



## MEETINGS SCHEDULED FOR JANUARY

Date: 01/23/25, 1 p.m.

### HYBRID OPTION AVAILABLE:

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

*Conference Call:* Toll Free: 1.877.309.2071 Access Code: 726-591-089

### 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, January 23, 2025.

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

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

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## Agenda: Minnesota Housing Board Meeting

Date: 01/23/2025, 1 p.m.

### Our Mission and Vision

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

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

### 1. Call to Order

### 2. Roll Call

### 3. Agenda Review

### 4. Approval of Minutes

- a. (page 5) Regular meeting of December 19, 2024
- b. (page 11) Special meeting of January 7, 2025

### 5. Reports

- Chair
- Commissioner
- Committee

### 6. Consent Agenda

None.

## **7. Action Items**

- A. (page 13) Adoption, Series Resolution Authorizing the Issuance and Sale of Fixed Rate Residential Housing Finance Bonds (RHFB)
- B. (page 153) Adoption, Series Resolution Authorizing the Issuance and Sale of Variable Rate Residential Housing Finance Bonds (RHFB)
- C. (page 241) Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) – Vue Pointe Apartments, D8604, Waite Park
- D. (page 269) Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2025 D (Vue Pointe)
- E. (page 355) Approval, Publicly Owned Housing Program (POHP) Appropriations Round Program Guide
- F. (page 393) Approval, 2024 State Housing Tax Credit Program Request for Proposals (RFP) Selections
- G. (page 405) Modification, Housing Opportunities for Persons with AIDS Contract, Clare Housing, D1560, Greater Minnesota
- H. (page 411) Approval, Single Family Homeownership Program Revisions
- I. (page 511) Approval, Local Housing Trust Fund Grants Program Guide Changes

## **8. Discussion Items**

- A. (page 535) Governor's 2025 Budget Recommendations

## **9. Information Items**

- A. (page 537) Post Sale Report, Residential Housing Finance Bonds, Series 2024 TUVW
- B. (page 557) Post Sale Report, Rental Housing Bonds, Series 2024 FG Maple Hills Development & Gladstone Village II
- C. (page 563) Post Sale Report, Rental Housing Bonds, Series 2024 E (CB Ford Site II)

## **10. Other Business**

None.

## **11. Adjournment**

None.



## Draft Meeting Minutes: Minnesota Housing Board Meeting

Date: Thursday, December 19, 2024, at 12 p.m.

### 1. Call Attendance

Chair DeCramer called to order the regular meeting of the Board of Minnesota Housing Finance Agency at 12:03 p.m.

### 2. Roll Call

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

**Minnesota Housing staff present in person:** Arin Adebayo, Tom Anderson, Erika Arms, Ryan Baumtrog, Jennifer Bergmann, Susan Bergmann, Scott Beutel, Nick Boettcher, Sarah Broich, Sarah Bunn, Cassandra Busch, Amy Chuk, Matt Dieveney, Michelle Doyal, Maria Eide, Peter Elwell, Kathy Engstrom, Earl Erlendsson, Vicki Farden, Sarah Foley, Jessica Fowler, Rachel Franco, Emily Fulton-Foley, Sara Gomoll, Vanessa Haight, Jody Hanson, Amanda Hedlund, Anne Heitlinger, Darryl Henchen, Kang Her, Genevieve Hernandez, Hattie Hiler, Adam Himmel, Jennifer Ho, Lenee Hoffman, Jon Holmseth, Will Jensen-Kowski, Hannah Jirak, Karen L Johnson, Irene Kao, Millicent Kasal, Tiffany Kibwota, Katey Kinley, Dan Kitzberger, Laurie Krivitz, Sue Ladehoff, Janine Langsjoen, Debbi Larson, Brad LeBlanc, Ger Lee, Song Lee, James Lehnhoff, Ed LeTourneau, Rachel Lochner, Sarah Matala, Dylan Mato, Eric Mattson, Jillian Mazullo, Don McCabe, David McGee, Leighann McKenzie, Colleen Meier, Amy Melmer, Benjamin Miles, Krissi Mills, Shannon Mjelde, Rudi Mohamed, Jonathan Moler, Gary Mortensen, Judi Mortenson, Gerald Narlock, Jennifer Nelson, Michael Nguyen, Andrew Orth, John Patterson, Caryn Polito, Rinal Ray, Paula Rindels, Cheryl Rivinius, Lael Robertson, Rachel Robinson, Danielle Salus, Kayla Schuchman, Katie Seipel-Anderson, Dez Sobiech, Lauren Stelter, Corey Strong, Kim Stuart, Tim Sullivan, Jodell Swenson, Susan Thompson, Mike Thone, Mike Tobias, Jeramiah Townsend, Ted Tulashie, Nancy Urbanski, Kayla Vang, Que Vang, Teresa Vaplon, Manire Vaughn, Nicola Viana, Amanda Welliver, Alyssa Wetzel-Moore, Lakisha Whitson, Beverly Wilharm, Kelly Winter, Carole Wohlk, Laurie Zabel, and Kristy Zack.

**Others present via hybrid:** Michelle Adams, Kutak Rock; Melanie Johnson, Piper Sandler & Co.; Joe Nathan, and Khalique Rogers.

### **3. Agenda Review**

None.

### **4. Approval**

#### **A. Regular Meeting Minutes of November 21, 2024**

**Motion:** Eric Cooperstein moved to approve the November 21, 2024, Regular Meeting Minutes. Seconded by Terri Thao. Roll call was taken. Stephanie Klinzing abstained. Stephen Spears was not present for the vote. Motion carries 5-0. All were in favor.

### **5. Reports**

#### **Chair**

None.

#### **Commissioner**

Commissioner Ho shared the following with the Board:

- Welcome new employees
- Meetings
- Program Updates

#### **Committee**

None.

### **6. Consent Agenda**

None.

### **7. Action Items**

#### **A. Commitment, Bridge Loan (BL) and Waiver of the Predictive Cost Model – Hillside Gardens, D3429, Proctor**

Tom Anderson requested approval of the following: 1. adoption of a resolution authorizing the issuance of a BL commitment not to exceed \$7,600,000; and 2. approval of a waiver to the predictive cost model. The total development cost (TDC) per unit is \$349,081 and exceeds the predictive model

by 42%. Board Policy No. 15 requires a waiver of the predictive cost model if costs exceed the predicted costs by 35% or more for preservation or adaptive reuse developments. Chair DeCramer opened up the discussion. There were no questions from board members.

**Motion:** Terri Thao moved Commitment, Bridge Loan (BL) and Waiver of the Predictive Cost Model – Hillside Gardens, D3429, Proctor. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 7-0. All were in favor.

## **B. Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2025 B (Hillside Gardens)**

Matt Dieveney presented to the board a request for authorization to issue fixed rate bonds under the existing Rental Housing Bond Resolution. The bonds will be issued to make a first lien short-term bridge mortgage loan to finance the acquisition and rehabilitation of Hillside Apartments, a 45-unit multifamily housing development in Proctor, MN. The Agency anticipates pricing and issue of the bonds described in the Preliminary Official Statement in early 2025. Michelle Adams joined the meeting to review the resolution. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2025 B (Hillside Gardens). Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

## **C. Approval, 2024 Manufactured Home Community Redevelopment Program Request for Proposals (RFP) Selections**

Jeramiah Townsend presented to the board a request for approval of the 2024 Manufactured Home Community Redevelopment Program Selections recommendations. Chair DeCramer opened up the discussion. Board members asked questions and staff provided answers.

**Motion:** Eric Cooperstein moved approval of the 2024 Manufactured Home Community Redevelopment Program Selections recommendations. Seconded by Stephanie Klinzing. Roll call was taken. Motion carries 7-0. All were in favor.

## **D. Approval, 2024 Single Family Request for Proposals (RFP) Selections, Community Homeownership Impact Fund and Workforce and Affordable Homeownership Development**

Amanda Hedlund presented to the board a request for approval of funding recommendations for proposals submitted to the Community Homeownership Impact Fund and Workforce and Affordable Homeownership Development through the 2024 Single Family Request for Proposals. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, 2024 Single Family Request for Proposals (RFP) Selections, Community Homeownership Impact Fund and Workforce and Affordable Homeownership Development. Seconded by Terri Thao. Roll call was taken. Motion carries 7-0. All were in favor.

## **E. Approval, 2024 Multifamily Consolidated Request for Proposals (RFP) Selections for Deferred and Amortizing Loans, 2025 Housing Tax Credit (HTC) Round 1 and the United States Housing and Urban Development Section 811 Project-Based Rental Assistance (HUD Section 811 PRA)**

Que Vang presented to the board a request for approvals related to the 2024 Multifamily Consolidated RFP/ 2025 HTC Round 1. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved adoption of a resolution approving the selection and allocation of federal 9% Low Income Housing Tax Credits (HTC) and applicable waivers excluding Lotus Pointe. Seconded by Chief Benjamin. Roll call was taken. Motion carries 7-0. All were in favor.

**Motion:** Eric Cooperstein moved adoption of a resolution approving the selection and allocation of federal 9% Low Income Housing Tax Credits (HTC) and applicable waivers for Lotus Pointe; Seconded by Terri Thao. Roll call was taken. Stephen Spears abstained. Motion carries 6-0.

**Motion:** Stephanie Klinzing moved adoption of a resolution approving the selection of projects and applicable waivers for further processing, and the commitment of deferred financing, and, subject to final underwriting and due diligence, authorizing the closing of loans related to the programs and/or funding sources excluding Lotus Pointe. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 7-0. All were in favor.

**Motion:** Chief Benjamin moved adoption of a resolution approving the selection of projects and applicable waivers for further processing, and the commitment of deferred financing, and, subject to final underwriting and due diligence, authorizing the closing of loans related to the programs and/or funding sources for Lotus Pointe. Seconded by Stephanie Klinzing. Roll call was taken. Stephen Spears abstained. Motion carries 6-0.

**Motion:** Eric Cooperstein moved adoption of a resolution approving the selection of projects for further processing under the Low and Moderate Income Rental (LMIR) Program loans and Bond Bridge Loans. Seconded by Chief Benjamin. Roll call was taken. Motion carries 7-0. All were in favor.

**Motion:** Eric Cooperstein moved adoption of a resolution approving the selection of projects and units for further processing under the HUD Section 811 PRA and, subject to final underwriting and due diligence, to execute the Rental Assistance Contract. Seconded by Terri Thao. Roll call was taken. Motion carries 7-0. All were in favor.

## **F. Approval, Bring It Home Rental Assistance Program Guide**

Dani Salus presented to the board a request for approval of the Bring It Home Rental Assistance Program Guide to establish and administer the rental assistance voucher program. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Terri Thao moved Approval, Bring It Home Rental Assistance Program Guide. Seconded by Eric Cooperstein. Roll call was taken. Motion carries 7-0. All were in favor.

## **G. Approval, Homeownership Investment Grants Program Guide**

Laurie Zabel presented to the board a request for approval of the Homeownership Investment Grants Program Guide. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Approval, Homeownership Investment Grants Program Guide. Seconded by Auditor Blaha. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 6-0. All were in favor.

## **H. Approval, Greater Minnesota Housing Infrastructure Grant Program Guide**

Annie Reierson presented to the board a request for approval of the Minnesota Housing Infrastructure Grant Program Guide. This Program Guide will assist and enable Grantees and Minnesota Housing staff to implement this new program. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Auditor Blaha moved Approval, Greater Minnesota Housing Infrastructure Grant Program Guide. Seconded by Eric Cooperstein. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 6-0. All were in favor.

## **I. Modification, 2024 Workforce Housing Development Program (WHDP) – City of Grand Marais, D8738**

Sara Bunn presented to the board a request for the adoption of a resolution modifying the name of the Grand Marais applicant under the WHDP program to the Cook County/Grand Marais Joint Economic Development Authority to contract with the correct entity. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Eric Cooperstein moved Modification, 2024 Workforce Housing Development Program– City of Grand Marais, D8738. Seconded by Terri Thao. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 6-0. All were in favor.

## **J. Commitment, Increase Funding Amount – Eastside Acres, D8640, Chokio**

Susan Bergmann presented to the board a request for the following: 1) board commitment of the Rental Rehabilitation Deferred Loan (RRDL) funding award to Eastside Acres as they have succeeded in meeting the conditions set at the time of selection, and 2) adoption of a resolution modifying the loan under the RRDL program, from \$478,000 to a maximum of \$680,900. Chair DeCramer opened up the discussion. Board members asked questions, and staff provided answers.

**Motion:** Stephanie Klinzing moved Commitment, Increase Funding Amount – Eastside Acres, D8640,

Chokio. Seconded by Chief Benjamin. Roll call was taken. Stephen Spears was not present for the vote. Motion carries 6-0. All were in favor.

## **8. Discussion Items**

### **A. 1st Quarter FY25 Results**

## **9. Information Items**

None.

## **10. Other Business**

None.

## **11. Adjournment**

The meeting was adjourned at 3:19 p.m.

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John DeCramer, Chair



## Draft Meeting Minutes: Minnesota Housing Special Board Meeting

Date: Tuesday, January 7, 2025, at 4 p.m.

### 1. Call Attendance

Chair DeCramer called to order the special meeting of the Board of Minnesota Housing Finance Agency at 4:07 p.m.

### 2. Roll Call

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

**Minnesota Housing staff present in person:** Tal Anderson, Ryan Baumtrog, Rachel Franco, Jennifer Ho, Irene Kao, Jonathan Moler, Rachel Robinson, Kayla Schuchman, Jeramiah Townsend, and Kristy Zack.

**Others present via hybrid:** Oliver Larson, Office of the Minnesota Attorney General.

### 3. Agenda Review

A. Pursuant to Minn. Stat. § 13D.05, the Board moved into closed session to receive attorney-client privileged advice on strategies to preserve the grant program-related covenants placed on the Broadmoor Valley property in light of ownership's park closure notice.

### 4. Adjournment

The meeting was adjourned at 5:37 p.m.

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John DeCramer, Chair

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

**Action Item:** 7.A  
**Date:** 01/23/2025  
**Staff Contacts:** Matt Dieveney, 651.282.2577, matthew.dieveney@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 March 31, 2026. The initial bond offering utilizing a portion of this authority will likely be designated 2025 Series C and 2025 Series D. The RHFB 2025 Series CD bond issue is expected to be sized at approximately \$175 million and to price in February 2025 and close in March 2025. 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 25-01

### RESOLUTION AUTHORIZING ISSUANCE AND SALE OF MINNESOTA HOUSING FINANCE AGENCY RESIDENTIAL HOUSING FINANCE BONDS, 2025/2026 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 March 31, 2026, the first Series of which may be designated as “Residential Housing Finance Bonds, 2025 Series [C]”, 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, [2025][2026] 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 (the "Series Bonds 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 C 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 C 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 of the Series Bonds Parameters set forth 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:

*2025/2026 Series Program Loan:* A DPA Loan, a Transferred Program Loan, or a Pooled 2025/2026 Series Program Loan.

*2025/2026 Series Program Security:* A Program Security financed in whole or in part with amounts on deposit in the 2025/2026 Series Acquisition Account and bearing interest at a rate equal to the stated interest rate on the corresponding Pooled 2025/2026 Series Program Loans less the applicable servicing fee and guaranty fee.

*Conventional Mortgage Loan:* A 2025/2026 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 2025/2026 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 2025/2026 Series Program Loan and constituting a lien on a Home.

*Mortgagor:* The obligor or joint obligors on a 2025/2026 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 2025/2026 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 2025/2026 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 2025/2026 Series Program Loans to Freddie Mac and the servicing thereof.

*Pooled 2025/2026 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 2025/2026 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 2025/2026 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 2025/2026 Series Program Loans.

**(E) Acquisition of 2025/2026 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 2025/2026 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 2025/2026 Series Program Securities as provided in the Master Servicing Agreement. In each case, the Trustee will disburse moneys from the 2025/2026 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 2025/2026 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 2025/2026 Series Acquisition Account related to the Series to the 2025/2026 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 of the Delivery Period related to the Series of Series Bonds, the Agency must transfer from the 2025/2026 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 2025/2026 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 2025/2026 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 2025/2026 Series Acquisition Account related to the Series and allocable amounts, as reasonably determined by the Agency, held in the 2025/2026 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, in each case allocable to the related Series, to the 2025/2026 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 2025/2026 Series Acquisition Account related to the Series Bonds an amount equal to the amount of proceeds of the Series Bonds in the 2025/2026 Series Acquisition Account not expended to that date and allocable amounts, as reasonably determined by the Agency, held in the 2025/2026 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, and in each case related to the Series Bonds, to the 2025/2026 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 2025/2026 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 2025/2026 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 2025/2026 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 2025/2026 Series Program Securities.

(1) The 2025/2026 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 Bondholders 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 2025/2026 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 or 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 2025/2026 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) 2025/2026 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 2025/2026 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, 2025/2026 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 2025/2026 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 Bondholders, 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 2025/2026 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 2025 or 2026, 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 2025 or 2026, as applicable, including the amount carried forward from calendar years 2022, 2023, 2024, and 2025, 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 2025/2026 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 2025/2026 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 2025/2026 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 2025/2026 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 2025/2026 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 2025/2026 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 2025/2026 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 2025/2026 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 Series Bonds Parameters set forth 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.

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Adopted by the Minnesota Housing  
Finance Agency this 23<sup>rd</sup> day of January, 2025.

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

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

[Resolution No. MHFA 25-01]

## EXHIBIT A

## [Form of Series Bond]

No. \$

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RESIDENTIAL HOUSING FINANCE BOND, [2025][2026] SERIES [ ] [(TAXABLE)]

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

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
		_____, [2025][2026]	

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, [2025][2026] 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 [May 23, 2024 and] January 23, 2025 ([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, [2025][2026] 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 [2025][2026] [ ] 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 2025/2026 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 Bondholders. 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: 2025 Series CD: "—" 2025 Series E: "—" S&P: 2025 Series CD: "—" 2025 Series E: "—" (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.



**\$225,000,000\***  
**Minnesota Housing Finance Agency**  
**\$,000\* Residential Housing Finance Bonds, 2025 Series C (Non-AMT)**  
**\$,000\* Residential Housing Finance Bonds, 2025 Series D (Taxable)**  
**\$,000\* Residential Housing Finance Bonds, 2025 Series E (Taxable)<sup>1</sup> (Social Bonds)**



**Dated Date: Date of Delivery**

**Due: As shown on inside front cover**

<i>Tax Exemption</i>	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 2025 Series C Bonds (the "Tax-Exempt Series Bonds") is excludable from gross income for federal income tax purposes and is not includable 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 2025 Series D Bonds and the 2025 Series E 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.
<i>Redemption and Tender</i>	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 2025 Series E Bonds will have the option, and may be required, to tender their Series Bonds at par, as described under "The Series Bonds" herein.
<i>Security</i>	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. <i>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.</i> (See "Security for the Bonds" herein.) Liquidity support for the purchase of any 2025 Series E Bonds tendered will, subject to the terms and conditions of that support, initially be provided by Federal Home Loan Bank of Des Moines. See "Liquidity Facility" and "Security for the Bonds" herein.
<i>Interest Payment Dates</i>	January 1 and July 1, commencing July 1, 2025,* and, in respect of a Series Bond to be redeemed, the redemption date.
<i>Denominations</i>	\$5,000 or any integral multiple thereof for the Tax-Exempt Series Bonds and the 2025 Series D Bonds, and \$100,000 or any integral multiple of \$5,000 in excess thereof for the 2025 Series E Bonds.
<i>Closing/Settlement</i>	March 19, 2025* through the facilities of DTC in New York, New York.
<i>Bond Counsel</i>	Kutak Rock LLP.
<i>Underwriters' Counsel</i>	Dorsey & Whitney LLP.
<i>Trustee</i>	Computershare Trust Company, National Association, in St. Paul, Minnesota.
<i>Book-Entry-Only System</i>	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 & Co.**

**Wells Fargo Securities**

The date of this Official Statement is \_\_\_\_\_, 2025.

RBC Capital Markets, LLC is the initial Remarketing Agent for the 2025 Series E Bonds.

\*Preliminary; subject to change.

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

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES\*****2025 Series C Bonds (Non-AMT) (Social Bonds)**

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

**2025 Series D Bonds (Taxable) (Social Bonds)**

\$,000 Serial 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 \_\_\_\_\_\*)

**2025 Series E Bonds (Taxable) (Social Bonds)**

\$,000,000 Variable Rate Demand Term Bonds Due 1, (CUSIP \_\_\_\_\_\*)  
 (The initial interest rate on the 2025 Series E Bonds will be set forth  
 in a certificate of RBC Capital Markets, LLC delivered to the Trustee at closing.)  
 Price of 2025 Series E 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 (CGS) 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, Federal Home Loan Bank of Des Moines (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**  
**\$225,000,000\***  
**MINNESOTA HOUSING FINANCE AGENCY**  
**RESIDENTIAL HOUSING FINANCE BONDS,**  
**2025 SERIES C, 2025 SERIES D (TAXABLE)**  
**AND 2025 SERIES E (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, 2025 Series C (the “Tax-Exempt Series Bonds”), 2025 Series D (Taxable) (the “2025 Series D Bonds,” and collectively with the Tax-Exempt Series Bonds, the “Fixed Rate Series Bonds”) and 2025 Series E (Taxable) (the “2025 Series E Bonds,” and collectively with the 2025 Series D Bonds, the “Taxable Series Bonds”). The Tax-Exempt Series Bonds, the 2025 Series D Bonds and the 2025 Series E 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”), series resolutions of the Agency adopted on May 23, 2024, and January 23, 2025, with respect to the Fixed Rate Series Bonds (the “2024/2025 Series Resolutions”) and series resolutions adopted on June 27, 2024, and January 23, 2025, with respect to the 2025 Series E Bonds (the “2024/2025 Series E Resolution” and, collectively with the 2024/2025 Series Resolution, 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 \$[4,390,830],000 as of January 31, 2025, 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 72 and 73 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 2025 Series E Bonds will bear interest at a rate determined weekly (the “Weekly Mode”), unless the Agency converts the 2025 Series E Bonds to a different interest-rate-setting mode (a “Mode”) as described herein. Except as otherwise provided herein, so long as the 2025 Series E Bonds are in the Weekly Mode, the owners of any 2025 Series E Bonds are entitled to demand purchase of their 2025 Series E 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 2025 Series E Bonds for purchase under certain circumstances. RBC Capital Markets, LLC, will act as the initial remarketing agent for the 2025 Series E Bonds (the “Remarketing Agent”). (See “Description of the Series Bonds – Remarketing of 2025 Series E 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 2025 Series E Bonds until the date, if any, when the Agency has converted all 2025 Series E 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 2025 Series E 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 Federal Home Loan Bank of Des Moines (the “Initial Liquidity Provider”). The Initial Liquidity Facility has a stated expiration date of March 19, 2030,\* 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 2025 Series E Bonds and will provide for the purchase by the Initial Liquidity Provider on the terms and conditions specified therein of tendered 2025 Series E 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 2025 Series E 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 2025 Series E Bonds and the Remarketing Agent will be entitled to suspend its

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\* Preliminary; subject to change.

efforts to remarket 2023 Series W Bonds. (See “Description of the Series Bonds—Optional and Mandatory Tender of Certain 2025 Series E Bonds—Agency Not Responsible to Owners for Initial Liquidity Provider’s Failure to Purchase 2025 Series E 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 2025 SERIES E BONDS WHILE THOSE 2025 SERIES E BONDS ARE IN THE WEEKLY MODE AND WHILE THE INITIAL LIQUIDITY FACILITY REMAINS IN EFFECT. PROSPECTIVE INVESTORS OF 2025 SERIES E 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 2025 SERIES E 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 Royal Bank of Canada, as counterparty, in connection with the issuance of the 2025 Series E Bonds, effective on the anticipated date of delivery of the 2025 Series E Bonds and with an initial notional amount equal to all or a portion of the principal amount of the 2025 Series E Bonds. (See “The Series Bonds — Interest on the 2025 Series E 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. 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 2025 Series C-D-E 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 expires January 2028, Marshall, Minnesota – Magnetics Engineer

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

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

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

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

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

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

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

### Staff

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

*Debbi Larson* — Executive Finance Officer appointed effective November 2024. Ms. Larson was Director of Finance from December 2019 to November 2024 and Controller and Director of Financial Operations for the Agency from August 2015 to December 2019. Prior to those positions, 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.

*Matthew Dieveney* — Executive Investment Officer appointed effective November 2024. Mr. Dieveney was previously Secondary Marketing Director for the Agency since 2016. Prior to that position, he held various roles of increasing responsibility in the Single Family division and later the Finance division, since joining the Agency in 2008. Mr. Dieveney holds a Bachelor of Arts degree with a major in Finance from the University of Minnesota-Duluth, and a Master of Business Administration degree from the University of Minnesota Carlson School of Management.

*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 <https://www.mnhousing.gov>. No portion of the Agency's website is incorporated into this Official Statement.

### **Independent Auditors**

The financial statements of the Agency as of and for the year ended June 30, 2024, included in this Official Statement as Appendix 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, 2024. RSM US LLP also has not performed any procedures relating to this Official Statement.

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

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

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 74 through 77 under the heading "Defined Benefit Pension Plan." The Agency's allocable portion of net pension liability reported at June 30, 2024, with respect to MSRS was \$6.694 million. The Agency's total net pension liability and post-employment benefits liability was \$8.963 million as of June 30, 2024.

In Appendix 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 three months ended September 30, 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, 2025, with the Municipal Securities Rulemaking Board, at its EMMA internet repository. The Agency also must file notices of the occurrence of the enumerated events, if any, with EMMA. (See “Appendix B — Summary of Continuing Disclosure Undertaking.”)

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

The specific nature of the information to be contained in the Agency Annual Report or the notices of events, and the manner in which these materials are to be filed, are summarized in “Appendix 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 <https://www.mnhousing.gov/investors/disclosure-reports.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 bondholders 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 \$493.284 million, representing the combined net position of these funds so calculated as of June 30, 2024. Pool 2 is intended to comprise amortizing interest-bearing housing loans or investment grade securities. Pool 1 and Pool 2 represent, with assets pledged to pay bonds of the Agency, the sustainable lending operations of the Agency. Pool 3 represents the more mission-intensive operations of the Agency and is intended to comprise deferred, zero percent and low interest-rate loans and grants and, for unapplied funds, investment grade securities. Pool 3 is not subject to the investment guidelines. Loan activity related to loans financed by funds in Pool 2 and Pool 3 is recorded as part of the Alternative Loan Fund. The Agency approves all interfund transfers. A further discussion of Pools 1, 2 and 3 and the amounts credited thereto as of June 30, 2024 appears in the Notes to Financial Statements of the Agency included in Appendix A-1 to this Official Statement at pages 72 and 73 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 three-month period ended September 30, 2024 (unaudited) (in thousands):

	Three months Ended September 30, 2024 <u>(unaudited)</u>	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 30, 2023
<b>Operating revenues</b>			
Fees earned and other income <sup>(1)</sup>	\$3,342	\$16,673	\$14,901
Administrative reimbursement <sup>(2), (3)</sup>	<u>14,397</u>	<u>53,341</u>	<u>34,949</u>
Total operating revenues	17,739	70,014	49,850
<b>Operating expenses</b>			
Salaries and benefits	9,739	40,708	29,219
Other general operating expenses	<u>1,821</u>	<u>6,058</u>	<u>5,574</u>
Total operating expenses	<u>11,560</u>	<u>46,766</u>	<u>34,793</u>
Operating income (loss)	6,179	23,248	15,057
<b>Nonoperating revenues (expenses)</b>			
Interest earned on investments other	254	1,219	823
Interest	<u>(63)</u>	<u>(297)</u>	<u>(359)</u>
Total nonoperating revenues (expenses)	191	922	464
Income (loss) before transfers and contributions	6,370	24,170	15,521
Non-operating transfer of assets and program contributions between funds <sup>(4)</sup>	(6,421)	(23,328)	(14,363)
Non-operating expenses	-----	-----	(599)
Change in net position	<u>(51)</u>	<u>842</u>	<u>599</u>
Net position beginning of period	<u>10,332</u>	<u>9,490</u>	<u>8,891</u>
Net position end of period	<u>\$10,281</u>	<u>\$10,332</u>	<u>\$9,490</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 A-1 to this Official Statement for additional information.

## State Appropriations

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

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

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

## Agency Indebtedness

The principal amount of general obligation bonds and notes of the Agency that are outstanding at any time (excluding the principal amount of any refunded bonds and notes) is limited to \$9,000,000,000 by State statute. The following table lists the principal amounts of general obligation indebtedness of the Agency outstanding as of January 31, 2025 [UPDATE]:

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds.....	18	2066	\$ 190,530	\$ 189,680
Residential Housing Finance Bonds.....	107	2055	5,942,745	4,390,830
Homeownership Finance Bonds.....	59	2052	2,674,572	905,859
Multifamily Housing Bonds (Treasury HFA Initiative) .....	1	2051	15,000	12,160
General Purpose Bonds.....	1	2039	60,000	60,000
<b>Totals.....</b>	<b>186</b>		<b>\$8,882,847</b>	<b>\$5,558,529</b>

\*Does not include series of bonds or the original principal amount of any bonds that had been, as of January 31, 2025, defeased or paid in full, whether at maturity or earlier redemption.

On February 4, 2025, the Agency sold \$\_\_\_\_\_,000 in aggregate principal amount of its Residential Housing Finance Bonds, 2024 Series A (Taxable) and 2024 Series B (Taxable) under the Bond Resolution for delivery on February 20, 2025.

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 \$565,000,000. The Agency has issued 33 series of its State Appropriation Bonds (Housing Infrastructure) in 2013 through 2024 in an aggregate principal amount of \$511,090,000 under a separate indenture of trust.

On December 23, 2021, the Agency issued its Third Amended and Restated Bank Note (the “Amended Bank Note”) to Royal Bank of Canada (the “Bank”), pursuant to a Revolving Credit Agreement dated as of June 1, 2018, as amended by a First Amendment to Revolving Credit Agreement dated as of October 28, 2019, a Second Amendment to Revolving Credit Agreement dated as of November 22, 2019, a Third Amendment to Revolving Credit Agreement dated as of November 12, 2020, a Fourth Amendment to Revolving Credit Agreement dated as of February 25, 2021, a Fifth Amendment to Revolving Credit Agreement dated as of December 23, 2021, a Sixth Amendment to Revolving Credit Agreement dated as of December 14, 2022, a Seventh Amendment to Revolving Credit Agreement dated as of December 22, 2023 and an Eighth Amendment to Revolving Credit Agreement dated as of December 12, 2024 (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 26, 2025, 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 2025 Series C-D-E Acquisition Account. The Agency has requested advances in the aggregate principal amount of \$[1,296,079,719; \$28,735,035] 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 February \_\_, 2025, \$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 2025 Series C-D-E 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 2025 Series C-D-E Acquisition Account to purchase Program Securities backed by Program Loans with a principal amount of approximately \$213.75 million,\* which Program Securities are estimated to have pass-through interest rates ranging from 6.00 percent\* to 7.00 percent,\* on or before \_\_\_\_ 1, 2025, and to purchase Deferred Payment Loans with a principal amount of approximately \$11.25 million\* on or before \_\_\_\_ 1, 2025. 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 2025 Series C-D-E 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 2025 Series E 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

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\* Preliminary; subject to change.

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.

### **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 July 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 of 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 2025 Series E Bonds**

The 2025 Series E 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 2025 Series E Bonds in the Weekly Mode (described below) is the last Business Day preceding each Interest Payment Date.

*Weekly Mode.* Interest on the 2025 Series E 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 July 1, 2025,\* and on any redemption date or Conversion Date; for the initial Interest Payment Date, from the date of delivery of the 2025 Series E 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 2025 Series E Bonds will bear interest on the date of delivery at the rate set forth in a certificate delivered by RBC Capital Markets, LLC on the date of delivery of the 2025 Series E Bonds. Thereafter, the 2025 Series E Bonds in the Weekly Mode (other than Bank Bonds) will bear interest at the Weekly Rate that will take effect each Thursday, beginning March 20, 2025 (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 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E Bonds.

The determination by the Remarketing Agent of the Weekly Rate to be borne by any 2025 Series E Bonds (other than Bank Bonds) will be conclusive and binding on the Owners of those 2025 Series E Bonds. If the Remarketing Agent or the Trustee fails to give any notice required under the 2024/2025 Series E Resolution, or there

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\* Preliminary; subject to change.

is any defect in a notice, it will not affect the interest rate on any 2025 Series E Bonds or the rights of the Owners thereof.

If for any reason the position of Remarketing Agent is vacant or a Remarketing Agent fails to establish the interest rate, the 2025 Series E 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 2025 Series E Bonds (each change is a “Mode Change” with respect to the 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E Bonds to become FRNs (a “Floating Rate Change” with respect to the 2025 Series E 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 2025 Series E Bonds to bear interest at fixed rates to their maturity or to bear interest at an index rate (with respect to the 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E Bonds, see also “Optional Redemption of 2025 Series E Bonds” below, “Appendix J – Certain Definitions With Respect to the 2025 Series E 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 Royal Bank of Canada (the “Swap Counterparty”) effective on the anticipated date of issuance of the 2025 Series E 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 2025 Series E 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 \_\_\_\_\_.

## Sinking Fund Redemption

The Agency is required to redeem the 2025 Series C 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 1,,\* at the principal amount

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\* Preliminary; subject to change.

thereof to be redeemed plus accrued interest thereon, without premium, on the dates and in the principal amounts as follows:

Date*	Principal Amount*	Date*	Principal Amount*

The Agency is required to redeem the 2025 Series D 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:

Date*	Principal Amount*	Date*	Principal Amount*

The Agency is required to redeem the 2025 Series D 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:

Date*	Principal Amount*	Date*	Principal Amount*

The Agency is required to redeem the 2025 Series D 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:

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\* Preliminary; subject to change.

Date*	Principal Amount*	Date*	Principal Amount*
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The Agency is required to redeem the 2025 Series E Bonds with a stated maturity of 1, \* in part on 1, \* and on each January 1 and July 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:

Date*	Principal Amount*	Date*	Principal Amount*
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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 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 [January 1, 2037] (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 2025 Series C-D-E 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 2025 Series C-D-E 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 Agency expects to apply and disburse all of the proceeds of the Series Bonds credited to the 2025 Series C-D-E Acquisition Account to purchase Program Securities with a principal amount of approximately \$213.75

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\* Preliminary; subject to change.

million, on or before \_\_\_\_\_ - 1, 2025, and to purchase Deferred Payment Loans with a principal amount of approximately \$11.25 million\* on or before \_\_\_\_\_ 1, 2025. (See "The Residential Housing Finance Program – Reimbursement of Advances of Agency Funds from Proceeds of Series Bonds.")

*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:”

*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

\* Preliminary; subject to change.

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, 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.

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:

Redemption Period*	Maximum Cumulative Amounts*†	Redemption Period*	Maximum Cumulative Amounts*†
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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

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\* Preliminary; subject to change.

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 to redeem Outstanding PAC Term Bonds 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 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) \$213.75 million\* of the proceeds of the Series Bonds in the 2025 Series C-D-E Acquisition Account are used to purchase Program Securities and \$11.25 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, 2025, (iv) the Deferred Payment Loans will be acquired by \_\_\_\_\_ 1, 2025,\* (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

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\* Preliminary; subject to change.

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	.00
100	.00
200	.00
300	.00
400	.00
500	.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.

**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 January 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 July 1, 2033\* 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 2024/2025 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

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\* Preliminary; subject to change.

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 2025 Series E Bonds**

*Optional Redemption.* The Agency may redeem 2025 Series E 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 2025 Series E Bonds are in the Weekly Mode, the Trustee must give a copy of the notice of redemption identifying 2025 Series E Bonds to be redeemed by Immediate Notice not less than 20 days prior to the date fixed for redemption to the Owners of 2025 Series E 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 tender the Owner or the Trustee, as applicable, must give for 2025 Series E Bonds to be redeemed on an optional or mandatory tender date.

Subject to the terms of the 2024/2025 Series E Resolution, any 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E Bonds that are Bank Bonds must be selected for redemption before other 2025 Series E Bonds.

### **Optional and Mandatory Tender of 2025 Series E Bonds**

*Optional Tender.* Owners of 2025 Series E Bonds in the Weekly Mode may elect to tender their 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E Bonds subject to that mandatory tender are deemed to have tendered their 2025 Series E Bonds upon that date.

This paragraph is applicable to the 2025 Series E Bonds only if the book-entry-only system has been discontinued and replacement bonds have been issued. Any 2025 Series E 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 2025 Series E 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 2025 Series E Bonds will be issued in place of those untendered 2025 Series E Bonds pursuant to the 2024/2025 Series E Resolution, and, after the issuance of the replacement 2025 Series E Bonds, the untendered 2025 Series E Bonds will be deemed purchased, canceled, and no longer Outstanding under the Resolutions.

### **Remarketing of 2025 Series E Bonds**

*General.* On each date on which 2025 Series E Bonds are required to be purchased, the Remarketing Agent must use its best efforts to sell those 2025 Series E 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 2025 Series E Bonds so tendered while the Initial Liquidity Facility is in effect, the Initial Liquidity Provider has agreed to purchase those 2025 Series E Bonds in accordance with the Initial Liquidity Facility. The Remarketing Agent is not required to remarket the 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E 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 2024/2025 Series E Resolution, including remarketing of tendered 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E Bonds for its own account and, in its sole discretion, may acquire tendered 2025 Series E Bonds in order to achieve a successful remarketing of the 2025 Series E Bonds (i.e., because there otherwise are not enough buyers to purchase the 2025 Series E Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase 2025 Series E Bonds and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the 2025 Series E Bonds by purchasing and selling 2025 Series E 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 2025 Series E Bonds. The purchase of 2025 Series E Bonds by the Remarketing Agent may create the appearance that there is greater third-party demand for the

2025 Series E Bonds in the market than is the case. The Remarketing Agent may also sell any 2025 Series E 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 2025 Series E Bonds. The practices described above also may result in fewer 2025 Series E Bonds being tendered for purchase pursuant to the 2024/2025 Series E Resolution.

*2025 Series E 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 2025 Series E 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 2025 Series E Bonds (including whether the Remarketing Agent is willing to purchase 2025 Series E Bonds for its own account). There may or may not be 2025 Series E Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket any 2025 Series E Bonds tendered for purchase on that date at the principal amount thereof and the Remarketing Agent may sell 2025 Series E 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 2025 Series E Bonds at the remarketing price. In the event the Remarketing Agent owns any 2025 Series E Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer those 2025 Series E Bonds on any date, including the Rate Determination Date, at a discount to the principal amount thereof to some investors.

*Ability to Sell the 2025 Series E Bonds Other Than Through Tender Process May Be Limited.* The Remarketing Agent may buy and sell 2025 Series E 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 2025 Series E Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the 2025 Series E Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2025 Series E Bonds other than by tendering the 2025 Series E Bonds in accordance with the tender process.

*Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the 2025 Series E 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 2025 Series E Bonds as described in the 2024/2025 Series E Resolution.

*Agency Not Responsible to Owners for Initial Liquidity Provider's Failure To Purchase 2025 Series E Bonds.* Under the terms and provisions of the Remarketing Agreement and the Initial Liquidity Facility, the Purchase Price of 2025 Series E Bonds is payable from moneys furnished in connection with the remarketing of the 2025 Series E 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 2025 Series E 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 2025 Series E Bonds tendered at the option of the Owner or subject to mandatory tender for purchase pursuant to the 2024/2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E Bonds during that period and may be required to hold their 2025 Series E Bonds to maturity or prior redemption.

## LIQUIDITY FACILITY

### General Provisions

The Agency has agreed in the 2024/2025 Series E Resolution to maintain a Liquidity Facility in effect at all times when any 2025 Series E 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 2025 Series E 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 2025 Series E Bonds, with another liquidity facility meeting the requirements of the 2024/2025 Series E 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 2025 Series E Bonds at that Owner’s registered address not less than 15 days prior to the date the 2025 Series E Bonds are subject to mandatory tender. If the Agency elects to replace the Liquidity Facility, the 2025 Series E 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 2025 Series E Bonds when an Alternate Liquidity Facility in respect thereof is in place.

The Agency may also elect to provide liquidity support for any 2025 Series E 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 2025 Series E 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 \$213.75 million\* in aggregate principal amount of Program Securities and approximately \$11.25 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 December 31, 2024, \$[222,300] on

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\* Preliminary; subject to change.

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 (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 February 3,2025, was \$[5,243,925], 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 2025 Series C-D-E Acquisition Account will be disbursed on or before \_\_\_\_\_ 1, 2025, 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	\$117,200	\$111,800
3 or more Persons	\$142,800	\$134,700	\$128,500

\*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, [34] 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. [Five] of those 25 loans are included in the [34] 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 2025 Series C-D-E 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 2025 Series C-D-E 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 2025 Series C-D-E 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 2025 Series C-D-E 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 2025 Series C-D-E 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 2025 Series C-D-E 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 2025 Series C-D-E 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.

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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:

<u>If the property to be mortgaged is located in:</u>	<u>Maximum Purchase Price</u> <u>One-Family</u>	<u>Maximum Purchase Price</u> <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 September 30, 2024, the Agency had outstanding Program Loans receivable of \$208,143,000 gross, including outstanding Deferred Payment Loans receivable of \$36,062,000 gross and Monthly Payment Loans receivable of \$11,941,000 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 September 30, 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:

	Principal Amount	
	<u>Outstanding</u>	<u>Percentage</u>
GNMA II	\$ ,000	. %
GNMA I	,000	.
FNMA	,000	.
FHLMC	,000	.
Total	\$3,757,173,000	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 September 30, 2024, the Homeownership Finance Bond Fund had \$921,986,000 in outstanding principal amount of mortgage-backed securities, which were financed from the proceeds of the Agency's homeownership finance bonds. As of September 30, 2024, the Agency had outstanding home improvement loans receivable of \$[117,191],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 2025 Series C-D-E 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 Tax-Exempt Series 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 2025 Series E Bonds are rated “\_\_\_\_” by Moody’s and “\_\_\_\_” by S&P. The short-term ratings assigned to the 2025 Series E 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 2025 Series E Bonds, is a subsidiary of Royal Bank of Canada, the Swap Counterparty.

## 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: \_\_\_\_\_, 2025.

**APPENDIX A-1**

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

**APPENDIX A-2**

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

## APPENDIX 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 ending June 30, 2025, 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 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 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 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 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 September 1, 2025 unless extended by the Agency pursuant to the Series Resolutions; provided the Delivery Period may not be extended beyond September 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 Bondholders) 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 Bondholders 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 Bondholders 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 Bondholders 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 Bondholders, shown by the registry of Bondholders 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 Bondholders 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 Bondholders 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 Bondholders; (3) suit to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders; (4) enforcement of any other right of the Bondholders 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 Bondholders 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 Bondholders, 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,

recording 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).

