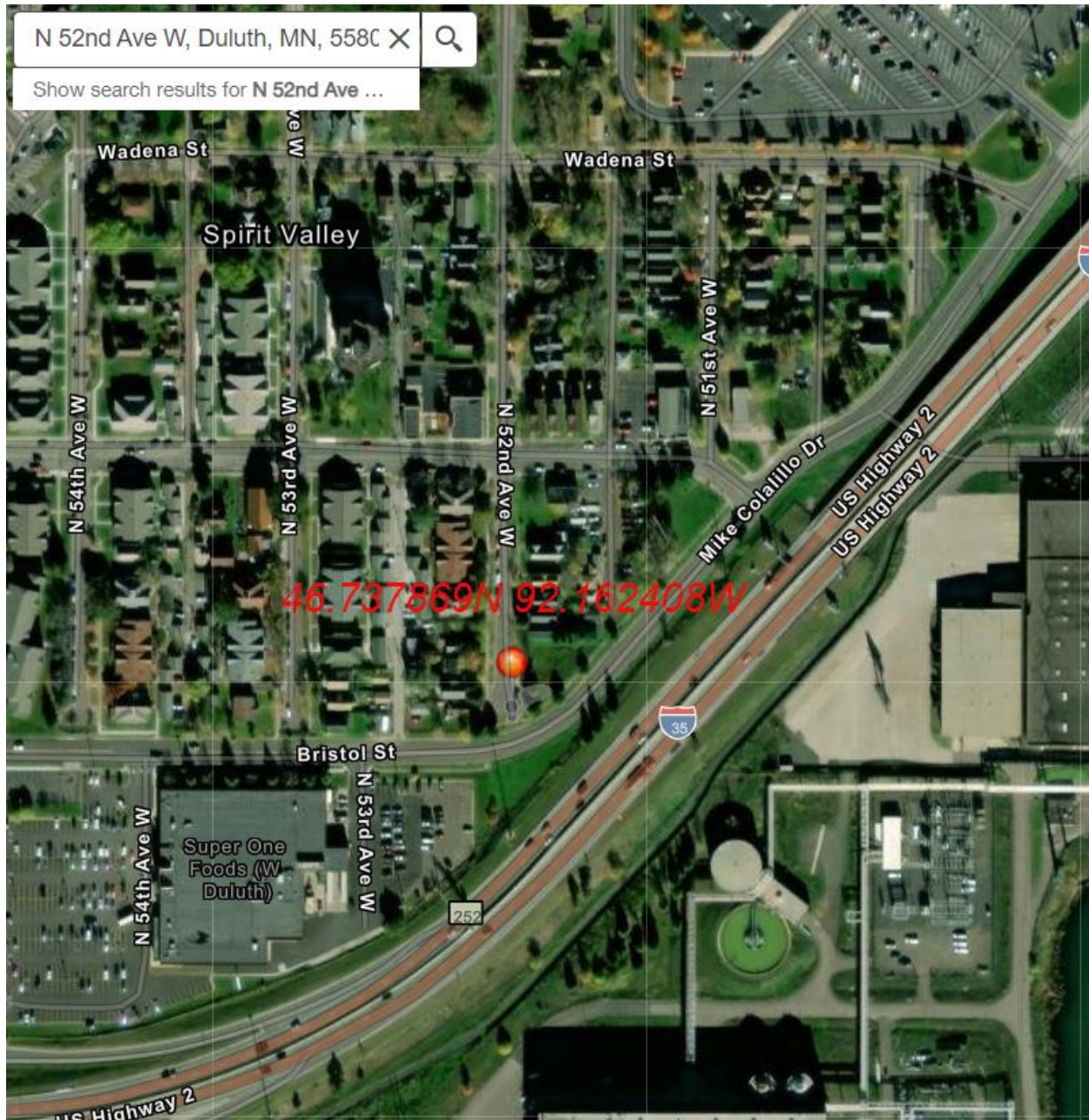
### Project Uses

Description	Amount at Selection	Current Amount	Change	% Change
Acquisition	\$ 125,000	\$ 125,000	\$ 0	0%
Construction Costs	\$ 12,019,851	\$ 13,939,383	\$ 1,919,532	16%
Environmental Abatement	\$ 150,000	\$ 75,000	\$ (75,000)	(50%)
Professional Fees	\$ 1,154,718	\$ 1,442,748	\$ 288,030	25%
Developer Fee	\$ 1,750,000	\$ 1,750,000	\$ 0	0%
Syndication Fees	\$ 0	\$ 0	\$ 0	0%
Financing Costs	\$ 194,419	\$ 223,989	\$ 29,570	15%
Reserves	\$ 53,500	\$ 0	\$ (53,500)	100%
<b>Total Development Costs</b>	<b>\$ 15,447,488</b>	<b>\$ 17,556,120</b>	<b>\$ 2,108,632</b>	<b>14%</b>

### Permanent Capital Sources

Description	Amount at Selection	Current Amount	Change	% Change
Sales Tax Rebate	\$ 364,958	\$ 412,112	\$ 47,154	13%
Energy Rebates	\$ 7,530	\$ 6,008	\$ (1,522)	(20%)
City of Duluth ARPA	\$ 1,750,000	\$ 2,750,000	\$ 1,000,000	57%
City of Duluth HOME	\$ 300,000	\$ 300,000	\$ 0	0%
Minnesota Housing NHTF	\$ 6,000,000	\$ 6,000,000	\$ 0	0%
Minnesota Housing HIB	\$ 4,938,000	\$ 4,938,000	\$ 0	0%
Minnesota Housing HOME	\$ 2,087,000	\$ 2,725,000	\$ 638,000	31%
St. Louis County	\$ 0	\$ 300,000	\$ 300,000	New
Deferred Developer Fee	\$ 0	\$ 125,000	\$ 125,000	New
<b>Total Permanent Sources</b>	<b>\$ 15,447,488</b>	<b>\$ 17,556,120</b>	<b>\$ 2,108,632</b>	<b>14%</b>

## Map of N 52<sup>nd</sup> Avenue West. Duluth MN



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

**RESOLUTION NO. MHFA 24-xxx  
Modifying Resolution No. MHFA 22-103**

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT MODIFICATION  
HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM**

WHEREAS, the Board has previously authorized a commitment for the Wadena West Apartment development by its Resolution No. MHFA 22-103; and

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

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

**NOW THEREFORE, BE IT RESOLVED:**

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

1. The HOME loan shall not exceed \$2,725,000; and
2. All other terms and conditions of Resolution No. MHFA 22-103 remain in effect.

Adopted this 23<sup>rd</sup> day of May 2024

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CHAIR

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## Item: Approval, Funding Modification, Housing Infrastructure Appropriation (HIA) Loan – Mayowood II, D8520, Rochester

**Action Item:** 7.H  
**Date:** 05/23/2024  
**Staff Contacts:** Ted Tulashie, 651.297.3119, ted.tulashie@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary:

At the December 14, 2023 meeting, the Minnesota Housing board approved the proposed development for deferred funding up to \$5,636,000 under the HIA program under Resolution No. MHFA 23-077. Agency staff recommends the adoption of a resolution modifying the loan under the HIA program, from \$5,636,000 to a maximum of \$6,458,000.

Board approval to enter into commitments for the Low and Moderate Income Rental (LMIR) first mortgage and bond funded Bridge Loan (BL) will be sought upon completion of the final technical review and underwriting.

### Fiscal Impact:

HIA loans are funded with state appropriations and generally earn no interest for the Agency. Minnesota Housing will earn additional fee income from originating the loans for this project.

### Agency Priorities

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

### Attachments:

- Background
- Resolution



## Background:

Mayowood II Senior involves the new construction of 36 units in a three-story elevator building located in Rochester. The development will provide general occupancy and permanent supportive housing for senior households age 55+ years with income levels that range from 30% to 60% Multifamily Tax Subsidy Income Limits (MTSP).

Seven units will serve single adults that meet the definition of High Priority Homeless (HPH). All 36 units will benefit from Project-based Section 8 Voucher rental assistance from Rochester Housing and Redevelopment Authority. Of the 36 units with rent assistance, 18 units will be deeply affordable to households at or below 30% MTSP.

During the 2023 Multifamily Consolidated RFP, a change in the underwriting process led to a smaller than intended deferred loan award. This has created a funding gap of approximately \$822,000 which staff recommends resolving by increasing the HIA deferred loan from a maximum of \$5,636,000 to a maximum of \$6,458,000.

Also at the December 14, 2023 meeting, the development was selected for further processing under the LMIR program for a first mortgage in the amount of up to \$2,410,000 and a bond funded BL in an amount of up to \$3,960,000 in Resolution No. MHFA 23-078. At this juncture, there are no changes to the other loan amounts.

Staff continues to work with the developer on the underwriting and processing of the overall proposal. Upon completion of that work, staff will seek separate board approval to enter into loan commitments for the LMIR first mortgage and the bond funded BL.

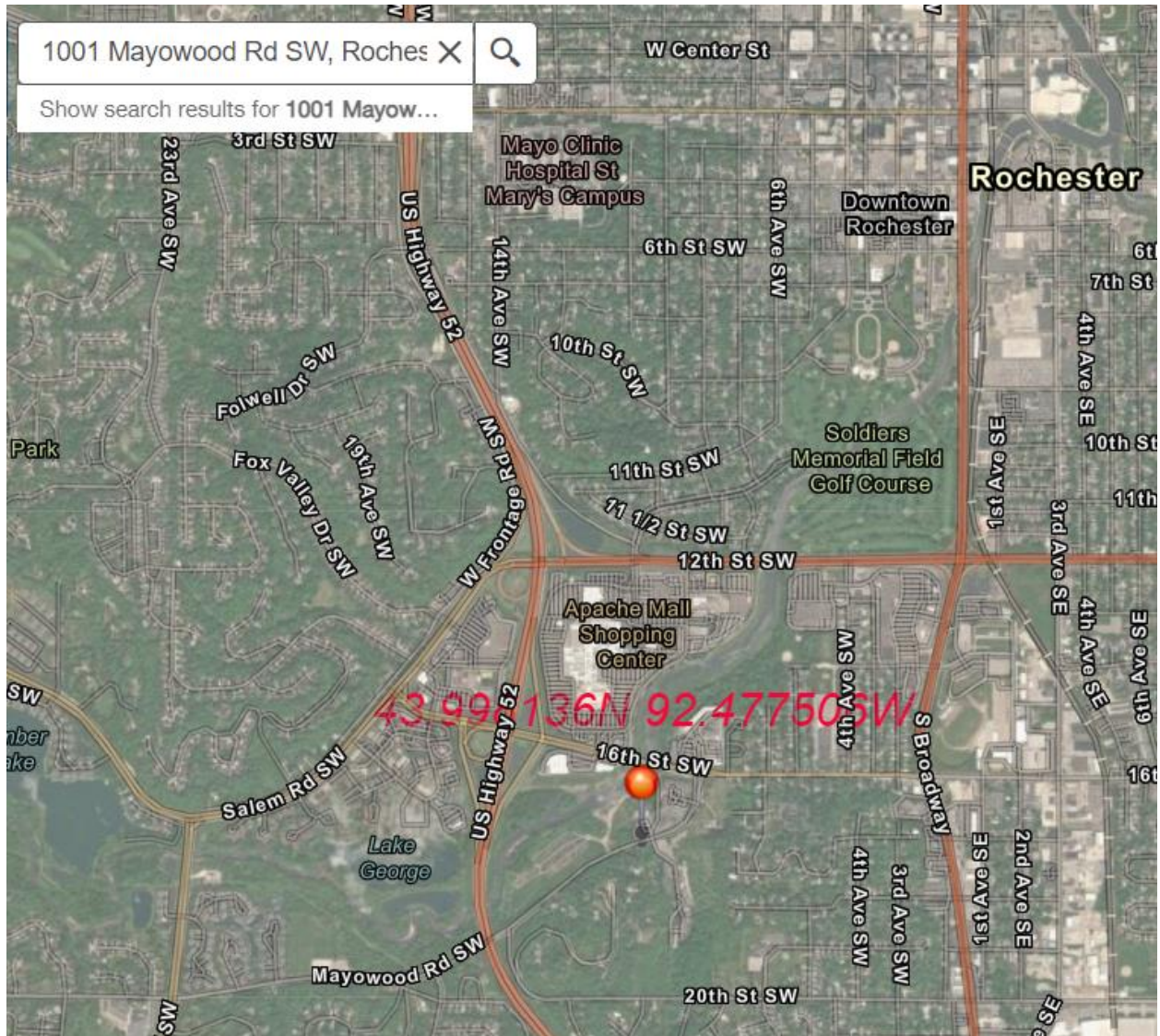
## Cost Reasonableness

The predictive cost model is a tool that Minnesota Housing uses to identify, from a statistical perspective, proposed rental developments with unusually high costs. The model predicts the costs of a proposed development based on building characteristics and cost data from developments that the Agency has previously financed or to which it has issued tax credits and is benchmarked against industry-wide construction data. While the model is statistically robust, explaining 64% to 79% of the variation in historical costs, it cannot capture all components of every proposed project.

The budgeted total development cost (TDC) per unit of \$362,218 is 14% above the predictive cost model estimate of \$317,553. Because the percentage is below the predictive cost model threshold of 25% for new construction as permitted in Board Policy No. 15, this does not require a board waiver.



## Map of 1001 Mayowood Road SW, Rochester, Olmsted County, Minnesota



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

**RESOLUTION NO. MHFA 24-xxx  
Modifying Resolution No. MHFA 23-077**

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT MODIFICATION  
HOUSING INFRASTRUCTURE APPROPRIATIONS PROGRAM**

WHEREAS, the Board has previously authorized a commitment for the Mayowood II Senior development by its Resolution No. MHFA 23-077; and

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

WHEREAS, Agency staff has determined that the Agency's underwriting has resulted in a funding gap.

**NOW THEREFORE, BE IT RESOLVED:**

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

1. The HIA loan shall not exceed \$6,458,000; and
2. All other terms and conditions of Resolution No. MHFA 23-077 remain in effect.