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  
2025 Series C  
2025 Series D (Taxable)  
2025 Series E (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, 2025 Series C, in the aggregate principal amount of \$\_\_\_\_\_ (the "2025 Series C Bonds"), its Residential Housing Finance Bonds, 2025 Series D (Taxable), in the aggregate principal amount of \$\_\_\_\_\_ (the "2025 Series D Bonds"), and its Residential Housing Finance Bonds, 2025 Series E (Taxable), in the aggregate principal amount of \$\_\_\_\_\_ (the "2025 Series E Bonds" and, together with the 2025 Series C Bonds and the 2025 Series D Bonds, the "2025 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 2025 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 2025 Series Bonds are subject to optional, mandatory and special redemption prior to maturity, including special redemption at par, and the 2025 Series E 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 2025 Series C Bonds and the 2025 Series D Bonds adopted May 23, 2024, and January 23, 2025, and Series Resolutions relating to the 2025 Series E Bonds adopted June 27, 2024, and January 23, 2025 (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 2025 Series C Bonds in order that interest on the 2025 Series C 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 2025 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 2025 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 2025 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 2025 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; (6) the interest payable on 2025 Series D Bonds and the 2025 Series E Bonds (together, the “2025 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 2025 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 2025 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 2025 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 2025 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 2025 Series Bonds. All owners of 2025 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 2025 Series Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2025 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 September 30, 2024**

Series	FHA	VA	Rural Development	MGIC	Genworth	Other Private		Uninsured	Total
						Mortgage Insurers*			
Retired	\$ 8,677,095	\$ 314,939	\$ 3,108,057	\$ 1,423	\$ 10,715	\$ 7,327	\$ 3,263,474	\$ 15,383,030	
07M	460,398	56,236	458,635	459,791	84,508	97,351	1,537,720		3,154,639
07M-40 Year	-	-	-	622,181	-	305,838	509,742		1,437,761
13ABC	1,833,450	56,145	1,288,261	88,146	-	-	2,698,869		5,964,871
14B	1,467,681	7,845	442,947	14,833	-	-	495,711		2,429,017
14CDE	6,824,226	487,355	6,321,386	741,570	-	447,713	14,681,535		29,503,785
15ABCD	2,453,644	60,291	1,397,036	62,712	125,927	-	5,139,248		9,238,858
15ABCD-40 Year	-	-	-	112,663	-	608,247	152,951		873,861
15EFG	3,603,567	188,936	4,137,228	647,597	180,028	343,768	8,559,706		17,660,830
15EFG-40 Year	-	-	-	621,883	149,875	953,348	1,516,167		3,241,273
16ABC	999,017	180,589	2,047,538	1,149,975	343,774	467,544	6,719,005		11,907,442
16ABC-40 Year	-	-	-	1,676,359	591,502	876,422	1,719,748		4,864,031
16DEF	1,132,950	118,521	848,013	690,255	125,895	145,033	2,407,510		5,468,177
16DEF-40 Year	-	-	-	926,766	-	455,559	759,283		2,141,608
17ABC	5,886,652	25,527	2,780,969	525,434	155,094	-	4,005,837		13,379,513
17ABC-40 Year	-	-	-	1,595,747	423,047	621,994	2,058,554		4,699,342
17DEF	3,432,519	-	651,492	-	30,103	-	1,960,718		6,074,832
17DEF-40 Year	-	-	-	704,567	-	282,503	1,429,972		2,417,042
18ABCD	3,342,281	-	1,716,174	-	7,386	-	1,677,158		6,742,999
19ABCD	9,923,114	43,428	1,607,677	55,748	10,834	18,311	1,898,206		13,557,318
Total Bond Financed	\$ 50,036,594	\$ 1,539,812	\$ 26,805,413	\$ 10,697,650	\$ 2,238,688	\$ 5,630,958	\$ 63,191,114	\$ 160,140,229	
	31.25%	0.96%	16.74%	6.68%	1.40%	3.52%	39.46%		100.00%

RMIC 1.442%, United 1.097%, PMI 0.530%, Radian Guarantee Fund 0.251%, Commonwealth 0.012%, Triad 0.184%, Amerin 0.000%

## RHFB Whole Loan Mortgage Portfolio

### Delinquency and Foreclosure Statistics as of September 30, 2024

#### Payments Past Due as a Percentage of the Number of Loans Outstanding

Bond Financed	Number of Loans	Balance Outstanding	120 Days and Greater											
			30-59 Days		60-89 Days		90-119 Days		(1)		Total (2)			
	#	%	#	%	#	%	#	%	#	%	#	%	%	%
Retired	497.5	\$15,383,030	21.5	4.32	11.0	2.21	6.0	1.21	6.0	1.21	6.0	1.21	4.62	
07M	46.4	3,154,639	1.8	3.88	1.4	3.02	0.4	0.86	1.2	2.59			6.47	
07M-40 Yr	10.6	1,437,761	0.4	3.77	-	-	-	-	-	-			-	
13ABC	126.0	5,964,871	7.0	5.56	3.0	2.38	-	-	4.0	3.17			5.56	
14B	93.0	2,429,017	2.0	2.15	1.0	1.08	-	-	1.0	1.08			2.15	
14CDE	467.5	29,503,785	18.0	3.85	4.0	0.86	3.0	0.64	9.0	1.93			3.42	
15ABCD	130.0	9,238,858	11.0	8.46	1.0	0.77	3.0	2.31	5.0	3.85			6.92	
15ABCD-40 Year	6.0	873,861	1.0	16.67	1.0	16.67	-	-	-	-			16.67	
15EFG	286.5	17,660,830	9.0	3.14	6.0	2.09	2.0	0.70	9.0	3.14			5.93	
15EFG-40 Year	24.0	3,241,273	-	-	1.0	4.17	-	-	1.0	4.17			8.33	
16ABC	168.0	11,907,442	9.0	5.36	2.5	1.49	2.0	1.19	3.0	1.79			4.46	
16ABC-40 Year	38.0	4,864,031	2.0	5.26	-	-	1.0	2.63	1.0	2.63			5.26	
16DEF	118.6	5,468,177	8.7	7.34	2.1	1.77	0.6	0.51	1.8	1.52			3.79	
16DEF-40 Year	15.4	2,141,608	0.6	3.90	-	-	-	-	-	-			-	
17ABC	209.0	13,379,513	11.0	5.26	2.5	1.20	1.5	0.72	7.0	3.35			5.26	
17ABC-40 Year	45.0	4,699,342	3.0	6.67	-	-	1.0	2.22	1.0	2.22			4.44	
17DEF	87.0	6,074,832	1.0	1.15	1.0	1.15	3.0	3.45	1.0	1.15			5.75	
17DEF-40 Year	23.0	2,417,042	-	-	-	-	-	-	-	-			-	
18ABCD	164.5	6,742,999	9.0	5.47	4.0	2.43	1.0	0.61	4.0	2.43			5.47	
19ABCD	314.0	13,557,318	23.0	7.32	7.5	2.39	2.5	0.80	7.0	2.23			5.41	
Total Bond Financed	2,870.0	\$160,140,229	139.0	4.84	49.0	1.71	27.0	0.94	62.0	2.16			4.81	

All Loans are serviced by US Bank Home Mortgage.

If the number of properties allocated to a series of Bonds in the table is expressed in an increment of 0.5, the allocation reflects the fact that proceeds of Bonds of the series were used, with an equal amount of funds from another source (which may be another series of Bonds) to purchase the mortgage loan that financed the property. In such cases, while principal repayments and prepayments are allocated equally to each funding source, interest payments on the mortgage loan are not allocated pro rata. However, mortgage loans that were originated with 07LM Bonds were funded with proceeds of 07L (and series of Bonds that refunded 07L) and 07M in the fractions of 0.6 and 0.4, respectively. Currently, allocation of repayments and prepayments to each funding source may be expressed in multiples of 0.1.

(1) Included in "Foreclosures" are loans for which the sheriff's sale has been held and the redemption period (generally six months) has not yet elapsed in addition to those customarily included in delinquency statistics.

(2) 30-59 days not included in total.

See page G-3 for comparative delinquency and foreclosure statistics.

continued from page G-2.

<b>Comparative 60+ Day Delinquency Statistics<sup>(1)</sup></b>	6/30/2024	9/30/2024
Residential Housing Finance Bond Resolution Loan Portfolio	3.17%	3.77%
Mortgage Bankers Association of America, Minnesota <sup>(2)</sup>	2.59%	2.90%
Mortgage Bankers Association of America, National <sup>(2)</sup>	2.64%	2.95%

<b>Comparative Foreclosure Statistics<sup>(3)</sup></b>	6/30/2024	9/30/2024
Residential Housing Finance Bond Resolution Loan Portfolio	0.99%	0.80%
Mortgage Bankers Association of America, Minnesota <sup>(2)</sup>	0.56%	0.55%
Mortgage Bankers Association of America, National <sup>(2)</sup>	0.55%	0.55%

(1) This table compares 60+ day delinquency statistics. The delinquency rates do not include those delinquent loans referred to an attorney, where the first legal documents have been filed, or where any further foreclosure proceedings have occurred. Thus, the percentage for the Residential Housing Finance Bond Resolution loan portfolio differs from that in the table on page G-2.

(2) Mortgage Bankers Association of America average of 60+ days delinquency and foreclosure statistics adjusted by the Agency to reflect the proportions of insurance types in the Residential Housing Finance Bond Resolution loan portfolio. The unadjusted 9/30/24 Mortgage Bankers Association of America average 60+ days delinquency rate is 1.67% Minnesota and 2.22% national. The unadjusted 9/30/24 Mortgage Bankers Association of America foreclosure rate is 0.29% Minnesota and 0.42% national. None of the delinquency and foreclosure rates presented are seasonally adjusted. Reprinted by permission of the Mortgage Bankers Association. For more information, contact the Mortgage Bankers Association, 1331 L Street NW, Washington D.C. 20005, (202) 557-2700 <http://www.mortgagebankers.org>

(3) This table compares foreclosure statistics, where "foreclosures" include only those loans referred to an attorney and with the first legal documents filed, but not loans for which a foreclosure sale has been held. Thus, the percentage for the Residential Housing Finance Bond Resolution loan portfolio is not directly comparable to the table on page G-2.

## APPENDIX H

### CERTAIN INFORMATION RELATING TO LIQUIDITY FACILITIES FOR BONDS OUTSTANDING

as of September 30, 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	6/29/2029
	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	30,160,000	7/19/2029
	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
		\$241,960,000	
TD Bank, N.A.	2019 Series H	\$ 39,590,000	7/11/2029
	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
		\$139,590,000	
State Street Bank and Trust Company	2024 Series I	\$25,000,000	5/1/2028
	2024 Series K	15,000,000	5/30/2028
	2024 Series N	40,000,000	7/2/2028
	2024 Series Q	40,000,000	8/29/2028
	2024 Series S	<u>15,000,000</u>	9/18/2028
		\$135,000,000	

## 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 September 30, 2024, the Master Servicer serviced 1,311,887 single-family mortgage loans purchased through its U.S. Bank Home Mortgage Division, with an aggregate principal balance of approximately \$215 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 September 30, 2024, according to its unaudited quarterly financial statements, U.S. Bancorp had total assets of approximately \$686.5 billion and a net worth of \$58.9 billion. For the nine months ended September 30, 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 \$27.7 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 2025 SERIES E 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 2024/2025 Series E 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 2025 Series E Bonds, Federal Home Loan Bank of Des Moines, 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 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E Bonds to a Fixed Interest Rate or an Indexed Rate pursuant to the 2024/2025 Series E 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 2024/2025 Series E Resolution that provides liquidity support for the purchase of Liquidity Facility Bonds in accordance with the terms of the 2024/2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E 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 2025 Series E Bonds.

*“Non-Conforming Liquidity Facility”* means a liquidity facility delivered by the Agency pursuant to the 2024/2025 Series E Resolution that does not meet the requirements for an Alternate Liquidity Facility.

*“Purchase Date”* means any date that 2025 Series E Bonds are to be purchased pursuant to the 2024/2025 Series E Resolution.

*“Purchase Price”* means an amount equal to the principal amount of any 2025 Series E 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 2025 Series E 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 2025 Series E 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 2024/2025 Series E 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 2024/2025 Series E 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 2025 Series E 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 2025 Series E 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 following description is a summary of certain provisions of the Initial Liquidity Facility. This summary does not purport to be a complete description or restatement of the material provisions of the Initial Liquidity Facility. Investors should obtain and review a copy of the Initial Liquidity Facility in order to understand all of the terms of that document.*

The Initial Liquidity Facility is in the form of a Standby Bond Purchase Agreement to be entered into with Federal Home Loan Bank of Des Moines (the “Initial Liquidity Provider”) (copies of which are on file with the Trustee, the Tender Agent and the Agency). Any Alternate Liquidity Facility may have terms substantially different from those of the Initial Liquidity Facility. Various words or terms used in the following summary are defined in this Official Statement, the Initial Liquidity Facility or the Resolution and reference thereto is made for full understanding of their import. For further information regarding the Initial Liquidity Provider, the obligor under the Initial Liquidity Facility, see “APPENDIX L – CERTAIN INFORMATION RELATING TO THE LIQUIDITY PROVIDER.” See also “DESCRIPTION OF THE SERIES BONDS” in this Official Statement and “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.”

“Affiliate” means, with respect to a Person (as defined in the Initial Liquidity Facility), any Person (whether for-profit or not-for-profit), which “controls,” or is “controlled” by, or is under common “control” with such Person. For purposes of this definition, a Person “controls” another Person when the first Person possesses or exercises directly, or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other Person, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract, or otherwise.

“Available Commitment” means on any day the sum of the Available Interest Commitment and the Available Principal Commitment on such day, initially \$ \_\_\_\_\_\* for the 2025 Series E Bonds.

“Available Interest Commitment” initially means \$ \_\_\_\_\_\* for the 2025 Series E Bonds in a Covered Mode which initial amount equals 187 days’ interest on the initial amount of the Available Principal Commitment based upon an assumed rate of interest of 12% per annum computed on the basis of a year of 365 days, and actual days elapsed, and thereafter means each such initial amount adjusted from time to time as follows: (a) downward by an amount that bears the same proportion to such initial amount as the amount of any reduction in the Available Principal Commitment, in accordance with clause (a), (b) or (c) of the definition in the Initial Liquidity Facility of Available Principal Commitment, bears to the initial Available Principal Commitment and (b) upward by an amount that bears the same proportion to such initial amount as the amount of any increase in the Available Principal Commitment, in accordance with clause (d) of the definition in the Initial Liquidity Facility of Available Principal Commitment, bears to the initial Available Principal Commitment. Any adjustments to the Available Interest Commitment pursuant to clauses (a) or (b) hereof shall occur simultaneously with the occurrence of the events described in such clauses.

“Available Principal Commitment” means, initially, the aggregate principal amount of the 2025 Series E Bonds Outstanding, \$ \_\_\_\_\_,000,\* and thereafter means each such initial amount adjusted from time to time as follows: (a) downward by the amount of any mandatory reduction of the Available Principal Commitment pursuant to the Initial Liquidity Facility (other than with respect to clause (c) of this definition); (b) downward by the principal amount of any 2025 Series E Bonds for the purchase of which funds are made available by the Initial Liquidity Provider to purchase 2025 Series E Bonds pursuant to the Initial Liquidity Facility; (c) downward by the principal amount of any 2025 Series E Bonds of which the interest rate borne by such 2025 Series E Bonds has been converted or changed to a Fixed Interest Rate (as defined in the 2024/2025 Series E Resolution) or an Indexed Rate (as defined in the 2024/2025 Series E Resolution) or has been changed to a mode other than a Covered Mode or for which an Alternate Liquidity Facility (as defined in the 2024/2025 Series E Resolution), a Non-Conforming Liquidity Facility (as defined in the 2024/2025 Series E Resolution), or Self Liquidity (as defined in the 2024/2025 Series E Resolution) has become effective; and (d) upward by the principal amount of any 2025 Series E Bonds theretofore purchased by the Initial Liquidity Provider pursuant to the Initial Liquidity Facility which are remarketed by the Remarketing Agent and for which the Initial Liquidity Provider has received immediately available funds equal to the principal amount

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\* Preliminary; subject to change.

thereof and accrued interest thereon (or deemed to be remarketed pursuant to the Initial Liquidity Facility); provided, however, that the sum of (i) the Available Principal Commitment plus (ii) the aggregate principal amount of Bank Bonds shall never exceed \$26,250,000 for the 2025 Series E Bonds. Any adjustments to the Available Principal Commitment pursuant to clause (a), (b) or (d) hereof shall occur simultaneously with the occurrence of the events described in such clauses. Any adjustments to the Available Principal Commitment pursuant to clause (c) hereof shall occur at 5:00 p.m. Des Moines, Iowa time on the Business Day immediately following the occurrence of the events described in such clause.

“Covered Mode” means 2025 Series E Bonds while in a Weekly Mode Period.

“Default” means any occurrence, circumstance or event, or any combination thereof, which, with the lapse of time and/or giving of notice, would constitute an event of default under the Initial Liquidity Facility.

“Eligible Bonds” means 2025 Series E Bonds that bear interest in a Covered Mode, and which are not Bank Bonds or 2025 Series E Bonds owned by or held on behalf of, for the benefit of, or for the account of, the Agency or any Affiliate of the Agency and which are supported by the Initial Liquidity Facility.

“Investment Grade” means, with respect to a rating by Moody’s, a rating of “Baa3” (or its equivalent) or better, and, with respect to a rating by S&P, a rating of “BBB-” (or its equivalent) or better.

“Parity Debt” means bonds (excluding the 2025 Series E Bonds) that are now or hereafter Outstanding under the General Bond Resolution and any other obligations of the Agency secured by the lien granted under the General Bond Resolution which is on a parity with the lien which secures the 2025 Series E Bonds.

“Related Documents” means the Initial Liquidity Facility, the 2025 Series E Bonds, the 2024/2025 Series E Resolution, the General Bond Resolution, the Official Statement (as defined in the Initial Liquidity Facility), the Purchase Contract (as defined in the Initial Liquidity Facility) and the Remarketing Agreement (as defined in the 2024/2025 Series E Resolution), as the same may be amended or modified from time to time in accordance with their respective terms and the terms of the Initial Liquidity Facility.

“Resolution” means, collectively, the General Bond Resolution and the 2024/2025 Series E Resolution.

## **The Initial Liquidity Facility**

*General.* The Agency will execute the Initial Liquidity Facility with the Initial Liquidity Provider, the Trustee and the Tender Agent (the “Tender Agent”) on the date of delivery of the 2025 Series E Bonds. The Initial Liquidity Facility requires the Initial Liquidity Provider to provide funds for the purchase of the 2025 Series E Bonds outstanding as Eligible Bonds that have been tendered for purchase and not remarketed, subject to certain conditions described below. Any 2025 Series E Bonds so purchased shall constitute Bank Bonds under the terms of the Initial Liquidity Facility and the Resolution. Bank Bonds will bear interest at the Bank Rate, in accordance with the Initial Liquidity Facility, payable as set forth in the Initial Liquidity Facility.

*Expiration of the Initial Liquidity Facility.* The Initial Liquidity Provider is obligated to purchase the 2025 Series E Bonds which are Eligible Bonds pursuant to the Initial Liquidity Facility from the date of issuance of the 2025 Series E Bonds until the earliest to occur of the following dates and events (the “Commitment Period”): (1) the later of 5:00 p.m. Des Moines, Iowa time on March 19, 2030,<sup>\*</sup> and 5:00 p.m. Des Moines, Iowa time on the last day of any extension of such date pursuant to the Initial Liquidity Facility (or if such date is not a Business Day, the Business Day next preceding such day) (the “Expiration Date”); (2) the first date on which no Eligible Bonds are Outstanding; (3) 5:00 p.m. Des Moines, Iowa time on the Business Day immediately following (i) the first date on which the interest rate borne by all of the 2025 Series E Bonds has been converted or changed to an Indexed Rate or a Fixed Interest Rate or a mode other than a Covered Mode or (ii) the date of occurrence of an Unenhanced Variable Rate Bonds Change Date (as defined in the 2024/2025 Series E Resolution) with respect to such Series; (4) 5:00 p.m. Des Moines, Iowa time on the 30th day following the date on which a “Notice of Termination Date” (defined below in paragraph (3) of “Remedies Upon Occurrence of an Event of Default”) is received by the Agency, the Trustee and the Tender Agent or, if such 30th day is not a Business Day, the next succeeding Business Day; (5) 5:00 p.m. Des

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<sup>\*</sup> Preliminary; subject to change.

Moines, Iowa time on the Business Day immediately following the date on which an Alternate Liquidity Facility, a Non-Conforming Liquidity Facility or Self-Liquidity (as defined in the 2024/2025 Series E Resolution) has become effective with respect to all outstanding 2025 Series E Bonds; (6) 30 days after the Agency delivers a notice of voluntary termination of the Initial Liquidity Facility (or immediately upon delivery of such notice if the Initial Liquidity Provider has defaulted on any payment obligations under the Initial Liquidity Facility), provided that the Agency has made payment of all amounts owing to the Initial Liquidity Provider under the Initial Liquidity Facility; and (7) the occurrence of an event of default described under "Remedies Upon Occurrence of an Event of Default" that allows the Initial Liquidity Provider to terminate its obligations under the Initial Liquidity Facility.

**In the event there is an occurrence of a "Termination Event" or "Suspension Event" as described below, the obligation of the Initial Liquidity Provider to purchase 2025 Series E Bonds immediately terminates or suspends without notice or demand to any person. In such event, holders of 2025 Series E Bonds will have no right to optionally tender the 2025 Series E Bonds and may be required to hold such 2025 Series E Bonds until the earlier of the redemption or maturity thereof.**

*Purchase of Eligible Bonds.* On each Purchase Date on which the 2025 Series E Bonds which are Eligible Bonds are to be purchased by the Tender Agent, by no later than 11 a.m., Des Moines, Iowa time, the Tender Agent shall give the Initial Liquidity Provider notice by telecopier and in writing of the aggregate Purchase Price of the tendered 2025 Series E Bonds which are Eligible Bonds required to be purchased by the Initial Liquidity Provider pursuant to the Initial Liquidity Facility, and the amount of principal and interest constituting such Purchase Price. Upon receipt of the notice set forth above, the Initial Liquidity Provider, unless it determines that its obligation to purchase pursuant to the Initial Liquidity Facility has been suspended or terminated in accordance therewith, shall, by no later than 1 p.m., Des Moines, Iowa time, on the same day (or not later than 1 p.m., Des Moines, Iowa time, on the next Business Day if the Initial Liquidity Provider receives such notice after 11 a.m. Des Moines, Iowa time), make available to the Tender Agent, in immediately available funds, such Purchase Price, to be deposited in accordance with the Resolution. As soon as such funds become available, the Tender Agent is required to purchase therewith, for the account of the Initial Liquidity Provider, that portion of the tendered 2025 Series E Bonds which are Eligible Bonds for the purchase of which immediately available funds are not otherwise then available for such purposes under the Resolution. Under the Initial Liquidity Facility, the Initial Liquidity Provider is obligated, with respect to the 2025 Series E Bonds which are Eligible Bonds and are Outstanding, to make available to the Tender Agent an amount equal to the Available Commitment.

*Events of Default Under the Initial Liquidity Facility.* The following events constitute events of default under the Initial Liquidity Facility.

1. Any principal of, or interest on, any 2025 Series E Bond (including any Bank Bond), shall not be paid when due; or

2. The Agency shall fail to pay any commitment fee to the Initial Liquidity Provider due under the Initial Liquidity Facility within 15 days after the same shall become due; or

3. Any representation or warranty made or deemed to be made to the Initial Liquidity Provider by or on behalf of the Agency in the Initial Liquidity Facility or in any Related Document or in any certificate or statement delivered under the Initial Liquidity Facility or under a Related Document shall be incorrect or untrue in any material respect when made or deemed to have been made; or

4. The Agency shall fail to observe or perform certain enumerated covenants, which shall constitute an event of default and without regard to any grace period; or

5. (a) The Agency shall default in the due performance or observance of any other term, covenant or agreement contained (or incorporated by reference) in the Initial Liquidity Facility or there is any Default in the Initial Liquidity Facility (other than those referred to in paragraphs (1) through (4) above) or (b) an event of default shall occur under any Related Documents (other than the Official Statement) and in each case (a) and (b) such default shall remain unremedied for a period of 30 days after the Initial Liquidity Provider shall have given written notice thereof to the Agency; or

6. (a) The Agency shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors

seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Agency shall make a general assignment for the benefit of its creditors; or (b) there shall be commenced against the Agency any case, proceeding or other action of a nature referred to in clause (a) above which (i) results in an order for such relief or in the appointment of a receiver or similar official or (ii) remains undismissed, undischarged or unbonded for a period of 60 days; or (c) there shall be commenced against the Agency any case, proceeding or other action seeking issuance of a warrant of attachment, execution, rehabilitation, restraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof; or (d) the Agency shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (a), (b) or (c) above; or (e) the Agency shall become "insolvent" as defined under 11 U.S.C. Section 101(32)(C) or so admit in writing its inability to pay its debts; or (f) a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction shall have been declared or imposed upon (whether or not in writing) the Bonds or Parity Debt of the Agency by either (i) the Agency or (ii) pursuant to a ruling or finding by the State of Minnesota (including, without limitation, any of the executive, legislative or judicial branches of government thereof) or any federal government agency or authority having jurisdiction over the Agency; or

7. (a) Any material provision of the Act, the Initial Liquidity Facility, the Resolution, the 2025 Series E Bonds, or any Parity Debt relating to the payment of the principal of or interest on the 2025 Series E Bonds (including any Bank Bonds) or any Parity Debt or the security therefor shall at any time and for any reason cease to be valid and binding on the Agency as a result of (i) a finding or ruling, (ii) enactment or adoption of legislation, (iii) issuance of an executive order or (iv) entry of a judgment or decree, in each instance, by a governmental agency having appropriate jurisdiction over the Agency that such provision is null and void, invalid or unenforceable; or (b) the Agency shall have taken or permitted to be taken any official action which would adversely affect the enforceability of the Initial Liquidity Facility, the 2025 Series E Bonds, the Act, the Resolution or any Parity Debt relating to the payment of the principal of or interest on the 2025 Series E Bonds (including any Bank Bonds), or any Parity Debt or the security therefor or results in a repudiation of its obligation to pay the 2025 Series E Bonds (including any Bank Bonds); or (c) the Agency (i) challenges the validity or enforceability of any provision of the Initial Liquidity Facility, the 2025 Series E Bonds, the Act, the Resolution or any Parity Debt relating to or otherwise affecting (A) the ability or obligation to pay the principal of or interest on the 2025 Series E Bonds, the Bank Bonds or any Parity Debt or (B) the security available for repayment of the principal of or interest on the 2025 Series E Bonds, the Bank Bonds or any Parity Debt or (ii) seeks an adjudication that any provision of the Initial Liquidity Facility, the Act, the Resolution, the 2025 Series E Bonds or any Parity Debt relating to or otherwise affecting (A) the Agency's obligation to pay the principal of or interest on the 2025 Series E Bonds, the Bank Bonds or any Parity Debt or (B) the security available for repayment of the principal of or interest on the 2025 Series E Bonds the Bank Bonds or any Parity Debt is not valid and binding on the Agency; or

8. Each of Moody's and S&P shall have (a) reduced the long-term credit rating of the 2025 Series E Bonds or any unenhanced Parity Debt below Investment Grade; (b) withdrawn their long-term ratings of the 2025 Series E Bonds or any unenhanced Parity Debt for any credit-related reasons; or (c) suspended their long-term ratings of the 2025 Series E Bonds or any unenhanced Parity Debt for any credit-related reasons; or

9. The Agency shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any Parity Debt, or any interest of premium thereon, and such failure shall continue beyond any applicable period of grace specified in any underlying resolution, indenture, contract or instrument providing for the creation of or concerning such Parity Debt, or pursuant to the provisions of any such resolution, indenture, contract or instrument, the maturity of any Parity Debt shall have been, or may be, as a result of a payment default of any nature, accelerated, or shall have been, or may be, as a result of a payment default of any nature, required to be repaid prior to the stated maturity thereof; provided there shall not be a default if the failure to pay principal or interest on the Parity Debt is due solely to an acceleration of Parity Debt for any reason other than the failure to pay principal or interest on the Parity Debt; or

10. A final nonappealable judgment or order for the payment of money that exceeds \$5,000,000 in aggregate shall have been rendered against the Agency and shall be payable from or attach to the revenues or other monies pledged to the payment of the 2025 Series E Bonds under the Resolution, and such judgment or order shall not have been satisfied within 60 days from the date on which such judgment was rendered; or

11. The Agency's long-term rating shall be less than "BBB+" by S&P and "Baa" by Moody's, for a period of more than 30 days after the Liquidity Provider shall have given written notice thereof to the Agency.

*Remedies Upon Occurrence of an Event of Default.* Following the occurrence of the above-referenced events of default, the Initial Liquidity Provider may take any one or more of the following actions.

1. In the case of the occurrence of an event of default specified in paragraphs (1), (6)(a), (c), (d), (e) or (f), (7), (8), (9), or (10) above (each, a "Termination Event"), the Initial Liquidity Provider's Available Commitment and the obligations of the Initial Liquidity Provider under the Initial Liquidity Facility to purchase the 2025 Series E Bonds which are Eligible Bonds shall immediately terminate without notice or demand to any Person and, thereafter, the Initial Liquidity Provider shall be under no obligation to purchase the 2025 Series E Bonds which are Eligible Bonds, provided that an Event of Default described in paragraph (1) above will not qualify as a Termination Event if the failure to pay the principal of, or interest due on, a Bank Bond is due solely to an acceleration of all Bank Bonds for any reason other than as described in paragraph (1) above. Promptly upon such event of default, the Initial Liquidity Provider shall give written notice of the same to the Agency, the Trustee, the Tender Agent and the Remarketing Agent, provided that the Initial Liquidity Provider shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination of the Initial Liquidity Provider's Available Commitment and the termination of the obligation of the Initial Liquidity Provider to purchase 2025 Series E Bonds which are Eligible Bonds pursuant to the Initial Liquidity Facility. The Tender Agent shall notify all Bondholders of the termination of the Initial Liquidity Provider's Available Commitment and of the termination of the obligation of the Initial Liquidity Provider to purchase 2025 Series E Bonds which are Eligible Bonds.

2. In the case of the occurrence of a Default as specified in paragraph (6), clause (b)(i) or (b)(ii) above (each, a "Suspension Event"), the obligation of the Initial Liquidity Provider to purchase 2025 Series E Bonds which are Eligible Bonds under the Initial Liquidity Facility shall be immediately suspended without notice or demand and, thereafter, the Initial Liquidity Provider shall be under no obligation to purchase 2025 Series E Bonds which are Eligible Bonds until the Available Commitment is reinstated as described below. Promptly upon the occurrence of any such Suspension Event, the Initial Liquidity Provider shall give written notice of the same to the Agency, the Trustee, the Tender Agent and the Remarketing Agent, provided that the Initial Liquidity Provider shall incur no liability of any kind by reason of its failure to give such notice and such failure shall in no way affect the suspension of the Available Commitment or the suspension of its obligation to purchase 2025 Series E Bonds which are Eligible Bonds pursuant to the Initial Liquidity Facility.

Upon the commencement against the Agency of any involuntary case, proceeding or other action which has not yet resulted in an order for relief or in the appointment of a receiver or similar official as described in paragraph 6, clause (b)(i) above, the Initial Liquidity Provider's obligations to purchase 2025 Series E Bonds which are Eligible Bonds under the Initial Liquidity Facility shall immediately be suspended without notice or demand to any person and, thereafter, the Initial Liquidity Provider shall be under no obligation to purchase 2025 Series E Bonds which are Eligible Bonds until such case, proceeding or other action referred to therein is terminated. In the event such case, proceeding or action is terminated, then the Initial Liquidity Provider's obligations to purchase 2025 Series E Bonds which are Eligible Bonds under the Initial Liquidity Facility shall be reinstated and the terms of such Initial Liquidity Facility shall continue in full force and effect (unless the Initial Liquidity Facility shall have otherwise expired or been terminated in accordance with its terms) as if there had been no such suspension. Notwithstanding the foregoing, if three (3) years after the effective date of the suspension of the obligations of the Initial Liquidity Provider as described in this paragraph, no order for relief has been issued or no receiver or similar official has been appointed, in either case, then the Available Commitment and the obligation of the Initial Liquidity Provider to purchase 2025 Series E Bonds which are Eligible Bonds shall at such time terminate without notice or demand and, thereafter, the Initial Liquidity Provider shall be under no obligation to purchase 2025 Series E Bonds which are Eligible Bonds.

Upon the occurrence of a Suspension Event described in paragraph 6, clause (b)(ii) above, the Initial Liquidity Provider's obligations to purchase 2025 Series E Bonds which are Eligible Bonds shall remain suspended until the case, proceeding or other action referred to therein is either (i) terminated or (ii) 60 days shall have elapsed from the commencement of such case, proceeding or action, whichever is the first to occur. In the event that said Suspension Event shall have been terminated within the 60 day period described therein, then the Available Commitment and the obligation of the Initial Liquidity Provider to purchase 2025 Series E Bonds which are Eligible Bonds shall be reinstated and the terms of the Initial Liquidity Facility shall continue in full force and effect (unless the Initial Liquidity Facility shall have otherwise expired or been terminated in accordance with its terms) as if there

had been no such suspension. In the event that said Suspension Event shall not have been terminated within such 60 day period, then the Available Commitment and the obligation of the Initial Liquidity Provider to purchase 2025 Series E Bonds which are Eligible Bonds shall at such time terminate without notice or demand and, thereafter, the Initial Liquidity Provider shall be under no obligation to purchase 2025 Series E Bonds which are Eligible Bonds.

In the case of each Suspension Event, the Tender Agent shall immediately notify all Bondholders of the suspension and/or termination of both the Available Commitment and the obligation of the Initial Liquidity Provider to purchase 2025 Series E Bonds which are Eligible Bonds. The Tender Agent shall notify all Bondholders of the suspension and/or termination of the Available Commitment and of the suspension and/or termination of the obligation of the Initial Liquidity Provider to purchase 2025 Series E Bonds which are Eligible Bonds.

(3) In the case of the occurrence of any event of default described above (other than as specified in subsections (1) and (2) of this section entitled "Remedies Upon Occurrence of an Event of Default" above), the Initial Liquidity Provider may give written notice of such event of default and termination of the Initial Liquidity Facility (a "Notice of Termination Date") to the Trustee, the Tender Agent, the Agency, and the Remarketing Agent requesting a mandatory tender of the 2025 Series E Bonds which are Eligible Bonds. The obligation of the Initial Liquidity Provider to purchase the 2025 Series E Bonds which are Eligible Bonds shall terminate on the (30th day (or if such day is not a Business Day, the next following Business Day) after such Notice of Termination Date is received by the Tender Agent and on such date the Available Commitment shall terminate and the Initial Liquidity Provider shall be under no obligation under the Initial Liquidity Facility to purchase 2025 Series E Bonds which are Eligible Bonds.

(4) Upon the occurrence of any event of default, the Initial Liquidity Provider may declare all accrued and unpaid amounts payable to it under the Initial Liquidity Facility immediately due and payable (other than payments of principal of and interest on Bank Bonds, acceleration rights which are governed by the Resolution), and the Initial Liquidity Provider shall have all remedies provided at law or equity, including, without limitation, specific performance; provided, however, the Initial Liquidity Provider agrees to purchase the 2025 Series E Bonds which are Eligible Bonds on the terms and conditions of the Initial Liquidity Facility notwithstanding the occurrence of an event of default which does not terminate or suspend its obligation to purchase 2025 Series E Bonds which are Eligible Bonds under paragraphs (1), (2) or (3) above.

(5) The remedies described under paragraphs (1), (2), (3) and (4) above shall only be exclusive with respect to such events of default 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 such remedies, then the Initial Liquidity Provider reserves the right and shall have the right to pursue any other available remedies, whether provided by law, equity or in the Initial Liquidity Facility.

*Extension of Commitment Period.* Upon written request of the Agency to the Initial Liquidity Provider, made not less than 90 days nor more than 120 days prior to the then current Expiration Date of an Initial Liquidity Facility or at such other time as is acceptable to the Initial Liquidity Provider, the then current Expiration Date of an Initial Liquidity Facility may be extended from time to time by agreement in writing between the Initial Liquidity Provider and the Agency (the period from the preceding Expiration Date to such new Expiration Date being herein sometimes called the "Extended Commitment Period"). The Extended Commitment Period may itself be extended in a like manner. The Initial Liquidity Provider has no obligation to agree to any Extended Commitment Period. If the Initial Liquidity Provider, in its sole discretion following such request by the Agency, agrees to extend any such period, the Initial Liquidity Provider shall give written notice of the election to extend to the Agency, the Tender Agent and the Remarketing Agent within 30 days of such request. If the Initial Liquidity Provider does not so notify the Agency, the Expiration Date for such Initial Liquidity Facility shall not be extended.



**APPENDIX L**  
**CERTAIN INFORMATION REGARDING THE INITIAL LIQUIDITY PROVIDER**

**Certain Information Regarding Federal Home Loan Bank of Des Moines**

**APPENDIX M**  
**USE OF PROCEEDS REPORT\***

Series Bond Proceeds Summary

Total Proceeds Deposited in 2025 Series C-D-E 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 2025 Series C-D-E 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**

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

**Action Item:** 7.B  
**Date:** 01/23/2025  
**Staff Contacts:** Matt Dieveney, 651.282.2577, matthew.dieveney@state.mn.us  
Paula Rindels, 651.296.2293, paula.rindels@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Agency staff is preparing to issue bonds under the Residential Housing Finance Bond (RHFB) indenture to finance the acquisition of newly originated mortgage-backed securities that funded the origination of single family mortgages. This resolution authorizes variable rate RHFB bonds, in an amount up to \$150 million through March 31, 2026. The initial bond offering using a portion of this authority will likely be designated 2025 Series E. The RHFB 2025 Series E variable rate bond issue is expected to price in February 2025 and close in March 2025. The attached Preliminary Official Statement describes the anticipated transaction, including RHFB 2025 Series C and Series D fixed rate bonds previously authorized and to be authorized pursuant to the RHFB Series Resolutions for fixed rate bonds.

This variable rate series resolution authorizes an Authorized Officer to select a liquidity provider and interest rate swap counterparty for each Series of bonds to be made based on current market conditions from a pool of providers determined by a competitive process conducted in consultation with the Agency's financial advisor, and for the remarketing agent to be designated by an Authorized Officer of the Agency. The eligible pool of liquidity providers currently includes the Federal Home Loan Bank of Des Moines, Royal Bank of Canada, State Street Bank and TD Bank. The eligible pool of swap counterparties currently includes Bank of New York Mellon, Bank of America, Royal Bank of Canada and Wells Fargo Bank. The liquidity provider and interest rate swap counterparty will be selected closer to the time of pricing the bonds.

### 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. By including a variable rate component in the upcoming issuance (and using an interest rate swap to convert a portion of the payment obligation into a largely fixed payment), the Agency is able to lower its overall borrowing cost.

## Agency Priorities

- Improve the Housing System
- Preserve and Create Housing Opportunities
- Make Homeownership More Accessible
- Support People Needing Services
- Strengthen Communities

## Attachments

- Series Resolution
- Preliminary Official Statement (see 7A)

RESOLUTION NO. MHFA 25-02

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF  
MINNESOTA HOUSING FINANCE AGENCY  
RESIDENTIAL HOUSING FINANCE BONDS, 2025/2026 SERIES (VARIABLE RATE)

Adopted January 23, 2025

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EXHIBIT A — FORM OF 2025/2026 SERIES BONDS

RESOLUTION NO. MHFA 25-02

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF  
MINNESOTA HOUSING FINANCE AGENCY  
RESIDENTIAL HOUSING FINANCE BONDS, 2025/2026 SERIES (VARIABLE RATE)

BE IT RESOLVED BY THE MINNESOTA HOUSING FINANCE AGENCY:

**Section 1. Authorization.**

1.01. 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 “2025/2026 Variable Rate 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 March 31, 2026, the first series of which will be designated as “Residential Housing Finance Bonds, 2025/2026 Series E (Taxable),” in the aggregate principal amount to be determined pursuant to Section 2.04 of this 2025/2026 Variable Rate Series Resolution. Each Series of Bonds will be designated as “Residential Housing Finance Bonds, [2025][2026] Series \_\_ [(Taxable)],” each with the blank completed with an uppercase letter as appropriate for the order of issuance and to eliminate any gaps in the designation of the Series. The number of Series of the 2025/2026 Series Bonds and their corresponding principal amounts shall be as determined by an Authorized Officer pursuant to Section 2.04(i) of this 2025/2026 Variable Rate Series Resolution, and as set out in the Agency Certificate or Agency Certificates, as the case may be, delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution. All such Series of Bonds issued pursuant to this 2025/2026 Variable Rate Series Resolution are the “2025/2026 Series Bonds.” The Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution will set forth all appropriate revisions to the defined terms in this 2025/2026 Variable Rate Series Resolution necessitated by any re-designation of any series of the Series Bonds.

1.02. 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 2025/2026 Series Bonds.

2.01. Purposes. It is determined to be in the best interests of the Agency to issue the Series Bonds, including the 2025/2026 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 (in the case of Program Loans intended to be funded with the proceeds of Tax-Exempt Series Bonds, as identified pursuant to Section 5.03 hereof), Sections 8 and 9 of this 2025/2026 Variable Rate Series Resolution and Section 10 and 11 of the 2025/2026 Fixed Rate Series Resolution and the Series Program Determinations made for the 2025/2026 Series Bonds in Section 5 of this 2025/2026 Variable Rate Series Resolution and Section 7 of the 2025/2026 Fixed Rate Series Resolution. With respect to the 2025/2026 Series Bonds, this funding will be provided by either or both of:

- (i) the allocation, for federal income tax purposes, of sale proceeds of each Series of the 2025/2026 Series Bonds in the respective amounts to be determined by an Authorized Officer pursuant to Section 2.04(i) of the 2025/2026 Variable Rate Series Resolution and set forth in the Agency Certificate(s) delivered pursuant to Section 6.01 of the 2025/2026 Variable Rate Series Resolution and the deposit of the sale proceeds, together with certain contributed funds of the Agency, if any, into the Funds and Accounts set forth in Section 7.02 of the 2025/2026 Variable Rate Series Resolution to be expended for the Program; and
- (ii) the allocation, for federal income tax purposes, of sale proceeds of each Series of the 2025/2026 Series Bonds in the respective amounts determined by an Authorized Officer pursuant to Section 2.04(i) of the 2025/2026 Variable Rate Series Resolution and set forth in the Agency Certificate(s) delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution, to the refunding, on the date or dates to be determined by the Agency, of the related Refunded Bonds, and the deposit of certain transferred assets, together with transferred loans and securities (as hereinafter defined, the “Transferred Program Obligations”), and certain “transferred,” “replacement” and sale proceeds that will become allocated to the 2025/2026 Series Bonds upon the refunding of the related Refunded Bonds, together with certain contributed funds of the Agency, into the Funds and Accounts set forth in Section 7.02 of this 2025/2026 Variable Rate Series Resolution to be expended for the Program.

2.02. 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 sold on the same date as a single issue of bonds.

2.03. 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 2025/2026 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.

**2.04. Approval of Contract of Purchase.** The Agency will negotiate for the sale of each Series of the 2025/2026 Series Bonds to the Underwriters.

Any Authorized Officer is hereby authorized to approve the final terms of the 2025/2026 Series Bonds, subject to the following parameters (the “Series Bonds Parameters”):

- (i) the principal amount of each Series of the 2025/2026 Series Bonds; provided that the principal amount of all Series of the 2025/2026 Series Bonds is not in excess of \$150,000,000;
- (ii) the maturity schedule of each Series of the 2025/2026 Series Bonds (including any mandatory sinking fund schedule); provided that each Series of the 2025/2026 Series Bonds mature at any time or times in the amount or amounts not later than 32 years from the Issue Date thereof; and
- (iii) the fee or other compensation payable to the Underwriters of the 2025/2026 Series Bonds; provided that the fee or other compensation payable to the purchasers of the 2025/2026 Series Bonds does not exceed 1.00 percent of the principal amount of the 2025/2026 Series Bonds.

That approval will be conclusively evidenced by the execution of one or more Contracts of Purchase with the Underwriters by an Authorized Officer (each a “Purchase Contract”). 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 2025/2026 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 the 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 each Series of the 2025/2026 Series Bonds, including any mandatory sinking fund provisions for those 2025/2026 Series Bonds, other redemption provisions and the purchase price of that Series of 2025/2026 Series Bonds, will be set forth in the final Official Statement of the Agency, furnished to the Underwriters as provided in the following paragraph of this 2025/2026 Variable Rate Series Resolution, or in the Agency Certificate to be delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution, as the case may be.

**2.05. Official Statement.** The Agency has examined 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 initial Series of the 2025/2026 Series Bonds; the form of the Preliminary Official Statement with respect to subsequent Series of the 2025/2026 Series Bonds shall be revised as to (i) the number and designation of Series, (ii) the structure of each Series and (iii) whether such 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 Series Bonds Parameters

set forth in Section 2.04 of this Series Resolution. An Authorized Officer is hereby authorized to approve a final version of the Preliminary Official Statement and establish the date of sale of each Series of the Series Bonds. 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 2025/2026 Series Bonds to be issued and the use thereof by the Underwriters in the public offering of those 2025/2026 Series 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 2025/2026 Series Bonds authorized by this 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 2025/2026 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.

**2.06. Approval of Continuing Disclosure Undertaking.** The Agency has also received and examined the form of a Continuing Disclosure Undertaking relating to the initial Series of the 2025/2026 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 2025/2026 Series Bonds, with such revisions as may be required or approved by counsel for the Agency, and the Authorized Officer of the Agency executing the same.

**2.07. Approval of Remarketing Agreement.** The Agency has also received and examined the form of the Remarketing Agreement relating to the 2025/2026 Series Bonds, to be entered into between the Agency and the Remarketing Agent, as such Remarketing Agent is designated by Authorized Officer of the Agency. The Remarketing Agreement is approved substantially in the form submitted and is authorized to be signed for each Series of the 2025/2026 Series Bonds on behalf of the Agency by an Authorized Officer, with any Remarketing Agent change and agreement revisions as may be required or approved by counsel for the Agency and the Authorized Officer of the Agency executing the same.

**2.08. Liquidity Facilities.** An Authorized Officer is hereby authorized to negotiate the terms of, approve and execute (i) any Initial Liquidity Facility and related fee letter (if any) provided by a Bank, as such Bank is designated in an Agency Certificate, and (ii) any Alternate Liquidity Facility, provided those agreements are consistent with the terms of this 2025/2026 Variable Rate Series Resolution. Each such Initial Liquidity Facility shall initially provide liquidity support for the entire principal amount of the related Series of 2025/2026 Series Bonds bearing interest at a Variable Rate, is approved substantially in the form submitted and is authorized to be signed on behalf of the Agency by an Authorized Officer with the revisions as may be required or approved by counsel for the Agency and the Authorized Officer of the Agency executing the same. The execution and delivery by the Authorized Officer of the agreements will constitute conclusive evidence of both the Agency's and the Authorized Officer's approval of all changes, modifications, amendments, revisions and alterations made therein and will conclusively establish the Authorized Officer's absolute, unconditional and

irrevocable authority with respect thereto from the Agency and the authorization, approval and ratification by the Agency of the agreements so executed.

**2.09. 2025/2026 Series Swap Agreements.** An Authorized Officer is hereby authorized to enter into in the name and on behalf of the Agency the 2025/2026 Series Swap Agreements, including any amendments thereto and/or partial or full terminations thereof, in respect of the interest payments payable on all or a portion of a Series of the 2025/2026 Series Bonds during the term of the related 2025/2026 Series Swap Agreement, in substantially the form which an Authorized Officer and counsel to the Agency approves, which approval will be conclusively evidenced by the execution and delivery of that 2025/2026 Series Swap Agreement by an Authorized Officer; provided, however, that (i) any 2025/2026 Series Swap Agreement will provide that the Agency must pay a fixed rate to the 2025/2026 Series Swap Counterparty not exceeding 7.75 percent per annum, and the 2025/2026 Series Swap Counterparty must pay a variable rate based on an index approved by the Authorized Officer, (ii) the original notional amount of any 2025/2026 Series Swap Agreement will not exceed the aggregate original principal amount of the related Series of 2025/2026 Series Bonds, and (iii) the stated term of that 2025/2026 Series Swap Agreement will not extend beyond the final stated maturity of the related Series of 2025/2026 Series Bonds. If any 2025/2026 Series Swap Agreement, including any amendments thereto and/or partial or full terminations thereof, is entered into by the Agency as so authorized, the Trustee is authorized and directed to pay to the 2025/2026 Series Swap Counterparty, from the Revenue Fund, the amounts due from time to time pursuant to any 2025/2026 Series Swap Agreement, as provided in Section 4.5 of the Bond Resolution. The Agency agrees that for purposes of Section 7.4 of the Bond Resolution, all obligations of the Agency due under any 2025/2026 Series Swap Agreement, including any amendments thereto and/or partial or full terminations thereof, will be Program Expenses.

An Authorized Officer may decline to enter into a 2025/2026 Series Swap Agreement, notwithstanding the authorization contained in this Section 2.09, if, in his or her judgment, following consultation with the Chair or Vice Chair, the execution and delivery of a 2025/2026 Series Swap Agreement is not in the best interests of the Agency because it is not necessary to achieve the interest rate or rates on the 2025/2026 Series Program Loans required for purposes of the Program or because the risks inherent in that 2025/2026 Series Swap Agreement as proposed to achieve the necessary interest rates are unduly detrimental to the interests of the Agency.

### **Section 3. Definitions and Rules of Interpretation.**

**3.01. Incorporated Definitions.** Except as provided in Section 3.02, all defined terms contained in the Bond Resolution when used in this 2025/2026 Variable Rate Series Resolution will have the same meanings as set forth in the Bond Resolution.

**3.02. Definitions.** As used in this 2025/2026 Variable Rate Series Resolution, unless the context otherwise requires, the following terms will have the following respective meanings:

“*2025/2026 Fixed Rate Series Resolution*” means Resolution No. MHFA 25-01, adopted January 23, 2025, as hereafter amended and supplemented from time to time as permitted therein and in the Bond Resolution, or any subsequent fixed rate series

resolution adopted by the Agency and set forth in an Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution.

“2025/2026 Fixed Rate Series Bonds” means any Bonds issued pursuant to the 2025/2026 Fixed Rate Series Resolution.

“2025/2026 Series Bonds” means each Series of the Residential Housing Finance Bonds, 2025/2026 Series, issued by the Agency pursuant to the Bond Resolution and this 2025/2026 Variable Rate Series Resolution, in an aggregate principal amount to be determined pursuant to Section 2.04 of this 2025/2026 Variable Rate Series Resolution.

“2025/2026 Series Program Loan” means a DPA Loan, Transferred Program Loan or a Pooled 2025/2026 Series Program Loan.

“2025/2026 Series Program Security” means a Program Security financed in whole or in part with amounts on deposit in the 2025/2026 Series Acquisition Account and bearing interest at a rate equal to the stated interest rate on the corresponding Pooled 2025/2026 Series Program Loans less the applicable servicing fee and guaranty fee.

“2025/2026 Series Swap Agreement” means, collectively, the ISDA Master Agreement, the Schedule to the ISDA Master Agreement, the ISDA Credit Support Annex to the Schedule, and the related Confirmation in respect of all or a portion of a Series of the 2025/2026 Series Bonds, and any amendments thereto, all between the Agency and the 2025/2026 Series Swap Counterparty.

“2025/2026 Series Swap Counterparty” means the interest rate swap counterparty selected and designated by an Authorized Officer for each Series of 2025/2026 Series Bonds, with such counterparty to be selected based on current market conditions from a pool of providers determined by a competitive process conducted by the Agency in consultation with its financial advisor. As of the date hereof, the pool of eligible swap counterparties includes Bank of America, N.A., Royal Bank of Canada, The Bank of New York Mellon, and Wells Fargo Bank, National Association, and permitted successors and assigns thereof, provided that such counterparties meet the counterparty qualifications outlined in the Debt and Balance Sheet Management Policy of the Minnesota Housing Board Policies as of April 2023 or such other debt management policy adopted by the Board as then in effect.

“2025/2026 Variable Rate Series Resolution” means this Resolution No. MHFA 25-02, adopted January 23, 2025, as hereafter amended and supplemented from time to time as permitted herein and in the Bond Resolution.

“Adjusted Rate” means the interest rate on any FRNs determined by the Calculation Agent on each Rate Determination Date as the sum of (a) for any Tax-Exempt Series Bonds, the SIFMA Swap Index, and (b) for any 2025/2026 Series Bonds which are not Tax-Exempt Series Bonds, the SOFR Index, in each case plus the FRN Adjustment Factor applicable on that Rate Determination Date; provided that the Adjusted Rate will not exceed the Maximum Rate. All percentages resulting from any calculation of the Adjusted Rate will be rounded, if necessary, to the nearest one-hundred

thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards, and all dollar amounts used in or resulting from the calculation will be rounded to the nearest cent (with one-half cent being rounded upwards).

“*Agency Bonds*” means any tendered 2025/2026 Series Bonds registered in the name of the Agency and not pledged to the Bank.

“*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 any Series of the Liquidity Facility Bonds or any portion thereof, delivered by the Agency in connection with a Mode Change or in substitution for an existing Liquidity Facility pursuant to the terms of this 2025/2026 Variable Rate Series Resolution. The extension or renewal of an extant Liquidity Facility will not be deemed an Alternate Liquidity Facility.

“*Applicable Percentage*” means, with respect to any Unenhanced Variable Rate Bonds on any date of determination, the percentage set forth below based on the Prevailing Rating of the applicable Unenhanced Variable Rate Bonds in effect on the close of business on the Business Day immediately preceding that date of determination:

<u>Prevailing Rating</u>	<u>Applicable Percentage</u>
Aaa/AAA	150 percent
Aa/AA	200
A/A	250
Baa/BBB	350
Below Baa/BBB	400

“*Authorized Denominations*” means (i) for any FRNs, \$5,000 or integral multiples thereof, (ii) during a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period, or a Quarterly Mode Period, \$100,000 or integral multiples of \$5,000 in excess of \$100,000, (iii) while the Variable Rate Bonds are Unenhanced Variable Rate Bonds, \$25,000 or integral multiples thereof, and (iv) during a Semiannual Mode Period, \$5,000 or any integral multiples thereof; and from and after a Conversion Date, \$5,000 or any integral multiple thereof.

“*Bank*” means (a) with respect to any Initial Liquidity Facility for a Series of the 2025/2026 Series Bonds, the provider set forth in an Agency Certificate delivered pursuant to Section 2.08 of this 2025/2026 Variable Rate Series Resolution, with such provider to be selected by an Authorized Officer of the Agency based on current market conditions from a pool of providers determined by a competitive process conducted by the Agency in consultation with the Agency’s financial advisor (as of the date hereof, such pool of providers consists of the Federal Home Loan Bank of Des Moines, Royal Bank of Canada, State Street Bank, and TD Bank, N.A.); (b) with respect to an Alternate Liquidity Facility or a Non-Conforming Liquidity Facility, the provider thereof, together with its successors and assigns; and (c) with respect to Self Liquidity, the Agency, together with its successors and assigns.

“*Bank Bonds*” means 2025/2026 Series 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 2025/2026 Series Bonds.

“*Beneficial Owner*” means, whenever used with respect to a 2025/2026 Series Bond, the Person in whose name the 2025/2026 Series Bond is recorded as the beneficial owner of that 2025/2026 Series Bond by a Participant on the records of the Participant, or that Person’s subrogee.

“*Bond Counsel*” means one or more attorneys or firms of attorneys with a nationally recognized standing in the field of municipal bond financings selected by the Agency.

“*Bond Purchase Account*” means the 2025/2026 Series Bond Purchase Account established pursuant to Sections 7.01 and 7.04 of this 2025/2026 Variable Rate Series Resolution for any Series of the 2025/2026 Series Bonds.

“*Bond Resolution*” means 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 heretofore or hereafter amended and supplemented from time to time as permitted therein.

“*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.

“*Calculation Agent*” means Computershare Trust Company, National Association or any successor appointed by the Agency, acting as calculation agent.

“*Cede & Co.*” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the 2025/2026 Series Bonds.

“*Change to FRN Rate*” means a change to all or a portion of any 2025/2026 Series Bonds to a FRN Rate.

“*Change to Variable Rate*” means a change to all or a portion of any 2025/2026 Series Bonds to Variable Rate Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of Treasury thereunder.

***“Conventional Mortgage Loan”*** means a 2025/2026 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.

***“Conversion Date”*** means the Business Day on which the interest rate on any of the 2025/2026 Series 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 2025/2026 Series Bonds to a Fixed Interest Rate or an Indexed Rate pursuant to Section 11.08 of this 2025/2026 Variable Rate Series Resolution.

***“Daily Mode Period”*** means the period of time during which any of the 2025/2026 Series Bonds bear interest at a Daily Rate.

***“Daily Rate”*** means the rate of interest to be borne by the 2025/2026 Series Bonds as described in Section 11.02(b) of this 2025/2026 Variable Rate Series Resolution.

***“Defaulted DPA Loan”*** means 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”*** means 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).

***“Delayed Remarketing Period”*** means a period commencing on a FRN Mandatory Tender Date to but not including the date that all FRNs subject to that remarketing are successfully remarketed.

***“Delivery Period”*** means the period of time for the purchase of Program Securities from the Master Servicer. The entire Delivery Period for each Series of the 2025/2026 Series Bonds will be as set forth in the Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution, unless such Delivery Period is extended by the Agency pursuant to Section 5.04 of this 2025/2026 Variable Rate Series Resolution; provided that Delivery Period may not be extended beyond the date as set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution.

***“DPA Loan”*** means a Junior lien Program Loan which is either (a) an interest-free, deferred payment loan, or (b) an interest-bearing, amortizing ten-year term loan, 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.

“*DTC*” means The Depository Trust Company, of New York, New York.

“*Early Mandatory Tender Date*” means, after a remarketing of any Series or Subseries of FRNs or Variable Rate Bonds to FRNs, the date determined to be the Early Mandatory Tender Date (if any) by the Agency in accordance with Section 11.02(c) hereof and set forth in an Agency Certificate delivered in connection with that remarketing and any Business Day thereafter to but not including the related Final Mandatory Tender Date.

“*Effective Rate*” means the rate of interest (which rate must be less than or equal to the Maximum Rate) payable on any of the 2025/2026 Series Bonds that are Variable Rate Bonds or FRNs prior to Conversion, as determined for each Effective Rate Period pursuant to the terms of this 2025/2026 Variable Rate Series Resolution.

“*Effective Rate Date*” means each date on which any of the Variable Rate Bonds begin to bear interest at the applicable Effective Rate described in the Mode Period Chart and, with respect to FRNs, the Thursday following the Rate Determination Date (or the Wednesday that would have been the applicable Rate Determination Date had that Wednesday been a Business Day) and, after a Floating Rate Change Date, the date specified in an Agency Certificate related to that Floating Rate Change.

“*Effective Rate Period*” means, with respect to any Variable Rate Bonds, each period during which interest accrues under a particular Mode from one Effective Rate Date to and including the day preceding the next Effective Rate Date with respect to that Variable Rate Bond and, with respect to FRNs, the period from one Effective Rate Date to and including the day preceding the next Effective Rate Date.

“*Electronic Means*” means a facsimile transmission or any other electronic means of communication approved in writing by the Agency and satisfactory to the Trustee.

“*Failed Remarketing*” has the meaning set forth in Section 11.10(d) hereof.

“*Fannie Mae*” means the Federal National Mortgage Association, or any successor thereto.

“*Fannie Mae Security*” means 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.

“*Final Mandatory Tender Date*” means, after a remarketing of any Series or Subseries of FRNs or Variable Rate Bonds to FRNs, the Final Mandatory Tender Date (or the date on which a related Delayed Remarketing Period ends) determined by the Agency in accordance with Section 11.02(c) hereof and set forth in an Agency Certificate in connection with that remarketing.

*“FHA”* means 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”* means 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”* means insured by FHA Insurance.

*“Fixed Interest Rate”* means a long-term interest rate fixed to maturity of any 2025/2026 Series Bonds, established in accordance with Section 11.08 of this 2025/2026 Variable Rate Series Resolution.

*“Fixed Rate Bonds”* means 2025/2026 Series Bonds that bear interest at a Fixed Interest Rate.

*“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).

*“Floating Rate Term”* means any Floating Rate Term and any subsequent Floating Rate Term determined as set forth in Section 11.02(c) hereof.

*“Freddie Mac”* means 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”* means 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.

*“FRN(s)”* means 2025/2026 Series Bonds that bear interest at a FRN Rate.

*“FRN Adjustment Factor”* means, initially and after each FRN Mandatory Tender Date after which the 2025/2026 Series Bonds bear interest at a FRN Rate, the percentage interest to be added to the index selected by the Agency as provided in Section 11.02(c) hereof as determined in accordance with Section 11.02(c) hereof.

*“FRN Mandatory Tender Date”* means an Early Mandatory Tender Date, if any, or a Final Mandatory Tender Date.

**“FRN Rate”** means, with respect to any FRNs, the interest rate determined in accordance with Section 11.02(a) hereof which, prior to any initial Floating Rate Change Date, will be the Adjusted Rate and, on and after a Floating Rate Change Date, the Replacement Index specified by the Agency in an Agency Certificate related to that Floating Rate Change plus the applicable FRN Adjustment Factor, if any, determined for those FRNs.

**“FRN Rate Change Date”** means the date on which a Change to FRN Rate occurs.

**“GNMA”** means 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”** means 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”** means 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.

**“Immediate Notice”** means notice by telephone, telex or telecopier to the address that the addressee has directed in writing, promptly followed by written notice by first class mail, postage prepaid; provided, however, that if any Person required to give an Immediate Notice has not been provided with the necessary information as to the telephone, telex or telecopier number of an addressee, Immediate Notice means written notice by first class mail, postage prepaid.

**“Index”** means, with respect to any 2025/2026 Series Bonds, the interest rate index (the SIFMA Swap Index for any Tax-Exempt Series Bonds and SOFR Index for any 2025/2026 Series Bonds which are not Tax-Exempt Series Bonds, or the Replacement Index, as applicable) specified by the Agency in connection with the Conversion of those Bonds to be used in the Indexed Rate Determination Method with respect to those Bonds.

**“Index Accrual Period”** means, with respect to any 2025/2026 Series Bonds bearing interest at an Indexed Rate (i) determined in accordance with Section 11.08(g)(ii) or Section 11.08(g)(iv) of this 2025/2026 Variable Rate Series Resolution, the period commencing on the Conversion Date of those Bonds to but excluding the day occurring one week thereafter and each one week period thereafter and (ii) determined in accordance with Section 11.08(g)(iii) or Section 11.08(g)(iv) of this 2025/2026 Variable Rate Series Resolution, the period commencing on each January 1, April 1, July 1 and

October 1 to and including the following December 31, March 31, June 30 and September 30 respectively; provided that the initial Index Accrual Period will be the period commencing on the Conversion Date of those Bonds and ending on the immediately succeeding March 31, June 30, September 30 or December 31.

“*Index Adjustment Factor*” means, with respect to any 2025/2026 Series Bonds bearing interest at an Indexed Rate determined in accordance with Section 11.10(g)(ii) or Section 11.10(g)(iv) of this 2025/2026 Variable Rate Series Resolution, the per annum spread to the related Index (expressed in basis points) established on the Index Determination Date immediately preceding the Conversion Date for those Bonds in accordance with Section 11.10 of this 2025/2026 Variable Rate Series Resolution.

“*Index Determination Date*” means, with respect to any Index Accrual Period, the second Business Day preceding the beginning of that Index Accrual Period.

“*Index Percentage*” means, with respect to 2025/2026 Series Bonds bearing interest at an Indexed Rate determined in accordance with Section 11.08(g)(i) or Section 11.08(g)(iii) of this 2025/2026 Variable Rate Series Resolution, the percentage of the related Index established on the Conversion Date for those Bonds in accordance with Section 11.08 of this 2025/2026 Variable Rate Series Resolution.

“*Indexed Rate*” means, with respect to any Index Accrual Period and any 2025/2026 Series Bonds, a per annum rate determined in accordance with the Indexed Rate Determination Method specified upon the Conversion of those Bonds, provided that the Indexed Rate for any Index Accrual Period must not exceed the Maximum Rate.

“*Indexed Rate Bonds*” means 2025/2026 Series Bonds that bear interest at an Indexed Rate.

“*Indexed Rate Determination Method*” means, with respect to any 2025/2026 Series Bonds, the method for determining the Indexed Rate for those Bonds for each Index Accrual Period, as selected by the Agency in accordance with Section 11.08(g) of this 2025/2026 Variable Rate Series Resolution.

“*Initial Liquidity Facility*” means each initial Standby Bond Purchase Agreement relating to a Series of the 2025/2026 Series Bonds, between the Agency, the Trustee, and the Bank set forth in an Agency Certificate delivered pursuant to Section 2.08 of this 2025/2026 Variable Rate Series Resolution, including the related Fee Letter between such Bank and the Agency, if any. Each such Initial Liquidity Facility shall have a principal coverage equal to the initial aggregate principal amount of the related 2025/2026 Series Bonds.

“*Interest Payment Date*” means: (a) with respect to any FRNs, the first Business Day of each month, (b) with respect to Variable Rate Bonds (excluding Bank Bonds), January 1 and July 1 of each year, commencing (1) July 1, 2025 for the initial Series of the 2025/2026 Series Bonds (unless such 2025/2026 Series Bonds are issued on or after July 1, 2025) and any 2025/2026 Series Bonds issued prior to June 30, 2025, (2) January 1, 2026 for any Series of the 2025/2026 Series Bonds issued on or after July 1, 2025 and

before January 1, 2026, and (3) July 1, 2026 for any 2025/2026 Series Bonds issued on or after January 1, 2026, each as set forth for each Series of the 2025/2026 Series Bonds in the related Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution, and any day that is a Conversion Date for those 2025/2026 Series Bonds; (c) with respect to Fixed Rate Bonds and Indexed Rate Bonds, each January 1 and July 1 and, after a Conversion, the first of those dates occurring at least two months after the Conversion Date and each January 1 and July 1 thereafter; and (d) with respect to Bank Bonds, (i) any Bank Purchase Date, (ii) the first calendar Business Day of each month after each Bank Purchase Date and (iii) the date of remarketing of the Bank Bonds; provided, however, the establishment of the Interest Payment Date for Bank Bonds hereunder is not intended to modify or otherwise affect any provision of the Bond Resolution that by its terms may contemplate the occurrence of certain events on a semiannual Interest Payment Date. Interest Payment Dates for any Series of 2025/2026 Series Bonds may be modified by an Authorized Officer in connection with an Interest Rate Change, as set forth in an Agency Certificate delivered in connection with such Interest Rate Change.

“*Interest Rate Change*” means a Floating Rate Change, a Change to Variable Rate or a Conversion.

“*Interest Rate Change Date*” means a Floating Rate Change Date, a Variable Rate Change Date or a Conversion Date.

“*Issue Date*” has the meaning set forth in Section 11.01 hereof.

“*Lender*” means any of the following institutions making or holding a 2025/2026 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.

“*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 this 2025/2026 Variable Rate Series Resolution that provides liquidity support for the purchase of Liquidity Facility Bonds in accordance with the terms of this 2025/2026 Variable Rate Series Resolution, including each Initial Liquidity Facility and any Alternate Liquidity Facility, Non-Conforming Liquidity Facility or Self Liquidity.

*“Liquidity Facility Bonds”* means Variable Rate Bonds (including Bank Bonds but not including Unenhanced Variable Rate Bonds) that are required pursuant to this 2025/2026 Variable Rate Series Resolution to be covered by a Liquidity Facility.

*“Mandatory Tender Date”* means each date on which any of the 2025/2026 Series Bonds are subject to mandatory tender pursuant to Section 11.10 of this 2025/2026 Variable Rate Series Resolution, including without limitation any FRN Mandatory Tender Date.

*“Master Servicer”* means 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”* means 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.

*“Maximum Rate”* means (i) with respect to FRNs, 9 percent per annum, (ii) with respect to the 2025/2026 Series Bonds other than FRNs and Bank Bonds, 12 percent per annum or the maximum rate permitted by law, unless the Agency directs in writing that the rate be increased to a higher rate and delivers to the Trustee (x) an opinion of Bond Counsel to the effect that the amendment will not adversely affect the exclusion of interest on any Tax-Exempt Series Bonds from gross income of the owners thereof for federal income tax purposes, (y) an Agency Certificate to the Trustee to the effect that the increase will not impair the Ratings on the 2025/2026 Series Bonds by each Rating Agency; and (z) a certified copy of a resolution adopted by the Agency approving the increase in the Maximum Rate; and (iii) with respect to Bank Bonds, has the meaning ascribed to that term in the Liquidity Facility; provided, however, that in no event will the Maximum Rate, as described in (i) or (ii) above, exceed the lesser of (x) 12 percent or a higher rate as approved by the Agency’s governing body or (y) 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 2025/2026 Series 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 2025/2026 Series 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 2025/2026 Series Bonds.

**“Mode Period Chart”** means the chart entitled “Mode Periods” as set forth in Section 11.02 of this 2025/2026 Variable Rate Series Resolution.

**“Monthly Mode Period”** means each period of time during which any of the 2025/2026 Series Bonds bear interest at a Monthly Rate.

**“Monthly Rate”** means the rate of interest to be borne by any of the 2025/2026 Series Bonds as described in Section 11.02(b) of this 2025/2026 Variable Rate Series Resolution.

**“Moody’s”** means Moody’s Investors Service Inc., and its successors and assigns.

**“Mortgage”** means a mortgage deed, deed of trust, or other instrument securing a 2025/2026 Series Program Loan and constituting a lien on a Home.

**“Mortgagor”** means the obligor or joint obligors on a 2025/2026 Series Program Loan.

**“New Floating Rate”** means a rate calculated by the Calculation Agent according to a Replacement Index specified by the Agency.

**“Non-Conforming Liquidity Facility”** means a liquidity facility delivered by the Agency pursuant to Section 12.04 of this 2025/2026 Variable Rate Series Resolution.

**“Notice Parties”** means the Agency, the Remarketing Agent, the Bank, the Tender Agent, the Calculation Agent and the Trustee.

**“Participant”** means any broker-dealer, bank or other financial institution for which DTC holds 2025/2026 Series Bonds as securities depository.

**“Participants”** means those broker-dealers, banks, and other financial institutions from time to time for which a securities depository holds 2025/2026 Series Bonds.

**“Participation Agreements”** means 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).

**“Person”** means an individual, partnership, corporation, limited liability company, limited liability partnership, trust or unincorporated organization or a government or any agency, instrumentality, political subdivision or corporation thereof.

**“Pool Purchase Contract”** means (i) Any Fannie Mae Pool Purchase Contract between the Master Servicer and Fannie Mae relating to the sale by the Master Servicer

of Pooled 2025/2026 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 2025/2026 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 2025/2026 Series Program Loans to Freddie Mac and the servicing thereof.

*“Pooled 2025/2026 Series Program Loan”* means 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 2025/2026 Series Acquisition Account, acquired by the Master Servicer pursuant to Section 5.04 of this 2025/2026 Variable Rate Series Resolution.

*“Purchase Contract”* means the Contract of Purchase to be entered into between the Agency and the Underwriters with respect to each Series of the 2025/2026 Series Bonds.

*“Purchase Date”* means any date that 2025/2026 Series Bonds are to be purchased pursuant to Sections 11.09 and 11.10 of this 2025/2026 Variable Rate Series Resolution.

*“Purchase Price”* means an amount equal to the principal amount of any 2025/2026 Series Bonds 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, or (iii) such other variable rate index selected by the Agency as a commercially reasonable index; provided, however, for any Tax-Exempt Series Bonds the index selected pursuant to clause (iv) must either be a “qualified floating rate” within the meaning of the Code and the regulations thereunder, or an index that, in the opinion of bond counsel, does not adversely affect the exclusion from gross income the interest on any related Tax-Exempt Series Bonds for federal income tax purposes.

*“Quarterly Mode Period”* means each period of time during which any of the 2025/2026 Series Bonds bears interest at a Quarterly Rate.

*“Quarterly Rate”* means the rate of interest to be borne by any of the 2025/2026 Series Bonds as described in Section 11.02(b) of this 2025/2026 Variable Rate Series Resolution.

*“Rate Determination Date”* means the date on which an Effective Rate is determined for an Effective Rate Period following any Rate Determination Date, as described in the Mode Period Chart with respect to Variable Rate Bonds and, with respect to FRNs, the date specified in the Agency Certificate to be delivered upon a FRN Rate Change Date, and thereafter, the Wednesday immediately preceding the next Effective Rate Date (provided that if that Wednesday is not a Business Day, then the Rate Determination Date will be the next succeeding Business Day) and, after a Floating Rate

Change Date other than a FRN Rate Change Date, the date specified in an Agency Certificate related to that Floating Rate Change.

“*Record Date*” means, with respect to Variable Rate Bonds and FRNs, the Business Day immediately prior to the applicable Interest Payment Date and, in all other cases, the fifteenth 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.

“*Refunded Bonds*” means those certain outstanding Bonds (if any) listed in the Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution upon the issuance of a Series of the 2025/2026 Series Bonds.

“*Regulations*” means the Income Tax Regulations promulgated under the Code and applicable to the 2025/2026 Series Bonds.

“*Remarketing Agent*” means the remarketing agent(s) appointed by the Agency pursuant to the related Remarketing Agreement for the remarketing of 2025/2026 Series Bonds.

“*Remarketing Agreement*” means the Remarketing Agreement, between the Agency and the Remarketing Agent, with respect to each Series of the 2025/2026 Series Bonds bearing interest at a Variable Rate, as the same may be amended in accordance with the terms thereof, and any similar agreement entered into between the Agency and Remarketing Agent, or any alternate or successor Remarketing Agent in respect of the 2025/2026 Series 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 this 2025/2026 Variable Rate Series 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; for any Tax-Exempt Series Bonds, such substitute or replacement Qualified Index for any Tax-Exempt Series Bonds must be substantially similar to any corresponding replacement index designated pursuant to the related 2025/2026 Series Swap Agreement (if any), unless such replacement index, in the opinion of bond counsel, does not adversely affect the exclusion from gross income of the interest on the related Tax-Exempt Series Bonds.

“*S&P*” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, or its successors or assigns.

“*Self Liquidity*” means a liquidity facility provided by the Agency’s own funds pursuant to Section 12.04 of this 2025/2026 Variable Rate Series Resolution, other than a Non-Conforming Liquidity Facility.

“*Semiannual Mode Period*” means each period of time during which any of the 2025/2026 Series Bonds bear interest at a Semiannual Rate.

“*Semiannual Rate*” means the rate of interest to be borne by any of the 2025/2026 Series Bonds as described in Section 11.02(b) of this 2025/2026 Variable Rate Series Resolution.

“*Series Bonds*” means collectively, the 2025/2026 Series Bonds and the 2025/2026 Fixed Rate Series Bonds.

“*Servicer*” means 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*” means a contractual agreement of the Agency with a Servicer for the servicing of a Transferred Mortgage Loan.

“*SIFMA*” means the Securities Industry and Financial Markets Association, its successors and assigns.

“*SIFMA Swap Index*” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Bloomberg and published or made available by SIFMA or any person or entity acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Agency and effective from that date, or if that index is no longer available, “*SIFMA Swap Index*” will refer to the Replacement Index that the Agency, in consultation with its independent financial advisors and Remarketing Agent, if any, determines closely approximates an index for seven day tax-exempt variable rate demand obligations. The obligations on which the Replacement Index is based will not include any obligation the interest on which is subject to a “minimum tax” or similar tax under the Code, unless all tax-exempt obligations are subject to that tax.

“*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.

“*Tax-Exempt Series Bonds*” means any Series of Bonds that are intended to be bonds the interest on which is excludable from gross income for federal income tax purposes.

“*Tender Agent*” means the Trustee appointed pursuant to the Bond Resolution.

“*Transferred Program Loans*” means the Transferred Mortgage Loans and the Program Loans pooled into the Transferred Program Securities.

“*Transferred Mortgage Loans*” means the Program Loans allocable to a Series of the Series Bonds upon the refunding of any Refunded Bonds.

“*Transferred Program Obligations*” means, collectively, the Transferred Mortgage Loans and the Transferred Program Securities allocable to a Series of the Series Bonds upon the refunding of the related Refunded Bonds.

“*Transferred Program Securities*” means the Program Securities allocable to a Series of the Series Bonds upon the refunding of the Refunded Bonds.

“*UMBS*” means 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.

“*Underwriters*” means RBC Capital Markets, LLC, Morgan Stanley & Co. LLC, Piper Sandler & Co., Wells Fargo Bank, National Association and a fifth investment bank; such 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.

“*Unenhanced Variable Rate Bonds*” means Variable Rate Bonds that are not required to be covered by a Liquidity Facility.

“*Unenhanced Variable Rate Change Dates*” means the effective date of a change from Liquidity Facility Bonds to Unenhanced Variable Rate Bonds, or a change from Unenhanced Variable Rate Bonds to Liquidity Facility Bonds.

*“Unenhanced Variable Rate Default Rate”* means, in respect of any Mode Period, (a) with respect to any Tax-Exempt Series Bonds, 500 percent of the SIFMA Swap Index, and (b) with respect to any 2025/2026 Series Bonds which are not Tax-Exempt Series Bonds, 500 percent of the sum of the SOFR Index plus 0.11448 percent, in each case, as determined on the Mode Change Date next preceding the first day of that Mode Period; provided, however, that in no event will the Unenhanced Variable Rate Default Rate with respect to those Bonds exceed 12 percent per annum.

*“Unenhanced Variable Rate Minimum Rate”* has the meaning set forth in Section 11.02(a)(ii) of this 2025/2026 Variable Rate Series Resolution.

*“Unenhanced Variable Rate Minimum Rate Determination Date”* has the meaning set forth in Section 11.02(a)(iv) of this 2025/2026 Variable Rate Series Resolution.

*“Unenhanced Variable Rate Non-Remarketed Rate”* means the rate per annum (not exceeding 12 percent per annum) equal to the product of the Applicable Percentage of (a) in the case of Unenhanced Variable Rate Bonds bearing interest at a Daily Rate, Weekly Rate or Monthly Rate, (i) with respect to any Tax-Exempt Series Bonds, the SIFMA Swap Index and (ii) with respect to any 2025/2026 Series Bonds which are not Tax-Exempt Series Bonds, the sum of the SOFR Index plus 0.11448 percent; (b) in the case of Unenhanced Variable Rate Bonds bearing interest at a Quarterly Rate, the sum of the SOFR Index and the Index Adjustment Factor; and (c) in the case of Unenhanced Variable Rate Bonds bearing interest at a Semiannual Rate, the sum of the SOFR Index and the Index Adjustment Factor.

*“Untendered Bonds”* has the meaning set forth in Section 11.10(d) of this 2025/2026 Variable Rate Series Resolution.

*“USDA Rural Development”* means 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”* means guaranteed by USDA Rural Development under the USDA Rural Development Guaranteed Rural Housing Loan Program.

*“VA”* means the Veterans Administration, an agency of the United States of America, or any successor to its functions.

*“VA Guaranteed”* means guaranteed by the VA under the Serviceman’s Readjustment Act of 1944, as amended.

*“Variable Rate”* means the interest rate borne by Variable Rate Bonds in accordance with Section 11.02(d) hereof.

*“Variable Rate Bonds”* means a Series (or portion thereof) of the 2025/2026 Series Bonds 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 2025/2026 Series Bonds are Liquidity Facility Bonds or Unenhanced Variable Rate Bonds).

“*Variable Rate Change Date*” means the date on which a Change to Variable Rate occurs, which for any FRNs, may occur only on any FRN Mandatory Tender Date.

“*Weekly Mode Period*” means each period of time during which any of the 2025/2026 Series Bonds bear interest at a Weekly Rate.

“*Weekly Rate*” means the rate of interest to be borne by any of the 2025/2026 Series Bonds as described in Section 11.02(b) of this 2025/2026 Variable Rate Series Resolution.

### **3.03. Rules of Interpretation.**

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this 2025/2026 Variable Rate Series Resolution, refer to this 2025/2026 Variable Rate Series Resolution.

(b) The section headings herein and in the Table of Contents are for convenience only and will not affect the construction hereof.

(c) All references in this instrument to designated “Sections” and other subdivisions are to be the designated Sections and other subdivisions of this instrument as originally executed.

(d) “Or” is not exclusive, but is intended to permit or encompass one, more or all of the alternatives conjoined.

(e) If any provision of this 2025/2026 Variable Rate Series Resolution is held or deemed to be or is, in fact, illegal, inoperative or unenforceable, the same will not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

(f) This 2025/2026 Variable Rate Series Resolution will be governed by and construed in accordance with the internal laws of the State of Minnesota.

(g) The Trustee will be protected in acting upon any notice, resolution, request, consent, order or certificate of an Authorized Officer that is transmitted to the Trustee by Electronic Means.

## **Section 4. Securities Depository.**

**4.01. General Provisions.** The 2025/2026 Series Bonds of each Series will be initially issued as separately authenticated fully registered bonds, and one 2025/2026 Series Bond will be issued in the principal amount of each stated maturity of each Series. Upon initial issuance, the ownership of such 2025/2026 Series Bond 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 2025/2026 Series Bond registered in its name for the purposes of payment of the principal or purchase price of, premium, if any, and interest on the 2025/2026 Series Bonds, selecting the 2025/2026 Series Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to Owners of 2025/2026 Series Bonds under the Bond Resolution or this 2025/2026 Variable Rate Series Resolution, registering the transfer of 2025/2026 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 2025/2026 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 2025/2026 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 2025/2026 Series Bonds, with respect to any notice that is permitted or required to be given to owners of 2025/2026 Series Bonds under the Bond Resolution or this 2025/2026 Variable Rate 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 2025/2026 Series Bonds, or with respect to any consent given or other action taken by DTC as Owner of the 2025/2026 Series Bonds. So long as any 2025/2026 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 such 2025/2026 Series Bond, and will give all notices with respect to the 2025/2026 Series Bonds, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all those payments will 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 2025/2026 Series Bonds will be transferable to that new nominee in accordance with Section 4.02.

**4.02. Discontinuation of Book-Entry System.** In the event the Agency determines to discontinue the book-entry system for the 2025/2026 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 2025/2026 Series Bonds of such Series in the form of certificates. In that event, such 2025/2026 Series Bonds will be transferable in accordance with Section 4.03. DTC may determine to discontinue providing its services with respect to the 2025/2026 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 2025/2026 Series Bonds of such Series will be transferable in accordance with Section 4.03.

**4.03. Transfer and Exchange.** In the event that any transfer or exchange of 2025/2026 Series Bonds or one or more Series is permitted under Sections 4.01 or 4.02, that transfer or exchange will be accomplished upon receipt by the Trustee of the 2025/2026 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 this 2025/2026 Variable Rate Series Resolution. In the event 2025/2026 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 2025/2026 Series Bonds, or another securities depository as Owner of all the 2025/2026 Series Bonds, the provisions of the Bond Resolution and this 2025/2026 Variable Rate Series

Resolution will apply to all matters relating thereto, including, without limitation, the preparation of the 2025/2026 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 2025/2026 Series Bonds and the method of giving notice of redemption and other events.

## **Section 5. Series Program Determinations for the 2025/2026 Series Bonds.**

5.01. 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 2025/2026 Series Bonds will be in that amount or that percentage of the principal amount of the then Outstanding 2025/2026 Series Bonds as set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution.

5.02. 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 2025/2026 Series Bonds will be in that amount or that percentage of the principal amount of the then Outstanding Series of 2025/2026 Series Bonds as set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution.

5.03. Requirements for 2025/2026 Series Program Securities. The Agency will designate in each Agency Certificate to be delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution whether or not the related Series of the 2025/2026 Series Bonds is intended to be Tax-Exempt Series Bonds. A portion of the sale proceeds of 2025/2026 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 2025/2026 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 Series 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, which 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 this 2025/2026 Variable Rate Series Resolution. Except as expressly provided, the provisions of Section 5.04 below 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 2025/2026 Series Program Loans.

**5.04. Acquisition of 2025/2026 Series Program Securities and DPA Loans.** During the related Delivery Period for each Series of the Series Bonds, the Master Servicer will acquire Program Loans from Lenders and pool the Program Loans into 2025/2026 Series Program Securities as provided in the Master Servicing Agreement. The Trustee will disburse moneys from the 2025/2026 Series Acquisition Account related to that Series of 2025/2026 Series Bonds for the acquisition of Program Securities pursuant to the Master Servicing Agreement and this Section 5.04. The Trustee will pay the Master Servicer the purchase price of each Program Security acquired from the Master Servicer as set forth in the then operative Master Servicing Agreement, 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 2025/2026 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 6.01 of the 2025/2026 Variable Rate Series Resolution.

The Agency may at any time transfer any proceeds of a Series of the Series Bonds in the 2025/2026 Series Acquisition Account related to such Series to the 2025/2026 Series Account in the Bond Redemption Fund to be applied to the redemption of those Series Bonds. In addition, at the end the Delivery Period related to that Series of Bonds, the Agency must transfer from the related 2025/2026 Series Acquisition Account any amounts not expended to that date to the Bond Redemption Fund to be applied to the redemption of those 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 2025/2026 Series Acquisition Account relating to those 2025/2026 Series Bonds, 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 that 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, which 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 2025/2026 Series Acquisition Account relating to those Series of 2025/2026 Series Bonds 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, which 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 that Delivery Period. On any date subsequent to any extension of the related Delivery Period, the Agency may

transfer any unexpended proceeds remaining in the related 2025/2026 Series Acquisition Account and allocable amounts, as reasonably determined by the Agency, held in the related 2025/2026 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, to the related 2025/2026 Series Account in the Bond Redemption Fund to be applied to redemption of those Series Bonds as provided in Section 4(C) of this 2025/2026 Variable Rate Series Resolution. At the end of each Delivery Period, including any extension thereof as provided in this Section 5.04, the Trustee must transfer from the 2025/2026 Series Acquisition Account relating to that Series an amount equal to the amount of proceeds of those Series Bonds in that 2025/2026 Series Acquisition Account not expended to that date and allocable amounts, as reasonably determined by the Agency, held in the 2025/2026 Series Accounts in the Debt Service Reserve Fund and Insurance Reserve Fund, to the 2025/2026 Series Account in the Bond Redemption Fund to be applied to the redemption of those Series Bonds in accordance with Section 11.03 of this 2025/2026 Variable Rate Series Resolution. A Delivery Period may not be extended pursuant to this Section 5.04 beyond the date set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution. Notwithstanding any provision in this Section 5.04 to the contrary, the Trustee must apply amounts in the related 2025/2026 Series Acquisition Account to the redemption of the related Series Bonds in accordance with Section 11.03 of this 2025/2026 Variable Rate Series Resolution.

The Agency may participate each 2025/2026 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 2025/2026 Series Program Security secured, but those interests need not be equal as to interest rate.

#### 5.05. Enforcement of Transferred Mortgage Loans.

(a) 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 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 Defaulted DPA Loan. All collection recoveries for Defaulted DPA Loans are subject to any collection recoveries applicable to the related first lien Program Loans.

(b) Upon receipt of any Revenues with respect to any Defaulted Transferred Mortgage Loan or 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.

**5.06. Enforcement of 2025/2026 Series Program Securities, the Transferred Program Securities and the DPA Loans.**

(a) The 2025/2026 Series Program Securities acquired by the Trustee on behalf of the Agency and the Transferred Program Securities 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 (i) 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) and (ii) 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.

(b) 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 Bondholders whether or not an Event of Default under the Bond Resolution or this 2025/2026 Variable Rate 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.

**5.07. Program Expenses.** For purposes of the Bond Resolution, "Program Expenses" include the payment of the fees and indemnities owing to the Bank under the Liquidity Facility.

**5.08. Information to be Furnished.** The Trustee will furnish information concerning the 2025/2026 Series Bonds and the Program to each Rating Agency upon reasonable request thereof.

**5.09. Amendments.** This Section 5 may be amended subsequent to the issuance of the 2025/2026 Series Bonds to reflect changes in requirements applicable to the 2025/2026 Series Program Securities, the 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 Tax-Exempt 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 2025/2026 Series Bonds by each Rating Agency.

## **Section 6. Conditions Precedent to Issuance.**

**6.01. Documents Furnished to Trustee.** Prior to the delivery of each Series of the 2025/2026 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:

- (a) Certified copies of the Bond Resolution and this 2025/2026 Variable Rate Series Resolution.
- (b) An opinion of counsel to the Agency that the Bond Resolution and this 2025/2026 Variable Rate 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.
- (c) The Opinion of Bond Counsel required by Section 2.5(2) of the Bond Resolution.
- (d) A Counsel's Opinion that the Series of 2025/2026 Series Bonds are exempt from registration under, or have been registered in accordance with, the Securities Act of 1933 and that this 2025/2026 Variable Rate Series Resolution is qualified under the Trust Indenture Act of 1939 or that qualification is not necessary.
- (e) An Agency Certificate (i) requesting the Trustee to authenticate the Series of 2025/2026 Series Bonds, and deliver them to the Underwriters upon payment or the purchase price set forth in the 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, including 2025/2026 Series Bonds of that Series, and other funds to be deposited with the Trustee pursuant to Section 4.1 of the Bond Resolution and the Funds and Accounts into which deposits should be made, (iv) certifying that upon the issuance and delivery of that Series of 2025/2026 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 that Series of the 2025/2026 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 that Series of the Series Bonds is intended to be Tax-Exempt Series Bonds, (vii) setting forth the terms of that Series of the 2025/2026 Series Bonds to be specified as provided pursuant to this 2025/2026 Variable Rate Series Resolution, as well as the application of proceeds of that Series of the 2025/2026 Series Bonds and any Agency funds relating thereto, and (viii) setting forth whether any of the funds deposited to the related 2025/2026 Acquisition Account may be used for purchase of DPA Loans as provided in Section 5.04 of the 2025/2026 Variable Rate Series Resolution.