Adopted this 23<sup>rd</sup> day of May 2024

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CHAIR



## **Item: Approval, Funding Modification, Housing Infrastructure Appropriation (HIA) Loan – North Place Apartments, D0649, Hutchinson**

**Action Item:** 7.I  
**Date:** 05/23/2024  
**Staff Contacts:** Adam Himmel, 651.284.3171, Adam.Himmel@state.mn.us  
**Request Type:** Approval, Resolution

### **Request Summary:**

At the December 14, 2023 meeting, the Minnesota Housing board approved the proposed development for deferred funding under the HIA program in the amount of up to \$2,228,000 in Resolution No. MHFA 23-077.

Agency staff recommends the adoption of a resolution modifying the loan under the HIA program, from \$2,228,000 to a maximum of \$3,695,600.

### **Fiscal Impact:**

HIA loans are funded with state appropriations and generally earn no interest for the Agency. Minnesota Housing will earn additional fee income from originating the loans for this project.

### **Agency Priorities:**

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

### **Attachments:**

- Background
- Resolution

**Background:**

North Place Apartments involves the acquisition and rehabilitation of 24 units in a two-story, walk-up building located in Hutchinson. The development will provide workforce housing with income levels at 60% Multifamily Tax Subsidy Program (MTSP) income limits. Seventeen units with one to two bedrooms will benefit from United States Department of Agriculture Rural Development (USDA RD) Rental Assistance.

North Place Apartments was selected in the 2023 Multifamily Consolidated Request for Proposals (RFP) under Resolution MHFA No. 23-077. In the Agency's initial underwriting process, the project financing structure was changed from a 4% Housing Tax Credit (HTC) and bond structure to a deferred loan only financing structure. With that type of change to the funding structure, acquisition costs are typically removed if the property is staying with the same sponsor and the developer fee is adjusted to account for the lower total development cost. In the case of North Place Apartments, the sponsor had incurred acquisition costs and those costs should have remained in the underwriting calculations. This was an internal oversight during the review process that resulted in an unintended \$1,467,600 funding gap.

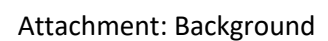
Staff recommends increasing the HIA award from \$2,228,000 to \$3,695,600 to resolve the unintended funding gap. Staff continues to work with the developer on the underwriting and processing of the overall proposal.

**Cost Reasonableness**

The predictive cost model is a tool that Minnesota Housing uses to identify, from a statistical perspective, proposed rental developments with unusually high costs. The model predicts the costs of a proposed development based on building characteristics and cost data from developments that the Agency has previously financed or to which it has issued tax credits and is benchmarked against industry-wide construction data. While the model is statistically robust, explaining 64% to 79% of the variation in historical costs, it cannot capture all components of every proposed project.

The budgeted total development cost (TDC) per unit of \$212,959 is 12% above the predictive cost model estimate of \$189,400. Because the percentage is below the predictive cost model threshold of 25% for new construction as permitted in Board Policy No. 15, this does not require a board waiver.





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

**RESOLUTION NO. MHFA 24-xxx  
Modifying Resolution No. MHFA 23-077**

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT MODIFICATION  
HOUSING INFRASTRUCTURE APPROPRIATIONS (HIA) PROGRAM**

WHEREAS, the Board has previously authorized a commitment for the North Place Apartments development by its Resolution No. MHFA 23-077; and

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

WHEREAS, Agency staff has determined that the Agency's underwriting has resulted in a funding gap.

**NOW THEREFORE, BE IT RESOLVED:**

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

1. The HIA loan shall not exceed \$3,695,600; and
2. All other terms and conditions of Resolution No. MHFA 23-077 remain in effect.

Adopted this 23<sup>rd</sup> day of May 2024

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CHAIR



## Item: Approval, Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) - Gladstone Village, D8209, Maplewood

**Action Item:** 7.J  
**Date:** 05/23/2024  
**Staff Contacts:** Tom Anderson, 651.296.8161, Tom.Anderson@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary:

At the December 15, 2022 meeting, the Minnesota Housing board approved the proposed development for financing under the LMIR program in the amount of up to \$6,011,000 and a BL in the amount of up to \$8,761,000 in Resolution No. MHFA 22-102. Agency staff completed the underwriting and technical review of the proposed development and recommends:

1. Adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to \$6,506,000;
2. Adoption of a resolution authorizing the issuance of a BL commitment not to exceed \$9,735,000;

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

### Fiscal Impact:

Minnesota Housing will earn interest rate spread income on the LMIR and the BL, as well as additional fee income.

### Agency Priorities

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

### Attachments:

- Development Summary
- Map

- Resolution
- Term letter



## DEVELOPMENT SUMMARY

### SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information			
<b>Development Name</b>	Gladstone Village	<b>D# 8209</b>	<b>M# 19104</b>
<b>Address</b>	1310 Frost Avenue		
<b>City</b>	Maplewood	<b>County</b>	Ramsey
<b>Date of Selection</b>	12/15/2022	<b>Region</b>	Metro

#### A. Project Description and Population Served

- The development involves the new construction of 65 units in a four-story elevator building with units ranging from one to four bedrooms.
- The development will provide general occupancy and permanent supportive housing for single and family households including those experiencing High Priority Homelessness (HPH) and Persons with Disabilities (PWD) households.
- Of the seven HPH units in the development, four will be one-bedroom units, and three will be three-bedroom units. An additional seven units will be reserved for PWD households, with two one-bedroom units and five two-bedroom units.
- The development will serve households with incomes that range from 30% to 60% Multifamily Tax Subsidy Projects (MTSP).
- Fourteen total units will benefit from rental assistance. The seven HPH units will benefit from Housing Support income supplement, and the seven PWD units will benefit from Section 811 rental assistance.
- Eighteen total units will be deeply affordable to households at 30% MTSP, including 4 units without rental assistance.

#### B. Mortgagor Information

<b>Ownership Entity:</b>	Gladstone Village Limited Partnership
<b>Sponsor:</b>	JB Vang Partners, Inc.
<b>General Partner:</b>	1310 Frost Partners LLC
<b>Guarantors:</b>	J. Kou Vang

### C. Development Team Capacity Review

JB Vang Partners, Inc. (JB Vang) is the sponsor and developer. If approved, this project will be the first development closed and completed by this developer with the Agency. Staff expects JB Vang Partners, Inc. to have sufficient capacity to complete the project.

Premier Housing Management Limited Liability Company will serve as the management company. The service provider is Simpson Housing Services, Inc.

The architect is Urbanworks Architecture LLC. The general contractor is Flannery Construction, Inc. Both are expected by staff to have the capacity to successfully complete this project.

The developer and sponsor, JB Vang Partners, Inc., is a People of Color-owned business. The general contractor, Flannery Construction, is a woman-owned business.

### D. Current Funding Request

Loan Type	Program	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction /End Loan
Amortizing	LMIR	LMIR Risk Share	\$6,506,000	6.0%	0.125%	Approx. 24 mos. (construct ion) + 40 yrs.	40 yr	Construction to Permanent
Bridge	BL	Pool 2	\$9,735,000	6.9%	N/A	Maturity June 30, 2026	N/A	Construction Bridge loan

Minnesota Housing LMIR first mortgage.

- The LMIR loan will be insured under the United States Department of Housing and Urban Development (HUD) Risk-Sharing program and may be securitized with the United States Department of the Treasury's Federal Financing Bank (FFB) via their partnership with HUD.
- Interest Rate is dependent upon closing and conversion to an amortizing loan not later than June 30, 2026. After that date, the rate will be subject to adjustment or payment of an extension fee at Minnesota Housing's sole discretion.

#### 1. Bridge Loan funded by Pool 2 resources.

- Based on the proposed syndication pay-in structure, the bridge loan term includes 1 month of cushion.

**Amortizing Mortgage Loan to Cost: 22%****Amortizing Mortgage Loan to Value: 74%****E. Significant Changes Since Date of Selection**

Current total development costs of \$29.8 million represent a 17% increase since selection in the 2022 Multifamily Consolidated RFP. The largest drivers of increasing costs are hard construction costs and financing costs. Hard construction costs increased by \$3.7 million, or 21%, compared to the original application estimate in July 2022. Financing costs increased by almost \$400,000 or 29%, driven largely by higher interest rates.

To cover the increased costs since selection, the developer has pursued multiple avenues for additional funding. JB Vang applied for additional 9% Housing Tax Credits (HTCs) during the carryover process in November 2023 and was awarded an allocation of an additional \$272,863 in annual credits, equating to \$1.9 million in additional syndication proceeds. The developer also secured four new deferred funding awards from Ramsey County and the Met Council (via the City of Maplewood), totaling over \$1.8 million.

As a result of the newly secured funding sources above, the project is fully funded and no additional Agency funding is requested at this time.

**SECTION II: FINAL SOURCES AND USES; FINANCING DETAILS****A. Project Uses**

Description	Amount	Per Unit
Acquisition or Refinance	\$ 1,200,000	\$ 18,462
Construction Costs	\$ 22,355,848	\$ 343,936
Environmental Abatement	\$ 30,000	\$ 462
Professional Fees	\$ 1,603,677	\$ 24,672
Developer Fee	\$ 2,355,000	\$ 36,231
Syndicator/Investor Fees	\$ 55,000	\$ 846
Financing Costs	\$ 1,714,640	\$ 26,379
Total Mortgageable Costs	\$ 29,314,165	\$ 450,987
Reserves	\$ 476,555	\$ 7,332
<b>Total Development Cost</b>	<b>\$ 29,790,720</b>	<b>\$ 458,319</b>

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

## B. Permanent Capital Sources

Description	Amount	Per Unit
LMIR Amortizing Mortgage	\$ 6,506,000	\$ 100,092
General Partner Cash	\$ 100	\$ 2
HTC Equity Proceeds (Grow America)	\$ 14,409,875	\$ 221,690
Minnesota Housing Economic Development Housing Challenge (EDHC)	\$ 2,830,000	\$ 43,538
Rebates	\$ 28,349	\$ 436
Ramsey County HOME loan	\$ 1,213,337	\$ 18,667
Ramsey County American Rescue Plan Act (ARPA) Loan	\$ 1,973,001	\$ 30,354
Met Council Livable Corridors Demonstration Account (LCDA)	\$ 1,150,000	\$ 17,692
Ramsey County Critical Corridors	\$ 500,000	\$ 7,692
Ramsey County Environmental Response Fund (ERF)	\$ 80,058	\$ 1,232
Met Council Tax Base Revitalization Account (TBRA)	\$ 100,000	\$ 1,538
Deferred Developer Fee	\$ 1,000,000	\$ 15,385
<b>Total Permanent Financing</b>	<b>\$ 29,790,720</b>	<b>\$ 458,319</b>

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

## C. Financing Structure

- The development was allocated approximately \$1,695,000 in annual 9% HTCs, which will result in more than \$14.4 million in equity proceeds from Grow American (formerly known as National Development Council or NDC). The term of the Land Use Restrictive Agreement (LURA) will be 50 years.
- In addition to the loans that are the subject for this request, the development was also selected for deferred loan funding of \$2,830,000 under the Economic Development Housing Challenge (EDHC) program under Resolution No. MHFA 22-103. There are no changes to the EDHC loan and the loan is not subject to additional board action.

## **D. Cost Reasonableness**

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

In accordance with Board Policy No. 15, if a project's proposed TDC is more than 25% higher than the predicted cost for new construction or 35% for preservation and adaptive reuse developments, staff must conduct additional due diligence and determine that the costs are still reasonable before seeking a cost waiver from the board.

Currently, the TDC per unit is \$458,319, which is above the predictive cost model estimate of \$395,387 by 16% and does not require a waiver.

## SECTION III: UNDERWRITING

### A. Rent Grid

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (%, of MTSP or AMI)	Rental Assistance Source
1BR	2	\$ 1,097	50% MTSP	30% MTSP	Section 811
1BR	2	\$ 682	50% MTSP	30% MTSP	Housing Support
1BR	2	\$ 933	50% MTSP	30% MTSP	Housing Support
1BR	9	\$ 1,113	50% MTSP	50% MTSP	
2BR	5	\$ 1,343	50% MTSP	30% MTSP	Section 811
2BR	4	\$ 771	30% MTSP	30% MTSP	
2BR	8	\$ 1,330	50% MTSP	50% MTSP	
2BR	6	\$ 1,610	60% MTSP	60% MTSP	
3BR	3	\$ 904	50% MTSP	30% MTSP	Housing Support
3BR	7	\$ 1,534	50% MTSP	50% MTSP	
3BR	8	\$ 1,857	60% MTSP	60% MTSP	
4BR	5	\$ 1,706	50% MTSP	50% MTSP	
4BR	4	\$ 2,066	60% MTSP	60% MTSP	
Total	65				

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

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

#### LMIR 1st Mortgage

- 65 units restricted as follows:
  - 26 units with rents and incomes not exceeding 60% MTSP;
  - 16 units may have unrestricted incomes, and
  - 23 units with incomes equal to or less than 100% of the greater of area or statewide median income as determined by HUD.

#### EDHC

- 65 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.

## **B. Feasibility Summary**

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

- Seven units will benefit from Housing Support income supplement ensuring the tenants pay no more than 30% of their income toward rent.
- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio in year 15 of 1.35.
- The project was underwritten at 7% vacancy, with 2% income and 3% expense inflators.
- An operating reserve in the amount of \$476,555 will be funded from syndicator proceeds, with 50% paid upon stabilization and the remaining 50% paid at 8609.
- An operating deficit escrow of \$195,180 will be required (funded outside of the development budget).
- Replacement reserves will be funded from project operations in the amount of \$2,437.50 per month or \$29,250 annually.