(f) 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 2025/2026 Series Bonds.

(g) Written confirmation from each Rating Agency that issuance of the Series of 2025/2026 Series Bonds will not impair the then existing Rating on the Bonds.

(h) Evidence that the Agency has given irrevocable instructions to the Trustee to give due notice, if required, of the payment or redemption of all the related Refunded Bonds and the payment or redemption dates, if any, upon which any Refunded Bonds are to be paid or redeemed.

(i) 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 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 Refunded Bonds or the trustee for those owners, in accordance with the resolution of the Agency whereby the were issued, as applicable.

(j) If applicable, an Opinion of Bond Counsel to the effect that issuance of the 2025/2026 Series Bonds will not result in interest on the any Refunded Bonds being included in gross income for federal income tax purposes.

**6.02. Acceptance and Certification by Trustee.** Prior to the delivery of a Series of the 2025/2026 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 that Series of 2025/2026 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 Tax-Exempt Series Bonds, including, without limitation, the requirements imposed by Sections 871(h)(2)(B), 1441, 1442, 3406, 6045 and 6049 of the Code.

**6.03. Documents Required by the Purchase Contract and Initial Liquidity Facility.** Prior to delivery of any Series of the 2025/2026 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 Purchase Contract and (ii) to the Bank each of the certificates, opinions and other documents required by the Initial Liquidity Facility, if any.

**6.04. Certification Under Applicable Federal Tax Law.** An Authorized Officer is also authorized and directed on the date of delivery of each Series of the Series Bonds that are intended to be Tax-Exempt Series 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 those Tax-Exempt Series Bonds will be used in a manner that would not cause those Tax-Exempt Series Bonds to be arbitrage bonds under applicable federal tax law, and on the basis of which those Tax-Exempt Series Bonds will be “qualified mortgage bonds” under the provisions of applicable federal tax law.

**6.05. Delivery.** Upon fulfillment of the above conditions an Authorized Officer will direct the Trustee to authenticate and deliver the related Series of 2025/2026 Series Bonds to the Underwriters as provided in the related Purchase Contract upon receipt by the Trustee of the purchase price to be paid by the Underwriters under that Purchase Contract.

## **Section 7. Deposit of Bond Proceeds and Other Funds; Investment Obligations.**

**7.01. 2025/2026 Series Accounts.** Within the Acquisition Account, the Revenue Fund, the Bond Fund Interest Account, the Bond Fund Principal Account, the Debt Service Reserve Fund, the Insurance Reserve Fund (but only if the Insurance Reserve Requirement with respect to the Series Bonds is greater than zero) and the Bond Redemption Fund, as applicable, the Trustee will establish subaccounts for each Series of the 2025/2026 Series Bonds, provided, however, that the Trustee may maintain combined 2025/2026 Series Account designated for each Series of Series Bonds issued on the same Issue Date for the purpose of recording the proceeds of an issuance of the Series Bonds and other amounts directed by this 2025/2026 Variable Rate Series Resolution and the 2025/2026 Fixed Rate Series Resolution to be deposited therein and the Transferred Program Obligations, other transferred proceeds, the DPA Loans, the 2025/2026 Series Program Securities and Investment Obligations purchased therefrom or allocated thereto and the prepayments and other receipts from the Transferred Program Obligations, the DPA Loans, the 2025/2026 Series Program Securities and Investment Obligations, and the Revenues received with respect thereto. In addition, the Trustee will establish a Cost of Issuance Account for any Series of the Series Bonds and a 2025/2026 Series Bond Purchase Account relating to such Series, to be held and administrated as provided in Section 7.04.

**7.02. Deposits of Funds.** The proceeds of each Series of the 2025/2026 Series Bonds, the DPA Loans acquired with, or reimbursed from the proceeds of a Series of the 2025/2026 Series Bonds, the Transferred Program Obligations and other transferred proceeds and funds of the Agency, if any, will be deposited by the Trustee into the 2025/2026 Series Acquisition Account, the 2025/2026 Series Account in the Bond Fund Interest Account, the 2025/2026 Series Account in the Debt Service Reserve Fund, the 2025/2026 Series Account in the Insurance Reserve Fund, if any, and the 2025/2026 Series Cost of Issuance Account, all as set

forth in the Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution.

**7.03. 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, including the 2025/2026 Series Bonds, and other funds of the Agency related thereto.

**7.04. Bond Purchase Account.**

(a) There will be established and credited to the Bond Purchase Account on the books of the Trustee, as and when received, (i) all proceeds of the remarketing of 2025/2026 Series Bonds, (ii) all amounts received under a Liquidity Facility, and (iii) all payments made directly by the Agency with respect to the purchase of 2025/2026 Series Bonds in accordance with this 2025/2026 Variable Rate Series Resolution.

(b) Except as provided in this paragraph (b) and in paragraph (d) of this Section 7.04, money in the Bond Purchase Account must be used solely for the payment of the Purchase Price of 2025/2026 Series Bonds tendered pursuant to Section 11.09 or 11.10 of this 2025/2026 Variable Rate Series Resolution. On each optional and mandatory tender date, the Trustee must apply from the Bond Purchase Account sufficient money to pay the Purchase Price of all 2025/2026 Series Bonds so tendered. Money in the Bond Purchase Account must be used in the following order of priority: (i) proceeds of the remarketing of 2025/2026 Series Bonds, (ii) amounts received under a Liquidity Facility, and (iii) payments made directly by the Agency with respect to the purchase of 2025/2026 Series Bonds.

(c) All money paid to the Trustee for the account of the Bond Purchase Account must be held (subject to the provisions of paragraph (d) of this Section 7.04) in trust by the Trustee solely for the benefit of the Owners of the 2025/2026 Series Bonds entitled to be paid from the Bond Purchase Account. Notwithstanding any other provision of the Bond Resolution or this 2025/2026 Variable Rate Series Resolution to the contrary, moneys on hand in the Bond Purchase Account must not be commingled with any other funds or accounts held hereunder and must be held uninvested, or, other than moneys derived from the Initial Liquidity Facility, must be invested in obligations issued or guaranteed by the United States (or a money market fund or trust fund investing exclusively in those obligations that is rated in the highest category by each Rating Agency then maintaining a rating on the 2025/2026 Series Bonds) maturing on or before the date on which moneys are needed for the purposes of the Bond Purchase Account.

(d) Any money remaining in the Bond Purchase Account on any optional or mandatory tender date in excess of the amounts necessary to pay the Purchase Price of all 2025/2026 Series Bonds to be purchased on that date (including the Purchase Price of undelivered 2025/2026 Series Bonds) must be immediately paid to the Bank to the extent of any money received under a Liquidity Facility for payment of the Purchase Price. All money held by the Trustee in the Bond Purchase Account that represent the proceeds of the remarketing of 2025/2026 Series Bonds, all amounts received from the Agency for

the purchase of 2025/2026 Series Bonds and all amounts received under a Liquidity Facility must be retained by the Trustee exclusively for the benefit of the Owners of 2025/2026 Series Bonds not yet presented for payment of the Purchase Price thereof until paid to those Owners, and that money must not, under any circumstances or at any time whatsoever, be paid to the Agency or to the Bank, or to any Person other than the Owners of 2025/2026 Series Bonds entitled thereto (except as otherwise set forth above), and those Owners may look only to that money for the payment of the Purchase Price of the 2025/2026 Series Bonds; provided, however, that any money remaining in the Bond Purchase Account on any optional or mandatory tender date in excess of the amounts necessary to pay the Purchase Price of all 2025/2026 Series Bonds to be purchased on that date (including the Purchase Price of undelivered 2025/2026 Series Bonds) and after any required payment is made to the Bank as set forth above may be paid to the Agency upon request of the Agency.

(e) Notwithstanding any other provision in the Bond Resolution to the contrary, (i) all money and investments thereof set aside and held in trust in the Bond Purchase Account for the payment of the Purchase Price of 2025/2026 Series Bonds must be applied to and used solely for the payment of the Purchase Price (including reimbursement of the Bank for amounts paid with respect to the Purchase Price under any Liquidity Facility) of 2025/2026 Series Bonds with respect to which the money or investments have been so set aside in trust and (ii) the provisions of Section 8.5 of the Bond Resolution will not apply to any money or investments held in the Bond Purchase Account.

## **Section 8. Tax Covenant and Restrictions Relating to All 2025/2026 Series Bonds Intended to be Tax-Exempt Series Bonds.**

8.01. General Tax Covenant. With respect to the Tax-Exempt Series Bonds, 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 the 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 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 thereon will be excludable from gross income for federal income tax purposes.

8.02. Qualified Program Loans. The covenants and restrictions set forth in Section 9 of this 2025/2026 Variable Rate Series Resolution will apply to each 2025/2026 Series Program Loan. The Agency retains the right to impose covenants with respect to 2025/2026 Series Program Loans, Homes and Mortgagors more restrictive than those imposed by applicable federal tax law.

**8.03. Amendments.** Any particular covenant or restriction set forth in Sections 8 and 9 of this 2025/2026 Variable Rate Series Resolution, other than the covenant in Section 8.01, 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 8 and 9 of this 2025/2026 Variable Rate 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 Bondholders, as contemplated in Section 9.1(B)(6) of the Bond Resolution.

## **Section 9. Compliance with Applicable Federal Tax Law.**

**9.01. Code Provisions.** The Agency determines that Section 143 of the Code is applicable to any 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.

**9.02. Mortgage Eligibility Requirements; Good Faith and Corrective Action.** Actions to assure compliance with the requirements of the applicable federal tax law as applicable to the Tax-Exempt Series Bonds are set forth in Sections 9.03 through 9.12 of this 2025/2026 Variable Rate Series Resolution. 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 percent 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 Obligations, 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 2025/2026 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.

**9.03. 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 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.

**9.04. 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 Section 9.04, 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.

**9.05. 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 percent, or 110 percent if located in a targeted area as defined in Section 9.04 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.

**9.06. Income Requirements.** All Program Loans to be financed in whole or in part from the proceeds of 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.

**9.07. Limitation of Amount.** To the extent the 2025/2026 Series Bonds are 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, as applicable, 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 2025, or 2026 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 2025, or 2026 as applicable, including the amount carried forward from calendar years 2022, 2023, 2024, and 2025, as applicable, as provided pursuant to Section 146 of the Code and applicable state law, is in excess of the portion of the principal amount of the Tax-Exempt Series Bonds, if any, that will not be, for federal tax purposes, current refunding 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 delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution.

**9.08. 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 those 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 20 percent of the proceeds of the Tax-Exempt Series Bonds deposited into the 2025/2026 Series Acquisition Account for that

Series for the making of Program Loans in targeted areas (as defined in Section 143(j) of the Code).

9.09. 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.

9.10. Arbitrage. The Agency must take all actions as may be prescribed in the future by Regulations or rulings of the Internal Revenue Service 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:

(a) The effective rate of interest on the Transferred Program Loans and the 2025/2026 Series Program Loans purchased with, or allocated to, the proceeds of a Series of the Tax-Exempt Series Bonds may not exceed the yield of that Series 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.

(b) 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 related Arbitrage Rebate Certificate executed by the Trustee and the Agency in conjunction with the issuance and delivery of each Series of Tax-Exempt Series Bonds.

9.11. Special Requirements Relating to Use of Certain Amounts on Deposit in the 2025/2026 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 Program Obligations and 2025/2026 Series Program Securities are used to pay and redeem the related Series of 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 Section 9.11 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 Section 9.11, the Agency agrees that, so long as the Tax-Exempt Series Bonds maturing on the date or dates and designated as "Specified Bonds," if any, in the Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate 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 2.05 of this 2025/2026 Variable Rate Series Resolution relating to the special redemption of Specified Bonds from certain mortgage prepayments and/or regularly scheduled repayments of principal of

the Transferred Program Obligations and the portion of the 2025/2026 Series Program Securities allocable to the Tax-Exempt Series Bonds.

9.12. New Mortgage and Assumption Requirements. None of the proceeds of any 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 any 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 2025/2026 Series Program Loan and Mortgage purchased in whole or in part from the proceeds of any Tax-Exempt Series Bonds will contain a clause to the effect that the 2025/2026 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 Sections 9.03, 9.04, 9.05 and 9.06 are met with respect to that assumption for any 2025/2026 Series Program Loan. In the event that those requirements are not met, notwithstanding that determination, the error will be corrected as provided in Section 9.02.

## Section 10. Form of 2025/2026 Series Bonds.

10.01. Form of 2025/2026 Series Bonds. Each Bond of a Series of the 2025/2026 Series Bonds will be prepared in substantially the form appearing as Exhibit A hereto (which is hereby incorporated herein and made a part hereof), with any additions, deletions or modifications as are permitted or required by the Bond Resolution or this 2025/2026 Variable Rate Series Resolution, including, but not limited to, modification in the manner as is approved by the Agency for the purpose of reflecting the substitution of an Alternate Liquidity Facility or the elimination of a Liquidity Facility in accordance with the terms of this Resolution. Following a Floating Rate Change Date or a Conversion Date for any Series of the 2025/2026 Series Bonds, the form of the related 2025/2026 Series Bond may be appropriately revised to reflect the change or conversion of the interest rate on the 2025/2026 Series Bonds, to delete the provisions of the form of 2025/2026 Series Bonds set forth in Exhibit A hereto that are then of no further force and effect, to include a description of the FRN Rate and FRNs (if any), the New Floating Rate and Floating Rate Term or the Indexed Rate and Indexed Rate Bonds or the Fixed Rate and the Fixed Rate Bonds, as applicable, to reflect any Subseries designation, to reflect the elimination of a Liquidity Facility, to set forth the terms upon which the 2025/2026 Series Bonds may or are required to be redeemed and any additional security therefor and to make any other changes therein that are necessary or appropriate in the circumstances.

## Section 11. Terms of 2025/2026 Series Bonds.

11.01. Issue and Interest Payment Dates; Maturity; Denominations; Manner of Payment; Execution and Delivery; Appointment of Tender Agent. The Issue Date of each Series of the

2025/2026 Series Bonds will be the date of original delivery thereof. Each Series of the 2025/2026 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, all as set forth in the related Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution or as set forth in the related final Official Statement of the Agency furnished to the Underwriters pursuant to Section 2.05 of this 2025/2026 Variable Rate Series Resolution, as the case may be, subject to the Series Bonds Parameters set forth in Section 2.04 of this 2025/2026 Variable Rate Series Resolution. Prior to a Conversion Date, the 2025/2026 Series Bonds will be issued as fully registered Bonds without coupons in Authorized Denominations.

2025/2026 Series Bonds of a Series will be dated and bear interest from the date of delivery thereof. Subject to Section 11.02(a), interest on a Series of the 2025/2026 Series Bonds will be payable on each Interest Payment Date by check to the registered owners at their addresses as they appear as of the close of business on the Record Date on the registration books of the Agency maintained by the Trustee or at another address as is furnished to the Trustee in writing by that Owner not later than the Record Date, provided that payment of interest on any 2025/2026 Series Bonds will be made to any Owner of \$1,000,000 or more in aggregate principal amount of 2025/2026 Series Bonds as of the close of business of the Trustee on the Record Date for a particular Interest Payment Date by wire transfer to the Owner on that Interest Payment Date unless the Owner has provided written notice to the Trustee that it desires payment of interest by check. Principal, redemption premium, if any, and interest due at maturity or upon redemption or purchase of the 2025/2026 Series Bonds will be payable at the designated corporate trust office of the Trustee at maturity or earlier redemption or purchase, or in the case of Variable Rate Bonds, at the corporate trust office of the Tender Agent. Notwithstanding the foregoing, payments on Bank Bonds will be made in accordance with the applicable Liquidity Facility.

2025/2026 Series Bonds of a Series 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 2025/2026 Series Bond of a Series will be authenticated by the Trustee by the manual signature of its authorized representative on the Trustee's Certificate of Authentication on each such 2025/2026 Series Bond, attesting that it is delivered pursuant to the Bond Resolution and this 2025/2026 Variable Rate Series Resolution, and will be delivered to the Underwriters upon compliance with the conditions set forth in Section 6 of this 2025/2026 Variable Rate Series Resolution.

The Trustee is hereby appointed as Tender Agent for the 2025/2026 Series Bonds; provided, however, that the Agency reserves the right to appoint one or more additional Tender Agents subject to the limitations contained in Section 13.01 of this 2025/2026 Variable Rate Series Resolution.

#### 11.02. Interest Rates and Effective Rates; Mode Period.

(a) Interest Rates and Effective Rates. Each Series of 2025/2026 Series Bonds will initially bear interest at the applicable Weekly Rate, unless otherwise designated in the Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution. Unless the interest rate is Converted or a Floating Rate

Change Date has occurred, such Series of the 2025/2026 Series Bonds or any portion thereof will bear interest at the applicable Effective Rate (based on the then current Mode Period), as determined by the Remarketing Agent with respect to any Mode Period or Calculation Agent, as applicable; provided that the initial Effective Rate for each Series of the 2025/2026 Series Bonds will be specified in the Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution at the time of the delivery of such 2025/2026 Series Bonds.

Each Series of the 2025/2026 Series Bonds will bear interest from and including their Issue Date until payment of the principal thereof has been made or provided for in accordance with the provisions of this 2025/2026 Variable Rate Series Resolution, whether at maturity, upon redemption or otherwise. Interest accrued on the Variable Rate Bonds and FRNs prior to the Conversion Date and during any Mode Period other than a Quarterly Mode Period or a Semiannual Mode Period will be computed on the basis of a 365-day year or 366-day year, as applicable, for the number of days actually elapsed. Interest accrued on each Series of the 2025/2026 Series Bonds after Conversion to an Indexed Rate will be computed on the basis of a 360-day year for the number of days actually elapsed. Interest accrued on the 2025/2026 Series Bonds during a Quarterly Mode Period or a Semiannual Mode Period and after Conversion to Fixed Interest Rates will be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

If interest on any 2025/2026 Series Bonds is in default, any 2025/2026 Series Bond issued in exchange for or upon the registration of transfer of that 2025/2026 Series Bond will bear interest from the date to which interest has been paid in full on the 2025/2026 Series Bonds or, if no interest has been paid on that 2025/2026 Series Bond, the Issue Date. Each Series of the 2025/2026 Series Bonds will bear interest on overdue principal and, to the extent permitted by law, on overdue premium, if any, and interest at the rates borne by that 2025/2026 Series Bond on the date on which the principal, premium or interest came due and payable. No interest will accrue on Agency Bonds.

(i) *FRN Rate.*

The FRN Rate will be determined by the Calculation Agent on each Rate Determination Date. The FRN Rate will accrue from the Effective Rate Date through and including the day preceding the next Effective Rate Date. The Calculation Agent must give notice of the FRN Rate to the Agency and the Trustee no later than 5:00 p.m., New York City time, on the Rate Determination Date. Failure by the Calculation Agent to give notice as provided herein, or defect in any that notice, will not affect the interest rate borne by the FRNs or the rights of the Holders thereof.

The determination by the Calculation Agent of the FRN Rate to be borne by the FRNs, absent manifest error, will be conclusive and binding on the Holders of the FRNs, the Agency, the Remarketing Agent, the Tender Agent and the Trustee.

During a Delayed Remarketing Period, FRNs will bear interest at the Maximum Rate.

(ii) *Variable Rate.*

Prior to Conversion or a Floating Rate Change Date, the 2025/2026 Series Bonds or any portion thereof will bear interest, commencing on the applicable Effective Rate Date, at the rate determined by the Remarketing Agent based on the current Mode for the new Effective Rate Period (except for Bank Bonds, that will bear interest at the Bank Interest Rate which interest will be calculated and paid in accordance with the Liquidity Facility) as set forth below:

(A) During each Mode Period, the Effective Rate with respect to any of the 2025/2026 Series Bonds will be the rate that (1) in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of those Variable Rate Bonds on the Effective Rate Date being 100 percent of the principal amount thereof and (2) is less than or equal to the Maximum Rate.

(B) In determining the Effective Rate and the Unenhanced Variable Rate Minimum Rate, the Remarketing Agent must take into account, to the extent applicable, (1) market interest rates for comparable securities held by tax-exempt open-end municipal bond funds or other institutional or private investors with substantial portfolios (i) with interest rate adjustment periods and demand purchase options substantially identical to the Variable Rate Bonds, (ii) bearing interest at a variable rate intended to maintain par value, and (iii) rated by a national credit rating agency in the same category as the Variable Rate Bonds; (2) other financial market rates and indices that may have a bearing on the Effective 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, the SIFMA Swap Index, indices maintained by *The Bond Buyer* and other publicly available tax-exempt interest rate indices); (3) general financial market conditions; and (4) factors particular to the Agency and the Variable Rate Bonds.

(C) The determination by the Remarketing Agent in accordance with this Section 11.02(a) of the Effective Rate to be borne by the Variable Rate Bonds (other than Bank Bonds which in accordance with the Initial Liquidity Facility will bear interest at the Bank Interest Rate) will be conclusive and binding on the Owners of the Variable Rate Bonds and the Notice Parties, except as otherwise provided herein. Failure by the Remarketing Agent or the Trustee to give any notice required hereunder, or any defect therein, will not affect the interest rate borne by the Variable Rate Bonds or the rights of the Owners thereof.

(D) If for any reason the position of Remarketing Agent is vacant or the Remarketing Agent fails to act, the Effective Rate on the Variable Rate Bonds will be the interest rate as determined or caused to be determined, at the expense of the Agency, by the Trustee weekly to be (1) for any Tax-Exempt Series Bonds,

the lesser of (I) in the case of the Liquidity Facility Bonds, the SIFMA Swap Index plus 0.25 percent, and in the case of the Unenhanced Variable Rate Bonds, the SIFMA Swap Index plus 0.50 percent or (II) the Maximum Rate, and (2) for any 2025/2026 Series Bonds which are not Tax-Exempt Series Bonds, the lesser of (I) in the case of the Liquidity Facility Bonds, the sum of the SOFR Index plus 0.60 percent, and in the case of the Unenhanced Variable Rate Bonds, the sum of the SOFR Index plus 1.60 percent or (II) the Maximum Rate.

(E) In making or causing that determination to be made, the Trustee may engage, at the expense of the Agency, calculation agents or experts as necessary to make the determination and rely on those agents and experts.

(F) With respect to any Unenhanced Variable Rate Bonds, on the Business Day prior to each Rate Determination Date (the "Unenhanced Variable Rate Minimum Rate Determination Date"), the Remarketing Agent will establish a minimum rate with respect to the Unenhanced Variable Rate Bonds for the following Effective Rate Period (the "Unenhanced Variable Rate Minimum Rate") and will post the Unenhanced Variable Rate Minimum Rate electronically via Bloomberg L.P.'s Bloomberg Professional system. Owners of Unenhanced Variable Rate Bonds may also contact the Remarketing Agent after 1:00 p.m. on any Unenhanced Variable Rate Minimum Rate Determination Date for information regarding the Unenhanced Variable Rate Minimum Rate for the following Effective Rate Period.

(G) After Conversion, the 2025/2026 Series Bonds or any portion thereof will bear interest in accordance with Section 11.08.

(b) Interest Rate Changes. From time to time, by notice to the Notice Parties and as required hereunder, the Agency may, at its option, on any Business Day, with respect to Variable Rate Bonds, and with respect to any FRNs, on any FRN Mandatory Tender Date, effect an Interest Rate Change, designate a new Mode Period with respect to all or any portion of the Variable Rate Bonds, cause Unenhanced Variable Rate Bonds to become Liquidity Facility Bonds, or cause Liquidity Facility Bonds to become Unenhanced Variable Rate Bonds. Prior to causing any Unenhanced Variable Rate Bonds to become Liquidity Facility Bonds, the Agency will deliver a Liquidity Facility with respect thereto. During each Mode Period, the Effective Rates with respect to any Unenhanced Variable Rate Bonds and Liquidity Facility Bonds (other than Bank Bonds) will be those rates that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the Unenhanced Variable Rate Bonds and Liquidity Facility Bonds, respectively, on the Effective Rate Date being 100 percent of the principal amount of the Unenhanced Variable Rate Bonds and Liquidity Facility Bonds, respectively, and that may not exceed the Maximum Rate. In no event may the interest rate borne by Unenhanced Variable Rate Bonds in any Effective Rate Period be less than the Unenhanced Variable Rate Minimum Rate for that period.

If (i) a Floating Rate Change is effected, the 2025/2026 Series Bonds subject to that Floating Rate Change will bear interest as provided in Section 11.02(a) hereof, (ii) a

Change to Variable Rate is effected, the 2025/2026 Series Bonds subject to that Change to Variable Rate will bear interest as provided in Section 11.02(d) hereof, and (iii) if a Conversion to Fixed Interest Rate Bonds or Index Bonds is effected, the 2025/2026 Series Bonds subject to that Conversion will bear interest as provided in Section 11.08(d) hereof.

(c) Requirements for Interest Rate Changes. If any Series of the 2025/2026 Series Bonds are FRNs or Variable Rate Bonds, the Agency, at its option, upon delivery to the Trustee of an opinion of Bond Counsel to the effect that the Interest Rate Change with respect to the 2025/2026 Series Bonds subject to that Interest Rate Change will not adversely affect the exclusion of interest on the 2025/2026 Series Bonds from gross income for federal income tax purposes (provided that, if the Agency determines to effect an Interest Rate Change with respect to the 2025/2026 Series Bonds to bear interest that is taxable for federal income tax purposes to the owners thereof, no opinion will be required) and written evidence from each Rating Agency currently rating the 2025/2026 Series Bonds that its rating then in effect will not be impaired, may effect an Interest Rate Change on any Business Day with respect to Variable Rate Bonds, and on any FRN Mandatory Tender Date with respect to FRNs, with respect to any portion or all of the 2025/2026 Series Bonds on an Interest Rate Change Date selected by the Agency upon a written notice to the other Notice Parties that the Agency will cause an Interest Rate Change on the Interest Rate Change Date set forth in that written notice, which Interest Rate Change Date may not occur sooner than 20 days after the date of that notice. The notice will specify whether that Interest Rate Change will be a Floating Rate Change, a Change to Variable Rate, or a Conversion to a Fixed Interest Rate or an Index Rate, and the information required to be contained in the notice of the Trustee required pursuant to the next succeeding paragraph of this subsection.

Prior to the Interest Rate Change Date, the Trustee must deliver a notice to the Holders of the 2025/2026 Series Bonds subject to the Interest Rate Change and to each of the Rating Services, not less than 15 days prior to the Interest Rate Change Date, setting forth the following information:

- (i) that the interest rate on the 2025/2026 Series Bonds will be changed to a FRN Rate, a Variable Rate, a Fixed Interest Rate or an Indexed Rate, as applicable;
- (ii) the proposed Interest Rate Change Date;
- (iii) if the Interest Rate Change is (A) a Floating Rate Change, the proposed index, Early Mandatory Tender Date (if any) and Final Mandatory Tender Date, (B) a Change to Variable Rate, the Mode into which the 2025/2026 Series Bonds will be converted, (C) a Conversion to Index Bonds, the Index Rate Determination Method as provided in Section 11.02(d) hereof;
- (iv) that the 2025/2026 Series Bonds will be subject to mandatory tender (subject to Section 11.10(d) hereof) on the Interest Rate Change Date; and

(v) that the Agency may elect to cancel the Interest Rate Change, notice of which must be given to Bondholders at least seven calendar days prior to the proposed Interest Rate Change Date.

If the Agency elects not to proceed with the Interest Rate Change, the Agency will give notice of the cancellation of the Interest Rate Change to the Notice Parties at least nine calendar days prior to the proposed Interest Rate Change Date and, thereafter, the Trustee will give notice to each Holder of the 2025/2026 Series Bonds of that cancellation of the proposed Interest Rate Change at least seven calendar days prior to the proposed Interest Rate Change Date for which the foregoing notice was given.

Upon any Interest Rate Change, the 2025/2026 Series Bonds to be so changed will be subject to mandatory tender in accordance with this Section and Section 11.10 hereof, and the Holders thereof will be notified of the Interest Rate Change as provided herein. No 2025/2026 Series Bonds to be subject to that Interest Rate Change may be remarketed by the Remarketing Agent subsequent to the date of notice of that Interest Rate Change except to purchasers who agree to accept the New Floating Rate, the Variable Rate, the Fixed Interest Rate or the Indexed Rate, to which the interest rate on the 2025/2026 Series Bonds is being changed. The Remarketing Agent will determine (i) the FRN Adjustment Factor in the event of a Floating Rate Change, (ii) the initial Variable Rate in the event of a Change to Variable Rate, (iii) with respect to Fixed Rate Bonds, the Fixed Interest Rates, and (iv) with respect to Index Bonds, the Index Adjustment Factor or Index Percentage, as applicable, which in each case, would result as nearly as practicable in the market value of the 2025/2026 Series Bonds on that Interest Rate Change Date being 100 percent of the principal amount thereof. The determination by the Remarketing Agent of the (i) the FRN Adjustment Factor in the event of a Floating Rate Change, (ii) the initial Variable Rate in the event of a Change to Variable Rate, (iii) with respect to Fixed Rate Bonds, the Fixed Interest Rates, and (iv) with respect to Index Bonds, the Index Adjustment Factor or Index Percentage, as applicable, in accordance with this Section 11.02(c) will be conclusive and binding on the Holders of the 2025/2026 Series Bonds and the other Notice Parties.

Unless and until all conditions for the Interest Rate Change for any 2025/2026 Series Bonds other than FRNs are satisfied, those 2025/2026 Series Bonds will continue to bear interest in the same manner as interest on those 2025/2026 Series Bonds bore interest immediately prior to the applicable Interest Rate Change Date. Unless and until all conditions for an Interest Rate Change for any FRNs are satisfied, those FRNs will be retained by the Owners of such FRNs and will continue to bear interest in the same manner as interest on those FRNs bore interest immediately prior to the proposed Interest Rate Change Date; provided, however, that any failure to satisfy conditions for an Interest Rate Change on any Final Mandatory Tender Date shall be deemed a Failed Remarketing.

The Remarketing Agent will notify by Electronic Means the Notice Parties of the FRN Adjustment Factor, the initial Variable Rate, the Fixed Interest Rates or the Index Adjustment Factor or Index Percentage, as applicable, on or prior to the Interest Rate Change Date. Any 2025/2026 Series Bonds tendered but not subject to an Interest Rate

Change will continue to bear interest in the same manner as interest on those 2025/2026 Series Bonds bore interest immediately prior to the applicable Interest Rate Change Date. During a Delayed Remarketing Period, the Agency may designate to the Notice Parties a New Floating Rate, Variable Rate Mode, Fixed Interest Rates or Index Rates, upon 5 days' notice.

If a Series (or any portion thereof) of the 2025/2026 Series Bonds are changed to Liquidity Facility Bonds, on or prior to the Variable Rate Change Date, the Agency must enter into a Liquidity Facility with respect to those Liquidity Facility Bonds meeting the requirements of this 2025/2026 Variable Rate Series Resolution.

Any 2025/2026 Series Bonds that are subject to a Change to Variable Rate will bear interest determined in the Mode in which those 2025/2026 Series Bonds are changed. The Remarketing Agent will determine the interest rates on those 2025/2026 Series Bonds as provided in Section 11.02(d) hereof.

(d) Mode Period. Unless on the issuance date thereof Agency has set forth a different Mode Period or other Indexed Rate for a Series of the 2025/2026 Series Bonds, in an Agency Certificate, delivered pursuant to Section 6.01, the Mode Period from each Issue Date of each Series of the 2025/2026 Series Bonds is as set forth in Section 11.02(a), and thereafter, until further designation by the Agency, is a Weekly Mode Period. While any 2025/2026 Series Bonds bear interest at a Variable Rate, the Agency may designate an alternate Mode Period with respect to those 2025/2026 Series Bonds. The Agency may give written notice of an alternate Mode Period to the other Notice Parties and the Trustee must give written notice of the Mode Change to the Owners and to each Rating Agency then rating the 2025/2026 Series Bonds, each in accordance with the provisions of the Mode Period Chart; provided, however, that each Mode Change Date must be an Effective Rate Date for that alternate Mode Period.

If portions of a Series of the 2025/2026 Series Bonds are simultaneously Outstanding as FRNs and Variable Rate Bonds or in more than one Mode Period, then the Trustee will (i) set up subaccounts in the 2025/2026 Series Bonds Purchase Account relating to the FRNs and Variable Rate Bonds or those respective Mode Periods (those subaccounts in the related 2025/2026 Series Bond Purchase Account are not required when all 2025/2026 Series Bonds of a Series are Outstanding as FRNs or Variable Rate Bonds in the same Mode Period), and (ii) draw only on the Liquidity Facility applicable to the respective Mode Periods and related subaccount(s) in the related 2025/2026 Series Bond Purchase Account.

Promptly upon receipt of the notice from the Agency, in accordance with the provisions of the Mode Period Chart, the Trustee must notify each Owner of the new designated Mode Period and of the applicable Rate Determination Date, Effective Rate Date, Statement of Effective Rate, Irrevocable Notice of Tender by Owners/Tender and Purchase Date (within Mode Period) and Written Mode Change Notice and Notice of Mandatory Tender, each of which will be determined in accordance with the following chart (the "Mode Period Chart"):

**MODE CHART FOR VARIABLE RATE BONDS**  
 (All times referenced are New York City time.)

	<b>DAILY MODE</b>	<b>WEEKLY MODE</b>	<b>MONTHLY MODE</b>	<b>QUARTERLY MODE</b>	<b>SEMIANNUAL MODE</b>
<b>Rate Determination Date</b>	Each Business Day by 10:00 a.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.	First Business Day preceding Effective Rate Date by 4:00 p.m.
<b>Effective Rate Date</b>	Daily	For Liquidity Facility Bonds, the Thursday following the Rate Determination Date; For Unenhanced Variable Rate Bonds, each Thursday	First day of each calendar month	January 1, April 1, July 1 and October 1 of each year	January 1 and July 1 of each year
<b>Statement of Effective Rate</b>	Trustee to provide or cause to be provided to Owner monthly statement of Daily Effective Rates for prior month within seven Business Days of end of each calendar month	Trustee to provide or cause to be provided to Owner monthly statement of Weekly Effective Rates for prior month within seven Business Days of end of each calendar month	Trustee to provide or cause to be provided to Owner notice of Effective Rate within seven Business Days following the respective Rate Determination Dates	Trustee to provide or cause to be provided to Owner notice of Effective Rate within seven Business Days following the respective Rate Determination Dates	Trustee to provide or cause to be provided to Owner notice of Effective Rate within seven Business Days following the respective Rate Determination Dates
<b>For Liquidity Facility Bonds: Irrevocable Notice of Tender by Owner to Remarketing Agent and Tender Agent and Tender and Purchase Date (Within Mode Period)</b>	Notice by Owner to Remarketing Agent and Tender Agent not later than 11:00 a.m. on any Business Day, which day will also be the Tender and Purchase Date	Notice by Owner to Remarketing Agent and Tender Agent not later than 5:00 p.m. on any Business Day at least seven calendar days prior to the purchase date, which will be any Business Day and will be set forth in the Tender Notice	Notice by Owner to Remarketing Agent and Tender Agent not later than 5:00 p.m. on the Business Day seven days prior to next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 5:00 p.m. on the Business Day 13 days prior to next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 5:00 p.m. on the Business Day 15 days prior to next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice
<b>Unenhanced Variable Rate Bonds: Irrevocable Notice of Tender by Owner to Remarketing Agent and Tender Agent and Tender and Purchase Date (Within Mode Period)</b>	Notice by Owner to Remarketing Agent and Tender Agent not later than 10:00 a.m. on any Business Day, which day will also be the Tender and Purchase Date	Notice by Owner to Remarketing Agent and Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Remarketing Agent and Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice	Notice by Owner to Tender Agent not later than 4:00 p.m. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and will be set forth in the Tender Notice
<b>Written Mode Change Notice; Mandatory Tender Notice</b>	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date	Agency to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date; Trustee to give notice to Owners 15 days prior to Mode Change Date

(e) Subdesignation of 2025/2026 Series Bonds Upon Interest Rate Change.

On any Interest Rate Change Date, all Series of 2025/2026 Series Bonds subject to Interest Rate Change on that Interest Rate Change Date will automatically, upon the Interest Rate Change, bear a sub designation. For example, the first Series of the 2025/2026 Series Bonds so Converted will be redesignated "Series \_\_-1" and the second Series of the 2025/2026 Series Bonds so Converted will be redesignated "Series \_\_-2." The redesignations will be consecutively numbered and will continue in like manner until all such related Outstanding Series of 2025/2026 Series Bonds have been Converted to Fixed Rate Bonds or Indexed Rate Bonds. The Trustee, with the cooperation of the Agency, will cause the preparation, execution, issuance, authentication and delivery of replacement Bonds in connection with a Conversion.

11.03. Special Redemption.

(a) Non-Origination. Each Series of the 2025/2026 Series Bonds are subject to special redemption at the option of the Agency at any time, in whole or in part, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium, from unexpended proceeds of the related Series of Series Bonds held in the related 2025/2026 Series Acquisition Account, and from allocable amounts, as reasonably determined by the Agency, held in the related 2025/2026 Series Account in the Debt Service Reserve Fund and Insurance Reserve Fund, transferred to the Bond Redemption Fund for that purpose, to the extent set forth in the Agency Certificate delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution.

(b) Excess Revenues. Each Series of the 2025/2026 Series Bonds are subject to special redemption at the option of the Agency at any time, in whole or in part, and, if in part, pro rata among the Outstanding Series of the 2025/2026 Series Bonds but subject to Section 11.04(d), at a price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium, from Excess Revenues (as hereinafter defined) on deposit in the Revenue Fund, to the extent set forth in any Agency Certificate delivered in connection with a Floating Rate Change Date or on an Interest Rate Change Date. "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 those 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.

11.04. Optional Redemption.

(a) The 2025/2026 Series Bonds of each Series bearing interest at a FRN Rate are subject to redemption prior to their stated maturity at the option of the Agency, from any source of funds, in whole or in part (and if in part in an Authorized Denomination) on

(i) any date set forth for optional redemption of the FRNs in an Agency Certificate delivered pursuant to (A) Section 6.01 hereof or (B) in connection with an Interest Rate Change pursuant to Section 11.02(c), (ii) any Business Day which is a FRN Mandatory Tender Date and (iii) on any Business Day during any Delayed Remarketing Period at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the redemption date.

(b) The 2025/2026 Series Bonds of each Series bearing interest at a Variable Rate will be subject to redemption prior to maturity at the option of the Agency, in whole or in part (and if in part in an Authorized Denomination) on any date, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the redemption date, without premium.

(c) Any 2025/2026 Series Bonds of each Series bearing interest at a Fixed Interest Rate will be subject to redemption prior to maturity at the option of the Agency, from any source of funds, in whole or in part (and if in part in an Authorized Denomination) on any date that is on or after the January 1 nearest to the end of the No-Call Period described below, at the following redemption prices (expressed as percentages of the principal amount of such 2025/2026 Series Bond called for redemption) plus accrued interest to the date fixed for redemption:

<u>Term to Maturity</u>	<u>No-Call Period</u>	<u>Redemption Price</u>
15 years or more	9 years from the Conversion Date	100 percent
More than five years but less than 15 years	50 percent of the term from the Conversion Date to maturity plus two years	100 percent
Five years or less	Term to maturity	Not subject to optional redemption

At or prior to the Conversion of any 2025/2026 Series Bonds to a Fixed Interest Rate, the Agency may deliver to the Trustee an alternative redemption schedule to the schedule shown above if the Agency delivers to the Trustee an Opinion of Bond Counsel to the effect that the alternative schedule of redemption will not adversely affect the validity and enforceability of the 2025/2026 Series Bonds in accordance with their terms and will not have an adverse effect on any exemption from federal income taxation to which the interest on the 2025/2026 Series Bonds would otherwise be entitled.

(d) Indexed Rate Bonds are subject to redemption, at the option of the Agency, from any source of funds, in whole or in part, on any date at a redemption price of 100 percent of the principal amount thereof, together with interest accrued to the date of redemption.

(e) To the extent the Agency determines to redeem the 2025/2026 Series Bonds pursuant to Section 11.03 and this Section 11.04, the Agency must redeem all outstanding Bank Bonds prior to redeeming any other 2025/2026 Series Bonds.

11.05. Mandatory Sinking Fund Redemption. The 2025/2026 Series Bonds will be subject to mandatory redemption by application of Sinking Fund Installments, if any, as set forth in the final Official Statement of the Agency furnished to the Underwriters pursuant to Section 2.05 of this 2025/2026 Variable Rate Series Resolution or in the Agency Certificate to be delivered pursuant to Section 6.01 of this 2025/2026 Variable Rate Series Resolution, as the case may be; provided, however, that all outstanding Bank Bonds must be redeemed before any other 2025/2026 Series Bonds are redeemed pursuant to this Section 11.05.

11.06. Special Redemption of Bank Bonds. Notwithstanding any provisions of the Bond Resolution or this 2025/2026 Variable Rate Series Resolution to the contrary, Bank Bonds must be redeemed on the dates and in the amounts required by the Liquidity Facility.

11.07. Manner of Redemption. If less than all of any FRNs are called for redemption, the FRNs will be selected by an Authorized Officer, specifying FRNs of a particular FRN Rate, amount and maturity (if applicable) to be redeemed. In selecting FRNs for redemption, the Trustee will treat each FRN to be redeemed as representing that number of FRNs that is obtained by dividing the principal amount of the FRN by the minimum Authorized Denomination. In the event that less than all of the FRNs of a particular maturity (if applicable) and FRN rate are to be redeemed, the particular FRNs of that maturity (if applicable) and FRN Rate will be selected at random. If the Agency makes no direction with respect to particular maturities (if applicable) and FRN Rates to be redeemed, then those FRNs will be redeemed proportionately among all of the maturities (if applicable) and FRN Rates in the manner as the Trustee deems fair.

Upon redemption of any of the 2025/2026 Series Bonds (other than through mandatory sinking fund installments or redemption of Bank Bonds), subject to the above paragraph, the principal amounts of the 2025/2026 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 2025/2026 Variable Rate Series Resolution, including a certification that the purchase or redemption of those 2025/2026 Series Bonds will have no material adverse effect on the Agency's ability to pay when due the Principal Installments of and interest on the Bonds Outstanding under the Bond Resolution after that purchase or redemption. Upon redemption of any of the 2025/2026 Series Bonds that are Term Bonds (other than through sinking fund installments) an Authorized Officer must also determine and certify to the Trustee the years in which and the amounts by which the sinking fund installments referred to in Section 11.05 are to be reduced, in a manner that the aggregate reduction equals the aggregate principal amount of the 2025/2026 Series Bonds so redeemed.

11.08. Conversion to Fixed Interest Rate or Indexed Rate.

(a) The Agency may at its option, upon delivery to the Trustee of an opinion of Bond Counsel to the effect that the Conversion of a Series (or portion thereof) of the 2025/2026 Series Bonds will not adversely affect the exclusion of interest on the Tax-Exempt Series Bonds from gross income for federal income tax purposes, Convert the interest rates on all or a portion of the related 2025/2026 Series Bonds (other than Bonds previously Converted) on any Effective Rate Date to Fixed Interest Rates or an Indexed Rate as described herein upon a written notice to the other Notice Parties that the Agency will cause a Conversion of the related 2025/2026 Series Bonds (or the portion

thereof) on the Conversion Date set forth in that written notice, which Conversion Date may not occur sooner than 30 days after the date of that notice and, with respect to any Conversion of 2025/2026 Series Bonds to Indexed Rate Bonds, which notice must specify the Indexed Rate Determination Method with respect to those Bonds.

(b) Prior to the Conversion of any Series (or portion thereof) of the 2025/2026 Series Bonds, the Trustee must deliver a notice to the Owners of the 2025/2026 Series Bonds to be Converted and to each Rating Agency currently rating the 2025/2026 Series Bonds, not less than 30 days prior to the Conversion Date, setting forth the following information:

- (i) that the interest rate on those 2025/2026 Series Bonds will be converted to a Fixed Interest Rate or an Indexed Rate, as applicable;
- (ii) the proposed Conversion Date;
- (iii) that those 2025/2026 Series Bonds will be remarketed by the Remarketing Agent or purchased by the Tender Agent on the Conversion Date; and
- (iv) that the Agency may elect to cancel the Conversion, notice of which must be given to Bondholders at least one week prior to the proposed Conversion Date.