## Map





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

**RESOLUTION NO. MHFA 24-xxx**

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

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

Name of Development:	Gladstone Village
Sponsors:	JB Vang Partners, Inc.
Guarantor:	J. Kou Vang
Location of Development:	Maplewood
Number of Units:	65
Amount of LMIR RS Mortgage: (not to exceed)	\$6,506,000
Amount of BL (Pool 2) (not to exceed)	\$9,735,000

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

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

**NOW THEREFORE, BE IT RESOLVED:**

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

1. This authorization shall expire on September 30, 2024; and
2. The amount of the LMIR amortizing loan shall not exceed \$6,506,000; and

3. The term of the LMIR loan shall be 40 years plus up to 24 months interest only construction period; and
4. The interest rate on the LMIR loan shall not to exceed 6.0% (subject to change, as set forth in the attached Agency term letter dated March 22, 2024); and
5. Interest-only payments will be payable monthly during the up to 24-month construction period, after which the loan will commence monthly principal and interest payments over the remaining 40-year term (based on a 40-year amortization), plus 0.125% per annum HUD Risk-Sharing Mortgage Insurance Premium; and
6. The amount of the BL shall not exceed \$9,735,000; and
7. The BL commitment may have up to a six-month term but in any case, will expire on before September 30, 2024; and
8. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and
9. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
10. Sponsor shall guarantee the mortgagor's payment obligation regarding operating cost shortfalls and debt service until the property has achieved a 1.11 debt service coverage ratio (assuming stabilized expenses) for three successive months; and
11. Sponsor shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and
12. The sponsor, the general contractor, the architect, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loans, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in its sole discretion deems necessary.

Adopted this 23<sup>rd</sup> day of May 2024

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CHAIR



400 Wabasha Street North, Suite  
 400 St. Paul, MN 55102  
 P: 800.657.3769  
 F: 651.296.8139 | TTY:  
 651.297.2361  
[www.mnhousing.gov](http://www.mnhousing.gov)

March 22, 2024

J. Kou Vang  
 1335 Pierce Butler Route  
 Saint Paul, MN, 55104

RE: Term Letter  
 Gladstone Village I, Maplewood  
 Development #8209, Project # M19104

Dear J. Kou Vang:

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

**Borrower:** A single asset entity: Gladstone Village Limited Partnership

**General Partner(s)** 1310 Frost Partners LLC  
**Managing Member(s):**

**Development** New construction of a 65-unit affordable housing development  
**Description/Purpose:** located in Maplewood, Minnesota

Program	Low and Moderate Income Rental Program (LMIR) (HUD Risk-Sharing)	Bridge Loan (Not bond funded)	Economic Development and Housing Challenge Program (EDHC)
<b>Loan Amount</b>	\$6,506,000	\$9,735,000	\$2,830,000
<b>Interest Rate</b>	6.00%*	6.90%	0%
<b>Mortgage Insurance Premium (%)</b>	.125% (first year premium is paid in advance)	Not Applicable	Not Applicable

March 22, 2024

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<b>Term</b>	Approx. 24 months (construction) + 40 years	Maturity June 30 <sup>th</sup> , 2026	Approx. 24 months (construction) + 50 years
<b>Amortization / Repayment</b>	40 years	Interest only during term based on the outstanding principal balance of the loan	Annual payment that is equal to 20% of the amount by which Eligible Cash (as defined in the Note) exceeds \$50,000; with remaining balance due in lump sum payment in approx. 24 months (construction) + 50 years
<b>Prepayment Provision</b>	No prepayment first 10 years from date of the Note.	Prepay at any time without penalty.	Prepay at any time without penalty.
<b>Nonrecourse or Recourse</b>	Nonrecourse	Recourse	Nonrecourse
<b>Construction to Permanent Loan, Construction Bridge Loan or End Loan</b>	Construction to Permanent Loan	Construction Bridge Loan	Construction to Permanent Loan
<b>Lien Priority</b>	First	2 <sup>nd</sup> Position (during construction period)	2 <sup>nd</sup> Position (3 <sup>rd</sup> during construction period)

\*Interest Rate is dependent upon closing and conversion to amortization not later than June 30, 2026. After that date, the rate will be subject to adjustment or payment of an extension fee at Minnesota Housing's sole discretion.

**Origination Fee:** LMIR HUD Risk Share Loan: \$115,060  
Nonbond-funded Bridge Loan: \$48,675  
(payable at the earlier of loan commitment or loan closing)

**LMIR Interest Rate** \$32,530  
**Extension Fee**

**Construction Oversight Fee:** \$53,228 (payable at the earlier of loan commitment or loan closing)

**Guarantee / Guarantor(s):**

- Bridge Loan: Completion, Repayment and Operations Guarantee from J. Kou Vang
- LMIR Permanent Loan: Completion, Repayment and Operations Guarantee from J. Kou Vang

<b>Operating Deficit Escrow Reserve Account:</b>	\$195,180 to be funded on the day of closing of the LMIR/HRS loan by cash or letter of credit (outside of the development budget) to be held by Minnesota Housing.
<b>Operating Cost Reserve Account:</b>	Capitalized operating reserve in the approximate amount of \$476,555, anticipated to be funded 50% at stabilization from the 3 <sup>rd</sup> equity installment and 50% at 8609 from the 4th equity installment. The operating reserve will not be held by Minnesota Housing.
<b>Replacement Reserve Account:</b>	Monthly replacement reserve deposits will be required in the amount of \$2,437.50. The replacement reserve will be held by Minnesota Housing.
<b>Escrows:</b>	Real estate tax escrow and property insurance escrow to be established on the day of closing of the LMIR/HRS loan (outside of the development budget) and will be held by Minnesota Housing.
<b>Collateral/Security:</b>	Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.
<b>Rent and Income Requirements:</b>	<p><b>LMIR:</b></p> <ul style="list-style-type: none"><li>• 65 units restricted as follows: at a minimum, 26 units with rents and incomes not exceeding 60% MTSP; 16 units may have unrestricted incomes and 23 units with incomes equal to or less than 100% of the greater of area or statewide median income as determined by HUD.<ul style="list-style-type: none"><li>○ Commitment to affordability in effect while the loan is outstanding.</li></ul></li></ul> <p><b>EDHC:</b></p> <ul style="list-style-type: none"><li>• 65 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.<ul style="list-style-type: none"><li>○ Commitment to construction period plus 50 years of affordability from the date of loan closing.</li></ul></li></ul>
<b>HAP or Other Subsidy Agreement:</b>	Commitment to construction period plus 10 years of affordability from the date of loan closing under the Housing Support Program for 7 units.

March 22, 2024

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<b>Other Requirements:</b>	The EDHC loan is subject to the terms in the attached Deferred Selection Criteria.
<b>Closing Costs:</b>	Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.
<b>Expiration Date:</b>	This term letter will expire on the earlier of September 30 <sup>th</sup> , 2024, or loan closing/end loan commitment.
<b>Additional Terms:</b>	N/A
<b>Other Conditions:</b>	N/A
<b>Board Approval:</b>	Commitment of the loans under the LMIR program and Bridge Loans are subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loans.
<b>Not a Binding Contract:</b>	This letter is not a commitment to be bound by the Terms in this letter. The parties expressly agree that this letter does not create a legally binding agreement. The parties further agree that the Terms are subject to the Borrower's ability to obtain all necessary financing for the Development, which may include additional financing from Minnesota Housing not referenced in this letter.

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

If you have any questions related to this letter, please contact Tom Anderson at [tom.a.anderson@state.mn.us](mailto:tom.a.anderson@state.mn.us).

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

Sincerely,



James Linnhoff  
Assistant Commissioner, Multifamily

**AGREED AND ACCEPTED BY:**

GLADSTONE VILLAGE LIMITED PARTNERSHIP

By: \_\_\_\_\_

Name: J. Kou Vang

Title: President, 1310 Frost Partners LLC, Managing General Partner

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

**Selection Criteria Related to 2022 RFP/2023 HTC Round 1**
**Project Name:** Gladstone Village

**Project City:** Maplewood

**Property Number (D#):** D8209

**Project Number:** M19104

**Deeper Rent Targeting A**

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

**Loan/HTC Commitment and Compliance Monitoring**

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

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

**Deeper Rent Targeting B**

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

**Loan/HTC Commitment and Compliance Monitoring**

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

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



Page 21 of 24  
 Large Family Housing

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)	
75% two or more bedrooms	<u>12</u>	75% two or more bedrooms	<u>12</u>	Number of 2 Bedrooms	<u>23</u>
<b>Loan/HTC Commitment and Compliance Monitoring</b>				Number of 3 Bedrooms	<u>18</u>
				Number of 4 Bedrooms	<u>9</u>
				Number of 5 Bedrooms	<u>0</u>
				Number of 6 Bedrooms	<u>0</u>

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

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

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

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

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)	
1/3 of three or more bedrooms required above must contain four or more bedrooms.	<u>3</u>	1/3 of three or more bedrooms required above must contain four or more bedrooms.	<u>3</u>	Number of 4 Bedrooms	<u>9</u>
<b>Loan/HTC Commitment and Compliance Monitoring</b>				Number of 5 Bedrooms	<u>0</u>
				Number of 6 Bedrooms	<u>0</u>

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

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

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

Permanent Supportive Housing for High Priority Homeless

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)	
10% to 49.99% of the total units, but no fewer than 7 units	<u>10</u>	10% to 49.99% of the total units, but no fewer than 7 units	<u>10</u>	Number of Single Adult Units	<u>4</u>
<b>Loan/HTC Commitment and Compliance Monitoring</b>				Number of Families with Children Units	<u>3</u>

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

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

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

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

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

People with Disabilities - Tier 2

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)	
10% to 14.99% of the total units, but no fewer than 7 units	<u>11</u>	10% to 14.99% of the total units, but no fewer than 7 units	<u>11</u>	Number of Units	<u>7</u>

Loan/HTC Commitment and Compliance Monitoring

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

The Owner agrees units will use 811 Project Rental Assistance, be set aside and rented to households with a disability and with income limits at 30% MTSP. The Owner also agrees that if units set aside for People with Disabilities are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities cannot exceed the required rent restrictions set out in the Self-scoring Worksheet and will be incorporated into the loan and/or HTC documents.

Units cannot be restricted to persons of a particular age group and must be provided in an integrated setting for the term of the loan/extended use period (Declaration of Land Use Restrictive Covenants).

- The units must be set aside and rented to persons with the following disabilities in a manner consistent with Minnesota Statutes, Section 462A.222, subdivision 3, subparagraph (d)(3):
- a. A serious and persistent mental illness as defined in MN Statutes Section 245.462, Subdivision 20, Paragraph C; or
  - b. A developmental disability as defined in United States Code, Title 42, Section 6001, Paragraph (5), as amended; or
  - c. Assessed as drug dependent persons as defined in MN Statute Section 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in MN Statute Section 254A.02, Subdivision 2; or
  - d. A brain injury as defined in MN Statute Section 256B.093, Subdivision 4, Paragraph (a); or
  - e. Permanent physical disabilities that substantially limit major life activities, if at least 50 percent of the units in the Project are accessible as provided under Minnesota Rules, Chapter 1341.

Permanent Supportive Housing for High Priority Homeless and People with Disabilities units must be distinct and cannot be layered. People with Disabilities - Tier 2 cannot be used as a Serves Lowest Income Unit.

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

**Rental Assistance**

<b>Developer Claimed Criteria</b>	<b>Developer Claimed Points</b>	<b>Agency Confirmed Criteria</b>	<b>Agency Awarded Points</b>	<b>Number of Units (Agency Validated)</b>	
20.1% but under 51% of the total units	<u>13</u>	10.1 % to 20% of the total units, but no fewer than 4 units	<u>10</u>	Number of Units	<u>7</u>

**Loan/HTC Commitment and Compliance Monitoring**

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

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

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

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

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

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

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

<b>Developer Claimed Criteria</b>	<b>Developer Claimed Points</b>	<b>Agency Confirmed Criteria</b>	<b>Agency Awarded Points</b>	<b>Number of Units (Agency Validated)</b>	
15.1% to 25% of the total units	<u>4</u>	5% to 15%, of the total units but no fewer than four units	<u>3</u>	Number of Units	<u>7</u>

**Loan/HTC Commitment and Compliance Monitoring**

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

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

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

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)	
50% of the restricted unit rents at 50% HUD MTSP	<u>8</u>	50% of the restricted unit rents at 50% HUD MTSP	<u>8</u>	Number of Units	<u>33</u>

**Loan/HTC Commitment and Compliance Monitoring**

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

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

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

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

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)	
5% to 9.99% of the restricted units	<u>4</u>	5% to 9.99% of the restricted units	<u>4</u>	Number of Units	<u>4</u>

**Loan/HTC Commitment and Compliance Monitoring**

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

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

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

**Long Term Affordability**

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

**Loan/HTC Commitment and Compliance Monitoring**

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

**Need for More Affordable Housing Options**

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

**Loan/HTC Commitment and Compliance Monitoring**

Agenda Item: 7.J

Attachment: Term Letter

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

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Workforce Housing Communities

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

Loan/HTC Commitment and Compliance Monitoring

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

Transit and Walkability

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
One half mile of a planned or existing LRT, BRT, or commuter rail station	<u>7</u>	One half mile of a planned or existing LRT, BRT, or commuter rail station	<u>7</u>

Loan/HTC Commitment and Compliance Monitoring

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

Community Development Initiative

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

Loan/HTC Commitment and Compliance Monitoring

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

Equitable Development

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Evidence that Communities Most Impacted by housing disparities have a role in the project proposal and qualifying stakeholder groups.	<u>3</u>		<u>0</u>

Loan/HTC Commitment and Compliance Monitoring

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

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
<b>Ownership:</b> Two or more entities are BIPOCBE/WBE	<u>6</u>	<b>Ownership:</b> Two or more entities are BIPOCBE/WBE	<u>6</u>

Loan/HTC Commitment and Compliance Monitoring

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

Financial Readiness to Proceed/Leveraged Funds

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

Loan/HTC Commitment and Compliance Monitoring

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

Intermediary Costs

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

Loan/HTC Commitment and Compliance Monitoring

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

Universal Design

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
Buildings with an elevator	<u>3</u>	Buildings with an elevator	<u>3</u>	Elevator Building Units <u>65</u>

Loan/HTC Commitment and Compliance Monitoring

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

Smoke Free Building

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

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**Loan/HTC Commitment and Compliance Monitoring**

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

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

**Enhanced Sustainability**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Tier 1: Project includes at least 2x the minimum number of optional criteria points in the Intended Methods and Tier 3: Project meets at least one alternative building performance pathways	<u>4</u>	Tier 1: Project includes at least 2x the minimum number of optional criteria points in the Intended Methods and Tier 3: Project meets at least one alternative building performance pathways	<u>4</u>

**Loan/HTC Commitment and Compliance Monitoring**

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

**Total Developer Claimed:**                136                **Total Agency Awarded:**                129

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## **Item: Approval Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) and Funding Modification, Home Investment Partnership (HOME) Loan-Carver Place, D8293, Carver**

**Action Item:** 7.K  
**Date:** 05/23/2024  
**Staff Contacts:** Tom Anderson, 651.296.8161, Tom.A.Anderson@state.mn.us  
**Request Type:** Approval, Motion

### **Request Summary:**

At the December 15, 2022 meeting, the Minnesota Housing board approved the proposed development for financing under the LMIR program in the amount of up to \$4,475,000 and a BL in the amount of up to \$9,070,000 in Resolution No. MHFA 22-102, as well as deferred loan funding of \$2,000,000 under the HOME Program in Resolution No. MHFA 22-103. Agency staff completed the underwriting and technical review of the proposed development and recommends:

1. Adoption of a resolution authorizing the issuance of a LMIR program commitment in the amount of up to \$4,625,000;
2. Adoption of a resolution authorizing the issuance of a BL commitment not to exceed \$5,195,000; and
3. Adoption of a resolution modifying the loan funding of under the HOME Program from \$2,000,000 to up to \$2,500,000.

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

### **Fiscal Impact:**

Minnesota Housing will earn interest rate spread income on the LMIR and the BL, as well as additional fee income.

### **Agency Priorities**

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

☒ Strengthen Communities

**Attachments:**

- Development Summary
- Map
- Resolutions
- Term letter

## DEVELOPMENT SUMMARY

### SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information			
<b>Development Name</b>	Carver Place	<b>D#8293</b>	<b>M#19061</b>
<b>Address</b>	1591 Hartwell Drive		
<b>City</b>	Carver	<b>County</b>	Carver
<b>Date of Selection</b>	12/15/2022	<b>Region</b>	Metro

#### A. Project Description and Population Served

- The development involves the new construction of 60 units in a three-story elevator building with units ranging from one to three bedrooms.
- The development will provide workforce and permanent supportive housing for single persons and families, including people experiencing High Priority Homelessness (HPH) and Persons With Disabilities (PWD) households.
- Four HPH units will serve single adult households, and another 3 HPH units will serve families with children.
- The development will serve households with incomes that range from 30% to 60% Multifamily Tax Subsidy Projects (MTSP)
- Seven units will benefit from Section 811 rental assistance, and an additional seven units will benefit from Housing Support income supplement.
  - All 14 units will be deeply affordable to households at 30% MTSP.

#### B. Mortgagor Information

<b>Ownership Entity:</b>	CCCD A Carver Place LP
<b>Sponsor:</b>	Carver County Community Development Agency
<b>General Partner:</b>	CCCD A Carver Place GP LLC
<b>Guarantors:</b>	Carver County Community Development Agency

#### C. Development Team Capacity Review

Carver County Community Development Agency (Carver County CDA) will serve as the sponsor and developer. Staff expects that entity to have sufficient capacity to complete and operate the project. Carver County CDA will also serve as the management company. They have experience managing similar properties and are expected to have sufficient capacity to manage this as well.

The supportive housing service provider is Scott-Dakota-Carver Community Action Partnership Agency. The architect is Kaas Wilson National PC. The general contractor is Frana Companies Inc. Both are expected by staff to have the capacity to successfully complete this project.

Both the Carver County CDA and Kaas Wilson National PC, meet the definition of a Women-Owned Business Enterprise.

#### D. Current Funding Request

Loan Type	Program	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction /End Loan
Amortizing	LMIR	TEB*	\$4,625,000	5.75% Est.	0.125%	Approx. 24 mos. (construct ion) + 17 yrs.	40 yr	Construction to Permanent
Bridge	BL	TEB*	\$5,195,000	Bond rate + 1.0%	N/A	Maturity June 30, 2026	N/A	Construction Bridge loan
Deferred	HOME	HOME	\$2,500,000	0%	N/A	Approx. 24 mos. (construct ion) + 30 yrs	N/A	Construction to Permanent

\*Tax-exempt volume limited bonds.

##### 1. Minnesota Housing LMIR first mortgage.

- The LMIR loan will be insured under the United States Department of Housing and Urban Development (HUD) Risk-Sharing program.
- The interest rate on the LMIR loan will be based on the bond rate at the time of sale plus a spread, with a maximum of 5.75% in consultation with the Finance Division.
  - The rate is subject to being reset at the then market rates if the loan does not close by September 27, 2024.
- Term of the loan will be 24 months in construction, 17 years upon conversion to a permanent loan.

##### 2. Bridge Loan funded by tax-exempt bonds.

- The total tax-exempt volume limited bonds (LMIR and BL combined) are sized at approximately 53% to qualify the development for 4% Housing Tax Credits (HTCs).

- Based on the proposed syndication pay-in structure, the bridge loan term includes 1 month of cushion.
  - The interest rate will be based on the bond rate at the time of sale plus a spread.
3. Home Investment Partnerships (HOME) program loan is requested to increase the loan amount from \$2,000,000 to \$2,500,000.

**Amortizing Mortgage Loan to Cost: 23%**

**Amortizing Mortgage Loan to Value: 64%**

### **E. Significant Changes Since Date of Selection**

Current total development costs of \$19.7 million represent a 5% increase since selection in the 2022 Multifamily Consolidated RFP. The largest drivers of increasing costs are hard construction costs and financing costs. Hard construction costs increased by \$640,000, or 5%, compared to the original application estimate in July 2022. The original design application planned for Carver Place to be one half of a shared building with a proposed senior development known as Carver Oaks. Carver Oaks was not selected for funding during the 2022 Multifamily Consolidated RFP, necessitating some architectural modifications to allow Carver Place to proceed as a stand-alone building without any shared facilities. This final cost estimate reflects the results of significant value engineering efforts, including removing brick from the façade for a \$130,000 savings and removing balconies and patios for an additional \$291,000 in savings, among many other smaller adjustments.

Financing costs have increased by almost \$160,000 or 12% since selection, driven largely by higher interest rates. The impact of higher rates was partially blunted, however, by changing the structure of the LMIR first mortgage from a standard 40-year term, 40-year amortization schedule to a 17-year term, 40-year amortization schedule balloon loan. This enabled the project to secure a lower projected interest rate, thereby lowering interest costs during construction and supporting a larger first mortgage to help fill the funding gap caused by increased hard costs.

The developer has also agreed to defer \$216,000 in developer fee, which is expected to be recouped after 5 years of operations.

Lastly, the proposed funding structure reflects an increase of \$500,000 in the size of the deferred HOME loan, to \$2.5 million. This funding modification will fill the remaining financing gap and allow the project to proceed to closing.

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

### A. Project Uses

Description	Amount	Per Unit
Construction Costs	\$ 15,111,003	\$ 251,850
Professional Fees	\$ 1,657,677	\$ 27,628
Developer Fee	\$ 1,087,195	\$ 18,120
Syndicator Fees	\$ 25,000	\$ 417
Financing Costs	\$ 1,475,107	\$ 24,585
Total Mortgageable Costs	\$ 19,355,982	\$ 322,600
Reserves	\$ 353,495	\$ 5,892
<b>Total Development Cost</b>	<b>\$ 19,709,477</b>	<b>\$ 328,491</b>

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

### B. Permanent Capital Sources

Description	Amount	Per Unit
LMIR Amortizing Mortgage	\$ 4,625,000	\$ 77,083
HTC Equity Proceeds (R4 Capital)	\$ 5,927,214	\$ 98,787
Minnesota Housing Economic Development Housing Challenge (EDHC)	\$ 4,550,000	\$ 75,833
Minnesota Housing HOME	\$ 2,500,000	\$ 41,667
Carver County American Rescue Plan Act (ARPA) Loan	\$ 1,000,000	\$ 16,667
Met Council Local Housing Incentives Account (LHIA) Loan	\$ 450,000	\$ 7,500
Sponsor Loan	\$ 52,500	\$ 875
Rebates	\$ 388,187	\$ 6,470
Deferred Developer Fee	\$ 216,576	\$ 3,610
<b>Total Permanent Financing</b>	<b>\$ 19,709,477</b>	<b>\$ 328,491</b>

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

## **C. Financing Structure**

The development will qualify for approximately \$5.9M of annual 4% HTCs, which will result in equity proceeds from Wells Fargo Community Lending and Investment. The term of the Land Use Restrictive Agreement will be 50 years.

The development was also selected for deferred loan funding of \$4,550,000 under the Economic Development Housing Challenge (EDHC) program under Resolution No. MHFA 22-103. There are no proposed changes to the EDHC deferred loan.

## **D. Cost Reasonableness**

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

In accordance with Board Policy No. 15, if a project's proposed TDC is more than 25% higher than the predicted cost for new construction or 35% for preservation and adaptive reuse developments, staff must conduct additional due diligence and determine that the costs are still reasonable before seeking a cost waiver from the board.

Currently, the TDC per unit is \$328,491, which is below the predictive cost model estimate of \$360,329 by 9%.

## SECTION III: UNDERWRITING

### A. Rent Grid

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (%, of MTSP or AMI)	Rental Assistance Source
1BR	1	\$ 943	30% MTSP	30% MTSP	Housing Support
1BR	7	\$ 1,058	30% MTSP	30% MTSP	Section 811
1BR	4	\$ 1,058	50% MTSP	60% MTSP	
2BR	1	\$ 932	30% MTSP	30% MTSP	Housing Support
2BR	2	\$ 681	30% MTSP	30% MTSP	Housing Support
2BR	13	\$ 1,201	50% MTSP	60% MTSP	
2BR	9	\$ 1,250	60% MTSP	60% MTSP	
3BR	5	\$ 1,382	50% MTSP	60% MTSP	
3BR	7	\$ 1,464	60% MTSP	60% MTSP	
1BR	3	\$ 943	30% MTSP	30% MTSP	Housing Support
2BR	5	\$ 1,202	50% MTSP	60% MTSP	
3BR	3	\$ 1,384	50% MTSP	60% MTSP	
Total	60				

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

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

- LMIR 60 units restricted as follows:
  - 24 units with rents and incomes not exceeding 60% MTSP;
  - 15 units may have unrestricted incomes; and
  - 21 units with incomes equal to or less than 100% of the greater of area or statewide median income as determined by HUD.
- EDHC
  - 60 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.



## **B. Feasibility Summary**

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

- Seven units will benefit from Housing Support income supplement ensuring the tenants pay no more than 30% of their income toward rent.
- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio in year 15 of 1.31.
- The project was underwritten at 7% vacancy, with 2% income and 3% expense inflators.
- An operating reserve in the amount of \$253,495 will be funded from syndicator proceeds five years after stabilization (estimated in 2031).
- An operating deficit escrow of \$138,750 will be required (funded outside of the development budget).
- Replacement reserves will be funded from project operations in the amount of \$2,250 per month or \$27,000 annually.

## Map



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

**RESOLUTION NO. MHFA 24-xxx**

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

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

Name of Development:	Carver Place
Sponsors:	Carver County Community Development Agency
Guarantors:	Carver County Community Development Agency
Location of Development:	Carver
Number of Units:	60
Amount of LMIR Mortgage: (not to exceed)	\$4,625,000
Amount of BL (TEB) (not to exceed)	\$5,195,000

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

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

**NOW THEREFORE, BE IT RESOLVED:**

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

1. This authorization shall expire on September 27, 2024; and
2. The amount of the LMIR amortizing loan shall not exceed \$4,625,000; and

3. The term of the LMIR loan shall be 17 years plus approximately 24 months interest only construction period; and
4. The interest rate on the LMIR loan shall be based on the interest rate on the Rental Housing Bonds issued to finance the loans plus a spread, not to exceed 5.75% (subject to change, as set forth in the attached Agency term letter dated April 16, 2024); and
5. Interest-only payments will be payable monthly during the approximately 24-month construction period, after which the loan will commence monthly principal and interest payments over the remaining 17-year term (based on a 40-year amortization), plus 0.125% per annum HUD Risk-Sharing Mortgage Insurance Premium; and
6. The amount of the BL shall not exceed \$5,195,000; and
7. The LMIR and the BL transactions will be financed with the proceeds of tax-exempt Rental Housing Bonds of the Agency, and the commitment is subject to the ability of the Agency to sell bonds on terms and conditions, and in a time and manner, acceptable to the Agency; and
8. The interest rate on the BL will be based on the interest rate on the Rental Housing Bonds issued to finance the BL plus spread and will be payable monthly, with the principal due in a balloon payment approximately 24 months after closing; and
9. The BL commitment may have up to a six-month term but in any case, will expire on before September 27, 2024; and
10. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and
11. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
12. Sponsor shall guarantee the mortgagor's payment obligation regarding operating cost shortfalls and debt service until the property has achieved a 1.11 debt service coverage ratio (assuming stabilized expenses) for three successive months; and
13. Sponsor shall guarantee the mortgagor's payment under the LMIR Regulatory Agreement and LMIR Mortgage (other than principal and interest) with the Agency; and
14. The sponsor, the general contractor, the architect, the mortgagor, and such other parties as Agency staff in its sole discretion deems necessary, shall execute all such documents relating to said loans, to the security therefore, to the construction of the development, and to the operation of the development, as Agency staff in its sole discretion deems necessary.

Adopted this 23 day of May 2024

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CHAIR

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

**RESOLUTION NO. MHFA 24-xxx  
Modifying Resolution No. MHFA 22-103**

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT MODIFICATION  
HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM**

WHEREAS, the Board has previously authorized a commitment for the Carver Place development by its Resolution No. MHFA 22-103; and

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

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

**NOW THEREFORE, BE IT RESOLVED:**

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

1. The HOME loan shall not exceed \$2,500,000; and
2. All other terms and conditions of Resolution No. MHFA 22-103 remain in effect.