If the Agency elects not to proceed with the Conversion, the Agency must give notice of the cancellation of the Conversion to the Notice Parties and, thereafter, the Trustee must give notice to each Owner of the related 2025/2026 Series Bonds of that cancellation of the proposed Conversion at least one week prior to the proposed Conversion Date for which the foregoing notice was given.

(c) Upon any Conversion, the 2025/2026 Series Bonds to be Converted will be subject to mandatory tender in accordance with this Section 11.08 and Section 11.10, and the Owners thereof will be notified of the Conversion as provided herein. No 2025/2026 Series Bonds to be Converted may be remarketed by the Remarketing Agent subsequent to the date of notice of the Conversion except to purchasers who agree to accept the Fixed Interest Rate or the Indexed Rate, as applicable.

(d) Any 2025/2026 Series Bonds that are Converted will bear interest at the Fixed Interest Rate determined upon that Conversion or the Indexed Rate with respect thereto determined from time to time in accordance with the provisions hereof, as applicable, until the maturity or prior redemption thereof. The Remarketing Agent must determine (i) in the case of a Conversion of any 2025/2026 Series Bonds to Fixed Rate Bonds, the Fixed Interest Rates as those rates that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the Converted 2025/2026 Series Bonds on the Conversion Date being 100 percent of the principal amount thereof and (ii) in the case of a Conversion of any 2025/2026 Series Bonds to Indexed Rate Bonds, the Index Adjustment Factor or Index Percentage, as applicable, with respect to those Bonds as the Index Adjustment Factor or Index

Percentage, as applicable, that, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the Converted 2025/2026 Series Bonds on the Conversion Date being 100 percent of the principal amount thereof. The Remarketing Agent must notify the Notice Parties of the Fixed Interest Rates or the Index Adjustment Factor or Index Percentage, as applicable, as soon as practicable following the Conversion Date. The determination by the Remarketing Agent of the Fixed Interest Rates to be borne by or the Index Adjustment Factor or Index Percentage with respect to a Series of (or portion thereof) of the 2025/2026 Series Bonds in accordance with this Section 11.08 is conclusive and binding on the Owners of those 2025/2026 Series Bonds and the other Notice Parties, except as otherwise provided herein. The 2025/2026 Series Bonds tendered but not Converted will bear interest in the Mode as determined by the Agency in accordance with Section 11.08(b).

(e) Unless and until all conditions for the Conversion of any 2025/2026 Series Bonds other than FRNs are satisfied, those 2025/2026 Series Bonds will continue to bear interest in the same manner as interest on those 2025/2026 Series Bonds bore interest immediately prior to the applicable Conversion Date. Unless and until all conditions for the Conversion of any FRNs are satisfied, those FRNs will be retained by the Owners of such FRNs and will continue to bear interest in the same manner as interest on those FRNs bore interest immediately prior to the proposed Conversion Date; provided, however, that any failure to satisfy conditions for a Conversion on any Final Mandatory Tender Date shall be deemed a Failed Remarketing.

(f) On any Conversion Date, all 2025/2026 Series Bonds subject to Conversion on that Conversion Date will automatically, upon the Conversion, bear a sub designation, as set forth in Section 11.02(e). The Trustee, with the cooperation of the Agency, will cause the preparation, execution, issuance, authentication and delivery of replacement Bonds in connection with a Conversion.

(g) Upon making an election to Convert any Series (or portion thereof) of the 2025/2026 Series Bonds to Indexed Rate Bonds, the Agency must, for those Bonds, select the method for determining the Indexed Rate on each Index Determination Date from among the options described in paragraphs (i), (ii), (iii) or (iv) below, and must specify the method in its notice to the Trustee in connection with the Conversion. Upon Conversion of any 2025/2026 Series Bond to an Indexed Rate, the Indexed Rate Determination Method so selected for those 2025/2026 Series Bonds will be irrevocable. Nothing herein limits the Agency from Converting different groups or Series of 2025/2026 Series Bonds to Indexed Rates at different times or from choosing different Indexed Rate Determination Methods for different groups or Series (or portions thereof) of 2025/2026 Series Bonds.

(i) Index Bonds may bear interest during each Index Accrual Period  
(a) for any Tax-Exempt Series Bonds, at the SIFMA Swap Index multiplied by the Index Percentage determined for those bonds and (b) for any 2025/2026 Series Bonds which are not Tax-Exempt Series Bonds, at the SOFR Index multiplied by the Index Percentage determined for those bonds; or

- (ii) Index Bonds may bear interest during each Index Accrual Period
  - (a) for any Tax-Exempt Series Bonds, at the SIFMA Swap Index plus or minus the Index Adjustment Factor for those bonds and (b) for any 2025/2026 Series Bonds which are not Tax-Exempt Series Bonds, at the SOFR Index plus or minus the Index Adjustment Factor for those bonds; or
  - (iii) Index Bonds may bear interest during each Index Accrual Period at the SOFR Index multiplied by the Index Percentage determined for those bonds; or
  - (iv) Index Bonds may bear interest during each Index Accrual Period at the SOFR Index plus or minus the Index Adjustment Factor for those bonds.

**11.09. Owners' Election to Tender.**

(a) Prior to any Conversion, Owners of Liquidity Facility Bonds (other than Bank Bonds and 2025/2026 Series Bonds owned by or on behalf of the Agency) may elect to tender their 2025/2026 Series Bonds, which, if so tendered upon proper notice to the Remarketing Agent and/or Tender Agent, as applicable, in the manner set forth in the Mode Period Chart, will be purchased on the next Effective Rate Date (or, in the case of Liquidity Facility Bonds in a Weekly Mode, on the purchase date specified in the Tender Notice) at the Purchase Price. The notice of tender for purchase of 2025/2026 Series Bonds by the Owners thereof must be in writing and will be irrevocable once the notice is given to the Remarketing Agent and/or the Tender Agent, as directed in the Mode Period Chart.

(b) Prior to Conversion, holders of Unenhanced Variable Rate Bonds may elect to tender their Unenhanced Variable Rate Bonds, which, if so tendered upon proper notice to the Remarketing Agent and/or the Tender Agent, as applicable, at the times and in the manner set forth in the "Mode Chart for Variable Rate Bonds," will be purchased on the next Effective Rate Date at a price equal to 100 percent of the principal amount thereof plus accrued interest. Upon receipt of a notice of optional tender for purchase of Unenhanced Variable Rate Bonds by the Owners thereof, the Remarketing Agent must promptly notify the Tender Agent of receipt of the notice. The notice of tender for purchase of Unenhanced Variable Rate Bonds by the Owners thereof must be in writing and will be irrevocable once the notice is given to the Remarketing Agent or the Tender Agent as directed in the Mode Period Chart.

**11.10. Mandatory Tender of 2025/2026 Series Bonds.**

(a) (i) Subject to Section 11.10(d) hereof, any FRNs are subject to mandatory tender for purchase (with no right to retain) (i) on each Final Mandatory Tender Date, (ii) on any Early Mandatory Tender Date specified by the Agency, and (iii) on each Interest Rate Change Date, at the Purchase Price, subject to the conditions described herein.

(ii) The Agency may establish one or more Early Mandatory Tender Dates on which all or a portion of any FRNs, unless earlier redeemed, are subject

to mandatory tender for purchase (with no right to retain) at a price equal to the Purchase Price.

(iii) If only a portion of such FRNs will be subject to mandatory tender on such Early Mandatory Tender Date, the FRNs that will and will not be subject to mandatory tender on such date will be selected by lot; provided that so long as the book-entry system remains in effect for the FRNs, the particular 2025/2026 Series Bond of such subseries to be purchased by lot or such other manner as DTC shall determine.

(iv) Holders of FRNs that will be subject to mandatory tender for purchase on an Early Mandatory Tender Date will receive notice of the mandatory tender as described in subsection 11.10(c).

(v) Subseries of FRNs may be created on an FRN Mandatory Tender Date; 2025/2026 Series Bonds will be revised pursuant to Section 10.01 of this 2025/2026 Variable Rate Series Resolution to reflect any such Subseries.

(vi) Any FRN that is subject to mandatory tender on an FRN Mandatory Tender Date may be redeemed without notice on such date.

(b) The Variable Rate Bonds (other than Bank Bonds and 2025/2026 Series Bonds owned by or on behalf of the Agency) or any portion thereof, as applicable, are subject to mandatory tender for purchase (with no right to retain) (i) on each Mode Change Date, each Unenhanced Variable Rate Change Date, and each FRN Rate Change Date (ii) with respect to a Liquidity Expiration Event, not less than five days prior to the scheduled expiration or earlier termination of the Liquidity Facility, (iii) on the effective date of an Alternate Liquidity Facility, a Non-Conforming Liquidity Facility or Self Liquidity, if that Mandatory Tender has not already occurred pursuant subsection (ii) above, (iv) on any Conversion Date, and (v) upon receipt of a "Notice of Termination Date" (as defined in the Liquidity Facility) by the Trustee, not less than five days prior to the termination date set forth therein (each a "Mandatory Tender Date"), at the Purchase Price, subject to the conditions described herein.

(c) In connection with any mandatory tender of Variable Rate Bonds or FRNs upon a Mandatory Tender Date, the Trustee must deliver a notice of mandatory tender stating the reason for the mandatory tender to Owners at least 15 days prior to the Mandatory Tender Date, and, subject to the provisions of Section 11.10(d) with respect to all FRNs, that all Owners subject to the mandatory tender will be deemed to have tendered their Variable Rate Bonds upon that date. So long as all of the 2025/2026 Series Bonds are registered in the name of Cede & Co., as nominee for DTC, the notice will be delivered to DTC or its nominee as registered owner of the 2025/2026 Series Bonds. DTC is responsible for notifying DTC Participants, and DTC Participants and Indirect Participants are responsible for notifying beneficial owners of the 2025/2026 Series Bonds. Neither the Trustee nor the Agency is responsible for sending notices to beneficial owners. The Agency must give notice of any Mandatory Tender Date to each Rating Agency then rating the 2025/2026 Series Bonds at least 15 days prior to that date.

(d) On each FRN Mandatory Tender Date, the Remarketing Agent will use its best efforts as described herein to sell those FRNs at the Purchase Price subject to the terms of a Remarketing Agreement. On or before 3:00 p.m., New York City time, on each FRN Mandatory Tender Date, if moneys sufficient to pay the purchase price of all FRNs subject to mandatory tender on that date will be held by the Tender Agent, the Tender Agent will purchase all those FRNs from the Holders at the Purchase Price. In the event that remarketing proceeds and any funds made available by the Agency, in its sole discretion, as provided in Section 11.10(l) hereof, for those purposes are insufficient to pay the Purchase Price of all FRNs subject to mandatory tender on that FRN Mandatory Tender Date (a “Failed Remarketing”), no FRNs will be purchased, the Holders do not have the right to have those FRNs purchased upon tender, any tendered FRNs will be returned to the Holders thereof, the Tender Agent will return remarketing proceeds to the Remarketing Agent for return to the persons providing those moneys, and those FRNs will remain in the applicable Floating Rate Term and will bear interest at the Maximum Rate during the Delayed Remarketing Period. On each Business Day during a Delayed Remarketing Period, the Remarketing Agent will continue to use its best efforts to remarket the FRNs at the New Floating Rate, a Variable Rate, Fixed Interest Rates or an Index Rate as designated by the Agency as provided herein. Once the Remarketing Agent has advised the Trustee that it has a good faith belief that it is able to remarket all the FRNs on a particular date, the Trustee, at the direction of the Agency, will give notice to the registered owners of those FRNs not later than five Business Days prior to that date, stating (i) that those FRNs will be subject to mandatory tender for purchase on that date, (ii) the procedures for mandatory tender, (iii) the Purchase Price, and (iv) the consequences of a Failed Remarketing.

(e) On each date on which Liquidity Facility Bonds are required to be tendered and purchased, the Remarketing Agent must use its best efforts as described herein to sell those Liquidity Facility Bonds. In the event the Remarketing Agent is unable to remarket the Liquidity Facility Bonds so tendered, the Bank must, pursuant to Section 12.01, purchase those Bonds (hereinafter called “Bank Bonds”) in accordance with the Liquidity Facility. In the event the Remarketing Agent is unable to remarket any Unenhanced Variable Rate Bonds so tendered, those Unenhanced Variable Rate Bonds will bear interest at the Unenhanced Variable Rate Non-Remarketed Rate.

(f) Any Variable Rate Bond not tendered and delivered to the Tender Agent on or prior to its Mandatory Tender Date (“Untendered Bonds”), for which there have been irrevocably deposited in trust with the Trustee the purchase price equal to the principal amount of those Variable Rate Bonds plus accrued interest will be deemed to have been tendered and purchased on that Mandatory Tender Date. Owners of Untendered Bonds 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 Untendered 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 Resolution, except for the purpose of payment of the purchase price. Bond certificates will be issued in place of Untendered Bonds and, after the issuance of the replacement Variable Rate Bond certificates, the Untendered Bonds will be deemed purchased, canceled, and no longer Outstanding under the Resolution.

(g) Any FRNs not tendered and, if the Book-Entry System is not in effect, delivered, with all necessary endorsements for transfer and signature guarantees, to the Tender Agent at or prior to its 2:30 p.m., New York City time, on its FRN Mandatory Tender Date for which there have been irrevocably deposited in trust with the Trustee the Purchase Price are “deemed tendered” for purposes of this 2025/2026 Variable Rate Series Resolution and will cease to accrue interest on that FRN Mandatory Tender Date; that Untendered Bond will cease to be Outstanding under the General Bond Resolution; and the Owner of that Untendered Bond will no longer be entitled to any payment or other benefits under the General Bond Resolution and this 2025/2026 Variable Rate Series Resolution, except payment of the Purchase Price therefor from money and only from that money, held by the Tender Agent for that purpose upon presentation to the Tender Agent (with appropriate instrument of transfer) at its principal office at or prior to 3:00 p.m., New York City time, on any Business Day after the Mandatory Tender Date. If the Book-Entry System is not then in effect, Bond certificates will be issued in place of Untendered Bonds and, after the issuance of the replacement Bond certificates, those Untendered Bonds will be deemed purchased, canceled, and no longer Outstanding under the Bond Resolution and this 2025/2026 Variable Rate Series Resolution.

(h) UNENHANCED VARIABLE RATE BONDS WILL NOT BE SUPPORTED BY A LETTER OF CREDIT, LINE OF CREDIT, STANDBY BOND PURCHASE AGREEMENT OR ANY OTHER LIQUIDITY FACILITY. If the Remarketing Agent cannot successfully remarket any Unenhanced Variable Rate Bonds subject to optional or mandatory tender for purchase, the holders thereof do not have the right to have the Unenhanced Variable Rate Bonds purchased upon tender. Any Unenhanced Variable Rate Bond that is subject to optional or mandatory tender for purchase that the Remarketing Agent, after using its best efforts, is unable to remarket in accordance with this 2025/2026 Variable Rate Series Resolution, at a price equal to 100 percent of the principal amount thereof, plus accrued interest, by 11:05 a.m., on the date scheduled for that purchase, whether that inability is because of market conditions or otherwise, will bear interest at the Unenhanced Variable Rate Non-Remarketed Rate and be subject to tender for purchase as described in Sections 11.09 and 11.10.

(i) The Remarketing Agent will continue to use its best efforts each Business Day to remarket that Unenhanced Variable Rate Bond in accordance with this 2025/2026 Variable Rate Series Resolution at a price equal to 100 percent of the principal amount thereof, plus accrued interest. In connection therewith, the Remarketing Agent will consider each day to be a Rate Determination Date for that Unenhanced Variable Rate Bond.

(j) During the period of time from and including the initial date that any Unenhanced Variable Rate Bond was to be purchased to (but not including) the date that the Unenhanced Variable Rate Bond is successfully remarketed (the “Non-Remarketing Period”), that Unenhanced Variable Rate Bond will bear interest at a rate per annum equal to the Unenhanced Variable Rate Non-Remarketed Rate determined from time to time as described in Section 11.02.

(k) Notwithstanding the foregoing provisions, if a failure to pay principal, interest or premium on any Unenhanced Variable Rate Bond when due has occurred, that Unenhanced Variable Rate Bonds will bear interest during each Mode Period for any portion thereof at a rate per annum equal to the Unenhanced Variable Rate Default Rate for the period from the time from and including the initial date of the failure to (but not including) the date on which the failure has ceased to be continuing.

(l) The Agency may, but shall not be obligated to, transfer immediately available funds of the Agency to the Tender Agent for the payment of the Purchase Price of 2025/2026 Series Bonds required to be tendered on a Mandatory Tender Date.

**11.11. Limitation Upon Defeasance FRNs and Variable Rate Bonds.** Notwithstanding the provisions of the Bond Resolution relating to the defeasance of Bonds, the defeasance of 2025/2026 Series Bonds that are FRNs or Variable Rate Bonds will be conditioned upon receipt by the Trustee of written evidence from each Rating Agency currently rating the 2025/2026 Series Bonds that its rating then in effect on the 2025/2026 Series Bonds will not be reduced or withdrawn due to the defeasance. Additionally, in the event of any partial defeasance of any of the FRNs or Variable Rate Bonds, separate accounts will be established by the Trustee for the defeased FRNs or Variable Rate Bonds and the non-defeased Variable Rate Bonds, respectively.

**11.12. Agency Not Responsible to Bondholders for Bank's Failure to Purchase 2025/2026 Series Bonds.** Except as provided in the following sentences of this Section 11.12, the Agency is not responsible to Bondholders for any failure by the Bank to purchase Liquidity Facility Bonds tendered at the option of the Owner or subject to mandatory tender for purchase pursuant to this 2025/2026 Variable Rate Series Resolution, nor upon the occurrence of a Termination Event or a Suspension Event (as each are defined in the Liquidity Facility). If the Agency is the Bank, the Agency will be responsible for the foregoing to the extent provided by and in accordance with the related Self Liquidity. In addition, the Agency will be required to pay the Purchase Price of any Liquidity Facility Bonds tendered on or after the occurrence of a Termination Event under the Liquidity Facility, so long as no Liquidity Facility is then in effect with respect to those Liquidity Facility Bonds, but only if that Termination Event arises solely from the long-term credit rating of the Liquidity Facility Bonds being withdrawn or suspended or reduced below "Baa3" or "BBB-" by Moody's or S&P, respectively (a "Downgrade Event"). In the event that the Bank fails for any reason to purchase Liquidity Facility Bonds tendered or deemed tendered for purchase by the Owners thereof, the Liquidity Facility Bonds will bear interest at an interest rate determined on a weekly basis to be the lesser of (a) for any Tax-Exempt Series Bonds, (i) the SIFMA Swap Index plus 1.25 percent or (ii) the Maximum Rate, and (b) for any 2025/2026 Series Bonds which are not Tax-Exempt Series Bonds, (i) the sum of the SOFR Index plus 1.60 percent or (ii) the Maximum Rate; in each case, except for a failure following a Termination Event due to a Downgrade Event, the Owners of those Liquidity Facility Bonds will not have the right to tender their Bonds during the period that the interest rate is so determined.

**11.13. General Provisions Regarding Optional and Extraordinary Optional Redemptions.**

(a) Any redemption of less than all of the 2025/2026 Series Bonds outstanding must be made in a manner that all 2025/2026 Series Bonds of that Series outstanding after the redemption are in Authorized Denominations.

(b) Notwithstanding any contrary provisions of the Bond Resolution, 2025/2026 Series Bonds may be called for redemption by the Trustee pursuant to Sections 11.03 and 11.04 (except with respect to Bank Bonds) hereof upon receipt by the Trustee at least 25 days prior to the redemption date of an Agency Certificate requesting the redemption. In addition to the information required by Section 5.2 of the Bond Resolution, the Agency Certificate must also specify the principal amount of the related 2025/2026 Series Bonds of each Mode (and if the related 2025/2026 Series Bonds within a Mode bear interest at differing rates, the principal amount of 2025/2026 Series Bonds of each rate) to be called for redemption.

(c) Bank Bonds may be called for redemption by the Trustee pursuant to Section 11.04(a) upon receipt by the Trustee at least one Business Day prior to the redemption date of an Officer's Certificate of the Agency requesting the redemption. The Trustee must give notice to the Bank in accordance with the Liquidity Facility one Business Day prior to any redemption of Bank Bonds pursuant to Section 11.04(a) or 11.06.

In lieu of redeeming 2025/2026 Series Bonds pursuant to this Section 11.13, the Trustee may, at the request of the Agency, use the funds available hereunder for redemption of 2025/2026 Series Bonds to purchase 2025/2026 Series Bonds in the open market at a price not exceeding the redemption price then applicable hereunder. Any 2025/2026 Series Bond so purchased in lieu of redemption must be delivered to the Trustee for cancellation.

**11.14. Notice of Redemption.**

(a) Except as herein provided, a copy of the notice of the call for any redemption identifying the 2025/2026 Series Bonds to be redeemed must be given by Immediate Notice, with respect to 2025/2026 Series Bonds bearing interest at a Daily or Weekly Rate, not less than 20 days prior to the date fixed for redemption and must be given by first class mail, postage prepaid to the Owners of 2025/2026 Series Bonds to be redeemed at their addresses as shown on the Bond Register. The notice must specify the redemption date, the redemption price, the place and manner of payment and that from the redemption date interest will cease to accrue on the 2025/2026 Series Bonds that are the subject of the notice and will include other information as the Trustee deems appropriate or necessary at the time the notice is given to comply with any applicable law, regulation or industry standard. A copy of the notice of any redemption must also be given to the Remarketing Agent (if a Remarketing Agreement is in force) and to the Bank (if a Liquidity Facility is in force) promptly following the giving of notice to the Bondholders as aforesaid.

(b) Notwithstanding the foregoing, (i) any FRNs may be redeemed on any Final Mandatory Tender Date without notice and (ii) for any FRNs to be redeemed during a Delayed Remarketing Period pursuant to Section 11.10(d), the Trustee must give notice to the registered owners of those FRNs not later than five Business Days prior to the date of redemption; any notice of redemption given pursuant to Section 11.10(d) must state (A) that those FRNs will be subject to mandatory tender for purchase and redemption on that date, (B) the procedures for mandatory tender, and (C) the Purchase Price.

(c) Notwithstanding the foregoing, if Bank Bonds are to be redeemed pursuant to Section 11.04(a) or 11.06, the Trustee must give Immediate Notice of a redemption of Bank Bonds to the Bank at least one Business Day prior to the date fixed for redemption, upon receipt of the Officer's Certificate of the Agency.

(d) Failure to give notice in the manner prescribed hereunder with respect to any 2025/2026 Series Bonds, or any defect in the notice, will not affect the validity of the proceedings for redemption for any 2025/2026 Series Bond with respect to which notice was properly given. Upon the happening of the above conditions and if sufficient moneys are on deposit with the Trustee on the applicable redemption date to redeem the 2025/2026 Series Bonds to be redeemed and to pay interest due thereon and premium, if any, the 2025/2026 Series Bonds thus called will not after the applicable redemption date bear interest, be protected by the Bond Resolution or this 2025/2026 Variable Rate Series Resolution or be deemed to be outstanding under the provisions of the Bond Resolution or this 2025/2026 Variable Rate Series Resolution.

(e) If any 2025/2026 Series Bond is transferred or exchanged on the Bond Register by the Trustee after notice has been given calling that 2025/2026 Series Bond for redemption, the Trustee will attach a copy of the notice to the 2025/2026 Series Bond issued in connection with the transfer or exchange.

(f) To the extent the provisions of this Section 11.14 conflict with the provisions of the Bond Resolution relating to the method and timing of giving notice of redemption, the provisions of this Section 11.14, as to the 2025/2026 Series Bonds, will control.

**11.15. Selection of 2025/2026 Series Bonds to Be Redeemed.** If less than all of a Series of the FRNs are called for redemption, the FRNs of that Series will be selected by an Authorized Officer, specifying FRNs of a particular FRN Rate, amount and maturity (if applicable) to be redeemed. In selecting FRNs for redemption, the Trustee will treat each FRN to be redeemed as representing that number of FRNs that is obtained by dividing the principal amount of the FRN by the minimum Authorized Denomination. In the event that less than all of the FRNs of a particular maturity (if applicable) and FRN rate are to be redeemed, the particular FRNs of that maturity (if applicable) and FRN Rate will be selected at random. If the Agency makes no direction with respect to particular maturities (if applicable) and FRN Rates of a Series to be redeemed, then those FRNs will be redeemed proportionately among all of the maturities (if applicable) of that Series and FRN Rates in the manner as the Trustee deems fair.

If less than all the 2025/2026 Series Bonds (other than FRNs) of a Series are called for redemption under any provision of this 2025/2026 Variable Rate Series Resolution permitting a partial redemption, those 2025/2026 Series Bonds will be selected in accordance with an Officer's Certificate specifying that Series of 2025/2026 Series Bonds of a particular Mode and interest rate to be redeemed, and otherwise the redemption must be by lot in a manner as the Trustee may determine among the Series of 2025/2026 Series Bonds of the same Series Mode and interest rate. In selecting 2025/2026 Series Bonds (other than FRNs) for redemption, the Trustee will treat each 2025/2026 Series Bond as representing that number of 2025/2026 Series Bonds that is obtained by dividing the principal amount of that 2025/2026 Series Bond by the minimum Authorized Denomination. If it is determined that one or more, but not all, of the integral multiples of the Authorized Denomination of principal amount represented by any 2025/2026 Series Bonds (other than FRNs) is to be called for redemption, then, upon notice of intention to redeem that integral multiple of an Authorized Denomination, the Owner of that 2025/2026 Series Bond must forthwith surrender that 2025/2026 Series Bond to the Trustee for (a) payment to the Owner of the redemption price of the integral multiple of the Authorized Denomination of principal amount called for redemption and (b) delivery to the Owner of a new 2025/2026 Series Bond or 2025/2026 Series Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of the 2025/2026 Series Bond. New 2025/2026 Series Bonds representing the unredeemed balance of the principal amount of that 2025/2026 Series Bond will be issued to the Owner thereof without charge.

Notwithstanding the foregoing provisions of this Section 11.15 or Section 5.5 of the Bond Resolution to the contrary, any redemption of less than all of a Series the 2025/2026 Series Bonds outstanding must be made first from Bank Bonds relating to such Series.

**11.16. Notices to Rating Agencies.** To the extent notice is not otherwise provided pursuant to the terms of this 2025/2026 Variable Rate Series Resolution or the Bond Resolution, the Trustee must provide Immediate Notice to each of the Rating Agencies then rating the 2025/2026 Series Bonds of any of the following occurrences: (i) the expiration, termination, extension or amendment of the Liquidity Facility, (ii) the provision of an Alternate Liquidity Facility, (iii) any Unenhanced Variable Rate Change Date, (iv) the redemption in whole of the 2025/2026 Series Bonds, (v) the acceleration of the 2025/2026 Series Bonds, (vi) any amendments to the provisions of this 2025/2026 Variable Rate Series Resolution, and (vii) the resignation or removal of the Trustee. Any notices sent to S&P pursuant to the terms of this 2025/2026 Variable Rate Series Resolution should be sent by email to [pubfin\\_structured@spglobal.com](mailto:pubfin_structured@spglobal.com); any notices sent to Moody's pursuant to this 2025/2026 Variable Rate Series Resolution should be sent by email to [david.parsons@moodys.com](mailto:david.parsons@moodys.com).

## **Section 12. Payment of Tendered 2025/2026 Series Bonds.**

**12.01. Payment of Tendered FRNs and Variable Rate Bonds.** FRNs and Variable Rate Bonds that are tendered or deemed tendered under the terms of this 2025/2026 Variable Rate Series Resolution must be purchased by the Tender Agent, as appropriate, upon surrender of those Variable Rate Bonds, but only from the sources listed below, from the Owners thereof by 4:30 p.m., New York City time, on the date those Bonds are required to be purchased at the Purchase Price.

Funds for the payment of the Purchase Price of FRNs must be derived from the proceeds of the remarketing of those 2025/2026 Series Bonds on an Early Mandatory Tender Date, a Final Mandatory Tender Date or any Business Day during a Delayed Remarketing Period, and, in the event remarketing proceeds are insufficient for the payment of that Purchase Price, payments made directly by the Agency at its option pursuant to Section 11.10(e) with respect to the purchase or redemption of the 2025/2026 Series Bonds.

Funds for the payment of the Purchase Price of Variable Rate Bonds must be derived from the following sources in the order of priority indicated:

- (a) the proceeds of the sale of Variable Rate Bonds furnished to the Remarketing Agent by the purchasers thereof pursuant to Section 13.06 of this 2025/2026 Variable Rate Series Resolution;
- (b) moneys furnished to the Tender Agent pursuant to Section 13.03 of this 2025/2026 Variable Rate Series Resolution, representing the proceeds of a draw under the applicable Liquidity Facility; and
- (c) payments made directly by the Agency with respect to the purchase of 2025/2026 Series Bonds.

#### 12.02. Liquidity Facility.

(a) The Agency covenants to deliver the related Initial Liquidity Facility simultaneously with the authentication and delivery of a Series of the 2025/2026 Series Bonds bearing interest at a Variable Rate, and to provide an Alternate Liquidity Facility, a Non-Conforming Liquidity Facility or Self Liquidity upon the expiration or termination of a Liquidity Facility or the replacement of the Bank so long as any 2025/2026 Series Bonds are Liquidity Facility Bonds. The Tender Agent will be authorized and directed to execute each Liquidity Facility. Each Liquidity Facility must provide for the Bank to provide funds for the purchase of related Liquidity Facility Bonds that have been tendered and not remarketed subject to certain conditions as described therein or herein. If the Bank is replaced by multiple liquidity providers, the obligations of those providers to provide funds may be several and need not be joint obligations. The Agency hereby covenants that it will pay the principal of and interest on the Bank Bonds in accordance with each Liquidity Facility. The Agency covenants and agrees with the Owners of the related 2025/2026 Series Bonds that it will pay any obligation, fee or charge necessary to maintain each Liquidity Facility.

(b) The Agency must not enter into any Liquidity Facility unless the Liquidity Facility provides that any expiration or termination thereof (as set forth in subsection (i) below, but not including a termination resulting from a Termination Event) that gives rise to a mandatory tender of the related 2025/2026 Series Bonds will occur not less than 30 days following the date of notice by the Bank to the Trustee of termination. The Mandatory Tender Date will be not less than five days prior to the date that the related Liquidity Facility expires or terminates. Any mandatory tender of the related 2025/2026 Series Bonds pursuant to this Section 12.02(b) will be done in accordance with the terms

of Section 11.10, provided, however, that the notice requirements for that mandatory tender will be pursuant to this Section 12.02(b).

(i) Promptly upon receipt by the Trustee and the Agency of a written notice of termination of the Liquidity Facility by the Bank, which termination will not occur less than 30 days following receipt by the Trustee of the written notice, the Trustee must give notice to the Owners of the related 2025/2026 Series Bonds that are Liquidity Facility Bonds that those 2025/2026 Series Bonds will be subject to mandatory tender for purchase, with no right to retain, at the Purchase Price (payable by the Bank if remarketing proceeds are insufficient therefor) on the date set forth for purchase in the notice.

(ii) Unless the Trustee has received (A) written notice from the Bank not less than 45 days prior to the stated expiration date of the related Liquidity Facility that it elects to extend or renew that Liquidity Facility or (B) written notice from the Agency not less than 45 days prior to the stated expiration date of the related Liquidity Facility that it has determined to provide or cause to be provided an Alternate Liquidity Facility (in which case the related 2025/2026 Series Bonds that are Liquidity Facility Bonds will be subject to mandatory tender as described in Section 12.03(a)), the Trustee must give notice to the Owners of the related 2025/2026 Series Bonds that those 2025/2026 Series Bonds will be subject to mandatory tender for purchase, with no right to retain, not less than 30 days from the date of the notice to those Bondholders, at the Purchase Price (payable by the Bank) on the date set forth for purchase in the notice.

(iii) The Trustee must give notice to the Owners of 2025/2026 Series Bonds that are Liquidity Facility Bonds of the occurrence of a Termination Event (as defined in the related Liquidity Facility) promptly upon obtaining actual knowledge thereof.

(iv) The Agency must provide prior written notice to each Rating Agency then rating the 2025/2026 Series Bonds with respect to the delivery of any Alternate Liquidity Facility, Non-Conforming Liquidity Facility or Self Liquidity or any extension or renewal of a Liquidity Facility.

### 12.03. Requirements for Delivery of an Alternate Liquidity Facility.

(a) So long as any Series (or portion thereof) of the 2025/2026 Series Bonds will be Liquidity Facility Bonds, at least 45 days prior to the date of expiration of a related Liquidity Facility (as the same may be extended in accordance therewith) or at least 45 days prior to any date upon which the Agency intends to deliver an Alternate Liquidity Facility to the Trustee, the Agency must notify the Notice Parties of its intent to deliver an Alternate Liquidity Facility as permitted by this Section 12.03. The Agency must deliver that Alternate Liquidity Facility to the Trustee on or before the date that the Trustee provides in the notice to the Notice Parties. In the event that the Agency gives the notice as provided above, the notice must specify the name of the entity providing the Alternate Liquidity Facility and advise that the then-existing Liquidity Facility will

terminate on the date stated in the notice, and that the affected 2025/2026 Series Bonds will be subject to mandatory tender (with no right to retain) not less than five days prior to the termination of the existing Liquidity Facility at a purchase price equal to 100 percent of the principal amount thereof, plus accrued interest to the date of purchase (payable by the Bank in accordance with the Liquidity Facility to the extent remarketing proceeds are insufficient) on that date; notice of that mandatory tender of the affected 2025/2026 Series Bonds will be given to Owners of the affected 2025/2026 Series Bonds pursuant to Section 11.10 of this 2025/2026 Variable Rate Series Resolution.

(b) On the effective date of an Alternate Liquidity Facility, the Agency must furnish or cause to be furnished to the Trustee (i) an opinion of counsel satisfactory to the Agency stating that the delivery of the Alternate Liquidity Facility to the Trustee is authorized hereunder and complies with the terms hereof and (ii) an opinion of Bond Counsel to the effect that delivery of the Alternate Liquidity Facility will not affect the exclusion of interest on the related Tax-Exempt Series Bonds from gross income for federal income tax purposes. In addition, no Alternate Liquidity Facility delivered to the Trustee will be effective for any purpose hereunder unless accompanied by the following documents:

(i) opinions of counsel reasonably satisfactory to the Agency to the effect that, as applicable, (A) the Bank providing the Alternate Liquidity Facility is duly organized and existing under the laws of the jurisdiction of its organization and, if applicable, is duly qualified to do business in the United States of America; (B) the Alternate Liquidity Facility is a legal, valid and binding obligation of the Bank thereunder enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to, or affecting generally the enforcement of, creditors' rights and remedies, and by the availability of equitable remedies, including specific performance and injunctive relief; and (C) no registration under the Securities Act of 1933, as amended, or qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of the Alternate Liquidity Facility or the remarketing of the related 2025/2026 Series Bonds with the benefits thereof;

(ii) letters from each Rating Agency then rating the 2025/2026 Series Bond evidencing that the replacement of the Liquidity Facility with the Alternate Liquidity Facility will result in the short-term ratings of the related 2025/2026 Series Bonds to be not less than the highest short-term rating of each Rating Agency; provided, however, that if in an Agency Certificate, the Agency certifies to the Trustee to the effect that it is not practical to obtain an Alternate Liquidity Facility that would permit the related 2025/2026 Series Bonds to be so rated, the letters from each Rating Agency then rating the 2025/2026 Series Bonds evidencing that the replacement of the Liquidity Facility with the Alternate Liquidity Facility will not cause the then existing short-term rating of the related 2025/2026 Series Bonds from that Rating Agency to be reduced or withdrawn;

(iii) copies of any other documents, agreements or arrangements entered into directly or indirectly between the Agency and the entity issuing the Alternate Liquidity Facility with respect to the transactions contemplated by the Alternate Liquidity Facility, which documents, agreements or arrangements must evidence, among other things, the agreement of the provider of the Alternate Liquidity Facility to purchase Bank Bonds then held by the Bank on the Mandatory Tender Date;

(iv) any disclosure document as the Remarketing Agent may reasonably request in connection with remarketing the related 2025/2026 Series Bonds with an Alternate Liquidity Facility; and

(v) any other documents and opinions as the Agency may reasonably request, including evidence that all amounts due and payable to the Bank providing the then existing Liquidity Facility have been paid.

#### 12.04. Self Liquidity; Non-Conforming Liquidity Facility.

(a) Notwithstanding any other provision of this 2025/2026 Variable Rate Series Resolution, the Agency may elect to provide liquidity support for purchases of any Variable Rate Bonds of any Series (or portion thereof) of the 2025/2026 Series Bonds from its own funds (“Self Liquidity”) or through a facility that does not satisfy the requirements of Section 12.03 (a “Non-Conforming Liquidity Facility”), provided that the following provisions of this Section 12.04 are satisfied.

(b) At least 45 days prior to any date upon which the Agency intends to deliver Self Liquidity or a Non-Conforming Liquidity Facility to the Trustee, the Agency must notify the Notice Parties and each Rating Agency then rating the 2025/2026 Series Bonds of its intent to deliver that Self-Liquidity or Non-Conforming Liquidity Facility as permitted by this Section. The Agency must deliver that Self Liquidity or Non-Conforming Liquidity Facility to the Trustee on or before the date specified therefor in the notice described in the preceding sentence. In the event that the Agency gives the notice as provided above, the notice must specify the name of the entity providing the Non-Conforming Liquidity Facility, if any, the effective date thereof or of Self Liquidity and must advise that the then-existing related Liquidity Facility (or applicable portion thereof) will terminate on that effective date, and that the affected 2025/2026 Series Bonds will be subject to mandatory tender (with no right to retain) and the date of the mandatory tender (which will be not later than the fifth day prior to the last date on which the existing Liquidity Facility will remain in effect) at a purchase price equal to 100 percent of the principal amount thereof, plus accrued interest to the date of purchase (payable by the Bank in accordance with the Liquidity Facility to the extent remarketing proceeds are insufficient) on that date; notice of that mandatory tender of the affected 2025/2026 Series Bonds will be given to Owners of the related 2025/2026 Series Bonds pursuant to Section 11.10 of this 2025/2026 Variable Rate Series Resolution.

(c) On the effective date of Self Liquidity or a Non-Conforming Liquidity Facility, the Agency must furnish or cause to be furnished to the Trustee an opinion of

counsel satisfactory to the Agency stating that the delivery of the Liquidity Facility to the Trustee is authorized hereunder and complies with the terms hereof. In addition, no Liquidity Facility delivered to the Trustee will be effective for any purpose hereunder unless accompanied by the following documents:

- (i) opinions of counsel reasonably satisfactory to the Agency to the effect that, as applicable, (A) the provider of the Liquidity Facility is duly organized and existing under the laws of the jurisdiction of its organization and, if applicable, is duly qualified to do business in the United States of America; (B) the Liquidity Facility is a legal, valid and binding obligation of the provider enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to, or affecting generally the enforcement of, creditors' rights and remedies, and by the availability of equitable remedies, including specific performance and injunctive relief; and (C) no registration under the Securities Act of 1933, as amended, or qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of the Liquidity Facility or the remarketing of the related 2025/2026 Series Bonds with the benefits thereof;
- (ii) copies of any documents, agreements or arrangements related to or entered into directly or indirectly between the Agency and the entity issuing the related Liquidity Facility with respect to the transactions contemplated by that Liquidity Facility, which documents, agreements or arrangements must evidence, among other things, the agreement of the provider of the Non-Conforming Liquidity Facility or Self Liquidity to purchase Bank Bonds then held by the Bank on the Mandatory Tender Date;
- (iii) letters from each Rating Agency then rating the 2025/2026 Series Bonds evidencing that the replacement of the Liquidity Facility with the proposed Non-Conforming Liquidity Facility or Self Liquidity will result in the reconfirmation of the then existing rating;
- (iv) any other documents and opinions as the Agency may reasonably request, including evidence that all amounts due and payable to the Bank providing the then existing related Liquidity Facility have been paid;
- (v) any disclosure document as the Remarketing Agent may reasonably request in connection with remarketing the affected 2025/2026 Series Bonds with a Non-Conforming Liquidity Facility or Self Liquidity;
- (vi) if the related Liquidity Facility will provide liquidity support for less than all of a Series of the Outstanding 2025/2026 Series Bonds, the prior written consent of the Bank; and

(vii) if required to make the terms of this 2025/2026 Variable Rate Series Resolution consistent with the terms of the Liquidity Facility, a Series Resolution amending this 2025/2026 Variable Rate Series Resolution.

## **Section 13. The Tender Agent; The Remarketing Agent; The Calculation Agent.**

### **13.01. Acceptance and Successors.**

(a) One or more additional Tender Agents may be appointed by the Agency to the extent necessary to effectuate the rights of the Owners to tender 2025/2026 Series Bonds for purchase as provided herein. The Tender Agent will be entitled to compensation from the Agency for its services provided hereunder in accordance with the schedule of fees provided to, and agreed upon by, the Agency.

(b) The Tender Agent may at any time resign and be discharged of the duties and obligations created by this 2025/2026 Variable Rate Series Resolution by giving at least 60 days' written notice to the other Notice Parties, except that the resignation will not take effect until the appointment of, and acceptance by, a successor Tender Agent hereunder. The Tender Agent may be removed at any time by the Agency by a written instrument filed with the other Notice Parties and the appointment of, and acceptance by, a successor Tender Agent. Upon the resignation or removal of the Tender Agent, the Tender Agent must pay over, deliver and assign any moneys and 2025/2026 Series Bonds held by it in that capacity to its successor.

(c) If the position of Tender Agent becomes vacant for any reason, or if any bankruptcy, insolvency or similar proceeding is commenced by or against the Tender Agent, the Agency must appoint a successor Tender Agent to fill the vacancy and provide notice of the appointment to the Notice Parties. A written acceptance of office must be filed by the successor Tender Agent in the manner set forth in subsection (a) above. Any successor Tender Agent must be a corporation duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$30,000,000 (or, alternatively, maintains a line of credit with a commercial bank of at least \$30,000,000) and authorized by law to perform all of the duties imposed on it by this 2025/2026 Variable Rate Series Resolution.

### **13.02. General Responsibilities of Tender Agent.**

(a) Prior to the Conversion of any Series (or portion thereof) of the 2025/2026 Series Bonds, the Tender Agent must perform the duties and obligations set forth in this 2025/2026 Variable Rate Series Resolution, and in particular:

(i) On each Purchase Date on which Liquidity Facility Bonds are to be purchased pursuant to the Liquidity Facility, the Tender Agent must direct the Bank thereunder pursuant to Section 13.03 to provide immediately available funds to be used for the purpose of purchasing tendered Liquidity Facility Bonds that have not been remarketed on that Purchase Date. The Tender Agent must remit immediately to the related Bank funds that are not so used to purchase

tendered Bonds. The Tender Agent must hold Bank Bonds in escrow for the benefit of the related Bank pending receipt of delivery instructions from the Bank; the Tender Agent may not release Bank Bonds to the Agency or the Remarketing Agent without the written confirmation from the related Bank that the Bank has received the full purchase price (including accrued interest) of the Bank Bonds.

(ii) The Tender Agent must hold all moneys delivered to it pursuant to each Liquidity Facility, as agent and bailee of, and in escrow for the benefit of the related Bondholders, in the related 2025/2026 Series Bond Purchase Account until moneys (A) if purchasing unremarketed Liquidity Facility Bonds pursuant to that Liquidity Facility, have been delivered to or for the account of the tendering Bondholders, or (B) if remitting to the Bank, funds that are not so used to purchase tendered Liquidity Facility Bonds, have been so remitted to or for the account of the related Bank. The moneys held by the Tender Agent under this subsection (ii) must be held uninvested and segregated from other funds.

(iii) While any 2025/2026 Series Bonds (or portions thereof) are FRNs, the Tender Agent shall perform the duties and obligations set forth in this 2025/2026 Variable Rate Series Resolution with respect to FRNs, and in particular, the Tender Agent shall hold all moneys delivered to it pursuant to a remarketing of FRNs and remit such funds to the account of the tendering Holders (or in the event of a Failed Remarketing, to the persons from whom the funds were received for purchase of FRNs). Such moneys held by the Tender Agent under this subsection (iii) shall be held segregated from other.

(b) In performing its duties and obligations hereunder, the Tender Agent must perform only the duties specifically set forth in this 2025/2026 Variable Rate Series Resolution and will be entitled to the protections limitations from liability and indemnities afforded to the Trustee hereunder. The Tender Agent will not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or negligence, and the Tender Agent may not require additional indemnification prior to directing the Bank to provide funds necessary to purchase any Liquidity Facility Bonds pursuant to Sections 13.03(b) and 13.03(c) of the 2025/2026 Variable Rate Series Resolution.

(c) The Tender Agent may deal in 2025/2026 Series Bonds and with the Agency to the same extent and with the same effect as provided with respect to the Trustee and any Paying Agent.

(d) The Notice Parties will each cooperate to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified herein and in the Liquidity Facility will be made available for the purchase of Bonds presented at the designated office of the Tender Agent, and to otherwise enable the Tender Agent to carry out its duties hereunder.

(e) The Tender Agent and the Remarketing Agent will cooperate to the extent necessary to permit the preparation, execution, issuance, authentication and delivery by

the Tender Agent of replacement Bonds in connection with the tender and remarketing of Bonds hereunder.

(f) The Tender Agent hereby waives any rights to, or liens on, any funds or obligations held by or owing to it.

**13.03. Sources of Funds for the Purchase of Tendered Bonds.**

(a) The Tender Agent may only make the payments called for under this 2025/2026 Variable Rate Series Resolution from funds transferred to it or directed by it for payment pursuant to this 2025/2026 Variable Rate Series Resolution and the related Liquidity Facility, which funds are immediately available to the Tender Agent for purposes of making those payments. Under no circumstances will the Tender Agent be obligated to expend any of its own funds in connection with this 2025/2026 Variable Rate Series Resolution or the performance of its duties hereunder. The Tender Agent will have no liability for interest on any moneys received or held by it.

(b) On the Business Day immediately preceding each Purchase Date, the Tender Agent must, by no later than 4:00 p.m., New York City time (or, in the case of Liquidity Facility Bonds bearing interest at the Daily Rate, on the Purchase Date, by no later than 11:30 a.m. New York City time), give each Bank electronic notice or telecopy notice with receipt confirmed telephonically of the aggregate Purchase Price of the related tendered Liquidity Facility Bonds and the amount of principal and interest, respectively, comprising that Purchase Price. On each Purchase Date, in the event that any Liquidity Facility Bonds tendered for purchase on that date are unable to be remarketed, the Tender Agent must, by no later than 11:30 a.m., New York City time, give the related Bank electronic notice or telecopy notice with receipt confirmed telephonically of the aggregate Purchase Price of the related tendered Liquidity Facility Bonds required to be purchased by the Tender Agent pursuant to the related Liquidity Facility, and the amount of principal and interest, respectively, comprising the Purchase Price. As soon as the Bank makes funds available to the Tender Agent for purchase of the related Liquidity Facility Bonds, but in any event funds must be made available not later than 2:00 p.m., New York City time, the Tender Agent is required to purchase therewith, for the account of the related Bank, that portion of the related tendered Liquidity Facility Bonds for which immediately available funds are not otherwise then available for those purchases under this 2025/2026 Variable Rate Series Resolution.

(c) The Remarketing Agent must deliver notice by not later than 4:00 p.m., New York City time on the day prior to each Purchase Date, or 11:00 a.m., New York City time on each Purchase Date in the case of Liquidity Facility Bonds bearing interest at the Daily Rate, of the aggregate principal amount of tendered Liquidity Facility Bonds that it has remarketed on that date. If the Remarketing Agent fails for any reason to deliver notice of the remarketing of the Liquidity Facility Bonds, then the Tender Agent must direct the related Bank to make available, in immediately available funds, an amount equal to 100 percent of the aggregate principal amount of all related Liquidity Facility Bonds tendered on that Purchase Date, plus accrued interest to that date. If the Remarketing Agent fails to deliver notice by not later than 11:00 a.m., New York City

time on the Purchase Date that it has received immediately available funds in the amount of the Purchase Price of all related Liquidity Facility Bonds tendered on that Purchase Date, then the Tender Agent must direct the related Bank to make available, in immediately available funds, an amount equal to 100 percent of the aggregate principal amount of all those Liquidity Facility Bonds, plus accrued interest to that date, less the amount of immediately available funds that the Remarketing Agent has given notice that it has received. Those moneys must be held, used for purchase and remitted as necessary in accordance with Section 13.03(b).

(d) Any Liquidity Facility Bonds that are purchased by a Bank will bear interest at the Bank Interest Rate, will be payable at the times and in the amounts and will be subject to the terms and provisions set forth in the related Liquidity Facility. Unless a Bank otherwise directs, any Liquidity Facility Bonds purchased by that Bank will be immediately registered in the name of that Bank as Owner (unless held through a securities depository, in which case the Liquidity Facility Bonds must be transferred in accordance with the procedures established by the securities depository) and that Bank will have all rights of an Owner of 2025/2026 Series Bonds except that the 2025/2026 Series Bonds purchased by the Bank will bear interest at the related Bank Interest Rate and may not be tendered while those 2025/2026 Series Bonds remain Bank Bonds.

#### 13.04. Appointment of Remarketing Agent; Acceptance and Successors.

(a) The Remarketing Agent for any Series of 2025/2026 Series Bonds shall be as designated by an Authorized Officer at the time of issuance of such 2025/2026 Series Bonds. The designated Remarketing Agent will signify its acceptance of the duties and obligations imposed on it hereunder by duly executing and delivering a Remarketing Agreement.

(b) The Remarketing Agent for a Series of 2025/2026 Series Bonds may at any time resign and be discharged of the duties and obligations created by this 2025/2026 Variable Rate Series Resolution by giving at least 30 days' written notice to the Notice Parties, except that the resignation will not take effect until the appointment of, and acceptance by, a successor Remarketing Agent hereunder; provided, however, if a successor Remarketing Agent has not been appointed by the Agency and accepted the appointment within 60 days of the Remarketing Agent's notice of resignation, the resignation will become effective. The Remarketing Agent may be removed at any time by the Agency by at least 30 days' written notice filed with those parties, except that the Agency must not remove the Remarketing Agent until the appointment of, and acceptance by, a successor Remarketing Agent hereunder. Upon the resignation or removal of the Remarketing Agent, the Remarketing Agent must pay over, deliver and assign any monies and 2025/2026 Series Bonds held by it in that capacity to its successor.

(c) If the position of Remarketing Agent becomes vacant for any reason, or if any bankruptcy, insolvency or similar proceeding is commenced by or against the Remarketing Agent, the Agency must appoint a successor Remarketing Agent to fill the vacancy and provide notice of that appointment to the Notice Parties. A written acceptance of office must be filed by the successor Remarketing Agent in the manner set

forth in subsection (a) of this Section. Any successor Remarketing Agent must be a commercial bank, national banking association or trust company or member of the Financial Industry Regulatory Authority, having a capitalization of at least \$15,000,000 (or, alternatively, maintaining a line of credit from a commercial bank of at least \$15,000,000) and authorized by law to perform all of the duties imposed on it under this 2025/2026 Variable Rate Series Resolution.

**13.05. General Responsibilities of Remarketing Agent.**

(a) The Remarketing Agent must perform the duties and obligations set forth in the Remarketing Agreement and this 2025/2026 Variable Rate Series Resolution, and in particular must:

(i) solicit purchases of 2025/2026 Series Bonds or FRNs from investors able to purchase municipal bonds, effectuate and process those purchases, bill and receive payment for 2025/2026 Series Bonds purchased, and perform related functions in connection with the remarketing of 2025/2026 Series Bonds hereunder;

(ii) provide notice to the Tender Agent that the Remarketing Agent has received notices of tender pursuant to Section 11.09 of this 2025/2026 Variable Rate Series Resolution, the date of the tenders and the principal amount of Variable Rate Bonds to be tendered;

(iii) keep books and records as are consistent with prudent industry practice and that will document its action taken hereunder, and make the books and records available for inspection by the Notice Parties;

(iv) comply at all times with all applicable state and federal securities laws and other statutes, rules and regulations applicable to the offering and sale of the Bonds; and

(v) will not sell Variable Rate Bonds to the Agency unless the Agency delivers to the Trustee and the related Remarketing Agent (A) an opinion of Bond Counsel to the effect that that sale will not adversely affect the exclusion of interest on the Tax-Exempt Series Bonds, including the Variable Rate Bonds, from gross income of the owners thereof for federal income tax purposes and (B) an opinion of a nationally recognized bankruptcy counsel to the effect that a sale of those Variable Rate Bonds by the Remarketing Agent directly to the Agency would not constitute a preferential transfer or be subject to recapture in a bankruptcy of the Agency.

(b) In performing its duties and obligations hereunder, the Remarketing Agent must use the same degree of care and skill as a prudent person would exercise under the same circumstances in the conduct of his own affairs. The Remarketing Agent will not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or negligence.

(c) The Remarketing Agent may deal in 2025/2026 Series Bonds and with the Agency to the same extent and with the same effect as provided with respect to the Trustee and any Paying Agent.

(d) The Notice Parties will each cooperate to cause the necessary arrangements to be made and thereafter continued whereby 2025/2026 Series Bonds prepared, executed, authenticated and issued hereunder will be made available to the Remarketing Agent to the extent necessary for delivery pursuant to Section 11.10(g) upon any Conversion.

(e) The Remarketing Agent hereby waives any right to, or lien on, any remarketing proceeds held by it and any funds held under the Resolutions with respect to any amounts owing to it.

#### 13.06. Remarketing and Sale of Tendered Bonds.

(a) On any FRN Mandatory Tender Date or during any Delayed Remarketing Period, the Remarketing Agent will use its best efforts to sell all those FRNs to be tendered as set forth in Section 11.10(d) hereof.

(b) On any Purchase Date, the Remarketing Agent must offer for sale and use its best efforts to sell all related 2025/2026 Series Bonds tendered or deemed tendered at a price equal to the principal amount thereof plus accrued interest. The 2025/2026 Series Bonds so sold will bear interest from the date of sale at the Effective Rate. The Remarketing Agent must, at the time specified in Section 13.03(c), provide notice to the Tender Agent of the aggregate principal amount of the related 2025/2026 Series Bonds that have been sold; of the aggregate principal amount of related 2025/2026 Series Bonds that will be tendered but have not been sold; of the amount of immediately available funds it has received in respect of the remarketing of the related 2025/2026 Series Bonds; and that the Remarketing Agent commits to deliver to the Tender Agent the amount specified in the notice as having been sold, by 2:30 p.m., New York City time, on the Purchase Date, as described in Section 13.07.

(c) The Remarketing Agent must suspend its remarketing efforts with respect to a Series (or portion thereof) of Variable Rate Bonds or FRNs upon the occurrence and continuation of (i) any Event of Default as provided herein, (ii) any Termination Event under the related Liquidity Facility and the related Bank's termination of its commitment to purchase related 2025/2026 Series Bonds tendered hereunder and (iii) if the Bank breaches its obligation to purchase related 2025/2026 Series Bonds tendered not remarketed. The Remarketing Agent may also suspend its remarketing efforts in certain circumstances as described in the Remarketing Agreement.

(d) Unless the Bank has notified the Remarketing Agent and the Agency that it has elected to hold 2025/2026 Series Bonds at the related Effective Rate and those 2025/2026 Series Bonds will not be considered Bank Bonds notwithstanding that they were purchased with funds of the Bank pursuant to a Liquidity Facility, the Remarketing Agent must offer for sale and use its best efforts to sell all 2025/2026 Series Bonds that

are held by the Bank pursuant to the related Liquidity Facility at a price equal to the principal amount thereof. The 2025/2026 Series Bonds so sold will bear interest from the date of sale at the Effective Rate. The Remarketing Agent will notify the related Bank when it has located a purchaser for some or all of the Bank Bonds then held by the Bank and the proposed Purchase Date for those Bank Bonds.

13.07. Application of Proceeds From Sale of Tendered Bonds. The proceeds of sale of any 2025/2026 Series Bond sold by the Remarketing Agent pursuant to this Section 13 must be transferred, by no later than 2:30 p.m., New York City time, on the Purchase Date of those Bonds, by or at the direction of the Remarketing Agent by wire transfer in immediately available funds to DTC for distribution to the accounts established thereunder for Beneficial Owners of those 2025/2026 Series Bonds; provided, however, if the Remarketing Agent has given notice of resignation pursuant to Section 13.04(b) of this 2025/2026 Variable Rate Series Resolution and a successor Remarketing Agent has not yet been appointed by the Agency, then the Remarketing Agent must deliver any proceeds of sale of any 2025/2026 Series Bonds to the Tender Agent by 11:00 a.m., New York City time, on the Purchase Date of those 2025/2026 Series Bonds. Transfers of ownership interests in the 2025/2026 Series Bonds, while the Bonds are Book-Entry Bonds, are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners of the 2025/2026 Series Bonds.

13.08. Determination and Notice of Interest Rate. The Remarketing Agent must give immediately notice of the Effective Rate for Variable Rate Bonds or the Fixed Interest Rate or the Index Adjustment Factor by telephone to the Trustee, and must promptly thereafter confirm the same in writing to the Notice Parties.

13.09. Appointment of Calculation Agent; Acceptances and Successors.

(a) The Agency hereby appoints Computershare Trust Company, National Association as Calculation Agent with respect to the 2025/2026 Series Bonds.

(b) The Calculation Agent may at any time resign and be discharged of the duties and obligations created by this 2025/2026 Variable Rate Series Resolution by giving at least 60 days' written notice to the other Notice Parties, except that that resignation will not take effect until the appointment of a successor Calculation Agent hereunder. The Calculation Agent may be removed at any time by the Agency by a written instrument filed with the other Notice Parties, except that that removal will not take effect until the appointment of a successor Calculation Agent hereunder.

(c) If the position of Calculation Agent becomes vacant for any reason, or if any bankruptcy, insolvency or similar proceeding is commenced by or against the Calculation Agent, the Agency must appoint a successor Calculation Agent to fill the vacancy and provide notice of that appointment to the Notice Parties. A written acceptance of office must be filed by the successor Calculation Agent.

13.10. General Responsibilities of Calculation Agent. The Calculation Agent will determine the Adjusted Rate on each Rate Determination Date for related Series (or portion thereof) of FRNs in accordance with this 2025/2026 Variable Rate Series Resolution.

**Section 14. Discretion of Authorized Officer.**

14.01. Discretion of Authorized Officer. An Authorized Officer shall determine the number and aggregate principal amount of each Series of the 2025/2026 Series Bonds, subject to the limitations in Section 2.01 of this 2025/2026 Variable Rate Series Resolution. Notwithstanding anything contained in the foregoing sections of this 2025/2026 Variable Rate 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 a Series of the 2025/2026 Series Bonds (subject to any applicable provisions of any bond purchase agreement theretofore executed or the terms and conditions of the public sale of a Series of the 2025/2026 Series Bonds following the award thereof), then such Series of the 2025/2026 Series Bonds will not be issued or sold in accordance with this 2025/2026 Variable Rate Series Resolution.

Adopted by the Minnesota Housing  
Finance Agency this 23<sup>rd</sup> day of  
January, 2025.

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

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

[Resolution No. MHFA 25-02]

## EXHIBIT A

[Form of 2025/2026 Series Bonds]

No. \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RESIDENTIAL HOUSING FINANCE BOND, [2025][2026] SERIES [ ] [(TAXABLE)]

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>

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 & 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 and to pay interest on the principal amount in like manner at the rates per annum and on the dates determined and described herein and in the Series Resolution (as defined herein), payable on each January 1 and July 1, commencing \_\_\_\_\_ 1, 20\_\_\_\_\_, to the order of the registered owner hereof as shown on the Bond Register maintained by the Trustee (as hereinafter defined), with respect to Variable Rate Bonds, on the business day immediately prior to that interest payment date and, in all other cases, on the fifteenth (15<sup>th</sup> 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, mandatory tender or conversion (the "Conversion") of the interest rate to a fixed interest rate or to an indexed rate. Prior to Conversion, the [2025][2026] Series \_\_\_\_\_ Bond will bear interest at a variable rate (the "Effective Rate") based on a Daily Mode Period, Weekly Mode Period, Monthly Mode Period, Quarterly Mode Period or Semiannual Mode Period (each a "Mode Period") subject to and in accordance with the 2025/2026 Variable Rate Series Resolution (hereinafter defined). The [2025][2026] Series \_\_\_\_\_ Bond will initially bear interest at the Effective Rate based on a Weekly Mode Period. After Conversion, the [2025][2026] Series \_\_\_\_\_ Bond will bear interest at the fixed interest rate (the "Fixed Interest Rate") or an indexed rate (the "Indexed Rate"), as applicable, subject to and in accordance with the 2025/2026 Variable Rate Series Resolution described herein until the Agency's obligation with respect to the payment of that principal amount is discharged, provided that, in any event, Bank Bonds (as defined herein) will bear interest in accordance with the Liquidity Facility. Thereafter, interest will be payable as provided in the 2025/2026 Variable

Rate Series Resolution. The interest hereon and, upon presentation and surrender hereof, the principal and any redemption premium with respect to the [2025][2026] Series \_\_\_\_ Bonds 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 St. Paul, Minnesota, successor Trustee under the Bond Resolution referred to below, or its successor (the "Trustee"). The purchase price hereof is payable, solely from the sources set forth in the 2025/2026 Variable Rate Series Resolution, upon surrender hereof to Computershare Trust Company, National Association, in St. Paul, Minnesota, and its successors and assigns, as tender agent (the "Tender Agent"), under the conditions set forth in the Series Resolution. For the prompt and full payment thereof when due the full faith and credit of the Agency are irrevocably pledged. This [2025][2026] 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 [2025][2026] Series \_\_\_\_ Bond is not a debt of the State. *Capitalized terms used herein and not otherwise defined herein have the meanings assigned to those terms in the 2025/2026 Variable Rate Series Resolution hereinafter described.*

This [2025][2026] Series \_\_\_\_ Bond is one of a duly authorized Series of Residential Housing Finance Bonds, [2025][2026] Series [\_\_\_\_] [(Taxable)], in the original principal amount of \$ \_\_\_\_\_ (the "[2025][2026] Series \_\_\_\_ Bonds"), issued to provide funds needed for the Agency's Program of making or purchasing Program Securities 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 [2025][2026] 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, adopted January 23, 2025 (the "2025/2026 Variable Rate 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 [2025][2026] Series \_\_\_\_ Bonds, the respective rights thereunder of the Agency, the Trustee and other Fiduciaries and the Owners of the [2025][2026] Series \_\_\_\_ Bonds, and the terms upon which the [2025][2026] Series \_\_\_\_ Bonds are issued, delivered and secured. [The [2025][2026] Series \_\_\_\_ Bonds are issued contemporaneously with the Agency's Residential Housing Finance Bonds, [2025][2026] Series \_\_, 2025/2026 Series \_\_ and [2025][2026] Series \_\_.]

Prior to a Conversion Date, the [2025][2026] Series \_\_\_\_ Bonds will be issued as fully registered Bonds without coupons in the denominations of (i) during a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period or a Quarterly Mode Period with respect to Liquidity Facility Bonds, \$100,000 or integral multiples of \$5,000 in excess of \$100,000, (ii) while the Variable Rate Bonds are Unenhanced Variable Rate Bonds, \$25,000 or integral multiples thereof, and (iii) during a Semiannual Mode Period, \$5,000 or integral multiples thereof. From and after a Conversion Date, the [2025][2026] Series \_\_\_\_ Bonds will be issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Prior to a Conversion, the [2025][2026] Series \_\_\_\_ Bonds are subject to optional redemption prior to maturity at the option of the Agency from any source of funds, in whole or in part (and if in part in an Authorized Denomination) on any Business Day, at a redemption price equal to 100 percent of the principal amount thereof plus accrued interest, if any, to the redemption date.

All [2025][2026] 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 [2025][2026] Series \_\_\_\_ Bonds not used to purchase Program Securities or refund the related Refunded Bonds, if any, and from allocable amounts, if any, held in the [2025][2026] \_\_\_\_ 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 the 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.

Upon redemption of any of the [2025][2026] Series \_\_\_\_ Bonds, other than through the application of sinking fund installments, the maturities and amounts of the [2025][2026] Series \_\_\_\_ Bonds to be redeemed, and the amounts by which particular sinking fund installments shall be reduced in consequence of the redemption of [2025][2026] Series \_\_\_\_ Bonds, 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 such redemption.

Notice of any redemption of [2025][2026] Series \_\_\_\_ Bonds will be given by immediate notice and mailed, by first class mail, postage prepaid, to the last address on the registry books of the registered owner of any [2025][2026] Series \_\_\_\_ Bonds, not less than 20 days before the redemption date. Notice having been given, the [2025][2026] Series \_\_\_\_ Bonds or portions of [2025][2026] 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 [2025][2026] 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 [2025][2026] Series \_\_\_\_ Bonds not affected by that defect or failure.

Bank Bonds will be redeemed on the dates and in the amounts required by the Liquidity Facility.

Prior to any Conversion of the [2025][2026] Series \_\_\_\_ Bonds, the Owners of Liquidity Facility Bonds may elect to tender their [2025][2026] Series \_\_\_\_ Bonds, which, if so tendered,

upon proper notice to the Remarketing Agent or Tender Agent, as applicable, at the times and in the manner set forth in the Mode Period Chart for variable rate bonds included in the 2025/2026 Variable Rate Series Resolution, will be purchased on the next Effective Rate Date (or, in the case of Liquidity Facility Bonds in a Weekly Mode, on the purchase date specified in the Tender Notice) at the Purchase Price. Notice of tender for purchase of [2025][2026] Series \_\_ Bonds by the Owners hereof must be in writing and will be irrevocable once the notice is given by the Owner hereof to the Remarketing Agent or the Tender Agent, as directed in the Mode Period Chart.

Prior to Conversion, Owners of Unenhanced Variable Rate Bonds may elect to tender their Unenhanced Variable Rate Bonds, which, if so tendered upon proper notice to the Remarketing Agent or the Tender Agent, as applicable, at the times and in the manner set forth in the Mode Period Chart, will be purchased on the next Effective Rate Date at a price equal to 100 percent of the principal amount thereof plus accrued interest. The notice of optional tender for purchase of Unenhanced Variable Rate Bonds by the registered owners hereof will be irrevocable once the notice is given to the Remarketing Agent. Upon receipt of a notice of optional tender for purchase of Unenhanced Variable Rate Bonds by the registered owners hereof, the Remarketing Agent must promptly notify the Tender Agent of receipt of the notice. The notice of tender for purchase of Unenhanced Variable Rate Bonds by the Owners thereof will be in writing and will be irrevocable once the notice is given to the Remarketing Agent or the Tender Agent as directed in the Mode Period Chart.

The [2025][2026] Series \_\_ Bonds or any portion thereof, as applicable, are subject to mandatory tender for purchase (with no right to retain) (i) on each Mode Change Date and each Unenhanced Variable Rate Bonds Change Date, (ii) with respect to a Liquidity Expiration Event, not less than five days prior to the scheduled expiration or earlier termination of the Liquidity Facility, (iii) on the effective date of an Alternate Liquidity Facility, if such Mandatory Tender has not already occurred pursuant to subsection (ii) above, (iv) on any Conversion Date, and (v) upon receipt of a Notice of Termination of Commitment to Purchase (as described in the Liquidity Facility) by the Trustee, not less than five days prior to the termination date set forth therein (each a "Mandatory Tender Date"), at the Purchase Price, subject to the conditions described in the 2025/2026 Variable Rate Series Resolution. In connection with any mandatory tender of [2025][2026] Series \_\_ Bonds upon a Mandatory Tender Date, the Trustee will deliver a notice of mandatory tender stating the reason for the mandatory tender to Owners at least 15 days prior to the Mandatory Tender Date, and that all Owners subject to that mandatory tender will be deemed to have tendered their [2025][2026] Series \_\_ Bonds upon that date.

On each date on which Liquidity Facility Bonds are required to be tendered and purchased, the Remarketing Agent must use its best efforts as described in the 2025/2026 Variable Rate Series Resolution to sell those Liquidity Facility Bonds. In the event the Remarketing Agent is unable to remarket the Liquidity Facility Bonds so tendered, the Bank must, pursuant to the Series Resolution, purchase those Bonds (the "Bank Bonds") in accordance with the Liquidity Facility. In the event the Remarketing Agent is unable to remarket any Unenhanced Variable Rate Bonds so tendered, those Unenhanced Variable Rate Bonds will bear interest at the Unenhanced Variable Rate Bonds Non-Remarketed Rate.

Any [2025][2026] Series \_\_\_\_ Bonds not tendered and delivered to the Tender Agent on or prior to its Mandatory Tender Date (“Untendered Bonds”), for which there have been irrevocably deposited in trust with the Trustee the purchase price equal to the principal amount of those [2025][2026] Series \_\_\_\_ Bonds plus accrued interest will be deemed to have been tendered and purchased on that Mandatory Tender Date. Owners of Untendered Bonds 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 Untendered 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 Series Resolution, except for the purpose of payment of the purchase price. Bond certificates will be issued in place of Untendered Bonds and, after the issuance of the replacement Variable Rate Bond certificates, those Untendered Bonds will be deemed purchased, canceled, and no longer Outstanding under the Bond Resolution.

**UNENHANCED VARIABLE RATE BONDS WILL NOT BE SUPPORTED BY A LETTER OF CREDIT, LINE OF CREDIT, STANDBY BOND PURCHASE AGREEMENT OR ANY OTHER LIQUIDITY FACILITY.** If the Remarketing Agent cannot successfully remarket any Unenhanced Variable Rate Bonds subject to optional or mandatory tender for purchase, the Owners thereof do not have the right to have those Unenhanced Variable Rate Bonds purchased upon tender. Any Unenhanced Variable Rate Bond that is subject to optional or mandatory tender for purchase that the Remarketing Agent, after using its best efforts, is unable to remarket in accordance with the Series Resolution, at a price equal to 100 percent of the principal amount thereof, plus accrued interest, by 11:05 a.m., on the date scheduled for that purchase, whether the inability is because of market conditions or otherwise, will bear interest at the Unenhanced Variable Rate Non-Remarketed Rate and be subject to tender for purchase as described in the 2025/2026 Variable Rate Series Resolution.

The Remarketing Agent will continue to use its best efforts each Business Day to remarket that Unenhanced Variable Rate Bond in accordance with the Series Resolution at a price equal to 100 percent of the principal amount thereof, plus accrued interest. In connection therewith, the Remarketing Agent will consider each day to be a Rate Determination Date for that Unenhanced Variable Rate Bond. During the period of time from and including the initial date that any Unenhanced Variable Rate Bond was to be purchased to (but not including) the date that the Unenhanced Variable Rate Bond is successfully remarketed (the “Non-Remarketing Period”), that Unenhanced Variable Rate Bond will bear interest at a rate per annum equal to the Unenhanced Variable Rate Bonds Non-Remarketed Rate determined from time to time as described in the Series Resolution. Notwithstanding the provisions of the 2025/2026 Variable Rate Series Resolution, if a failure to pay principal, interest or premium on any Unenhanced Variable Rate Bond when due has occurred, that Unenhanced Variable Rate Bonds will bear interest during each Mode Period for any portion thereof at a rate per annum equal to the Unenhanced Variable Rate Bonds Default Rate for the period from the time from and including the initial date of the failure to (but not including) the date on which the failure has ceased to be continuing.

The Agency has issued other Series of Bonds and the Bond Resolution authorizes additional Series of Bonds to be issued (collectively, with the [2025][2026] 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 the Bonds will not impair the 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 Bondholders. Every Owner hereof is deemed by its purchase and retention of this [2025][2026] Series \_\_\_ Bonds 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 [2025][2026] 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 [2025][2026] Series \_\_\_ Bonds held by that Owner, or the obligation of the Agency to pay the same at the time and place expressed in the [2025][2026] 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 this [2025][2026] Series \_\_\_ Bonds 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 this [2025][2026] 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 [2025][2026] Series \_\_\_ Bonds, dated the date of original issuance and delivery of the [2025][2026] Series \_\_\_ Bonds.

As provided in the Bond Resolution and subject to certain limitations set forth therein, this [2025][2026] 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 [2025][2026] 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 [2025][2026] Series \_\_ Bond of the same aggregate principal amount, maturity, interest rate and terms as the surrendered [2025][2026] 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 [2025][2026] Series \_\_ Bond, so long as this [2025][2026] 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 [2025][2026] Series \_\_ Bond, and will give all notices with respect to this [2025][2026] 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 [2025][2026] Series \_\_ Bond is registered upon the books of the Agency as the absolute owner hereof, whether this [2025][2026] 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 [2025][2026] 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 [2025][2026] Series \_\_ Bond will not be entitled to any benefit under the Bond and Series Resolutions or be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, the Agency has caused this [2025][2026] Series    Bond to be executed by the facsimile signatures of its Chairperson and Commissioner, the Agency having no corporate seal.

Date of Authentication: \_\_\_\_\_, [2025][2026]

Trustee's Certificate

This is one of the [2025][2026] Series  
\_\_\_\_ Bonds delivered pursuant to the  
Bond Resolution and 2025/2026  
Variable Rate Series Resolution  
mentioned within.

COMPUTERSHARE TRUST  
COMPANY, NATIONAL  
ASSOCIATION,  
as successor Trustee

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

MINNESOTA HOUSING FINANCE AGENCY

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By: (Facsimile Signature)  
Chairperson

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Attest: (Facsimile signature)  
Commissioner

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## ASSIGNMENT

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

---

(please print or type name and address of transferee)

the within [2025][2026] Series    Bond and all rights thereunder and does hereby irrevocably constitute and appoint                                    attorney to transfer the within [2025][2026] 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:

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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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## Item: Commitment, Low and Moderate Income Rental (LMIR) Loan and Bridge Loan (BL) - Vue Pointe Apartments, D8604, Waite Park

**Action Item:** 7.C  
**Date:** 01/23/2025  
**Staff Contacts:** Sarah Foley, 651.297.5145, [sarah.foley@state.mn.us](mailto:sarah.foley@state.mn.us)  
**Request Type:** Approval, Resolution

### Request Summary:

At the December 14, 2023, meeting, the Minnesota Housing board selected the proposed development for financing with a Low and Moderate Income Rental (LMIR) loan in the amount of up to \$885,000 and a Bridge Loan (BL) in the amount of up to \$9,330,000 in Resolution No. MHFA 23-078. Agency staff completed the underwriting and technical review of the proposed development and recommends adoption of a resolution authorizing the issuance of a LMIR commitment not to exceed \$950,000 and a BL commitment not to exceed \$8,845,000.

The commitment is subject to the terms and conditions of the Agency term letter.

### Fiscal Impact:

Minnesota Housing will earn interest rate spread income on the LMIR loan 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
- Resolution
- Term Letter

## DEVELOPMENT SUMMARY

### SECTION I: PROJECT DESCRIPTION AND RECOMMENDATIONS

Project Information			
<b>Development Name</b>	Vue Pointe Apartments	<b>D#</b> 8604	<b>M#</b> 19438
<b>Address</b>	3009 1 <sup>st</sup> Street S		
<b>City</b>	Waite Parke	<b>County</b>	Stearns
<b>Date of Selection</b>	12/14/2023	<b>Region</b>	Central

#### A. Project Description and Population Served

- The development involves the new construction of 48 units in a three-story elevator building with units ranging from one to four bedrooms.
- The development will provide workforce housing for family households.
- Four units will serve High Priority Homeless (HPH) households and six units will serve People with Disabilities (PWD) households.
- The development will serve households with incomes at or below 30%, 50% and 60% Multifamily Tax Subsidy Projects (MTSP).
- Thirteen units will benefit from Project-based Section 8 rental assistance or Housing Support income supplement. These units will be deeply affordable to households at or below 30% MTSP.
- In addition to the units receiving rental assistance, three additional units will be deeply affordable to households at or below 30% MTSP.
- The financing includes 4% Housing Tax Credits (HTCs) from Minnesota Housing.

#### B. Mortgagor Information

<b>Ownership Entity:</b>	WP Housing Group, LLC
<b>Sponsor:</b>	TTT Housing, LLC
<b>General Partner:</b>	WP Housing Partners, LLC
<b>Guarantor(s):</b>	TTT Housing, LLC; Megan Sand Carr; Nicole Sand and Kathryn Peterson.

## C. Development Team Capacity Review

This is the first project the sponsor/developer, TTT Housing, LLC, has with Minnesota Housing. However, its members have successfully completed numerous projects similar in size and scope and are familiar with Minnesota Housing funding, processes and requirements.

The management company, Sand Property Management, LLC, has experience working with Minnesota Housing and has capacity to add this development.

The service provider, Unified Social Services LLC, is experienced in serving HPH/PWD residents.

Sand Architects, LLC is the architect and Sand Construction, LLC is the general contractor. Both have the capacity to effectively design and construct the project.

The project's developer/sponsor, management company and architect represent Women-owned business enterprises. In addition, the project includes a partnership that will help build the capacity of another architecture firm, a Women-Owned Business Enterprise knowledgeable about passive house requirements.

## D. Current Funding Request

Loan Type	Program	Source	Amount	IR	MIP	Term	Amort/ Cash Flow	Construction/ End Loan
Amortizing	LMIR	TEB*	\$ 950,000	6.5% Max.	NA	24 mos. (const.) + 40 years	40-year am.	Construction to permanent
Bridge	BL	TEB*	\$ 8,845,000	Bond Rate + 1%	NA	Approx. 24 months	N/A	Construction bridge loan

\*Tax-exempt volume limited bonds.

Bridge Loan funded by tax-exempt bonds (TEB).

- The tax-exempt volume limited bonds are sized at approximately 53% to qualify the development for 4% HTC.
- The interest rate on the LMIR loan will be based on the bond rate at the time of sale plus a spread, with a maximum of 6.5%. The rate is subject to being reset at the then market rates if the loan does not close by June 30, 2025.

**Amortizing Mortgage Loan to Cost: 4.9%**

**Amortizing Mortgage Loan to Value: TBD**

## E. Significant Changes Since Date of Selection

None.

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

### A. Project Uses

Description	Amount	Per Unit
Acquisition or Refinance	\$ 731,000	\$ 15,229
Construction Costs	\$ 15,057,719	\$ 313,702
Environmental Abatement	\$ 0	\$ 0
Professional Fees	\$ 1,356,637	\$ 28,263
Developer Fee	\$ 500,000	\$ 10,417
Financing Costs	\$ 1,578,327	\$ 32,882
Total Mortgageable Costs	\$ 19,223,683	\$ 400,493
Reserves	\$ 278,500	\$ 5,802
<b>Total Development Cost (TDC)</b>	<b>\$ 19,502,183</b>	<b>\$ 406,295</b>

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

### B. Permanent Capital Sources

Description	Amount	Per Unit
LMIR Amortizing Mortgage	\$ 950,000	\$ 19,792
General Partner Cash	\$ 1,575	\$ 33
HTC Equity Proceeds (Wells Fargo)	\$ 6,273,174	\$ 130,691
Agency Deferred Funding (EDHC)	\$ 7,045,000	\$ 146,771
Agency Deferred Funding (HIA)	\$ 5,151,000	\$ 107,313
Rebates	\$ 81,434	\$ 1,697
Deferred Developer Fee	\$ 0	\$ 0
<b>Total Permanent Financing</b>	<b>\$ 19,502,183</b>	<b>\$ 406,295</b>

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

### **C. Financing Structure**

The development will qualify for approximately \$712,932 of annual, 4% housing tax credits, which will result in equity proceeds from Wells Fargo. The term of the Land Use Restrictive Agreement will be 50 years.

The development was also selected for deferred funding up to \$7,105,000 under the Economic Development and Housing Challenge (EDHC) program and a \$5,151,000 loan under the Housing Infrastructure Appropriations (HIA) program under Resolution No. MHFA 23-077. There is no change to the HIA loan amount and the EDHC loan was reduced to \$7,045,000. These loans are 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 \$406,295, which exceeds the predictive cost model estimate of \$372,133 by 9%.
  - Since the TDC does not exceed predicted costs by 25%, no further action is required.

## SECTION III: UNDERWRITING

### A. Rent Grid

Unit Type	Number	Net Rent*	Rent Limit (% of MTSP or AMI)	Income Limit (% of MTSP or AMI)	Rental Assistance Source
1 BR	3	\$ 960	50%	30%	Housing Support
1 BR	1	\$ 734	50%	30%	Housing Support
1 BR	1	\$ 960	50%	30%	Housing Support
1 BR	1	\$ 882	50%	30%	Section 8
1 BR	4	\$ 882	50%	30%	Section 8
2 BR	15	\$ 1,054	50%	50%	
3 BR	5	\$ 1,210	50%	50%	
4 BR	1	\$ 1,343	50%	50%	
2 BR	6	\$ 1,274	60%	60%	
3 BR	5	\$ 1,465	60%	60%	
1 BR	2	\$ 515	30%	30%	
2 BR	1	\$ 613	30%	30%	
4 BR	3	\$ 1,627	60%	30%	Section 8

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

### B. Feasibility Summary

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

- The project maintains positive cash flow for 15 years, with a projected debt coverage ratio in year 15 of 1.15.

- The project was underwritten at 6% vacancy, with 2% income and 3% expense inflators.
- The project includes five units with Housing Support rental assistance and the contract will be renewed annually. The eight units with Section 8 rental assistance will have a 20-year contract.
- The development budget contains a six-month operating reserve required by the syndicator.

### Map of 3009 1<sup>st</sup> Street S, Waite Park



**Picture of 3009 1<sup>st</sup> Street S, Waite Park**



*Looking north at site from 1<sup>st</sup> Street South*



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

**RESOLUTION NO. MHFA 25-xxx**

**RESOLUTION APPROVING MORTGAGE LOAN COMMITMENT  
LOW AND MODERATE INCOME RENTAL (LMIR) PROGRAM  
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:      Vue Pointe Apartments

Sponsors:                    TTT Housing, LLC

Guarantors:                TTT Housing, LLC; Megan Sand Carr; Nicole Sand; Kathryn Peterson

Location of Development: Waite Park

Number of Units:           48

Amount of LMIR Mortgage: \$950,000  
(not to exceed)

Amount of BL                \$8,845,000  
(not to exceed)

WHEREAS, the Minnesota Housing board approved the proposed development for financing under the Low and Moderate Income Rental loan in the amount of up to \$885,000 and Bridge Loan in the amount of \$9,330,000 in Resolution No. MHFA 23-078; and

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

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

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

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the Board hereby authorizes Agency staff to issue a commitment to provide construction and permanent mortgage loans to the sponsor or an affiliate thereof from the proceeds of Rental

Housing Bonds for the Low and Moderate Income Rental loan and Bridge Loan (if authorized by the Board) for the indicated development, upon the following terms and conditions:

1. This authorization shall expire on the earlier of June 30, 2025 or loan closing; and
2. The LMIR and the BL transactions will be financed with the proceeds of tax-exempt Rental Housing Bonds of the Agency, and the commitment is subject to the ability of the Agency to sell bonds on terms and conditions, and in a time and manner, acceptable to the Agency; and
3. The amount of the LMIR amortizing loan shall not exceed \$950,000; and
4. The interest rate on the LMIR loan shall be based on the interest rate on the Rental Housing Bonds issued to finance the loans plus a spread, not to exceed 6.5% (subject to change, as set forth in the attached Agency amended and restated term letter dated January 9, 2025; 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 40-year term (based on a 40-year amortization); and
6. The term of the permanent LMIR loan shall be 40 years and the construction period shall not exceed 24 months; and
7. The amount of the BL shall not exceed \$8,845,000; and
8. The interest rate on the BL will be based on the interest rate on the Rental Housing Bonds issued to finance the BL plus 1.00%, interest will be payable monthly, and the principal will be due in a balloon payment no more than 24 months after closing; and
9. The BL commitment shall be entered into on or before June 30, 2025, and such commitment shall have a six-month term; and
10. The mortgagor shall comply with the terms set forth in the attached Agency term letter. The Commissioner is authorized to approve non-material modifications to those terms; and
11. The mortgagor shall execute documents embodying the above in form and substance acceptable to Agency staff; and
12. The Sponsor and Guarantors shall guarantee the mortgagor's payment obligation regarding operating cost shortfalls and debt service until the property has achieved a 1.11 debt service coverage ratio (assuming stabilized expenses) for three successive months; and
13. The Sponsor and Guarantors 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<sup>rd</sup> day of January 2025

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CHAIR



**400 Wabasha Street North, Suite 400**  
**St. Paul, MN 55102**  
**P: 800.657.3769**  
**F: 651.296.8139 | TTY: 651.297.2361**  
[www.mnhousing.gov](http://www.mnhousing.gov)

January 9, 2025

WP Housing Group, LLC  
c/o TTT Housing, LLC  
Megan Carr  
366 10<sup>th</sup> Ave. S  
Waite Park, MN 56387

RE: Amended and Restated Term Letter\*  
Vue Pointe Apartments  
Development #D8604, Project #M19438

Dear Megan Carr:

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: WP Housing Group, LLC

**General Partner(s)** WP Housing Partners, LLC

**Managing Member(s):**

**Development** New construction of a 48-unit affordable housing development

**Description/Purpose:** located in Waite Park, Minnesota

\*This Term Letter amends and restates, in its entirety, the previous Term Letter dated December 19, 2024.

### Minnesota Housing Loan Type/Terms

Program	Low and Moderate Income Rental Program (LMIR) –tax-exempt bond funded*	Bridge Loan–tax-exempt bond funded *	Housing Infrastructure Appropriation (HIA)	Economic Development and Housing Challenge (EDHC)
<b>Loan Amount</b>	\$ 950,000	\$ 8,845,000	\$ 5,151,000	\$ 7,045,000
<b>Interest Rate</b>	6.5%**	Bond financing rate + 1.0% (est. 5.00%)	0%	0%
<b>Mortgage Insurance Premium (%)</b>	Not Applicable	Not Applicable	Not Applicable	Not Applicable
<b>Term</b>	Approx. 24 months (construction) + 40 years	24 months	Approx. 24 months (construction) + 40 years	Approx. 24 months (construction) + 40 years
<b>Amortization / Repayment</b>	Interest only during construction based on the full amount of the loan; 40 years	Interest only during term based on the full amount of the loan	Deferred lump sum payment due in approx. 24 months (construction) + 40 years.	Deferred lump sum payment due in approx. 24 months (construction) + 40 years.
<b>Prepayment Provision</b>	No prepayment first 10 years from date of the Note.	No prepayment until July 1, 2026.	Prepay at any time with prior written approval.	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	Second (during construction period only)	Third (4 <sup>th</sup> during construction period)	Second (3 <sup>rd</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 6.5% 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 June 30, 2025.

<b>Origination Fees:</b>	<ul style="list-style-type: none"><li>• LMIR Loan: \$25,000</li><li>• Bond-funded Bridge Loan: \$44,225 (payable at the earlier of loan commitment or loan closing)</li></ul>
<b>Bond Issuance Fee</b>	• \$175,838 (payable at loan closing)
<b>LMIR Interest Rate Extension Fee</b>	Not applicable.
<b>Construction Oversight Fee:</b>	\$75,000 (payable at loan closing)
<b>End Loan Commitment:</b>	Not applicable.
<b>Guarantee / Guarantor(s):</b>	<ul style="list-style-type: none"><li>• Bridge Loan: Completion, Repayment and Operations Guarantee from TTT Housing, LLC, Megan Sand Carr, Nicole Sand, and Kathryn Peterson.</li><li>• LMIR Permanent Loan: Completion, Repayment and Operations Guarantee from TTT Housing, LLC, Megan Sand Carr, Nicole Sand, and Kathryn Peterson.</li></ul>
<b>Operating Deficit Escrow Reserve Account:</b>	\$28,500 to be funded on the day of closing of the LMIR loan by cash or letter of credit (outside of the development budget) to be held by Minnesota Housing. May be funded from equity pre-funding proceeds intended for syndicator required reserve.
<b>Operating Reserve Account:</b>	Capitalized operating reserve in the amount of \$278,500 (as required by the syndicator) funded after construction completion anticipated from the third equity installment and during the draw process. The operating reserve will not be held by Minnesota Housing.
<b>Replacement Reserve Account:</b>	Monthly replacement reserve deposits will be required in the amount of \$1,800. The replacement reserve will be held by Minnesota Housing.
<b>Escrows:</b>	Real estate tax escrow and property insurance escrow to be established after completion of construction (outside of the development budget) and will be held by Minnesota Housing.

January 9, 2025

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**Collateral/Security:** Mortgage and Assignment of Rents and Leases for each loan; UCC-1 Financing Statement on fixtures, personal property, accounts and equipment.