Adopted this 23<sup>rd</sup> day of May 2024

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CHAIR

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400 Wabasha Street North, Suite  
400 St. Paul, MN 55102  
P: 800.657.3769  
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651.297.2361  
www.mnhousing.gov

April 16, 2024

Allison Streich  
705 N Walnut St  
Chaska, MN, 55318

RE: Term Letter  
Carver Place, Carver  
Development # D8293, Project # M19061

Dear Allison Streich:

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

**Borrower:** A single asset entity: CCCDA Carver Place LP

**General Partner(s):** CCCDA Carver Place GP LLC

**Development** New construction of a 60-unit affordable housing development  
**Description/Purpose:** located in Carver, Minnesota

Program	Low and Moderate Income Rental Program (LMIR) (HUD Risk-Sharing) – tax-exempt bond funded*	Bridge Loan - tax-exempt bond funded*	Economic Development and Housing Challenge Program (EDHC)	Home Investment Partnerships Program (HOME)
<b>Loan Amount</b>	\$ 4,625,000	\$ 5,195,000	\$ 4,550,000	\$ 2,500,000
<b>Interest Rate</b>	5.75%**	Bond financing rate + 1.0%	0%	0%
<b>Mortgage Insurance Premium (%)</b>	.125% (first year premium is	Not Applicable	Not Applicable	Not Applicable

[April 16,  
2024] Page 2

	<i>paid in advance)</i>			
<b>Term</b>	Approx. 24 months (construction) + 17 years	Term expires 6/30/2026	Approx. 24 months (construction) + 30 years	Approx. 24 months (construction) + 30 years
<b>Amortization / Repayment</b>	40 years	Interest only during term based on the full amount of the loan	Annual payment that is equal to 20% of the amount by which Eligible Cash (as defined in the Note) exceeds \$50,000; with remaining balance due in lump sum payment in 30 years (+ 24-month construction period).	30 years (+ 24-month construction period).
<b>Prepayment Provision</b>	No prepayment first 10 years from date of the Note.	No prepayment until January 1, 2026.	Prepay at any time without penalty.	Prepay at any time without penalty.
<b>Nonrecourse or Recourse</b>	Nonrecourse	Recourse	Nonrecourse	Nonrecourse
<b>Construction to Permanent Loan, Construction Bridge Loan or End Loan</b>	Construction to Permanent Loan	Construction Bridge Loan	Construction to Permanent Loan	Construction to Permanent Loan
<b>Lien Priority</b>	First	2 <sup>nd</sup> Position (during construction period only)	2 <sup>nd</sup> Position (3 <sup>rd</sup> during construction period)	3 <sup>rd</sup> Position (4 <sup>th</sup> during construction period)

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

\*\* The interest rate on the LMIR loan will be based on the bond rate at the time of sale plus a spread, with a maximum of 5.75% in consultation with the Finance Division.  
The rate is subject to being reset at the then market rates if the loan does not close by September 27, 2024.

**Origination Fee:** LMIR HUD Risk Share Loan: \$92,500  
Bond-funded Bridge Loan: \$25,975  
Bond Issuance Fee: \$185,213  
(payable at the earlier of loan commitment or loan closing)



[April 16,  
2024] Page 3

<b>Construction Oversight Fee:</b>	\$36,031 (payable at the earlier of loan commitment or loan closing)
<b>Guarantee / Guarantor(s):</b>	<ul style="list-style-type: none"><li>• Bridge Loan: Completion, Repayment and Operations Guarantee from Carver County Community Development Agency</li><li>• LMIR Permanent Loan: Completion, Repayment and Operations Guarantee from Carver County Community Development Agency</li></ul>
<b>Operating Deficit Escrow Reserve Account:</b>	\$138,750 to be funded on the day of closing of the LMIR/HRS loan by cash or letter of credit (outside of the development budget) to be held by Minnesota Housing.
<b>Operating Cost Reserve Account:</b>	Capitalized operating reserve in the approximate amount of \$253,495 funded after construction completion anticipated from the third equity installment. The operating reserve will not be held by Minnesota Housing.
<b>Replacement Reserve Account:</b>	Monthly replacement reserve deposits will be required in the amount of \$2,250. The replacement reserve will be held by Minnesota Housing.
<b>Escrows:</b>	Real estate tax escrow and property insurance escrow to be established on the day of closing of the LMIR/HRS loan (outside of the development budget) and will be held by Minnesota Housing.
<b>Collateral/Security:</b>	Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.
<b>Rent and Income Requirements:</b>	<p>LMIR 1st Mortgage</p> <ul style="list-style-type: none"><li>• 60 units restricted as follows:<ul style="list-style-type: none"><li>○ 24 units with rents and incomes not exceeding 60% MTSP;</li><li>○ 15 units may have unrestricted incomes; and</li><li>○ 21 units with incomes equal to or less than 100% of the greater of area or statewide median income as determined by HUD.</li></ul></li></ul>

[April 16,  
2024] Page 4

- Commitment to affordability in effect while the loan is outstanding.

#### EDHC

- 60 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.
- Commitment to construction period plus 50 years of affordability from the date of loan closing.

#### HOME

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

<b>HAP or Other Subsidy Agreement:</b>	Commitment to construction period plus 10 years of affordability from the date of loan closing under the Housing Support Program for 7 units.
<b>Other Requirements:</b>	The EDHC loan is subject to the terms in the attached Deferred Selection Criteria.
<b>Closing Costs:</b>	Borrower agrees to pay all closing costs related to the specific financing referenced in this letter.
<b>Expiration Date:</b>	This term letter will expire on the earlier of September 27, 2024 or loan closing/end loan commitment.
<b>Additional Terms:</b>	N/A
<b>Other Conditions:</b>	N/A
<b>Board Approval:</b>	Commitment of the LMIR loan, Bridge Loan and HOME loan are subject to Minnesota Housing's board approval and adoption of a resolution authorizing the commitment of the loans.

[April 16,  
2024] Page 5

**Not a Binding  
Contract:**

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

Please sign this letter and return it to LaKisha Whitson at LaKisha.Whitson@state.mn.us on or before 10 business days from date of this letter.

If you have any questions related to this letter, please contact Tom Anderson at Tom.A.Anderson@state.mn.us.

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

Sincerely,



James Lennhoff  
Assistant Commissioner, Multifamily

**AGREED AND ACCEPTED BY:**

CCCD A CARVER PLACE LP,  
a Minnesota Limited Partnership

By: 

By: Allison Streich, Vice President  
CCCD A Carver Place GP LLC  
a Minnesota limited liability company  
Its: General Partner

Date Accepted: 4/16/24

**Selection Criteria Related to 2022 RFP/2023 HTC Round 1**

**Project Name:** Carver Place

**Project City:** Carver

**Property Number (D#):** D8293

**Project Number:** M19061

**Large Family Housing**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
75% two or more bedrooms	<u>12</u>	75% two or more bedrooms	<u>12</u>	<u>30</u> 2 Bedrooms Units <u>15</u> 3 Bedrooms Units <u>0</u> 4 Bedrooms Units <u>0</u> 5 Bedrooms Units <u>0</u> 6 Bedrooms

**Loan/HTC Commitment and Compliance Monitoring**
**Permanent Supportive Housing for High Priority Homeless – CoC Priority 1**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
Continuum of Care Household Type Priority One	<u>2</u>	Continuum of Care Household Type Priority One	<u>2</u>	<u>4</u> Priority Type: Single Adults

**Loan/HTC Commitment and Compliance Monitoring**

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

**People with Disabilities - Tier 2**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
10% to 14.99% of the total units, but no fewer than 7 units	<u>11</u>	10% to 14.99% of the total units, but no fewer than 7 units	<u>11</u>	<u>7</u>

**Loan/HTC Commitment and Compliance Monitoring**

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

The Owner agrees units will use 811 Project Rental Assistance, be set aside and rented to households with a disability and with income limits at 30% MTSP. The Owner also agrees that if units set aside for People with Disabilities are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities cannot exceed the required rent restrictions set out in the Self-scoring Worksheet and will be incorporated into the loan and/or HTC documents.

Units cannot be restricted to persons of a particular age group and must be provided in an integrated setting for the term of the loan/extended use period (Declaration of Land Use Restrictive Covenants).

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

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

Permanent Supportive Housing for High Priority Homeless and People with Disabilities units must be distinct and cannot be layered. People with Disabilities - Tier 2 cannot be used as a Serves Lowest Income Unit.

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

#### Rental Assistance

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
10.1 % to 20% of the total units, but no fewer than 4 units	<u>10</u>	10.1 % to 20% of the total units, but no fewer than 4 units	<u>10</u>	<u>7</u>

#### Loan/HTC Commitment and Compliance Monitoring

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

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

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

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

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

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

#### **Rental Assistance – Further Restricted Rental Assisted Units (FRRA)**

<b>Developer Claimed Criteria</b>	<b>Developer Claimed Points</b>	<b>Agency Confirmed Criteria</b>	<b>Agency Awarded Points</b>	<b>Number of Units (Agency Validated)</b>
5% to 15%, of the total units but no fewer than four units	<u>3</u>	5% to 15%, of the total units but no fewer than four units	<u>3</u>	<u>7</u>

#### **Loan/HTC Commitment and Compliance Monitoring**

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

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

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

#### **Serves Lowest Income Tenants/Rent Reduction**

<b>Developer Claimed Criteria</b>	<b>Developer Claimed Points</b>	<b>Agency Confirmed Criteria</b>	<b>Agency Awarded Points</b>	<b>Number of Units (Agency Validated)</b>
50% of the restricted unit rents at 50% HUD MTSP	<u>8</u>	50% of the restricted unit rents at 50% HUD MTSP	<u>8</u>	<u>30</u>

#### **Loan/HTC Commitment and Compliance Monitoring**

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

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

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

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

<b>Developer Claimed Criteria</b>	<b>Developer Claimed Points</b>	<b>Agency Confirmed Criteria</b>	<b>Agency Awarded Points</b>	<b>Number of Units (Agency Validated)</b>
10% to 19.99% of the restricted units	<u>5</u>		<u>0</u>	<u>0</u>

#### **Loan/HTC Commitment and Compliance Monitoring**

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

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

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

#### **Long Term Affordability**

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

#### **Loan/HTC Commitment and Compliance Monitoring**

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

#### **Need for More Affordable Housing Options**

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

#### **Loan/HTC Commitment and Compliance Monitoring**

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

#### **Workforce Housing Communities**

<b>Developer Claimed Criteria</b>	<b>Developer Claimed Points</b>	<b>Agency Confirmed Criteria</b>	<b>Agency Awarded Points</b>
Top Job Center or Net Five Agenda Item: 7.K	<u>6</u>	Top Job Center or Net Five	<u>6</u>

### Loan/HTC Commitment and Compliance Monitoring

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

### Transit and Walkability

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

### Loan/HTC Commitment and Compliance Monitoring

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

### Community Development Initiative

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

### Loan/HTC Commitment and Compliance Monitoring

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

### Equitable Development

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Evidence that Communities Most Impacted by housing disparities have a role in the project proposal and qualifying stakeholder groups.	<u>3</u>		<u>0</u>

### Loan/HTC Commitment and Compliance Monitoring

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

### Multifamily Award History

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points



Communities that have not received an award or allocation for the last five years	<u>4</u>	Communities that have not received an award or allocation for the last five years	<u>4</u>
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**Loan/HTC Commitment and Compliance Monitoring**

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

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

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
<b>Ownership:</b> Two or more entities are BIPOCBE/WBE	<u>6</u>	<b>Ownership:</b> Two or more entities are BIPOCBE/WBE	<u>6</u>

**Loan/HTC Commitment and Compliance Monitoring**

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

**Financial Readiness to Proceed/Leveraged Funds**

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

**Loan/HTC Commitment and Compliance Monitoring**

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

**Other Contributions**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
3.5 to 6.0%	<u>4</u>	3.5 to 6.0%	<u>4</u>

**Loan/HTC Commitment and Compliance Monitoring**

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

**Intermediary Costs**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
0.0 to 15%	<u>6</u>	15.1 to 20%	<u>3</u>

**Loan/HTC Commitment and Compliance Monitoring**

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

**Universal Design**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
Buildings with an elevator	<u>3</u>	Buildings with an elevator	<u>3</u>	<u>60</u> Elevator Building Units

**Loan/HTC Commitment and Compliance Monitoring**

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

**Smoke Free Building**

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

**Loan/HTC Commitment and Compliance Monitoring**

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

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

**Enhanced Sustainability**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Tier 1: Project includes at least 2x the minimum number of optional criteria points in the Intended Methods and Tier 3: Project meets at least one alternative building performance pathways	<u>4</u>	Tier 1: Project includes at least 2x the minimum number of optional criteria points in the Intended Methods and Tier 3: Project meets at least one alternative building performance pathways	<u>4</u>

**Loan/HTC Commitment and Compliance Monitoring**

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

**Total Developer Claimed:** 138      **Total Agency Awarded:** 127



## Item: Approval, First-Generation Homebuyer Loan Definition, and Start Up Manual Revision

**Action Item:** 7.L  
**Date:** 05/23/2024  
**Staff Contacts:** Laura Bolstad Grafstrom, 651.296.6346, laura.bolstad.grafstrom@state.mn.us  
Kim Stuart, 651.296.9959, kim.stuart@state.mn.us  
**Request Type:** Approval, Motion

### Request Summary

Staff request board approval for the following:

- For the Start Up First-Time Homebuyer eligibility and the First-Generation Homebuyer definition, revise the definition of ownership to include marital interest in real estate.
- The corresponding Start Up Procedural Manual edits (see attached revised language).
- Any additional non-substantive edits deemed necessary by the Legal division to effectively implement the proposed substantive changes.

### Fiscal Impact

This requested definition refinement and associated program manual updates will help ensure our loan programs remain bond compliant to avoid financial penalties and reputational risk. In addition, improved clarity of program requirements simplifies the loan origination process for lenders supporting the use of our program loans which are income-earning assets for the Agency.

### Agency Priorities

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

### Attachments

- Background
- Request Details
- Start Up Procedural Manual Revised Sections

## Background

The Start Up Program is designed to serve low- and moderate-income First-Time Homebuyers. The downpayment and closing cost loan options available for Start Up are the Deferred Payment Loan (DPL), Deferred Payment Loan Plus (DPL+), the Monthly Payment Loan, and as of May 6, 2024 the First-Generation Homebuyer Loan.

The First-Generation Homebuyer Loan Program provides forgivable, zero-interest downpayment and closing cost loans, funded by state appropriations. The legislature established the program to provide targeted assistance to eligible first-generation homebuyer households throughout the state.

The Start Up definition of “First-Time Homebuyer” must comply with the Internal Revenue Service (IRS) definition of a first-time homebuyer because the loans may be pledged to tax-exempt Mortgage Revenue Bonds.

For the First-Generation Homebuyer Loan, a borrower may qualify as a First-Generation Homebuyer if one borrower and their parents or prior legal guardians have never owned their primary residence, or owned a home but lost it due to foreclosure. The Start Up Procedural Manual contains specific language defining the different components that go into the First-Generation Homebuyer definition, including who is considered a parent or a legal guardian, and what counts as ownership.

## Request Details

For the purpose of Start Up First-Time Homebuyer eligibility and First-Generation Homebuyer Loan eligibility, staff are requesting approval to revise the definition of ownership to include marital interest in real estate. In keeping with the IRS definition of a first-time homebuyer, both programs would continue to only consider ownership of a person’s principal residence. Considering marital interest in real estate to be ownership aligns with the interpretation of IRS guidelines from our bond counsel and will preserve the Start Up Program’s tax-exempt Mortgage Revenue Bond compliance. This change will prevent a borrower from being considered a First-Generation Homebuyer if they or their parents or legal guardians have had a marital interest in their principal residence.

To implement this definition change, we request approval of the Start Up Procedural Manual revised sections below, as well as approval to make additional non-substantive edits deemed necessary by the legal division to effectively implement the proposed substantive changes.

## Start Up Procedural Manual Revised Sections

### 4.05 Prior Homeownership - Three-Year Requirement [excerpt with revision]

Types of interest that constitute Ownership interest includes:

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

### 7.16 First-Generation Homebuyer Loan Borrower Eligibility [excerpt with revision]

For the purpose of determining First-Generation Homebuyer status:

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

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## Item: Modification, Board Policy No. 7 (Meetings)

**Information Item:** 7.M  
**Date:** 05/23/2024  
**Staff Contacts:** Irene Kao, 651.296.9806, irene.kao@state.mn.us  
Rachel Franco, 651.296.2172, rachel.franco@state.mn.us  
**Request Type:** Approval, Motion

### Request Summary

The Minnesota Housing board has a Public Appearances at Meetings policy (Policy No. 7.5) that needs updating in light of changes in technology and access to the board. Staff recommend deletion of this policy.

### Fiscal Impact

None.

### Agency Priorities

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

### Attachments

- Background
- Recommended Change to Board Policy No. 7 (Meetings)

## Background

The Minnesota Housing board originally adopted Board Policy No. 7 (Meetings) on September 27, 2012. On May 22, 2014, the Meetings policy and 18 other board policies were changed. At that time, the change to this policy was to incorporate the public appearances policy, which staff are recommending removing.

In the past decade, the Agency has become more sophisticated in the running of its board meetings. Previously, the norm was for board meetings to only be in-person. Today, the board meetings are hybrid with a virtual attendance option. This changes the way the public is able to attend and observe board meetings, which also impacts the way the public can interact with the board. Today, the most common method for the public to provide comment to the board is written comment, often through email.

If the board approves this recommendation, staff will ensure that the Agency website provides how the public can provide comment to the board.

## Open Meeting Law Requirements

The Open Meeting Law requires that meetings must be open to the public, a journal or minutes must record votes at the meeting, interactive technology may be used if certain conditions are met to ensure openness, notice must be given of meetings, relevant materials must be publicly available, etc. However, the Open Meeting Law does not give the public the right to speak at a meeting, so the proposed change is compliant with the Open Meeting Law.



## **Recommended Change to Board Policy**

### **Policy 7 – Meetings**

*Adopted: 09/27/2012*

*Amended: 5/22/2014*

#### **7.1 Place of meetings**

Unless otherwise stated in the meeting notice, all Board and Committee meetings will be held at the offices of Minnesota Housing (the “Agency”).

#### **7.2 Date and Time of Meetings**

The monthly meeting of the Board will be held on the fourth Thursday of each month at 1:00 p.m. at the offices of the Agency unless such date shall fall on a legal holiday in which case the meeting shall be held on the Thursday previous to the regularly scheduled meeting. A different date, time, or place for the meeting may be adopted by motion of the Board. All other Board or Committee meetings shall be held in accordance with the notice for the meeting.

#### **7.3 Mailing and Transmission of Meeting Materials**

Monthly meeting agendas, with materials prepared by Agency staff for each agenda item, are to be transmitted to the members of the Board by the Commissioner at least seven calendar days before the meeting. Agendas for other Board or Committee meetings are to be transmitted as soon as practicable before the meeting.

#### **7.4 Order of Business**

At the monthly meeting of the Board, the following shall be the order of business; however, the Chair may revise the order of business, as necessary, prior to the meeting:

- Call to Order
- Roll Call
- Agenda Review
- Approval of Minutes
- Reports:
  - Chair
  - Commissioner
  - Committee
- Consent Agenda
- Action Items
- Discussion Items
- Informational Items
- Other Business
- Adjournment

#### **~~7.5 Public Appearances at Meetings~~**

~~Individuals not employed by the Agency who wish to address the Board during a meeting must notify the~~

~~Agency of their desire at least 48 hours prior to the meeting at which they would like to appear. Public appearances will be permitted upon an affirmative vote of a majority of members present at the meeting.~~



## Item: 2024 State Legislative Session Recap

**Information Item:** 8.A  
**Date:** 05/23/2024  
**Staff Contacts:** Dan Kitzberger, 651.296.3706, dan.kitzberger@state.mn.us  
Ryan Baumtrog, 651.296.8920, ryan.baumtrog@state.mn.us

**Request Type:** No Action, Discussion

### Request Summary

The 2024 State Regular Legislative Session ends on May 20. Staff will provide an update of any legislative actions at the board meeting.

### Fiscal Impact

None

### Agency Priorities

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

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## Item: Proposed Changes to the State of Minnesota 2026-2027 Low-Income Housing Tax Credit Qualified Allocation Plan and Self-Scoring Worksheet for Public Comment Release

**Information Item:** 8.B  
**Date:** 05/23/2024  
**Staff Contacts:** Nicola Viana, 651.296.8277, nicola.viana@state.mn.us  
Summer Jefferson, 651.296.9790, summer.jefferson@state.mn.us  
**Request Type:** No Action, Discussion

### Request Summary

Staff will provide an overview and discuss proposed changes to the 2026-2027 Low-Income Housing Tax Credit (HTC) Qualified Allocation Plan (QAP), including the 2026-2027 Self-Scoring Worksheet.

These two documents are the foundational components for evaluating funding requests that will be submitted to the 2025 and 2026 Multifamily Consolidated Request for Proposals (RFP) that are used to select projects for HTCs and deferred loans to construct or preserve rental housing that is affordable.

### Fiscal Impact

The HTC Program is a federally sponsored program, and the award or allocation of housing tax credits does not have any direct fiscal impact on Minnesota Housing's financial condition. Deferred loans are generally funded through state or federal appropriations, and Minnesota Housing does not usually earn interest revenue.

### Agency Priorities

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

### Attachments

- Background
- Development Plan

- Next Steps and Timeline
- 2026-2027 Qualified Allocation Plan: Summary of Engagement and Proposed Changes

## Background

The Federal Tax Reform Act of 1986 established the Low-Income Housing Tax Credit (HTC) Program for qualified residential rental properties. The HTC Program is one of the principal federal subsidies contained within tax law for acquisition/substantial rehabilitation and new construction of affordable rental housing.

Section 42 of the Internal Revenue Code (IRC) requires that state allocating agencies develop a Qualified Allocation Plan (QAP) to distribute HTCs within their jurisdiction. The QAP is updated on a regular basis to ensure the provisions conform to any federal requirements, applicable state statute, the changing environment and market conditions and to best promote Minnesota Housing's Strategic Plan. The 2026-2027 QAP also sets the overall funding priorities for the 2025 and 2026 Multifamily Consolidated Request for Proposals (RFP).

Minnesota Housing's HTC Program administration includes use of the following documents:

- QAP: includes detailed definitions and procedures for implementing the HTC program.
- Self-Scoring Worksheet: assigns preferences and points for developments that meet Minnesota Housing's HTC Program and deferred loan funding priorities. The Self-Scoring Worksheet is comprised of six selection categories that establish the scoring framework. Each category is broken down into selection criteria. The selection categories are: Greatest Need Tenant Targeting, Serves Lowest Income for Long Durations, Increasing Geographic Choice, Supporting Community and Economic Development, Efficient Use of Scarce Resources, and Building Characteristics.

The HTC Program is reviewed annually to address IRS requirements and Minnesota Housing's Strategic Plan; more substantial policy changes are recommended biennially. Copies of the current 2024-2025 QAP and Self-Scoring Worksheet are available on Minnesota Housing's website at [www.mnhousing.gov](http://www.mnhousing.gov) and the links are provided here:

- [2024-2025 QAP](#)
- [2024-2025 Self-Scoring Worksheet](#)

## Development Plan

Initial planning for the development of the 2026-2027 QAP began in June 2023 with staff reviewing federal requirements, other states' QAPs and promising best practices and policies. Based on research, staff proposed several recommendations for improvements, clarifications and new incentives for tenant protections, climate resiliency, enhanced sustainability and racial equity.

Initial engagement with the public began in November 2023 with an eNews and a webinar for external audiences in December 2023. The Agency led and participated in several engagement opportunities between November 2023 and March 2024 to gather feedback from a variety of stakeholders including local units of government, community-based organizations, economic development organizations, state agencies, funding and collaborating partners, developers and communities most impacted by housing needs. Staff received early written comments from stakeholders and participated in nine engagement sessions, both virtually and in-person, with 512 participants to inform the QAP.

Staff proposes several policy revisions to the QAP because of feedback from the engagement sessions. A summary of the proposed changes that will be posted on the Minnesota Housing is included in the attached 2026-2027 Qualified Allocation Plan: Summary of Engagement and Proposed Changes.

## Next Steps and Timeline

Following a discussion on the proposed changes with the board in May, staff will prepare the initial draft of the 2026-2027 QAP, including the Self-Scoring Worksheet, for release in June.

After the public release, Minnesota Housing staff will convene at least two engagement and discussion opportunities with stakeholders, including developers, local governments, and community-based organizations during the public comment period in June.

The formal comment period is anticipated to begin on Wednesday, June 5 and close on Wednesday, July 3 at 5:00 p.m. CT. Minnesota Housing will consider all comments received through this deadline.

Federal law requires that allocating agencies hold a public hearing, where interested individuals have a reasonable opportunity to express their views. Public hearings are advertised on our website and via Agency eNews, the State Register and the Star Tribune at least 10 days before the events. The public will have the opportunity to provide verbal or written comments on issues related to the QAP.

Minnesota Housing's public comment and public hearing process includes two stages. The first stage is designed to share initial ideas for changes and collect comments and questions. The feedback from this first public comment period is then used to identify areas of support, clarification, new ideas or concerns. Staff evaluate and research all comments to propose additional changes to clarify or update language in the second release of the draft QAP. The second stage is the forum to share the results from the first stage and address any new items or changes.



Presentation and final action on the 2026-2027 QAP are expected to occur at Minnesota Housing's board meeting that will be held on Thursday, November 21, 2024. All times are Central Time (CT).

Opportunities for feedback and public comment are listed below.

<b>Date/Time</b>	<b>Activity</b>
Estimated date: Wednesday, June 5, 2024	Draft of proposed changes released for public comment
Estimated date: Wednesday June 5, 2024 – Wednesday, July 3, 2024	First Public Comment Period <ul style="list-style-type: none"> <li>• Email: HTC.MHFA@state.mn.us, or</li> <li>• Phone: 651.297.5142, or</li> <li>• Mail: <p>Attn: Tamara Wilson, Minnesota Housing 400 Wabasha Street North, Suite 400 St. Paul, MN 55102-1109</p> </li> </ul>
Tuesday, June 18, 2024 10:30 a.m. – 11:45 a.m. CT	Minnesota Housing virtual discussion, via Go to Webinar
Tuesday, June 25, 2024 or Wednesday June 26, 2025 Date, Time and Location: To be announced via eNews	Minnesota Housing Partnership/Metropolitan Consortium of Community Developers co-sponsored discussion with Minnesota Housing
Thursday, June 27, 2024 10:00 a.m. – 11:00 a.m. CT	First public hearing, via Go to Webinar
Wednesday, July 3, 2024	First public comment period closes
Late September 2024	Second draft of proposed changes released for public comment
Late September – Early October 2024	Second public comment period
October 2024	Second public hearing, via Go to Webinar
Thursday, November 21, 2024	Minnesota Housing board meeting: final action
December 2024	Submit QAP to the governor's office for final approval

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## 2026-2027 Qualified Allocation Plan: Summary of Engagement and Proposed Changes

### Proposed changes to the 2026 – 2027 Low-Income Housing Tax Credit Qualified Allocation Plan and 2025-2026 Multifamily Consolidated Request for Proposals Funding Priorities

#### Background

The Federal Tax Reform Act of 1986 established the Low-Income Housing Tax Credit (HTC) Program for qualified residential rental properties. To be considered a qualified rental property, the HTC applicant must set aside a minimum number of units that meet both rent and income restrictions for each year of the HTC period. HTC Applicants must select one of the following minimum set-asides:

1. **20/50 Test:** A minimum of 20% of the residential units must be both rent restricted and occupied by individuals whose income is at or below the 50% Multifamily Tax Subsidy Project (MTSP) income limit, as established for different geographical areas and published by the U.S. Department of Housing and Urban Development (HUD), adjusted for family size.
2. **40/60 Test:** A minimum of 40% of the residential units must be both rent restricted and occupied by individuals whose income is at or below the 60% MTSP income limit, adjusted for family size.
3. **Average Income Test:** A minimum of 40% of the residential units must be both rent restricted and occupied by individuals whose imputed income average at initial occupancy is at or below the 60% MTSP income limit, adjusted for family size.