**Rent and Income Requirements:** LМИR 1<sup>st</sup> Mortgage:  
48 units restricted as follows:

- 20 units with rents and incomes not exceeding 60% MTSP;
- 12 units with unrestricted incomes
- 16 units with incomes equal to or less than 100% of the greater of area or statewide median income as determined by HUD.
- Commitment to affordability in effect while the loan is outstanding.

Housing Infrastructure Appropriation Loan:

- 48 units with incomes not exceeding 60% MTSP and rents at 60% MTSP.
- 13 units will be further restricted with rents affordable to households with incomes at or below 50% of the area median income for the applicable county or metropolitan area as published by the United States Department of Housing and Urban Development (HUD), as adjusted for household size.
- Commitment to construction period plus 50 years of affordability from the date of loan closing.

Economic Development and Housing Challenge Loan:

- 48 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.

**HAP or Other Subsidy Agreement:** Commitment to construction period plus 15 years of affordability from the date of loan closing under the Housing Support Program for 5 units and under the Section 8 Program for 8 units.

**Other Occupancy** Not applicable.

**Requirements:**

**Other Requirements:** The EDHC and HIA loans are subject to the terms in the attached Selection Criteria.

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

**Expiration Date:** This term letter will expire on the earlier of June 30, 2025 or loan closing.

**Additional Terms:** Not applicable.

**Other Conditions:** Subject to appraised value achieving a maximum 90% LTV.

**Board Approval:** 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.

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

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

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

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

Sincerely,



James Lehnhoff  
Assistant Commissioner, Multifamily

January 9, 2025

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**AGREED AND ACCEPTED BY:**

WP HOUSING GROUP, LLC

By:

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Megan S. Carr, Manager, WP Housing Partners, LLC

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

**Project Name:** **Vue Pointe Apartments**  
**Project City:** **Waite Park**  
**Property Number (D#):** **D8604**  
**Project Number:** **M19438**

### Deeper Rent Targeting A

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

### Loan/HTC Commitment and Compliance Monitoring

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

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

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

### Deeper Rent Targeting B

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

### Loan/HTC Commitment and Compliance Monitoring

The deferred loan and/or HTC document(s) may include the number of units required to meet this criterion for the term of the deferred loan Declaration and/or LURA. Page 260 of 568

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

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

#### Large Family Housing

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
75% two or more bedrooms and 1/3 of the 75% contain three or more bedrooms	<u>12</u>	75% two or more bedrooms and 1/3 of the 75% contain three or more bedrooms	<u>12</u>	<u>22</u> 2 Bedrooms Units
				<u>10</u> 3 Bedrooms Units
				<u>4</u> 4 Bedrooms Units
				<u>0</u> 5 Bedrooms Units
				<u>0</u> 6 Bedrooms

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

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

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

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

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

#### Loan/HTC Commitment and Compliance Monitoring

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

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

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

## Permanent Supportive Housing for High Priority Homeless

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

### Loan/HTC Commitment and Compliance Monitoring

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

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

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

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

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

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

## People with Disabilities – Tier 1

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
10% to 14.99% of the total units, but no fewer than 5 units	<u>9</u>	10% to 14.99% of the total units, but no fewer than 5 units	<u>9</u>	6

### Loan/HTC Commitment and Compliance Monitoring

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

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

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

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

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

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

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

#### Rental Assistance

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

#### Loan/HTC Commitment and Compliance Monitoring

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

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

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

no greater than 30% of household income except as approved by Minnesota Housing. The project must comply with the requirements in the Self-Scoring Worksheet.  
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Minnesota Housing, at its sole discretion, will consider rental assistance programs with alternative rent structures as proposed by the applicant, where households may pay more than 30% of their household income when the program goals align with the needs of low-income populations such as with the Moving to Work and site-based Housing Support programs.

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

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

#### Rental Assistance – Further Restricted Rental Assisted Units (FRRA)

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
25.1% to 50% of the total units	<u>5</u>	25.1% to 50% of the total units	<u>5</u>	<u>13</u>

#### Loan/HTC Commitment and Compliance Monitoring

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

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

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

#### Serves Lowest Income Tenants/Rent Reduction

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points	Number of Units (Agency Validated)
50% of the total unit rents at 50% MTSP	<u>8</u>	50% of the total unit rents at 50% MTSP	<u>8</u>	<u>24</u>

#### Loan/HTC Commitment and Compliance Monitoring

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

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

Units that have rental assistance cannot be used to satisfy the Serves Lowest Income Tenants/Rent Reduction criterion; units must be separate and distinct. The owner will be required to certify on an annual basis that the rent restrictions are in compliance.  
Agenda Item: 7.C

**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 total units	<u>4</u>	5% to 9.99% of the total units	<u>4</u>	<u>3</u>

**Loan/HTC Commitment and Compliance Monitoring**

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

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

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

**Long Term Affordability**

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

**Need for More Affordable Housing Options**

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**

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

**Workforce Housing Communities**

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

## Loan/HTC Commitment and Compliance Monitoring

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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 planned or existing public transportation fixed route stop	<u>7</u>	One quarter mile of a planned or existing public transportation fixed route stop	<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>		<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.

### 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>	Evidence that Communities Most Impacted by housing disparities have a role in the project proposal and qualifying stakeholder groups.	<u>3</u>

## Loan/HTC Commitment and Compliance Monitoring

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

### Rural/Tribal

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Tier 2: The project is Agenda Item: 7.C	<u>4</u>	Tier 2: The project is	<u>4</u>

Attachment: Term Letter

located in a Rural/Tribal Designated Area outside of the Metropolitan Area and has a population at or greater than 5,000

located in a Rural/Tribal Designated Area outside of the Metropolitan Area and has a population at or greater than 5,000

### **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**

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

### **Loan/HTC Commitment and Compliance Monitoring**

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

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

<b>Developer Claimed Criteria</b>	<b>Developer Claimed Points</b>	<b>Agency Confirmed Criteria</b>	<b>Agency Awarded Points</b>
Owner for-profit Women-owned Business Enterprise	<u>5</u>	Owner for-profit Women-owned Business Enterprise	<u>5</u>

### **Loan/HTC Commitment and Compliance Monitoring**

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

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

<b>Developer Claimed Criteria</b>	<b>Developer Claimed Points</b>	<b>Agency Confirmed Criteria</b>	<b>Agency Awarded Points</b>
Two or more entities are Women-owned Business Enterprises or a combination of Black-, Indigenous-, People of Color-owned or Women-owned Business Enterprise	<u>4</u>	Two or more entities are Women-owned Business Enterprises or a combination of Black-, Indigenous-, People of Color-owned or Women-owned Business Enterprise	<u>4</u>

### **Loan/HTC Commitment and Compliance Monitoring**

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

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

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Partnership with a Black-, Indigenous-, People of Color-owned/Women-owned Business Enterprise entity with the goal of building the entity's capacity	<u>1</u>	Partnership with a Black-, Indigenous-, People of Color-owned/Women-owned Business Enterprise entity with the goal of building the entity's capacity	<u>1</u>

**Loan/HTC Commitment and Compliance Monitoring**

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

**Intermediary Costs**

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
0.0 to 15%	<u>6</u>	0.0 to 15%	<u>6</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>48</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 deferred loan Declaration and/or LURA. The written policy will be validated during the due diligence process and must include procedures regarding transitioning to smoke free for existing residents and establishment of smoking areas outside of units and common areas, if applicable. Consequences for violating the smoke free policy are determined by the owner but must be included in the written policy.

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

#### Enhanced Sustainability - Optional Criteria Points

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

#### Loan/HTC Commitment and Compliance Monitoring

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

#### Enhanced Sustainability - Performance Pathways

Developer Claimed Criteria	Developer Claimed Points	Agency Confirmed Criteria	Agency Awarded Points
Tier 4: Project will be certified by at least one alternative building performance pathways	<u>4</u>	Tier 4: Project will be certified by 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, during architectural review, and post construction.

**Total Developer Claimed:** 133    **Total Agency Awarded:** 130



## Item: Adoption, Series Resolution Authorizing the Issuance and Sale of Rental Housing Bonds, Series 2025 D (Vue Pointe)

**Action Item:** 7.D  
**Date:** 01/23/2025  
**Staff Contacts:** Matt Dieveney, 651.282.2577, matthew.dieveney@state.mn.us  
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**Request Type:** Approval, Resolution

### Request Summary

Staff is requesting authorization to issue fixed rate bonds under the existing Rental Housing Bond Resolution. The bonds will be issued in two series, to make a short-term bridge mortgage loan and a long-term, first-lien Low and Moderate Income Rental (LMIR) loan to finance a portion of the acquisition and construction of The Vue Pointe apartments, a 48-unit multifamily housing development in Waite Park, MN. The Agency anticipates pricing and issuing of the bonds described in the attached Preliminary Official Statement in early 2025.

### Fiscal Impact

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

### Agency Priorities

- Improve the Housing System
- Make Homeownership More Accessible
- Preserve and Create Housing Opportunities
- Support People Needing Services
- Strengthen Communities

### Attachments

- Resolution
- Preliminary Official Statement

RESOLUTION NO. MHFA 25-04

RESOLUTION RELATING TO RENTAL HOUSING BONDS; AUTHORIZING THE ISSUANCE AND SALE THEREOF FOR A MULTIFAMILY HOUSING DEVELOPMENT IN WAITE PARK, 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, 2025 Series D-1," and "Rental Housing Bonds, 2025 Series D-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 "2025" in the designation of the Bonds may be changed to "2026" and the "D" in the designation of the Bonds may be changed to "E" 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.

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) and Section 2(f) below.

(f) *Series Bond Parameters.* Any Authorized Officer is hereby authorized to approve the final terms of the Series Bonds as follows, subject to the following parameters (the “Series Bonds Parameters”):

- (i) the principal amount of the Series Bonds; provided that the aggregate principal amount of the Series Bonds is not in excess of \$9,925,000;
- (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.

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

### **Section 3. Forms.**

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

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

and the spacing and rearrangement of the text to facilitate machine entry of data upon registration, transfer and exchange.

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

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

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

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

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

of Section 607 of the Bond Resolution in the case of Bonds which are mutilated, destroyed, stolen, or lost), except as otherwise provided in Section 5(b) herein.

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

## **Section 5. Issuance and Delivery.**

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

### **(b) *Securities Depository.***

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

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

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

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

(ii) The Series 1 Bonds and Series 2 Bonds shall be initially issued as separately authenticated fully registered bonds, and one Series 1 Bond and one Series 2 Bond shall be issued in the principal amount of each stated maturity of the Series 1 Bonds and the Series 2 Bonds. Upon initial issuance, the ownership of the Series Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Trustee and the Agency may treat DTC (or its nominee) as the sole and exclusive owner of the Series Bonds registered in its name for the purposes of payment of the principal of, premium, if any, and interest on the Series Bonds, selecting the Series Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Series Bonds under the Bond Resolution or this Series Resolution, registering the transfer of

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

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

(iv) In the event that any transfer or exchange of Series 1 Bonds and Series 2 Bonds is permitted under subsection (ii) or (iii) hereof, such transfer or exchange shall be accomplished upon receipt by the Trustee of the Series 1 Bonds and the Series 2 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of the Bond Resolution and this Series Resolution. In the event the Series 1 Bonds and/or the Series 2 Bonds in the form of certificates are issued to registered owners other than Cede & Co., its successor as nominee for DTC as registered owner of all the Series 1 Bonds and/or the Series 2 Bonds, or another securities depository as registered

owner of all the Series 1 Bonds and/or the Series 2 Bonds, the provisions of the Bond Resolution and this Series Resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Series 1 Bonds and/or Series 2 Bonds in the form of bond certificates and the method of payment of principal of, redemption premium, if any, and interest on such Series 1 Bonds and/or Series 2 Bonds.

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

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

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

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

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

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

relating to the Development under Section 8 of the United States Housing Act of 1937, including the initial term and any renewal thereof.

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

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

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

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

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

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

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

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

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

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

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

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

(e) [Reserved].

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

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

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

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

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

(k) The Series Bonds will not be hedge bonds since the Agency reasonably expects to use at least 85% of the spendable proceeds of the Issue to make or purchase Mortgage Loans within three years after the date of issue of the Issue and not more than

50% of the proceeds of the Issue will be invested in nonpurpose investments having a substantially guaranteed yield for four years or more.

(l) The Series Bonds shall be counted against the unused volume cap of the Agency under the provisions of Section 146 of the Code and applicable state law. The Agency has unused volume cap in excess of the amount of the Series Bonds and shall take all necessary action to allocate the required portion of its unused volume cap to the Series Bonds.

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

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

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

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

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

**Section 12. Combined Offering.** If an Authorized Officer determines it is in the best interest of the Agency, the Series Bonds may be offered for sale together with additional bonds (“Additional Bonds”) intended to be issued under the Bond Resolution for which a related series resolution has been adopted by the Agency (a “Combined Offering”). The terms of any Combined Offering must comply with the Series Bonds Parameters set forth in subsections (i) through (iv) of Section 2(f) of this Series Resolution and any series bond parameters set forth in the series resolution(s) relating to any Additional Bonds. Additionally, an Authorized Officer is hereby authorized to make any necessary changes to the sale and offering documents approved in Section 2(e) hereof and in each of the series resolutions relating to the Additional Bonds, in order to effect the Combined Offering.

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

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Adopted by the Minnesota Housing Finance Agency this 23<sup>rd</sup> day of October, 2025.

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

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

[Signature page to Resolution No. MHFA 25-04]

**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>
WP Housing Group, LLC	Vue Pointe Apartments	Waite Park, MN	48

**EXHIBIT B**  
**FORM OF 2025 SERIES D-1 BONDS**

No. \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RENTAL HOUSING BOND  
[2025] SERIES [D]-1

<u>Interest Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</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 [August 1, 2025], until said principal amount is paid, subject to the provisions referred to herein with respect to the redemption of principal before maturity. The interest hereon and, upon presentation and surrender hereof, the principal and any redemption premium with respect to this Series D-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 D-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 D-1 Bond is not a debt of the State.

This Series D-1 Bond is one of a duly authorized series of Rental Housing Bonds, [2025] Series [D]-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 Waite Park, Minnesota (the "Development"). The Series D-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 25-04, adopted January 23, 2025, 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 D-1 Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series D-1 Bonds, and the terms upon which the Bonds, including the Series D-1 Bonds, are issued, delivered and secured. The Series D-1 Bonds are issued contemporaneously with the Agency's Rental Housing Bonds, 2025 Series D-2.

The Series D-1 Bonds are issuable only in fully registered form. The Series D-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 D-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 D-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 D-1 Bonds are not sufficient to redeem all Outstanding Series D-1 Bonds, the Agency may apply other funds to the special redemption of the Series D-1 Bonds in addition to the allocable amount of Recovery Payments.

The Series D-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 D-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 D-1 Bonds redeemed.] Upon any redemption of the Series D-1 Bonds or portions thereof, the Trustee will select them in a manner specified by the Agency. Upon partial redemption of the Series D-1 Bonds, a new Series D-1 Bond or Series D-1 Bonds will be delivered to the Holder without charge, representing the remaining principal amount outstanding.

Notice of any redemption of Series D-1 Bonds will be mailed to the registered Holders of the Series D-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 D-1 Bonds to be redeemed, (iii) that on the redemption date the redemption price of the Series D-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 D-1 Bonds not affected by such failure or defect. Notice having been so mailed, the Series D-1 Bonds or portions of Series D-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 D-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 D-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 D-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 D-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 D-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 D-1 Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series D-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 D-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 D-1 Bond, so long as this Series D-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 D-1 Bond, and shall give all notices with respect to this Series D-1 Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the Agency.

[Remainder of page intentionally left blank]

Unless the Trustee's Certificate hereon has been manually executed by or on behalf of the Trustee, this Series D-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 D-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 D-1 Bond to be dated as of the date set forth below.

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

Trustee's Certificate

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

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

MINNESOTA HOUSING FINANCE  
AGENCY

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

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

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

---

## ASSIGNMENT

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

---

(please print or type name and address of transferee)

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

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

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

Signature Guaranteed: \_\_\_\_\_

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

Please insert social security or other identifying number of assignee:

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**EXHIBIT C**  
**FORM OF 2025 SERIES D-2 BONDS**

No. \_\_\_\_\_ \$ \_\_\_\_\_

UNITED STATES OF AMERICA - STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

RENTAL HOUSING BOND  
[2025] SERIES [D]-2

<u>Interest Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</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 [August 1, 2025], until said principal amount is paid, subject to the provisions referred to herein with respect to the redemption of principal before maturity. The interest hereon and, upon presentation and surrender hereof, the principal and any redemption premium with respect to this Series D-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 D-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 D-2 Bond is not a debt of the State.

This Series D-2 Bond is one of a duly authorized series of Rental Housing Bonds, [2025] Series [D]-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 Waite Park, Minnesota (the "Development"). The Series D-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 25-04 adopted January 23, 2025, 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 D-2 Bonds, the respective rights thereunder of the Agency, the Trustee and other fiduciaries and the Holders of the Bonds, including the Series D-2 Bonds, and the terms upon which the Bonds, including the Series D-2 Bonds, are issued, delivered and secured. The Series D-2 Bonds are issued contemporaneously with the Agency's Rental Housing Bonds, 2025 Series D-1.

The Series D-2 Bonds are issuable only in fully registered form. The Series D-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 D-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 D-2 Bonds are not sufficient to redeem all Outstanding Series D-2 Bonds, the Agency may apply other funds to the special redemption of the Series D-2 Bonds in addition to the allocable amount of Recovery Payments.

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

Notice of any redemption of Series D-2 Bonds will be mailed to the registered Holders of the Series D-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 D-2 Bonds to be redeemed, (iii) that on the redemption date the redemption price of the Series D-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 D-2 Bonds not affected by such failure or defect. Notice having been so mailed, the Series D-2 Bonds or portions of Series D-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 D-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 D-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 D-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 D-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 D-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 D-2 Bond is registered upon the books of the Agency as the absolute owner hereof, whether this Series D-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 D-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 D-2 Bond, so long as this Series D-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 D-2 Bond, and shall give all notices with respect to this Series D-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 D-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 D-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 D-2 Bond to be dated as of the date set forth below.

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

Trustee's Certificate

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

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

MINNESOTA HOUSING FINANCE  
AGENCY

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

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

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

---

## 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: \_\_\_\_\_

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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**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES\*****\$1,080,000\* 2025 Series D-1 Bonds****\$1,080,000\* \_\_\_\_% Series D-1 Term Bonds Due August 1, 2042\* (CUSIP \_\_\_\_\*)****\$8,845,000\* 2025 Series D-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, 2027*</b>	<b>\$8,845,000*</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**  
**\$9,925,000\***

**MINNESOTA HOUSING FINANCE AGENCY**  
**\$1,080,000\* Rental Housing Bonds, 2025 Series D-1 (Non-AMT)**  
**\$8,845,000\* Rental Housing Bonds, 2025 Series D-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, 2025 Series D-1 in the principal amount of \$1,080,000\* (the “Series D-1 Bonds”) and its Rental Housing Bonds, 2025 Series D-2 in the principal amount of \$8,845,000\* (the “Series D-2 Bonds” and together with the Series D-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 January 23, 2025 (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 [\$189,680,000 as of December 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 72 and 73 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 D-1 Bonds will be used primarily to fund a long-term first lien mortgage loan, and (ii) proceeds of the Series D-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 Waite Park, Minnesota. (See "The Development.") The Series Bonds are general obligations of the Agency payable from any of its moneys, assets or revenues, subject to the provisions of other resolutions and indentures now or hereafter pledging particular moneys, assets or revenues, to particular notes or bonds, and federal or State laws heretofore or hereafter enacted appropriating funds to the Agency for a specified purpose. The net position of the General Reserve and the Alternative Loan Fund are legally available if needed to pay debt service on any obligations of the Agency, including the Series Bonds. (For purposes of the Resolutions, the General Reserve is designated as the General Reserve Account.) (See "The Agency — Net Position Restricted By Covenant and Operations to Date — General Reserve; Alternative Loan Fund.")

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

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

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

## THE AGENCY

### Purpose

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

## Structure

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

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

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

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

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

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

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

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

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

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

## Staff

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

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

The principal officers and staff related to the Program 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.

*Debbi Larson* — Executive Finance Officer appointed effective November 2024. Ms. Larson was Director of Finance from December 2019 to November 2024 and Controller and Director of Financial Operations for the Agency from August 2015 to December 2019. Prior to those positions, 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.

*Matthew Dieveney* — Executive Investment Officer appointed effective November 2024. Mr. Dieveney was previously Secondary Marketing Director for the Agency since 2016. Prior to that position, he held various roles of increasing responsibility in the Single Family division and later the Finance division, since joining the Agency in 2008. Mr. Dieveney holds a Bachelor of Arts degree with a major in Finance from the University of Minnesota-Duluth, and a Master of Business Administration degree from the University of Minnesota Carlson School of Management.

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

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

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

## **Independent Auditors**

The financial statements of the Agency as of and for the year ended June 30, 2024, included in this Official Statement as Appendix B-1, have been audited by RSM US LLP, independent auditors, as stated in their report

appearing herein. RSM US LLP has not been engaged to perform, and has not performed, any procedures on the financial statements after June 30, 2024. RSM US LLP also has not performed any procedures relating to this Official Statement.

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

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

Information regarding the Minnesota State Retirement System (“MSRS”), to which the Agency contributes, is included in Appendix B-1 in the Notes to Financial Statements at pages 74 through 77 under the heading “Defined Benefit Pension Plan.” The Agency’s allocable portion of net pension liability reported at June 30, 2024, with respect to MSRS was \$6.694 million. The Agency’s total net pension liability and post-employment benefits liability was \$8.963 million as of June 30, 2024.

In Appendix B-2 to this Official Statement, the Agency has included certain unaudited financial statements of the Agency (excluding State Appropriated and Federal Appropriated Funds) as of and for the six months ended December 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, 2025, with the Municipal Securities Rulemaking Board, at its EMMA internet repository. The Agency also must file notices of the occurrence of the enumerated events, if any, with EMMA. (See “Appendix C — Summary of Continuing Disclosure Undertaking.”)

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

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

In addition to the information required by the Continuing Disclosure Undertaking, the Agency also uses its best efforts to prepare a semiannual disclosure report for the Bond Resolution and a quarterly disclosure report for its single family bond resolutions. Recent reports are available at the Agency’s website at

<http://www.mnhousing.gov/investors/disclosure.html>, but no information on the Agency's website is incorporated into this Official Statement. The Agency is also committed to providing appropriate credit information as requested by any rating agency rating the Bonds at the Agency's request.

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

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

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

The Agency has further covenanted that it will use the money in the General Reserve and the Alternative Loan Fund only to administer and finance programs in accordance with the policy and purpose of the Act. This includes creating reserves for the payment of bonds and for loans made from the proceeds thereof, and accumulating and maintaining a balance of funds and investments as will be sufficient for that purpose. To ensure that assets available in the General Reserve and the Alternative Loan Fund provide security for the Agency's bondholders 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 \$493.284 million, representing the combined net position of these funds so calculated as of June 30, 2024. Pool 2 is intended to comprise amortizing interest-bearing housing loans or investment grade securities. Pool 1 and Pool 2 represent, with assets pledged to pay bonds of the Agency, the sustainable lending operations of the Agency. Pool 3 represents the more mission-intensive operations of the Agency and is intended to comprise deferred, zero percent and low interest-rate loans and grants and, for unapplied funds, investment grade securities. Pool 3 is not subject to the investment guidelines. Loan activity related to loans financed by funds in Pool 2 and Pool 3 is recorded as part of the Alternative Loan Fund. The Agency approves all interfund transfers. A further discussion of Pools 1, 2 and 3 and the amounts credited thereto as of June 30, 2024 appears in the Notes to Financial Statements of the Agency included in Appendix B-1 to this Official Statement at pages 72 and 73 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 six-month period ended December 31, 2024 (unaudited) (in thousands):

	Six months Ended December 31, 2024 <u>(unaudited)</u>	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 30, 2023
<b>Operating revenues</b>			
Fees earned and other income <sup>(1)</sup>	\$16,673	\$14,901	
Administrative reimbursement <sup>(2), (3)</sup>	<u>53,341</u>	<u>34,949</u>	
Total operating revenues	70,014	49,850	
<b>Operating expenses</b>			
Salaries and benefits	40,708	29,219	
Other general operating expenses	<u>6,058</u>	<u>5,574</u>	
Total operating expenses	<u>46,766</u>	<u>34,793</u>	
Operating income (loss)	23,248	15,057	
<b>Nonoperating revenues (expenses)</b>			
Interest earned on investments other	1,219	823	
Interest	<u>(297)</u>	<u>(359)</u>	
Total nonoperating revenues (expenses)	922	464	
Income (loss) before transfers and contributions	24,170	15,521	
Non-operating transfer of assets and program contributions between funds <sup>(4)</sup>	(23,328)	(14,363)	
Non-operating expenses	<u>-----</u>	<u>(599)</u>	
Change in net position	842	599	
Net position beginning of period	<u>9,490</u>	<u>8,891</u>	
Net position end of period	<u>\$10,332</u>	<u>\$9,490</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..

## State Appropriations

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

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

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

## Agency Indebtedness

The principal amount of general obligation bonds and notes of the Agency that are outstanding at any time (excluding the principal amount of any refunded bonds and notes) is limited to \$9,000,000,000 by State statute. The following table lists the principal amounts of general obligation indebtedness of the Agency outstanding as of [January 31, 2025][UPDATE]:

	Number of Series*	Final Maturity	Original Principal Amount* (in thousands)	Principal Amount Outstanding (in thousands)
Rental Housing Bonds.....	18	2066	\$ 190,530	\$ 189,680
Residential Housing Finance Bonds.....	107	2055	5,942,745	4,390,830
Homeownership Finance Bonds.....	59	2052	2,674,572	905,859
Multifamily Housing Bonds (Treasury HFA Initiative) .....	1	2051	15,000	12,160
General Purpose Bonds.....	1	2039	60,000	60,000
<b>Totals.....</b>	<b>186</b>		<b>\$8,882,847</b>	<b>\$5,558,529</b>

\*Does not include series of bonds or the original principal amount of any bonds that had been, as of [January 31, 2025], defeased or paid in full, whether at maturity or earlier redemption.

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

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

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

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

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

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

On December 23, 2021, the Agency issued its Third Amended and Restated Bank Note (the “Amended Bank Note”) to Royal Bank of Canada (the “Bank”), pursuant to a Revolving Credit Agreement dated as of June 1, 2018, as amended by a First Amendment to Revolving Credit Agreement dated as of October 28, 2019, a Second Amendment to Revolving Credit Agreement dated as of November 22, 2019, a Third Amendment to Revolving Credit Agreement dated as of November 12, 2020, a Fourth Amendment to Revolving Credit Agreement dated as of February 25, 2021, a Fifth Amendment to Revolving Credit Agreement dated as of December 23, 2021, a Sixth Amendment to Revolving Credit Agreement dated as of December 14, 2022, a Seventh Amendment to Revolving Credit Agreement dated as of December 22, 2023 and an Eighth Amendment to Revolving Credit Agreement dated as of December 12, 2024 (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 26, 2025, 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 \$[1,306,799,087, \$5,114,139] 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 D-1 Bonds to make a long-term first lien Mortgage Loan and the proceeds of the Series D-2 Bonds to make a short-term second lien Mortgage Loan that will finance a portion of the costs of the acquisition and construction of a multifamily housing development. The Development, preliminarily known as Vue Pointe, will be the acquisition and construction of a three-story elevator building, located in Waite Park, Minnesota. The Development will have 48 residential units. The total development cost is estimated to be approximately \$19.502 million. The Development is expected to be completed by September 2026. The Development will be acquired and constructed by WP Housing Group, LLC, a Minnesota limited liability company.

The Agency expects to use the proceeds of the Series D-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 \$0.950 million\* will be amortized in level monthly payments of principal and interest, commencing on \_\_\_\_\_ 1, 2027,\* over a term of 40 years. The first lien Mortgage Loan has been established in an amount estimated to be supported by the net operating income of the Development. (See "The Rental Housing Program—Low and Moderate Income Rental Program.") The Agency expects to use the proceeds of the Series D-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

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\*Preliminary, subject to change.

Mortgage Loan, in the total principal amount of \$8.845 million,\* will mature in full on July 1, 2027.\* The Mortgage Loans will not be insured but will be secured in part by completion, repayment and operations guaranties from TTT Housing, LLC, a Minnesota limited liability company, and Megan Sand Carr, Nicole Sand, and Kathryn Peterson, individuals. The Agency will also make two zero percent deferred payment loan in the aggregate principal amount of \$12.196 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.

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

### **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:

<i>Sources:</i>	
Principal Amount of Series Bonds .....	\$9,925,000*
Funds Available to the Agency .....	\$ _____.
Total Sources of Funds.....	\$ _____.
<i>Uses:</i>	
Series D Mortgage Loan Account .....	\$9,795,000*
Revenue Fund .....	\$ _____.
Debt Service Reserve Fund	
Costs of Issuance .....	\$ _____.
Total Uses of Funds .....	\$ _____.

### **THE SERIES BONDS**

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

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

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

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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 D-1 Bonds**

The Series D-1 Bonds maturing on August 1, 2042\* 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 D-1 Bonds or any purchase and cancellation thereof by the Agency, the principal amount of such Series D-1 Bonds so redeemed or purchased may be credited toward one or more Sinking Fund Installments thereafter to become due on Series D-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 D-1 Bonds for the purpose of calculating the payment due on or scheduled for a future date.

### **Special Redemption at Par**

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

### **Optional Redemption**

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

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\*Preliminary, subject to change.

redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium.

### **General Redemption Provisions**

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

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

### **SECURITY FOR THE BONDS**

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

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

### **Mortgage Loans**

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

Under the Bond Resolution, there will at all times be scheduled payments of principal and interest on Mortgage Loans pledged under the Bond Resolution that, when added to any other legally enforceable payments on Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and interest and other income estimated by the Agency to be derived from the investment or deposit of money available therefor in any Fund or Account created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest

on all Outstanding Bonds (excluding from the calculations all amounts scheduled to be received pursuant to the provisions of Subordinate Mortgage Loans). In making a determination as of any date that this covenant is met, the Agency may make assumptions as to future events (including, as applicable, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions must be based upon the Agency's reasonable expectations as of the date of the determination. The Agency may forgive a portion of the interest on any Mortgage Loan provided that, after giving effect to the reduction and all similar reductions then in effect, the Agency continues to comply with the covenant.

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

Appendix A to this Official Statement contains a brief description of the Mortgage Loans outstanding as of December 31, 2024 that have been financed by Bonds or that have been pledged as additional security under the Bond Resolution for the payment of Outstanding Bonds.

### **Debt Service Reserve Fund**

The Debt Service Reserve Requirement for the Series D-1 Bonds is \$ \_\_\_\_.\* Upon issuance of the Series D-1 Bonds, cash or Investment Obligations valued at not less than \$ \_\_\_\_,\* of the proceeds of the Series D-1 Bonds will be deposited into the Debt Service Reserve Fund to meet the Debt Service Reserve Requirement for the Series D-1 Bonds.

No funds will be credited to the Debt Service Reserve Fund with respect to the Series D-2 Bonds (and the Debt Service Reserve Requirement in respect of the Series D-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 D-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

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\*Preliminary, subject to change.

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

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

....

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

### **Additional Bonds**

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

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

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

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

## **THE RENTAL HOUSING PROGRAM**

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

The precise nature of the multifamily housing programs financed under the Bond Resolution has varied over the years and is expected to continue to vary based on the housing needs of the State of Minnesota and resources

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

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

- Low and Moderate Income Rental Program (including HUD Risk-Sharing Program)
- Section 8 Housing Assistance Payment New Construction/Substantial Rehabilitation Program (Uninsured Developments)/Asset Management Program

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

- Market Rate Mortgage Loan Program

The following table provides summary data regarding the outstanding loans financed or pledged as a portion of the security for the Rental Housing Bond Resolution as of December 31, 2024 for the programs as listed above:

*Rental Housing Program Mortgage Loan Program Summary as of December 31, 2024 [TO BE UPDATED]*

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

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

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

### **Low and Moderate Income Rental Program**

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

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

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

#### *HUD Risk-Sharing Program*

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

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

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

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

Prior to funding of a Mortgage Loan by the Agency, HUD issues a Risk-Sharing Firm Approval Letter under which it agrees to endorse the Mortgage Note either at closing (in which case all advances are insured) or upon completion of construction and satisfaction of various conditions relating to the Mortgage Loan, including funding of all anticipated sources of funds. If the Mortgage Note is not endorsed until completion of construction, HUD is not

obligated to reimburse the Agency for any losses that occur as a result of a default under the loan documents prior to completion of construction and endorsement of the Mortgage Note for insurance by HUD.

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

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

### **The Agency Regulatory Agreement**

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

### **Section 8 Program**

#### *General Description*

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

vouchers or certificates into project-based assistance (as described below) are also subject to annual appropriation and spending authorization in the federal budget.

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

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

#### **Certain Information Regarding Housing Assistance Payment Contracts**

##### *General*

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

##### *Adjustments in Contract Rents*

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

decrease in contract rents. A rent decrease may affect the ability of the owners of the Developments to pay principal and interest on the Mortgage Loans, which in turn could adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds with amounts pledged under the Bond Resolution. (See “Certain Recent Developments.”)

#### *Limitations on Increases in Housing Assistance Payments*

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

#### *Certain Recent Developments*

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

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

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

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

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

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

### **Project-Based Vouchers**

Recently, the Agency has been working with local housing and redevelopment authorities and public housing authorities to provide for project-based Section 8 Housing Choice Vouchers for a portion of the units in a Development financed under the LMR Program. Under this program, approximately 20 percent of the units in a Development

receive year-to-year project-based Housing Choice Vouchers with the rents set at the Section 8 Existing Housing Fair Market Rent (“FMR”) or payment standard. The Agency has found that the HUD-published FMR or payment standard is typically less than the market rent that could be charged without the subsidy; therefore, staff considers there to be minimal risk in the event of nonrenewal of the year-to-year ACC.

## **Section 8 Contract Administration**

In 2000, the Agency was awarded an Annual Contributions Contract (“ACC”) with HUD as a Performance-Based Contract Administrator (“PBCA”) for the contract administration of a portion of HUD’s project-based Section 8 portfolio. Under the ACC, HUD partners with qualified entities for the administration of Section 8 HAP Contracts made directly between HUD and owners of the affected developments. In 2011, HUD held a national competitive rebid to qualified entities for the work performed under the ACC. The Agency was one of 11 states that had only one bid and were awarded a contract uncontested. As a result, the Agency was awarded a new two-year PBCA contract for the State of Minnesota, which was originally set to expire on September 30, 2013. The Agency has been granted extensions of its ACC since September 30, 2013. The most recent extension is in effect through January 31, 2026. The 2011 national rebid process resulted in a number of bid protests. As a result of those protests and the resultant litigation, the U.S. Court of Appeals for the Federal Circuit ruled that the PBCA ACCs should be awarded through the federal procurement process rather than the Notice of Funding Availability and cooperative agreements that HUD used in making its 2011 contract awards. The Supreme Court declined to review the ruling.

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

## **Market Rate Mortgage Loan Program**

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

## **Monitoring of Developments**

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

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

of construction or rehabilitation, the Asset Management Section begins to monitor the implementation of the management plan, rent up and ongoing occupancy and reviews periodic submissions of income and expense data.

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

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

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

- (i) Monthly Operating Report—due the 15th day of the following month;
- (ii) Analysis of Accounts Payable and Receivable—due the 15th day of the month following the end of each quarter;
- (iii) Analysis of Reserve Accounts—prepared monthly by Asset Management staff;
- (iv) Annual Budget—due 60 days prior to the beginning of the fiscal year to which the budget relates; and
- (v) Annual Audited Financial Statements—due not more than 90 days (60 days for HUD Risk Share) following the end of each fiscal year.

For seasoned, well-maintained, financially sound Developments, the Agency may only require annual operating reports in the future.

- *Training Sessions.* The Agency provides technical assistance when needed for new management agents and the on-site resident manager to acquaint them with Agency and HUD procedures and requirements. Technical assistance is provided, as needed, throughout the life of the Mortgage Loan.

### **Applicable Federal Law Requirements**

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

## **OTHER PROGRAMS**

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

## **TAX EXEMPTION AND RELATED CONSIDERATIONS**

### **Series Bonds – Federal Tax Matters**

**General.** In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series Bonds is excludable from gross income for federal income tax purposes,

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

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

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

### **State Tax Matters**

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

### **Backup Withholding**

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

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

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

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

## **LITIGATION**

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

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

## **LEGAL MATTERS**

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

## **FINANCIAL ADVISOR**

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

## **RATINGS**

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

## **TRUSTEE**

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

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

## **UNDERWRITING**

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

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

The Underwriter is a subsidiary of Royal Bank of Canada.

## **MISCELLANEOUS**

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

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

## **MINNESOTA HOUSING FINANCE AGENCY**

\_\_\_\_\_, 2025. By \_\_\_\_\_  
\_\_\_\_\_, 2025. 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, 2024**

**APPENDIX B-2**

**FINANCIAL STATEMENTS OF CERTAIN FUNDS OF THE AGENCY  
(EXCLUDING STATE APPROPRIATED AND FEDERAL APPROPRIATED FUNDS)  
AS OF DECEMBER 31, 2024  
AND FOR THE SIX 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, 2025, by one of the following methods: (i) the Agency may deliver such Annual Financial Information and the Audited Financial Statements to the MSRB within 120 days of the completion of the Agency’s fiscal year or (ii) delivery of an Official Statement of the Agency to the MSRB within 120 days of the completion of the Agency’s fiscal year, but only to the extent such Official Statement includes such Annual Financial Information and Audited Financial Statements.

The Agency is required to deliver such information in Prescribed Form and by such time so that such entities receive the information by the dates specified.

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

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

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

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

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

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

### **Listed Events Disclosure**

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

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

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

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

### **Amendment; Waiver**

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

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

### **Termination of Undertaking**

The Undertaking of the Agency shall be terminated when the Agency shall no longer have any legal liability for any obligation on or relating to the repayment of the Series Bonds. The Agency shall give notice to the MSRB in a timely manner and in Prescribed Form if this Section is applicable.

### **Additional Information**

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

### **Beneficiaries**

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

### **Recordkeeping**

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

## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

*The Bond Resolution contains various covenants and security provisions, certain of which are summarized below. The summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Bond Resolution, to which reference is hereby made, copies of which are available from the Agency or the Trustee.*

#### **Resolution Constitutes Contract with Trustee and Bondholders**

Upon acceptance by the Trustee of the trusts created in the Bond Resolution and upon the purchase of Bonds by a Holder thereof, the Bond Resolution and applicable Series Resolution shall constitute a contract of the Agency with the Trustee and the Bondholders. The pledge made and security interests granted in the Bond Resolution are for the equal benefit, protection and security of all such Bondholders; all Bonds shall be of equal rank without preference, priority or distinction except as expressly provided or permitted in the Bond Resolution. The Agency covenants that it will cause to be deposited with the Trustee all proceeds of Bonds, all Mortgages, Mortgage Loans, and other securities purchased from Bond Proceeds and all income thereon. The pledge of the Agency is valid and binding from the time when made and all Mortgages, Mortgage Loans, securities and income thereon pledged and received by the Agency shall be subject to the lien thereof. The Agency pledges its full faith and credit for payment of principal, interest, and premium, if any, on the Bonds; the Bonds are a general obligation of the Agency. The State has pledged to and agreed with the Bondholders that it will not limit or alter the rights vested in the Agency nor impair the rights or remedies of the Bondholders until the Bonds, together with interest due, are fully paid.

#### **Definitions**

The following are definitions of certain terms used in the Bond Resolution and in this Official Statement (but not otherwise defined herein).

*Accreted Value:* for any Capital Accumulator Bond or Bonds, as of any date, the value (which may be rounded to the nearest dollar) resulting from the compounding of interest on the original principal amount and accretion thereof to principal on each prior Interest Payment Date at the approximate yield expressed in the Bond and provided in the applicable Series Resolution.

*Agency Hedge Payment:* a payment due to a Hedge Counterparty from the Agency pursuant to the applicable Hedge Agreement (excluding, however, payments in respect of any early termination of such Hedge Agreement).

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

*Bond Requirement:* as of any particular date of calculation, the sum of (i) that amount of the interest to become due on each Series of Outstanding Bonds at its next Interest Payment Date the deposit of which, once each month between that and the last such Interest Payment Date (or if none, since the Issue Date), would produce a sum sufficient to pay such interest, (ii) that amount of the Principal Installment due on each Series of Outstanding Bonds at its next Principal Installment Date, the deposit of which, once each month between that and the last such Principal Installment Date (or if none, once each month for a period of twelve months prior to the next Principal Installment Date), would produce a sum sufficient to pay such Principal Installment; (iii) any amount referred to in clause (i) and (ii) which has not been deposited in the Bond Fund in any month preceding the date of calculation; (iv) any Principal Installment and interest due and unpaid before the date of calculation; and (v) interest accrued on any such Principal Installment and (to the extent lawful) on any such interest, at the same rate as that borne by the Principal Installment before its maturity; provided that if, as of the date of calculation, the interest rate on any Variable Rate Bonds cannot be determined for any period before the next Interest Payment Date therefor, the interest rate for such period shall be assumed to be the Maximum Rate for such Variable Rate Bonds.

*Capital Accumulator Bond:* any Bond the interest on which is not currently payable on Interest Payment Dates during each year of its term (or portion of its term) but accrues and is accreted to principal on each Interest Payment Date and is payable as part of the Accreted Value of the Bond at maturity, or at a prior date on which the Bond is duly called for redemption, as provided in the applicable Series Resolution.

*Current Interest Bond:* any Bond the interest on which is payable on Interest Payment Dates during each year of its term (or portion of its term), or to a prior date on which the Bond is duly called for redemption, as provided in the applicable Series Resolution.

*Debt Service Reserve Requirement:* as of any particular date of computation, an amount of money (or cash equivalent available under a letter of credit, insurance policy, surety bond or similar security instrument issued by an institution whose debt obligations at the time of such issuance are rated as high as or higher than the Bonds by a nationally recognized bond rating agency) equal to the sum of amounts computed for each Series of Outstanding Bonds, each in accordance with the applicable Series Resolution.

*Development:* a specific improvement or structure constituting residential housing as defined in the Act, containing units for possession pursuant to a leasehold estate or cooperative ownership, and financed in whole or in part by the issuance of Bonds or Notes.

*Escrow Payment:* any payment made in order to obtain or maintain mortgage insurance and fire and other hazard insurance, including payments for any Federal, state, local or private program intended to assist in providing Mortgages, and any payments required to be made with respect to Mortgages for taxes or other governmental charges or other similar charges to a Mortgagor customarily required to be escrowed, and payments or charges constituting construction or operating contingency, performance or completion or replacement reserves required pursuant to the applicable Mortgage Loan or any Subordinate Mortgage Loan.

*Expense Requirement:* such amount of money as may from time to time by Series Resolution or Supplemental Bond Resolution of the Agency be determined to be necessary for the payment of costs and expenses of the Agency pursuant to the Program (other than costs and expenses properly payable from a Cost of Issuance Account), and including any Agency Hedge Payments owing from time to time to a Hedge Counterparty pursuant to a Hedge Agreement and any fees or expenses owing from time to time to a person or entity providing credit or liquidity support or remarketing services in respect of any Bonds.

*Hedge Agreement:* a payment exchange agreement, swap agreement, forward agreement or any other hedge agreement between the Agency and a Hedge Counterparty, as amended or supplemented, providing for payments between the parties based on levels of, or changes in, interest rates or other indices, including, without limitation, interest rate exchange agreements, floors or caps, which allows the Agency to manage or hedge payment, rate, spread or similar risk with respect to any Bonds outstanding or proposed to be issued and which is entered into in accordance with the requirements described under the subheading "Hedge Agreements."

*Hedge Counterparty:* any person or entity with whom the Agency shall from time to time enter into a Hedge Agreement, as specified in a Series Resolution or other resolution of the Agency.

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

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

*Interest Payment Date:* each date on which interest on any Series of Bonds is required to be paid under the applicable Series Resolution.