The HTC Program is one of the principal federal subsidies contained within tax law for acquisition/substantial rehabilitation and new construction of affordable rental housing. Section 42 of the Internal Revenue Code (IRC) requires that state allocating agencies develop a Qualified Allocation Plan (QAP) for distribution of tax credits within their jurisdiction.

Minnesota Housing's QAP describes how housing tax credits are distributed to multifamily rental projects. The QAP and the Self-Scoring Worksheet combine state and federally legislated requirements as well as priorities from Minnesota Housing's Strategic Plan. The QAP, which includes the Self-Scoring Worksheet, outlines the overall funding priorities for all the HTC funding rounds and annual Multifamily Consolidated Request for Proposals (RFP).

As part of the 2026-2027 QAP development process, Minnesota Housing led and participated in several engagement opportunities between November 2023 and March 2024 to gather early feedback from a variety of stakeholders including local units of government, community-based organizations, economic development organizations, state agencies, funding and collaborating partners, developers and communities most impacted by housing needs. Staff received early written comments and participated in nine engagement sessions with 512 participants to inform the QAP.

### Summary of Engagement Feedback

Staff received feedback on several key themes and recommendations including:

- Consider ways to address climate resiliency in Minnesota Housing’s building standards and prioritize Enhanced Sustainability.
- Continue to incentivize Innovative Construction Techniques (ICT), so that the option will be more enticing to developers and allow more projects that use ICT to move forward.
- Allow preservation projects that receive federal assistance where a portion of their senior units are designated for people with disabilities be eligible for the Senior Housing selection criterion.
- Consider additional changes to the geographic criteria to make projects in smaller, rural communities in Greater Minnesota more competitive, ensuring geographic balance. For example, provide more opportunities for projects in smaller, rural communities in Greater Minnesota such as adding points and/or tiers to selection criteria.
- Consider modifying the name of the Need for More Affordable Housing selection criterion. Every community in Minnesota needs more affordable housing. Remove the 500 minimum households threshold in Greater Minnesota in this selection criterion.
- Clarify the Equitable Development selection criterion so the eligibility requirements are clearer to applicants and communities applying for this category.
- Continue to support owners, sponsors and partners that are Black, Indigenous, and People of Color by reviewing the Black-, Indigenous-, People of Color-, and Women-owned Business Enterprises category.
- Continue to explore ways to simplify the criterion and streamline requirements to reduce barriers to the application process.
- Clarify in the QAP where certain policies and procedures can be found.
- Consider a policy to limit annual rent increases for HTC developments.

### Summary of Proposed Changes

The following information is a summary of proposed policy, scoring and streamlining changes to the [2024-2025 QAP](#), including the [2024-2025 Self-Scoring Worksheet](#). For the proposed changes to the Self-Scoring Worksheet, the bold underlined headings refer to sections in the 2024-2025 Self-Scoring Worksheet.

## Self-Scoring Worksheet

- **General Updates**
  - Update the template so the document meets current accessibility standards.
  - Make administrative modifications to remove duplication, including clarifications from the scoring guide, or minor revisions to streamline and/or clarify the scoring process and requirements.
  - Change the Innovative Construction Techniques (ICT) preference to a competitive pointing option by adding the ICT selection criteria to the Building Characteristics Selection Category.
- **Selection Category 1: Greatest Need Tenant Targeting**
  - **Senior Housing** – Modify the initial occupancy requirement from requiring 100% of the units be occupied by a qualifying senior to a tiered approach to allow different points based on percentages of initial occupancy requirements of 80%, 90% and 100%. The purpose of this change is to allow projects that primarily serve seniors but also serve other populations to claim points under the Senior Housing criterion.
  - **People with Disabilities (PWD) Tier 2** – For PWD units that will use HUD Section 811 Project-based Rental Assistance (PRA), change the minimum number of units required for points for PWD Tier 2 to incentivize the use of HUD Section 811 PRA and increase the number of projects that move forward with a HUD Section 811 PRA award.
- **Selection Category 2: Serves Lowest Income for Long Durations**
  - **Preservation** – Projects with existing rental assistance that has been in place for 15 years or more can take points under the Preservation criteria. The proposed modifications are intended to reduce upfront application costs, remove barriers to the application process and clarify what is needed at application.
    - **Thresholds** – Projects must meet one of the three thresholds to be considered for points. The thresholds are as follows with suggested improvements.
      - **Risk of Loss Due to Market Conversion** – This threshold is for properties that are at risk of conversion to market rate housing and would lose the affordable units. Staff recommend a change to allow documentation to include other verifiable third-party data on comparable properties (dated within one year of application) approved by Minnesota Housing. This will reduce the cost to apply, since market studies will no longer be required at application for projects applying during the Multifamily Consolidated RFP/HTC Round 1 and 2.
      - **Risk of Loss Due to Critical Physical Needs** – This threshold is for properties that are at risk of losing units due to the critical needs of the physical property. Currently, a property's physical needs must exceed

available reserves by at least \$5,000 per unit. Staff recommend changing the threshold from \$5,000 to \$0 to expand eligibility and allow more projects to be able to meet the threshold.

- **Risk of Loss Due to Ownership Capacity/Program Commitment** – This threshold is for properties in various situations where there is a risk of losing units because of certain conditions, such as an owner’s financial hardship or an acquisition. Staff are not recommending changes to this threshold.
- **Tier 1 - Existing Federal Assistance** – This tier is for projects with existing project based rental assistance. For clarity, the proposed change would add that federally-funded, long-term, project-based voucher contracts count as federal assistance.
- **Tier 2 - Other Existing Federal Assistance and Critical Affordable Units** – Modify the requirement that at least 50% of the units have rents at or below 50% MTSP, to at least 50% of the units have rents at or below 60% MTSP so that more projects will be eligible for this criterion. For clarity, add that in this criterion, the following rental assistance type is also eligible: current and former public housing units converted under RAD Component 1 or under Section 18 Demolition and Disposition and any other successor programs developed for public housing. This addition helps the Agency prioritize traditional Section 8, Rural Development, and project-based voucher projects for the Multifamily Consolidated RFP resources.
- **Rental Assistance** – Projects with new rental assistance that has been in place for less than 15 years can take points under Rental Assistance.
  - Remove privately funded project-based rental assistance as an option. This is a rarely used option and only requires a four-year commitment. Removing this option protects residents from facing a cliff when the short-term rental assistance expires.
  - Modify Further Restricting Rental Assistance (FRRA) from 10 years to 15 years to be consistent with the 15 years currently required under the Rental Assistance selection criteria and to align with the initial compliance period for projects with HTCs.
- **Selection Category 3: Increasing Geographic Choice**
  - The following proposed changes found in the bullets below will also be incorporated into the Methodology Guide which will also be released for public comment.
  - **Need for More Affordable Housing Options** – Projects located in communities where there is a low share of affordable rental housing compared to all housing options in a community or a large share of renters that are cost burdened by their rent.
    - Change the name to Access to More Affordable Housing.

- Add a new tier to create a three-tiered pointing structure, giving more communities opportunities for points because all cities, regardless of size, will receive some points in this criterion.
    - Remove the minimum 500-households threshold for Greater Minnesota in the Methodology Guide to include smaller communities that were not meeting this threshold in the current Methodology Guide. This change allows a project located in a community of any size to apply for funding.
    - Greater Minnesota large urban communities (Duluth, Rochester, St. Cloud, Moorhead) will be evaluated among all Greater Minnesota communities and no longer at the Census tract level to help with funding balance across the state.
    - The 7-County Metro will remain Census tract based and all tracts will receive points.
  - **Workforce Housing** – Projects located in or near a city or township needing workforce housing.
    - Remove the hold harmless provision that was created due to the impacts of COVID-19 on employment across communities. This provision is no longer relevant. Staff will continue to monitor the employment trends and made minor adjustments as stated below.
    - Change how Top Job Centers and Job Growth Communities are evaluated. Include the Top 5 Job Centers by region (SE, SW, NE, NW, Central, West Central and 7-County Metro), mitigating regional differences in what is considered a regional job center.
    - Adjust the Net Five Year Job Growth Community definition to be more flexible in Greater Minnesota to having positive job growth in the last five years instead of a net job growth of at least 100 jobs. The 7-County Metro job growth definition remains the same.
- **Selection Category 4: Supporting Community and Economic Development**
  - **Equitable Development** – To receive Equitable Development points, there must be evidence that the project attempts to address the needs of a Community Most Impacted (CMI) by housing disparities and that a Qualified Stakeholder Group (QSG), with meaningful participation from that CMI, has a significant role in the project proposal.
    - Clarify that a Tribe or Tribally-designated Housing Entity can be a QSG as long as there are participants who are willing to sign the QSG letter that are not the proposed project owner, sponsor, developer, development team, service provider or management agent of record for the project.
    - Clarify requirements for Meaningful Engagement with the CMI through the QSG, so that applicants have a better understanding of the Agency goals and

expectations for this selection criterion. Applicants are expected to conduct, at minimum, two meetings with the same QSG prior to the application submission.

- **Rural/Tribal** – Projects located in Rural/Tribal Designated Areas outside of the Metropolitan Area as defined by the 2026-2027 QAP and urbanized areas in Greater Minnesota.
  - Add two new tiers, to create a four-tiered pointing structure with the highest points available for smaller rural communities to recognize the added challenges that smaller, rural communities experience.
- **Qualified Census Tracts/Community Revitalization or, Tribal Equivalent Areas, and Opportunity Zones**
  - Remove Opportunity Zones as an option in this selection criterion since the program expires in 2026.
- **Black-, Indigenous-, People of Color-, and Women-owned Business Enterprises** – Applicants may select points for projects that meet this definition: Projects that include business entities that are owned or led by individuals who are Black-, Indigenous-, People of Color,<sup>1</sup> or a woman. A Black-, Indigenous-, People of Color-, or Women-owned Business Enterprise is a Tribe or Tribally-designated housing entity, Tribal corporate entity, or other entity which is at least 51% owned by an individual(s) that is(are) Black, Indigenous, a Person of Color, or a woman. This includes nonprofits and governmental entities where the executive director or equivalent where the individual is Black, Indigenous, a Person of Color, or a woman. The individual(s) must also control and manage the daily business operations.
  - Clarify the terms in each tier and what circumstances are eligible for points under Ownership/Sponsorship and Development Team.
  - Partnership - The project sponsor, developer, general contractor, architect, or management agent partners with a Black-, Indigenous-, or People of Color-owned or Women-owned Business Enterprise entity with the goal of building the entity's capacity to develop, manage, construct, design, or own affordable housing in the future.
    - Change the name to Capacity Building Partnership to clarify and emphasize that the intention of the partnership component is to help build capacity for eligible entities.

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<sup>1</sup> Includes Native and Indigenous North and South American, Black and African-descendant, Hispanic or Latinx, Asian and Pacific Islander, and other non-white communities.



- Modify requirements to allow applicants to select more than one tier, which could result in additional points under this criterion.
- **Selection Category 5: Efficient Use of Scarce Resources and Leverage**
  - **Financial Readiness to Proceed/Leveraged Funds** – This selection criterion calculates the secured funding commitments for one or more permanent capital funding sources at the time of application.
    - Modify the commitment contingency language to account for typical conditions that funders require for selected projects.
    - Exclude funder commitments to modify existing debt as a commitment type because the final structure of an existing debt cannot be determined prior to application. The Agency can assess requests for modification to existing debt post-selection and post-closing.
    - Clarify the language for Payments in Lieu of Taxes (PILOT) to clarify that PILOT is only available for entities that are units of local government.
    - Clarify the examples for General Partner (GP) commitments, such as GP cash, seller loans, interim income and purchased reserves.
    - Add commitment types such as Interim Income and State Housing Tax Credit, which is a new Agency program and resource.
  - **Other Contributions**
    - Modify the commitment contingency language to account for typical conditions that funders require for selected projects.
    - Exclude funder commitments to modify existing debt as a commitment type.
    - Clarify the language for Land Donation and PILOT.
    - Reduce percentage requirements in each tier to increase the incentive for projects to pursue additional non-capital contributions.
  - **Intermediary Costs**
    - Decrease the points for the highest pointing tier to align better with the other points in the criteria.
- **Selection Category 6: Building Characteristics**
  - **Innovative Construction Techniques (ICT)** – Add as a selection criterion to prioritize projects that:
    - Reduce total construction cost by at least 10%; and/or
    - Reduce the time a project is under for construction by at least 20%.
  - **Smoke Free Buildings** – Eliminate the Smoke Free Buildings selection criterion from the Self-Scoring Worksheet to simplify and reduce duplication. A Smoke-Free Policy pointing option (10 points) is currently included in the Minnesota Overlay to Enterprise Green Communities. In addition, most applicants select these points and property owners have

created smoke free policies due to current HUD requirements, insurance requirements and resident satisfaction.

- **Enhanced Sustainability** – Increase points for Tiers 1-4 in the Enhanced Sustainability Selection Criterion to emphasize the importance of long-term sustainability and encourage projects to incorporate additional substantiality techniques.

### **QAP Proposed Changes**

- Update the template so the document meets current accessibility standards.
- Right of First Refusal
  - Incorporate language to strengthen the nonprofit and tenant right of first refusal to better protect and preserve the long-term affordability of HTC properties.
- Minnesota Housing policies and procedures are incorporated in multiple resources and guides. We will incorporate additional language to explain where information can be found and provide a list of the key documents.
- Revise market study language to provide more flexibility on when the market study is required.
- Rural Development/Small Project Set-Aside will increase from \$425,000 to \$500,000.
- Development Limits will increase from \$1,700,000 to \$1,900,000.
- Protect tenants by updating the Unacceptable Practices for Non-Compliance in relation to rent violations, to include circumstances where owners did not provide 120 days' notice when the rent is increasing by more than 5%.
- Administrative changes such as clarifications, removing unnecessary dates and adjusting requirements to simplify and improve program implementation.

### **Other Proposed Policy Modifications**

- Climate Resiliency
  - Incorporate climate resiliency policies into the Minnesota Housing's Rental Housing Design/ Construction Standards and/or the Minnesota Overlay to Enterprise Green Communities, which lay out requirements for HTC and MF Consolidated RFP projects.
- Tenant Notice of Rent Increase
  - Protect tenants by requiring 120 days' notice when a tenant's rent will be increasing by more than 5%. The 120-day window aligns with the timing for recertifying tenants and therefore should be less onerous for owners.



## Item: Second Quarter 2024 Progress Report: 2024-2027 Strategic Plan and 2024-2025 Affordable Housing Plan

**Information Item:** 9.A  
**Date:** 05/23/2024  
**Staff Contacts:** John Patterson, 651.296.0763, john.patterson@state.mn.us  
**Request Type:** No Action, Information

### Request Summary

Staff are providing for the board's review the Second Quarter 2024 Progress Report: 2024-2027 Strategic Plan and 2024-2025 Affordable Housing Plan

### Fiscal Impact

None

### Agency Priorities

- ☒ Improve the Housing System
- ☒ Preserve and Create Housing Opportunities
- ☒ Make Homeownership More Accessible
- ☒ Support People Needing Services
- ☒ Strengthen Communities

### Attachments

- Second Quarter 2024 Progress Report: 2024-2027 Strategic Plan and 2024-2025 Affordable Housing Plan

## Second Quarter 2024 Progress Report:

### 2024-2027 Strategic Plan and 2024-2025 Affordable Housing Plan (Program Year October 1, 2023 through September 30, 2024)

This progress report has two sections:

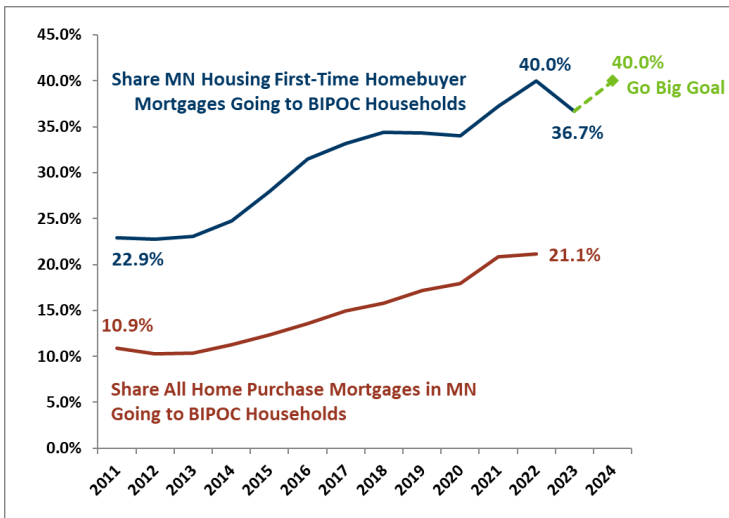
1. **Go Bigger Strategic Goals.** To track our progress in carrying out our 2024-2027 Strategic Plan, we have identified two priority areas for which we set strategic goals:
  - a. Share of first-time homebuyer mortgages going to Black, Indigenous and households of color
  - b. Share of new rental units that will be deeply affordable
2. **Forecast of Households and Housing Units to be Assisted.** To track our progress in implementing the 2024-2025 Affordable Housing Plan, we forecasted and now track the number of households and housing units that we expect to assist with funds awarded in program year 2024. This is a leading indicator of our program activity. For housing development programs, it can take two years from selecting projects for funding to disburse those funds when construction is carried out.

We have had a good start to program year 2024.

- We are nearly on track to meet our goal of 40% of our first-time homebuyer mortgages going to Black, Indigenous and households of color, achieving a rate of 39.7% through the second quarter. In addition, with the launch our First-Generation Homebuyer Assistance Program in early May, we are very hopeful the percentage will increase. We estimate that roughly 80% of first-generation homebuyers are Black, Indigenous and people of color.
- With the Multifamily Consolidated RFP selections that occurred in December, we surpassed our goal of 50% of the new rental housing being deeply affordable, reaching 53%.
- While we still have work to do to create and launch several new programs, we are already going bigger. In 9 of our 11 ongoing, core program areas, we are ahead of where we were last year in terms of households assisted, and in some areas, substantially ahead. For example, after the second quarter, we have awarded funds to assist 1,920 manufactured home lots, compared to 734 last year at this time. After the second quarter, across all our core programs, we have awarded funds to assist 49,904 households, compared with 43,104 last year at this point, which is a 16% increase.

## Strategic Goals

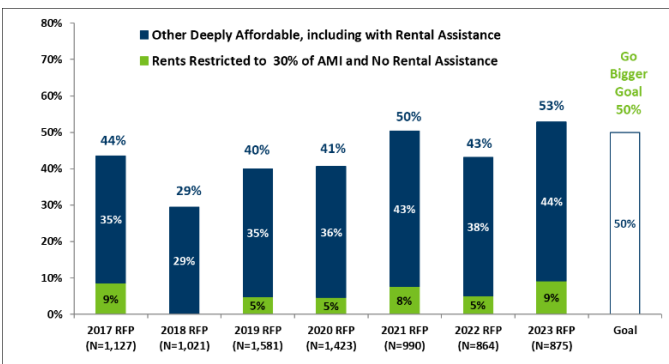
### 1. Share of First-Time Homebuyer Mortgages Going to Black, Indigenous and Households of Color



**2024 Go Bigger Goal 40.0%**  
**2024 Quarter 2 Actual 39.7%**

After a few years of having 34% of our first-time homebuyer mortgages going to Black, Indigenous and households of color, we were able to break through and reach our 40% goal in 2022. This is significantly higher than the overall mortgage industry in Minnesota (21%). Because high interest rates and a very limited supply of affordable homes for sale created additional homebuying challenges, particularly for those facing the biggest barriers, our rate of lending to Black, Indigenous and households of color dropped in 2023, but we are hopeful that we can surpass 40% in 2024.

### 2. Share of New Rental Units that will be Deeply Affordable\*



**2024 (2023 RFP) Go Bigger Goal 50%**  
**2024 (2023 RFP) Actual 53%**

\* Includes new construction and adaptive-reuse units: (1) with contract rents that are affordable to households with incomes at or below 30% of the area median income (AMI), (2) with rental assistance, including Housing Support, and/or (3) that are permanent supportive housing.

With the selections approved in December, 53% of the new construction and adaptive-reuse units are expected to be deeply affordable, and we surpassed our goal of 50%. Our ability to continue meeting this goal depends on the availability of Housing Infrastructure resources and rental assistance, including the Department of Human Services' Housing Support.

## Forecast of Households and Housing Units to Be Assisted

The following table tracks our progress in reaching our 2024 activity forecasts by program area. For context and a comparison, it also provides the level we reached in 2023 after the second quarter.

### Progress in Reaching Our Forecast of Households and Housing Units to be Assisted in 2024

		2024 Year-End Forecast	2024 Actual After Two Quarters	Share of 2024 Forecast Reached After Two Quarters	2023 Actual After Two Quarters	Historical Share After Two Quarters
1	Homebuying	7,242	2,064	28%	1,692	40%
2	Homebuyer Education and Coaching	8,282	3,784	46%	3,369	45%
3	Home Improvement Lending	1,259	679	54%	462	40%
4	Single Family Housing Development and Supports	1,754	1,314	75%	412	100%
5	Manufactured Housing and Communities	1,677	1,920	114%	734	100%
6	Other Single-Family Programs	372	0	0%	N/A	N/A
7	Rental New Construction	1,596	954	60%	987	90%
8	Rental Rehabilitation	5,270	800	15%	138	65%
9	Rental Refinance Only	65	37	57%	28	50%
10	State Rental Assistance and Operating Subsidies	3,853	2,330	60%	2,440	75%
11	Section 8 Contract Administration	29,500	29,916	101%	29,763	100%
12	Homeless Prevention and Other Supports	16,301	6,106	37%	3,079	55%
13	Other Multifamily Housing Programs	709	136	19%	N/A	N/A
14	Total for Core Programs	77,171	49,904	65%	43,104	75%
15	COVID-19 Housing Recovery	5,279	2,426	46%	6,011	50%
Note: These numbers reflect households or housing units to be assisted based on housing developments that have been selected for funding, the commitment of home mortgage and home improvement loans (net of cancellations), and the disbursement of funds for rental assistance, operating subsidies, homebuyer education/coaching and homelessness prevention.						

With the additional funding provided by the 2023 Legislature, we appear to be behind our historical second-quarter benchmarks in reaching a specified share of our year-end forecasts for a few of our program areas. This is largely because it takes time to create and launch the new programs. Activity under our regular, ongoing programs is in line with historical expectations. As the new programs launch, we will report more activity, which will better align with the forecasted activity. Without historical data, our forecasts of new program activity are quite uncertain in terms of the timing and number of households assisted, and it quite possible that we will be well over the forecasted level in some area and well under in other areas.

#### NOTES:

**Lines 1:** Even though we are only at 28% of the year-end forecast after the second quarter, we are right on track with expectations. This year's homebuying forecast includes not only our regular home mortgage lending (which will receive additional support this year from our new First Generation Homebuyer Assistance Program) but also includes the homebuying that our separate Community-Based First-Generation Homebuyers Assistance program will support. While we will operate the first first-generation homebuyer program, Midwest Minnesota Community Development Corporation (MMCDC) will operate the second one. Our first-generation homebuying program launched on May 6 (and the

initial program activity will appear in next quarter's report), and MMCDC's program will launch very soon. Even without the launch of those two new programs, our home mortgage lending so far this year is well ahead of our lending last year at this point (2,064 versus 1,692 loans).

**Lines 2:** Homebuyer/owner education and counseling is on track with expectations.

**Line 3:** Our home improvement lending is ahead of both expectations (reaching 54% of the year-end forecast when we are typically at 40% after the second quarter) and last year's production (679 versus 462 loans). In addition, program activity typically picks up during the warm weather months.

**Line 4:** In most years, we have completed nearly all our single-family development activity after the second quarter with Impact Fund selections occurring in December; however, for this year, we may still award additional funds under the Workforce Affordable Housing Program and Homeownership Investment Grants. The Homeownership Investment Grants is a new program that will provide funding to nonprofit Community Development Financial Institutions (CDFIs) for affordable housing lending or financing, including new construction and rehabilitation. The exact timing of when we will award these additional funds is uncertain.

**Line 5:** We have already exceeded our year-end forecast for manufactured housing and communities. Under the Manufactured Home Community Redevelopment Program, we supported more homes/lots than expected because the funding per home/lot was less than expected, which stretched the funds further. In addition, we are not done in this program area with funds still available for community acquisition and home purchases/renovations.

**Line 6:** This program area tracks the single-family portion of several miscellaneous new programs that are still in the process of being set up and launched. The new programs are Build Wealth's 9,000 Equities, Community Stabilization, Greater Minnesota Housing Infrastructure, Lead-Safe Homes, Local Housing Trust Fund Grants and Local Housing Aid Grants (Tier 2 Cities).

**Line 7:** With respect to rental new construction, we are slightly behind where we expected to be at this point, largely because the funding per unit has been 11% higher than expected. We are well behind our historical benchmark of reaching 90% of the year-end forecast after the second quarter because we still have our RFP for the Greater Minnesota Workforce Housing, which is currently under way, and the funding for this program is much larger than a typical year. We originally expected this RFP to fund the construction of nearly 600 housing units, which would get us close to, but under, the year-end forecast.

**Line 8:** Even though we are at just 15% of the year-end forecast for rental rehabilitation, we still have a lot of housing projects to select for rehabilitation. While we have completed the funding selections under the Multifamily Consolidated RFP, we still have funds for both the Publicly Owned Housing Program and High-Rise Sprinkler Grants, which we expect will add another 3,500 to 4,600 units.

**Line 9:** With respect rental refinancing, we are just ahead of schedule, reaching 57% of the year-end forecast, which is typically at 50% after the second quarter. These funds are available year-round, and

activity is demand driven, which can lead to uneven activity over the course of a year and from year-to-year.

**Line 10:** Activity in our state-funded rental assistance and operating subsidy programs is a little behind our original expectations. Most of the people receiving state-funded rental assistance through the first two quarters will continue to do so, but the number of households assisted will increase as some housing vouchers turnover to new households. The housing units receiving operating subsidies will increase as more funds are disbursed. Finally, we are in the process of standing up our new Bring It Home rental assistance program. When we developed our 2024 forecasts before the program year started, there was a possibility that a small amount of the Bring It Home funds would be disbursed before September 30, but it now looks like the program will launch later in the fall.

**Line 11:** The rental units receiving Project-Based Section 8 assistance through the first two quarters will continue to receive assistance throughout the year. The number of households assisted is stable, with little change over time.

**Line 12:** Activity under homeless prevention and other supports is below what we originally expected. Our program partners are distributing the assistance, but the amount of assistance per household is higher than expected, which is limiting the number of households that can be served.

**Line 13:** Just like line 6, this program area tracks several miscellaneous new programs (but in the multifamily space) that are in the process of being set up and launched. The new programs include Community Stabilization, Greater Minnesota Housing Infrastructure, Lead-Safe Homes, Local Housing Trust Fund Grants, Local Housing Aid Grants (Tier 2 Cities), and Grant to City of Minneapolis.

**Line 14:** We are on track to reach our overall forecast of households and housing units to be assisted through our regular/core programs – slightly ahead of expectations for some programs and behind for others. After the second quarter, we have typically reached 75% of the year-end forecast. This year, we are a bit behind that benchmark, largely because we have several new programs still to launch.

**Line 15:** In 2024, we are carrying out the last phases of the Emergency Rental Assistance (ERA) program to address housing hardships created by COVID-19. There are two components to this work. First, some of the funds were awarded in December for the rehabilitation of rental housing and are reflected in line 8. We are using the rest of the ERA funds to provide targeted rental assistance, which is captured in line 15.