*Investment Obligation:* any of the following, including puts and call options in future contracts traded on a contract market designated and regulated by a federal agency, which at the time are legal investments for Fiduciaries under the laws of the State for moneys held hereunder which are then proposed to be invested therein: (i) direct general obligations of the United States of America; (ii) obligations the payment of the principal of and interest on which, in the opinion of the Attorney General of the United States, is unconditionally guaranteed by the United States;

(iii) bonds, debentures, participation certificates, notes or other debt issued by any of the following: Bank for Cooperatives, Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal National Mortgage Association, Export Import Bank of the United States, Farmer's Home Administration, Federal Home Loan Mortgage Corporation or Government National Mortgage Association, or any other agency or corporation which has been or may hereafter be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality thereof or sponsored thereby; (iv) direct and general obligations of any state within the United States or of any political subdivision of the State of Minnesota, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (v) interest bearing deposit accounts in savings and loan associations or in state, national or foreign banks (including the Trustee and any Paying Agent), provided that either said deposits are insured by the Federal Deposit Insurance Corporation, are secured by obligations described in clauses (i) through (iii) above, or at the time the purchase is made the debt obligations of the depository are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vi) bankers' acceptances drawn on and accepted by commercial banks whose debt obligations at the time the purchase is made are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds; (vii) commercial paper issued by United States corporations or their Canadian subsidiaries rated at the time the purchase is made in the highest rating category for commercial paper by each Rating Agency providing a Rating on Outstanding Bonds and maturing in 270 days or less; (viii) repurchase agreements and reverse repurchase agreements with banks which (1) are members of the Federal Deposit Insurance Corporation and (2) are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, which agreements are secured by obligations described in the preceding clauses (i) through (iii) of this sentence; (ix) guaranteed investment contracts or similar deposit agreements with insurance companies with a claims paying rating from each Rating Agency providing a Rating on Outstanding Bonds at the time the contract or agreement is made at least equal to the respective Rating of the Bonds by the related Rating Agency, or with other financial institutions or corporations provided, at the time the contract or agreement is made, the debt obligations of any such financial institution or corporation are rated as high or higher than the Bonds by each Rating Agency providing a Rating on Outstanding Bonds or such contracts or agreements are secured by obligations described in clauses (i), (ii), (iii) and (viii) above; (x) shares in an investment company registered under the Federal Investment Company Act of 1940 whose shares are registered under the Federal Securities Act of 1933, or shares of a common trust fund established by a national banking association or a bank or trust company organized under the laws of any state with combined capital and surplus of at least \$50,000,000, under the supervision and regulation of the Comptroller of the Currency pursuant to 12 C.F.R. 9, or any successor regulation, and whose only investments are qualified investments described in clauses (i), (ii), (iii) and (viii) above; (xi) notes, bonds, debentures or other debt issued or guaranteed by domestic corporations, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; (xii) notes, bonds, debentures or other debt issued by the World Bank or the Inter-American Development Bank, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by each Rating Agency providing a Rating on Outstanding Bonds; and (xiii) any other investment that as of the date made does not impair the Rating of any Outstanding Bonds.

*Maximum Rate:* in respect of any Variable Rate Bonds, the maximum interest rate that such Bonds may bear as specified in the Series Resolution authorizing the issuance of the Variable Rate Bonds.

*Mortgage:* a mortgage deed, deed of trust, or other instrument, which, except as otherwise provided in the Bond Resolution, shall constitute a first lien in the State on improvements and real property in fee simple, or on a leasehold under a lease having a remaining term which, at the time the Mortgage is acquired, does not expire for at least that number of years beyond the maturity date of the Mortgage Loan or Subordinate Mortgage Loan secured by such Mortgage which is equal to the number of years remaining until the maturity date of the Mortgage Loan or Subordinate Mortgage Loan.

*Mortgage Loan:* a loan by the Agency to a Mortgagor for the financing and/or refinancing of a Development for the purposes set forth in Section 101 of the Bond Resolution, secured by a Mortgage on the Development.

*Mortgagor:* a natural person, a public or private corporation, a partnership, a joint venture or other organization or entity, to the extent permitted by the Act and the rules of the Agency thereunder (including the Agency or any corporation, agency or instrumentality created or controlled by the Agency).

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

*Outstanding:* a reference as of any particular time to all Bonds theretofore delivered except (i) any Bond canceled by the Trustee, or proven to the satisfaction of the Trustee to have been canceled by the Agency or by any other Fiduciary, at or before that time, and (ii) any Bond for the payment or redemption of which either (a) money equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (b) Investment Obligations or money in the amounts, or the maturities and otherwise as described and required under the provisions of paragraph (B) or (D) of Section 1201 of the Bond Resolution, has been deposited with one or more Fiduciaries in trust (whether upon or prior to the maturity or redemption date of the Bond) and except in the case of a Bond to be paid at maturity, of which notice of redemption has been given or provided for in accordance with Article VII therein, and (iii) any Bond in lieu of or in substitution for which another Bond has been delivered pursuant to Section 605, 607 or 906 of the Bond Resolution.

*Prepayment:* any money received from a payment of principal on a Mortgage Loan or Subordinate Mortgage Loan in excess of the scheduled payments of principal then due, or from the sale of a Mortgage Loan or Subordinate Mortgage Loan pursuant to Section 313 of the Bond Resolution, other than money constituting a Recovery Payment.

*Principal Installment:* as of any particular date of calculation, an amount equal to the sum of (i) the principal amount of Outstanding Current Interest Bonds which mature on a single future date, reduced by the aggregate amount of any Sinking Fund Installments payable before that date toward the retirement of such Outstanding Current Interest Bonds, plus (ii) the amount of any Sinking Fund Installment payable on said future date toward the retirement of such Outstanding Current Interest Bonds, plus (iii) the Accreted Value, as of the same future date, of Capital Accumulator Bonds which mature or are required to be redeemed as a Sinking Fund Installment on such date.

*Program:* the Agency’s program of making Mortgage Loans, including the payment when due of principal of and redemption premium, if any, and interest on Notes, for the purposes specified in Section 101 of the Bond Resolution.

*Rating:* with respect to any Bonds and as of any date, the rating issued by a Rating Agency then in force and prior to a proposed action to be taken by the Agency. An action does not “impair” the Rating with respect to any Bonds if the action will not cause the Rating Agency to lower or withdraw the rating it has assigned to such Bonds.

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

*Recovery Payment:* any money received or recovered by the Agency, in excess of the expenses necessarily incurred by the Agency in collection thereof, from (i) the sale or other disposition of a Development acquired by the Agency, or (ii) condemnation of a Development or part thereof, or (iii) other proceedings taken in the event of default by the Mortgagor, or (iv) the sale or other disposition of a Mortgage in default for the purpose of realizing on the Agency’s interest therein, or (v) mortgage insurance or guaranty or hazard insurance.

*Redemption Price:* when used with respect to a Bond or portion thereof, the principal amount of a Current Interest Bond or the Accreted Value of a Capital Accumulator Bond or any portion thereof plus the applicable premium, if any, payable upon redemption thereof in accordance with its terms.

*Revenues:* all payments, proceeds, rents, charges and other income derived by or for the account of the Agency from or related to the Program, including without limitation the scheduled amortization payments of principal of and interest on Mortgages (whether paid by or on behalf of the Mortgagor or occupants of the Development subject to the Mortgage) and any Counterparty Hedge Payments payable by or received from or on behalf of any Hedge Counterparty pursuant to a Hedge Agreement or a Hedge Counterparty Guarantee, but not including Prepayments, Recovery Payments or Escrow Payments, and not including inspection, financing, application, commitment or similar fees or charges of the Agency which are included in the original principal amount of a Mortgage.

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

*Sinking Fund Installment:* any amount of money required by or pursuant to a Series Resolution as referred to in Section 202 of the Bond Resolution to be paid on a specified date by the Agency toward the retirement of any particular Term Bonds before their maturity.

*Sinking Fund Installment Date:* the date on which a Sinking Fund Installment is payable.

*Subordinate Mortgage Loan:* a Mortgage Loan, which may be junior and subordinate to other mortgage liens on a Development, made by the Agency pursuant to the authorization contained in Section 308 of the Bond Resolution.

*Variable Rate Bonds:* any Bonds the interest rate on which varies periodically such that the interest rate at a future date cannot be determined as of the date of calculation.

### **Authorization of Bonds**

In order to provide sufficient funds for the Program, Bonds of the Agency designated as Rental Housing Bonds are authorized by the Bond Resolution to be issued from time to time without limitation as to amount except as provided in the Bond Resolution or as may be limited by law, and shall be issued subject to the terms, conditions and limitations established in the Bond Resolution. The full faith and credit of the Agency is pledged for the security of the Bonds, including interest and redemption premiums thereon, and the Bonds are general obligations of the Agency, payable out of any of its moneys, assets or revenues, subject to the provisions of any other resolutions, indentures or state laws now or hereafter pledging and appropriating particular moneys, assets or revenues to particular notes or Bonds.

### **Other Obligations**

(A) Except as provided in Article II of the Bond Resolution, the Agency covenants that it will not create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge or lien on the Revenues or will be payable from any of the Funds or Accounts established and created by or pursuant to the Bond Resolution, including the Debt Service Reserve Fund. The foregoing provision shall not be construed as prohibiting the Agency from entering into hedging transactions, such as interest rate swaps, in connection with the issuance of any Series of Bonds, or in connection with the payment of any Series of Outstanding Bonds.

(B) The Agency expressly reserves the right to adopt one or more additional bond or note resolutions and reserves the right to issue other obligations so long as they are not a charge or lien prohibited by paragraph (A) of this Section of the Bond Resolution.

### **Pledge of the Resolution**

The Agency in the Bond Resolution covenants that it will cause to be paid to and deposited with the Trustee, or to its credit with Depositories designated by the Agency, and pledges and grants to the Trustee a security interest in, all proceeds of Bonds, all Mortgages and Mortgage Loans and other securities made and purchased from such proceeds (or from the proceeds of Notes paid from the proceeds of Bonds), and all income and receipt therefrom. This pledge is intended to be valid and binding from the time when made, and the Bond proceeds, Mortgages, Mortgage Loans, other securities, income and receipts pledge and hereafter received by the Agency are immediately to be subject to the lien thereof without any physical delivery or further act, and the lien of such pledge is intended to be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Agency, whether or not such parties have notice thereof.

### **Custody and Application of Bond Proceeds**

Each Series Resolution authorizing the issuance of a Series of Bonds is required to specify the purposes for which the proceeds of such Series of Bonds may be used and to provide for the disposition of the proceeds thereof. Purposes for which Bonds may be issued are (a) the making of Mortgage Loans, (b) the financing of Mortgage Loans

previously made from the proceeds of Notes, moneys in the Housing Investment Fund or moneys otherwise available to the Agency for purposes of making Mortgage Loans, (c) the refunding of Outstanding Bonds, and (d) incident to these purposes, the deposit of amounts determined by or pursuant to the Bond Resolution to be credited and paid into the Funds and Accounts referred to in the Bond Resolution.

*Note Accounts.* Money in any Note Account shall be held by the Trustee and applied as directed by the applicable Series Resolution to the payment of Notes upon receipt of an Officer's Certificate identifying them by title, date of issuance and maturity or redemption, interest rate and the person to whom payment is to be made and the amount thereof. All interest and other income received from the deposit and investment of money in the Note Account pending application to the payment of Notes, unless otherwise directed by the applicable Series Resolution, shall be transferred as received to the Revenue Fund. Upon receipt of evidence satisfactory to the Trustee that such Notes have been paid and canceled, the Trustee shall transfer any balance remaining in the Note Account to the appropriate Project Account.

*Project Account and Mortgage Loan Accounts.* Money in each Project Account and Mortgage Loan Account shall be held by the Trustee or a Depository as directed by an Officer's Certificate. The Trustee shall create specific Mortgage Loan Accounts within the Project Account to finance specific Developments and the Trustee shall from time to time pay out or permit the designated Depository to pay out money in any Mortgage Loan Account held for the purpose of making a Mortgage Loan, upon receipt by the Trustee (or by the Depository with a copy to the Trustee) of an Officer's Certificate as to each payment or withdrawal, stating:

- (i) the name of the Mortgagor to, and Development for, which the payment is to be made;
- (ii) the amount to be paid; and
- (iii) that this amount, together with all prior withdrawals from said Mortgage Loan Account and all prior advances made by the Agency to the Mortgagor on account of the Mortgage Loan, will not exceed in the aggregate the authorized amount of the Mortgage Loan.

All interest and other income from time to time received from the deposit and investment of money in the Project Account or any Mortgage Loan Accounts shall be transferred as received to the Trustee for deposit in the Revenue Fund.

Promptly upon the fulfilling of its commitment to make a Mortgage Loan to a Mortgagor, or upon revocation of the commitment before any substantial disbursement of funds thereunder, the Agency will deliver to the Depository and the Trustee an Officer's Certificate stating such fact and the amount of money, if any, remaining in the applicable Mortgage Loan Account, and directing this amount to be transferred by the Depository to the Trustee and deposited by the Trustee in a designated Project Account or in one or more designated Mortgage Loan Accounts or the Redemption Fund.

### **Mortgage Provisions and Conditions**

Each Mortgage Loan financed from the proceeds of Bonds or of Notes paid from the proceeds of Bonds or from amounts made available from the Redemption Fund, and the Mortgage securing it, shall conform to the following terms, conditions, provisions and limitations as well as those stated in "Program Covenants" herein, except to the extent, if any, that a variance therefrom is required by an agency or instrumentality of the United States guaranteeing, insuring, or otherwise assisting in the payment of the Mortgage Loans. In addition, the Agency may, solely from Excess Revenues under the Bond Resolution which could otherwise be withdrawn therefrom pursuant to Section 404(5) thereof, make Subordinate Mortgage Loans with respect to a Development upon such terms and conditions as the Agency may deem appropriate, and without regard to the following provisions.

*Lien.* With respect to each Mortgage Loan, the Mortgage and complementary financing statements and other necessary documents shall be executed, recorded and filed in accordance with the requirements of existing laws, so as to create and constitute a valid first mortgage lien on the real property or leasehold interest in real property of the Mortgagor which is the site of the Development and improvements thereon for which the Mortgage Loan is made, and a valid security interest in all personal property acquired with proceeds of the Mortgage Loan and attached to or used in the operation of the Development.

*Title.* Before the disbursement of Bond proceeds to make the Mortgage Loan or to pay Notes the proceeds of which were used to make it, the Mortgagor shall have acquired marketable title in fee simple to the site of the Development, or a leasehold interest therein sufficient as the subject of a Mortgage as defined in Section 103 of the Bond Resolution, subject only to liens and encumbrances which in the reasonable judgment of the Agency do not materially affect its value or usefulness for the intended use; and there shall be deposited with the Trustee, or with an agent (which may be the Agency) authorized by the Trustee to receive on its behalf and transmit to the Trustee, (i) the Mortgage; (ii) the note evidencing the Mortgage Loan; (iii) an acceptable title opinion or title insurance policy; and (iv) originals or photocopies of all other agreements and certificates of the Mortgagor relating to the Development.

*Participation.* The Agency may participate with another party or parties in the making of a Mortgage Loan for various purposes as set forth in the Resolution, if its mortgage lien and security interests, in proportion to its participation, is on a parity with or superior to that of all other parties, but the interest rate and time and rate of amortization of that part of the Mortgage Loan made by the Agency and that made by others need not be equal. The Agency may make an additional Mortgage Loan in certain circumstances on a parity of lien with the Mortgage then held by the Agency or subordinate thereto (but not junior or subordinate to a mortgage held by any other party unless permitted by the Resolution).

*Prepayments.* With respect to each Mortgage Loan, the Mortgage shall not permit a Prepayment of the Mortgage Loan without the consent of an Authorized Officer of the Agency, unless required by an agency of the United States as contemplated in this section; but the Agency may undertake in the Mortgage to give its consent if the following conditions with respect to Prepayment exist:

- (a) the amount to be paid prior to satisfaction of the Mortgage equals, as of the date of the Prepayment:
  - (i) the unpaid principal balance of the Mortgage Loan: plus
  - (ii) accrued interest to the date of the Prepayment; plus
  - (iii) unless waived or modified by the Agency, a prepayment penalty calculated in accordance with the terms of the Mortgage; and
- (b) an Authorized Officer determines that after such Prepayment (whether total or partial), the Agency will remain in compliance with its Revenue Covenant.

The Agency may consent to the Prepayment of any Subordinate Mortgage Loan upon such terms as it, in its sole discretion, deems appropriate.

*Insurance and Escrow.* With respect to each Mortgage Loan, the Mortgage or an accompanying document shall require the Mortgagor:

- (a) to procure and maintain fire and extended coverage insurance on the Development in amount as determined by the Agency, payable to the Agency as its interest may appear;
- (b) to pay all taxes, special assessments and other lawful governmental charges with respect to the Development before they become delinquent, and all claims for work done and materials furnished with respect thereto before they are filed as liens on the Development, except during any period for which payment of part or all thereof may be deferred, with the written consent of and upon such terms as are specified by an Authorized Officer, for the purpose of contesting the same; and
- (c) to make monthly Escrow Payments to the Agency or a Servicer or a Depository sufficient to accumulate funds for taxes and other governmental charges and insurance premiums.

*Disbursements.* Before the disbursements of a Mortgage Loan from Bond proceeds the Mortgagor shall have completed the Development and paid all costs thereof in a manner approved by an Authorized Officer, or shall have:

- (a) obtained all governmental approvals required by law for the acquisition and construction of the Development;

(b) obtained written approval by an Authorized Officer of final plans and specifications for the Development and provided, if required, assurance and documentation of a nature and in an amount sufficient in the opinion of an Authorized Officer, securing performance of the work in accordance therewith, provided that no disbursement of construction costs shall be made until such approval is given and such assurance furnished;

(c) deposited with the Trustee or a Depository cash or an irrevocable letter of credit or other valuable consideration satisfactory to an Authorized Officer, in any amount by which the cost of the Development as estimated by the Agency exceeds the authorized amount of the Mortgage Loan.

The Agency may impose additional disbursement requirements, or modify the foregoing requirements, to the extent required to comply with the rules, regulations or procedures of any agency or instrumentality of the United States guaranteeing, insuring or otherwise participating in the making of a Mortgage Loan or the repayment thereof.

*Alienation.* Except as provided below, with respect to each Mortgage Loan, the Mortgage shall not permit the sale, lease or encumbrance of the Development without the written consent of the Agency, by its Authorized Officer, which consent may be given (but need not be given) only in the cases of:

(a) receipt of full Prepayment conforming to the requirements stated below;

(b) grant of easements, licenses or rights-of-way over, under or upon the site of the Development which, in the opinion of the Officer, do not destroy or diminish its usefulness for the purpose intended;

(c) lease of the Development or a part thereof to a third party for the purpose of operation, provided that such lease is permitted by law and is subject to all of the terms, provisions and limitations of the Mortgage;

(d) sale or exchange of any improved or unimproved land which in the opinion of an Authorized Officer is not needed for the efficient operation of the Development, provided that an appraisal acceptable to the Agency is received showing that the Development, subsequent to such release, has an appraised value not less than 110% of the outstanding principal balance of the Mortgage;

(e) sale to another eligible Mortgagor approved by resolution of the Agency, who assumes all obligations of the original Mortgagor under the Mortgage and accompanying documents; in which case the Agency may release the original Mortgagor unless otherwise provided in the Mortgage;

(f) grant of a parity mortgage lien on the Development or a portion thereof if such parity mortgage lien is given to secure financing for the expansion, improvement or renovation of the Development or portion thereof; or

(g) grant of a subordinate mortgage lien on the Development or a portion thereof.

*Enforcement.* The Agency shall diligently enforce, and take all reasonable steps, actions and proceeding necessary for the enforcement, of all terms, covenants and conditions of Mortgages securing Mortgage Loans made by the Agency, including the prompt collection of Mortgage repayments and fees and charges and other Revenues.

Whenever it shall be necessary in order to protect and enforce the rights of the Agency under a Mortgage securing a Mortgage Loan and to protect and enforce the rights and interests of Bondholders under the Bond Resolution, the Agency shall commence foreclosure proceedings against each Mortgagor in default under the provisions of a Mortgage, shall bid for and purchase the Development covered by such Mortgage at the foreclosure or other sale thereof and shall acquire and take possession of such Development.

Upon foreclosure of a Mortgage securing a Mortgage Loan, or upon acquisition of the Development in lieu of foreclosure of a Mortgage in default, and so long as the Agency shall have title to or be in possession of the Development, the Agency shall, as the case may be, construct, operate and administer such Development in the place and stead of the Mortgagor in such manner as the Agency reasonably determines is in the best interests of the Bondholders. In so doing, the Agency, to the extent it may have money available for such purpose, including any

money on deposit in the Mortgage Loan Account relating to the Development, may complete the construction and development thereof if not already completed in such manner as the Agency reasonably determines is in the best interests of the Bondholders. From money provided by the Agency from the ownership and operation of the Development, to the extent such money is sufficient for the following purposes, the Agency shall first pay or make provision for payment of the costs and expenses of taxes, insurance, foreclosure fees, including appraisal and legal fees and similar expenses required to preserve or acquire unencumbered title to the Development, and after providing currently for these expenses shall pay the cost and expenses of operating the Development, including the repayments which the Mortgagor was obligated to pay pursuant to the terms and provisions of the Mortgage. The Trustee or other Depository of the Mortgage Loan Account established with respect to any Development foreclosed or otherwise acquired by the Agency prior to its completion shall be authorized to pay to the Agency upon its requisition any amount on deposit in the Mortgage Loan Account, upon receipt of an Officer's Certificate that such amount is required to pay an item that would have been included in the cost of the Development had the Agency not acquired the same. If the Agency determines that completion of the Development is not in the best interests of the Bondholders, the remaining funds in any such Mortgage Loan Account shall be disposed of in the same manner as set forth in the Bond Resolution for funds remaining in a Mortgage Loan Account upon completion of a Development or cancellation of a commitment to make a Mortgage Loan for a Development.

Upon or after foreclosure of a Development under a Mortgage securing a Mortgage Loan, or acquisition thereof from the Mortgagor in lieu of foreclosure:

- (a) the Agency may resell the Development to an eligible Mortgagor and make a Mortgage Loan with respect thereto as if such eligible Mortgagor were the original Mortgagor, subject to all of the terms, provisions, conditions and limitations contained in this section and "Program Covenants" below; or the Agency may sell the Development to a party other than an eligible Mortgagor;
- (b) the Agency shall not resell the Development for a price less than its fair market value as reasonably determined by the Agency through a solicitation of bids for the purchase of the Development or by an appraiser or other real estate consultant selected by the Agency and acceptable to the Trustee;
- (c) subsequent to such sale the Agency must remain in compliance with its Revenue Covenant under the Bond Resolution; and
- (d) all proceeds from the sale of any Development shall be considered a Recovery Payment and shall be deposited in the Suspense Account in the Redemption Fund.

The foregoing provisions regarding foreclosure of mortgages shall not apply to Mortgages securing Subordinate Mortgage Loans, and the Agency may proceed to protect and enforce the rights of the Agency under a Mortgage securing a Subordinate Mortgage Loan in such manner as the Agency, in its sole discretion, deems appropriate.

*Modification.* Except as otherwise permitted by the terms of the Bond Resolution, the Agency shall not consent to the modification of the security for or any terms or provisions of any Mortgage Loan or the Mortgage securing the same in a manner materially detrimental to Bondholders. No reduction in the interest rate or schedule of payments will be made which would result in a failure by the Agency to comply with its Revenue Covenant. Notwithstanding the foregoing, the Agency may consent to the modification of the terms of any Subordinate Mortgage Loan or Mortgage securing such loan in any manner and to any extent the Agency, in its sole discretion, deems appropriate.

*Sale.* The Agency may sell any Mortgage or other obligation securing a Mortgage Loan provided that after such sale an Authorized Officer determines the Agency will remain in compliance with its Revenue Covenant. The Agency may sell any Mortgage or other obligation securing a Subordinate Mortgage Loan upon such terms and conditions as the Agency, in its sole discretion, deems appropriate.

#### **Program Covenants—Revenue Covenant**

The Agency shall from time to time, with all practical dispatch and in a sound economical manner consistent in all respects with the Act as then amended and in effect and with the provisions of the Bond Resolution, use and

apply the proceeds of the Bonds, to the extent not required by the Bond Resolution for other Program purposes, to make Mortgage Loans pursuant to the Act and the Bond Resolution, and shall do all such acts and things as are necessary to receive and collect Revenues, Prepayments, Recovery Payments and Escrow Payments, consistent with sound practices and principles, and shall diligently enforce and take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of the Mortgage Loans. The Agency shall also take all steps, actions and proceedings reasonably necessary in the judgment of the Agency for the enforcement of all terms, covenants and conditions of Subordinate Mortgage Loans.

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

The Agency reserves the right:

(a) at the time of issuance of any Series of Bonds for the purpose of repaying notes or Bonds the proceeds of which were used to make a Mortgage Loan, to consent to a reduction of the interest on that Mortgage Loan, provided that the Agency will then be in compliance with the preceding paragraph;

(b) at any time, to forgive a portion of the interest on a Mortgage Loan by consenting to the establishment of scheduled payments of principal and interest lower than those required to amortize the Mortgage Loan during its then remaining term at the agreed interest rate, provided that (i) the scheduled payments of principal and interest on all Mortgage Loans, giving effect to that and all similar reductions then in effect, will in the aggregate be sufficient to comply with the preceding paragraph, and (ii) if it is subsequently determined by an Authorized Officer that such aggregate scheduled principal and interest payments will or may be insufficient for such compliance, such forgiveness may be terminated in whole or in part with respect to subsequent payments on that Mortgage Loan; and

(c) to consent to any modifications to a Subordinate Mortgage Loan, including forgiving all or a portion of principal thereof or interest thereon, as the Agency may determine in its sole discretion. The Agency reserves the right to withdraw any amount from its General Reserve Account and deposit it in the Bond Fund in payment and satisfaction of a corresponding amount of the scheduled principal or interest payments on any Mortgage Loan. The Agency shall be entitled to recover from the Mortgagor any amounts so advanced, together with interest thereon at the rate payable on the Mortgage Loan, or to enforce its right to such recovery under the Mortgage, but only after all other defaults thereunder have been cured.

### **Deposit of Revenues and Other Money**

The Agency will collect and deposit or will require a Servicer to collect and deposit with the Trustee or a Depository, on the date of receipt so far as practicable, all Revenues, Prepayments, Recovery Payments and Escrow Payments receivable from Mortgagors, and will forward or require the Depository to forward promptly to the Trustee statements of each amount deposited except Escrow Payments. The Trustee shall be accountable only for moneys actually so deposited, other than Escrow Payments. All moneys so deposited shall be apportioned by the Agency or Servicer and paid into and credited on the books of the Depository and the Trustee as follows:

- (a) Revenues to the Revenue Fund:
- (b) Prepayments and Recovery Payments to the Redemption Fund; and
- (c) Each Escrow Payment to an Escrow Account separately held by the Depository or the Agency.

## **Revenue Fund**

As of the first and on or before the tenth day of each month after the first delivery of Bonds, on any Interest Payment Date or on any date as further provided in clause (d) below, from any moneys in the Revenue Fund then held by the Trustee and Depositories, the Trustee shall withdraw and pay into each of the following Funds the amount indicated in the following tabulation, or so much thereof as remains after first crediting to each Fund preceding it in the tabulation the full amount indicated for that Fund:

- (a) to the Bond Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions), the amount needed to increase the aggregate balance therein to the Bond Requirement;
- (b) to the Debt Service Reserve Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions), the amount needed to increase the aggregate balance therein to the Debt Service Reserve Requirement;
- (c) to an Account in the Revenue Fund held by the Trustee at its Principal Office, the additional amount needed to make each of the payments which will be required under the foregoing clauses (a) and (b) to be made as of the first day of the following month;
- (d) if payment of interest and Principal Installments, if any, then or theretofore due on all Outstanding Bonds has been made in full and the amounts on deposit in all Funds and Accounts referred to in clauses (a) to (c) equal or exceed the Requirements applicable thereto, to the Expense Fund, the amount then required to increase the balance therein to the Expense Requirement (provided that the Agency may elect to receive the Expense Requirement from time to time by payment directly from the Revenue Fund upon providing the Trustee with an Officer's Certificate as provided in the Bond Resolution); and
- (e) when authorized by an Officer's Certificate, the Trustee may credit Revenues to the Bond Fund (and such separate Accounts therein as may be designated by one or more Series Resolutions) upon receipt, up to the amount of the current Bond Requirement, and in excess of that requirement if the current Debt Service Reserve and Expense Requirements, if any, have been met.

In the event that on any Interest Payment Date, after payment of all interest and Principal Installments then due, the amounts in all Funds and Accounts referred to in clauses (a) to (d) equal or exceed the Requirements applicable thereto, any amount then on hand in the Revenue Fund and any Revenues thereafter received in excess of the current requirements of all of said Funds and Accounts may be transferred to the Agency's General Reserve Account, and shall be so transferred upon request in writing by an Authorized Officer; provided that no such transfer shall be made unless, after giving effect to such transfer, total assets of the Bond Resolution shall exceed total liabilities, determined in accordance with generally accepted accounting principles and evidenced by an Officer's Certificate.

The Agency reserves the right, in its sole and absolute discretion, to deliver to the Trustee from time to time funds not constituting Revenues or otherwise subject to the pledge of the Bond Resolution and an Officer's Certificate directing the Trustee to credit such funds to one or more Funds or Accounts hereunder, and the Trustee is authorized to credit such funds in accordance with the directions of the Officer's Certificate and such funds shall thereupon become subject to the lien and provisions of the Bond Resolution, as applicable.

## **Bond Fund**

- (a) The Trustee shall withdraw from the Bond Fund, prior to each Interest Payment Date an amount equal to the unpaid interest due on the Outstanding Bonds on or before that date, and shall cause it to be applied to the payment of said interest when due, or shall transmit it to one or more Paying Agents who shall apply it to such payment as provided in Series Resolutions.
- (b) If the withdrawals required under (a) above on the same and every prior date have been made, the Trustee shall withdraw from the Bond Fund, prior to each Principal Installment Date and Sinking Fund Installment Date, an amount equal to the principal amount or Accreted Value of the outstanding Bonds, if any, maturing or subject to mandatory redemption on or before that date and shall cause it to be applied to the payment of the principal or Accreted Value of said Bonds when due or transmit it to Paying Agents who shall apply it to such payment.

(c) Each withdrawal from the Bond Fund under (a) and (b) above shall be made not earlier than five (5) days prior to the Interest Payment or Principal Installment Date or Sinking Fund Installment Date to which it relates, and the amount so withdrawn shall be deemed to be part of the Bond Fund until the Interest Payment Date or Principal Installment Date or Sinking Fund Installment Date.

(d) The Trustee shall apply money in the Bond Fund to the purchase or the redemption of Outstanding Term Bonds subject to mandatory redemption in the manner provided in this paragraph and Section 702 of the Bond Resolution, provided that no such Bond shall be purchased during the period of thirty (30) days next preceding the Date of a Sinking Fund Installment established for such Bonds. The price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond purchased pursuant to this paragraph shall not exceed the Redemption Price applicable on the next date on which such Bond could be redeemed in accordance with its terms as part of a Sinking Fund Installment. Subject to the limitations set forth and referred to in this paragraph, the Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner (whether after advertisement for tenders or otherwise) as the Agency may determine in an Officer's Certificate furnished to the Trustee.

(e) As soon as practicable after the forty-fifth and before the thirtieth day prior to the Date of each Sinking Fund Installment, unless a different notice period is required by the applicable Series Resolution, the Trustee shall call for redemption on that date the principal amount or Accreted Value of the remaining Bonds entitled to said Installment, and on that date the Trustee shall apply the money in the Bond Fund to the payment of the Redemption Price of the Bonds so called for redemption.

(f) If, on any Interest Payment Date for Bonds that are subject to a Hedge Agreement, payment of interest and Principal Installments, if any, then or theretofore due on all Outstanding Bonds has been made in full and the amounts on deposit in all Funds and Accounts referred to in clauses (a) to (c) under the heading "Revenue Fund" equal or exceed the Requirements applicable thereto, then any amounts on hand in the Bond Fund in excess of the Bond Requirement on such date shall be transferred to the Expense Fund upon the written request of an Authorized Officer if required to increase the balance therein to the Expense Requirement in respect of Agency Hedge Payments and credit or liquidity support or remarketing fees then owing.

(g) No amount is to be withdrawn or transferred from or paid out of the Bond Fund except as described in this Section.

### **Debt Service Reserve Fund**

(a) If at any time there is not a sufficient amount in the Bond Fund to provide for the payment when due of Principal Installments of and interest on the Outstanding Bonds, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the Bond Fund the amount of the deficiency then remaining. The Trustee shall notify the Agency in writing ten (10) days prior to any such withdrawal from the Debt Service Reserve Fund.

(b) In addition to the payments made into the Debt Service Reserve Fund pursuant to Section 404 of the Bond Resolution or otherwise, the Agency shall deposit in the Debt Service Reserve Fund any money appropriated and paid to the Agency by the State pursuant to the Act for the purpose of restoring the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

(c) If as of the first day of any month the amount in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement, the Trustee within ten (10) days thereafter shall withdraw any amount therein in excess of the Debt Service Reserve Requirement, and pay the same into the Revenue Fund.

(d) The Agency shall at all times maintain the Debt Service Reserve Fund and will do and perform or cause to be done and performed each and every act and thing with respect to the Debt Service Reserve Fund provided to be done or performed by or on behalf of the Agency or the Trustee under the terms and provisions of Article IV of the Bond Resolution and of the Act.

(e) In order to better secure the Bonds and to make them more marketable and to maintain in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Requirement, and in accordance

with the provisions of Section 22, Subdivision 8 of the Act, the Agency shall cause the Chairperson, annually, on or before December 1 of each year, to make and deliver to the Governor of the State a certificate stating (a) the amount, if any, that is necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement (but not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all Bonds and Notes which are then Outstanding and secured by the Debt Service Reserve Fund) and (b) the amount, if any, determined by the Agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and estimated to be received into the Revenue Fund during that year, for the payment of the principal and interest due and payable in that year on all then Outstanding Bonds and Notes secured by the Debt Service Reserve Fund. All moneys received by the Agency from the State in accordance with the provisions of Section 22, Subdivision 8 of the Act pursuant to any such certification shall be paid to the Trustee for deposit in and credit to the Debt Service Reserve Fund or Revenue Fund, as provided in the Bond Resolution.

(f) No amount is to be withdrawn from or paid out of the Debt Service Reserve Fund except as described in this Section.

#### **Expense Fund**

(a) Money deposited in the Expense Fund, if any, shall be disbursed for the payment of continuing expenses of the Program (including operating and maintenance expenses of Developments in the possession of the Agency), any Agency Hedge Payments owing from time to time to a Hedge Counterparty pursuant to a Hedge Agreement and any fees or expenses owing from time to time to a person or entity providing credit or liquidity support or remarketing services in respect of any Bonds upon receipt of an Officer's Certificate stating the name of the party to be paid, the amount to be paid and the purpose of the payment.

(b) Income received or other money held in the Expense Fund in excess of the Expense Requirement shall be credited by the Trustee to the Revenue Fund.

(c) No amount is to be withdrawn, transferred or paid out of the Expense Fund except as described in this Section.

#### **Redemption Fund**

(a) The Trustee shall establish a Suspense Account in the Redemption Fund, to which it shall credit all Prepayments and Recovery Payments, and all surplus amounts transferred from Mortgage Loan Accounts under Section 307(G) of the Bond Resolution; each of which shall be used and applied as directed by an Officer's Certificate, either (i) to provide additional funds to a Mortgage Loan Account for an increase in the amount of a Mortgage Loan authorized by the Agency, or (ii) for the establishment of one or more Mortgage Loan Accounts for new Mortgage Loans made by the Agency, or (iii) for the purchase or redemption of Outstanding Bonds, or (iv) if no Bonds of a Series are Outstanding and Prepayments have been received from one or more Mortgage Loans financed by Bonds of the Series, any such remaining Prepayments, for the payment of any Agency Hedge Payments under, or any amounts payable by the Agency upon early termination of, a Hedge Agreement relating to such Series of Bonds; provided that as of the first day of each month while any Prepayment or Recovery Payment is held in the Suspense Account, the Trustee shall transfer from that Account to the Bond Fund the scheduled monthly payment of principal of the Mortgage Loan with respect to which the Prepayment or Recovery Payment was received, less the amount of any payment of principal actually received with respect to such Mortgage Loan, if such transfer is required in order to meet the Bond Requirement.

(b) By Officer's Certificate the Agency may authorize the increase of any Mortgage Loan or the making of a new Mortgage Loan as contemplated above, and for that purpose may appropriate any money at the time available in or transferred to the Redemption Fund in accordance with the provisions of Article IV of the Bond Resolution to one or more designated Mortgage Loan Accounts for disbursement pursuant to Section 307 of the Bond Resolution. Upon the filing with the Trustee of the Officer's Certificate, the Trustee shall withdraw from the Redemption Fund and deposit the amount authorized in each Mortgage Loan Account designated in the Certificate.

(c) Upon receipt of the Officer's Certificate referred to in Section 702 of the Bond Resolution, the Trustee shall apply money in the Redemption Fund not otherwise applied in accordance with paragraphs (a) and (b) above to the purchase of Bonds designated in the Certificate at the most advantageous price obtainable with due diligence. Bonds not so purchased may be redeemed at a Redemption Price determined by Series Resolution at the time and in the manner provided in Article VII of the Bond Resolution. Bonds shall not be purchased pursuant to this paragraph during the period of forty-five (45) days next preceding a redemption date from money to be applied to the redemption of Bonds on such date.

(d) Notwithstanding the foregoing, any Prepayment or Recovery Payment received with respect to a Subordinate Mortgage Loan may be used and applied, as directed by an Officer's Certificate, in such manner as the Agency, in its sole discretion, may determine.

(e) Income from the investment of the Redemption Fund shall be credited as received to the Revenue Fund.

(f) No amount is to be withdrawn or transferred from or paid out of the Redemption Fund except as described above.

## **Escrow Accounts**

Escrow Payments received by the Agency or a Servicer, whether separately or as part of some other payment, shall be deposited in an Escrow Account and shall be promptly applied by the Agency or Servicer to the purpose for which such payments were received, and any such payments received by the Trustee or a Depository, whether separately or as part of some other payment, shall immediately be paid to the Agency and applied by the Agency to the purpose for which they were received.

## **General Reserve Account**

All amounts authorized in Article IV of the Bond Resolution to be withdrawn from the Revenue Fund and deposited in the General Reserve Account of the Agency shall be free and clear of any lien or pledge created by the Bond Resolution and may be used for any purpose authorized by the Act, subject to the provisions of Section 102, clauses (6) and (7) of the Bond Resolution.

## **Investment and Deposit of Funds**

(a) Subject to instructions from time to time received from an Authorized Officer (which need not be in writing), and with the objective of assuring the maximum yield reasonably possible on money held in each Fund, each Fiduciary shall keep all money held by it invested and reinvested, as continuously as reasonably possible, in Investment Obligations defined in Section 103 of the Bond Resolution (including interest-bearing time deposits and certificates of deposit). All Investment Obligations shall mature or be redeemable (at the option of the holder) and bear interest payable at the times and in the amounts estimated to be necessary to provide funds for Mortgage Loan disbursements and for the payment of the principal and Accreted Value of and interest and premium, if any, on Bonds when due or when scheduled for redemption pursuant to applicable Series Resolutions. The maturity date of a security purchased under a repurchase agreement shall be deemed to be the agreed repurchase date. The maturity date of a time deposit or certificate of deposit shall be deemed to be any date on which, with such notice as may be required, the deposit may be withdrawn without loss of interest.

(b) Money in separate Funds may be commingled for the purpose of investment or deposit, subject to instructions from an Authorized Officer, to the extent possible in conformity with the provisions of paragraph (a) of this Section. Moneys in separate funds or series accounts may be invested in common trust funds or pools of which such money forms a part pursuant to the terms of which each Fund or series account is allocated a share of a pooled security proportionate to the amount contributed to the purchase price of the pooled security, subject to the provisions of paragraph (a) of this Section and to the restrictions on Investment Obligations imposed by each Series Resolution. Investments shall be sold at the best price obtainable, and amounts held in certificates of deposit or time deposits shall be withdrawn, whenever necessary in order to make any disbursement or repurchase of Mortgage Loans, payment of expenses of debt

service. Investment Obligations need not be disposed of to make required transfers from one Fund or Account to another, but one or more Investment Obligations or portions thereof may be transferred in lieu of cash.

(c) Subject to approval by an Authorized Officer, the Trustee or another Fiduciary may apply money pertaining to any Fund or Account created by or pursuant to the Bond Resolution to the purchase of Investment Obligations owned by it or its individual capacity, and may sell to itself in its individual capacity Investment Obligations held by it in any such Fund or Account as such Fiduciary.

### **Additional Bonds**

The Bond Resolution provides that after authorization by a Series Resolution and compliance with such requirements as are set forth therein, Bonds of any Series may be delivered upon the following, among other, conditions:

The Agency shall furnish to the Trustee:

(a) copies of the Bond Resolution and the applicable Series Resolution, certified by an Authorized Officer;

(b) a Counsel's Opinion that:

(i) the Bond Resolution and the applicable Series Resolution have been duly adopted by the Agency and are valid and binding upon it and enforceable in accordance with their terms;

(ii) the Bond Resolution creates the valid pledge which it purports to create; and

(iii) the principal amount of the Bonds to be issued and other obligations theretofore issued by the Agency does not exceed any legal limitation;

(c) an Officer's Certificate stating:

(i) the amounts to be deposited in all Funds and Accounts;

(ii) that the issuance of the Bonds will have no material adverse effect on the ability of the Agency to pay the Principal Installments of and interest on all Bonds (including the Outstanding Bonds and the Bonds then to be issued);

(iii) that after such issuance there will be scheduled payments of principal and interest on Mortgage Loans then held by the Agency or to be made or purchased by the Agency from the proceeds of such Series of Bonds (or from the proceeds of Notes paid or to be paid from the proceeds of the Bonds) which, with any other legally enforceable payments with respect to such Mortgage Loans or with respect to the Bond Resolution (including Counterparty Hedge Payments), and with interest or other income estimated by the Agency to be derived from the investment or deposit of money available therefor in all Funds and Accounts created by the Bond Resolution, will be sufficient to pay the Principal Installments of and interest on the Bonds then Outstanding and the additional Series of Bonds on their Principal Installment and Interest Payment Dates (excluding from such calculations the amounts to be received by the Agency pursuant to any Subordinate Mortgage Loans); provided that, in making such statement the Authorized Officer may set forth the assumptions upon which the statement is based (including, without limitation, assumptions as to the amounts of Agency Hedge Payments and Counterparty Hedge Payments and the amount of interest payable on Variable Rate Bonds), which assumptions shall be based upon the Agency's reasonable expectations as of the date of such Officer's Certificate; and

(iv) that the balance in the Debt Service Reserve Fund immediately prior to the issuance of such Bonds is not less than the Debt Service Reserve Requirement computed with reference to the Outstanding Bonds (except Outstanding Bonds which are to be refunded by the additional Bonds); and

(d) if the Bonds to be issued are Variable Rate Bonds or are the subject of a Hedge Agreement, written confirmation from each Rating Agency that the issuance of such Bonds will not impair the Rating on any Bonds then Outstanding.

The Trustee shall determine and certify:

- (a) that it 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**

\_\_\_\_\_, 2025

Minnesota Housing Finance Agency  
St. Paul, Minnesota 55102

Minnesota Housing Finance Agency  
Rental Housing Bonds  
2025 Series D-1  
2025 Series D-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, 2025 Series D-1, in the aggregate principal amount of \$\_\_\_\_\_ (the "2025 Series D-1 Bonds") and its Rental Housing Bonds, 2025 Series D-2, in the aggregate principal amount of \$\_\_\_\_\_ (the "2025 Series D-2 Bonds" and, together with the 2025 Series D-1 Bonds, the "2025 Series D 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 2025 Series D Bonds are dated, mature on the dates, bear interest at the rates and are payable as provided in the Series Resolution referenced below. The 2025 Series D 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 2025 Series D Bonds adopted January 23, 2025 (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 2025 Series D 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 2025 Series D 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 2025 Series D Bonds are not a debt of the

Minnesota Housing Finance Agency

\_\_\_\_\_, 2025

Page 2

State; (4) in the Bond Resolution the Agency has created a Debt Service Reserve Fund for the security of the 2025 Series D 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 2025 Series D 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 2025 Series D 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 2025 Series D 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 2025 Series D 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 2025 Series D 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 2025 Series D 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 2025 Series D Bonds. All owners of 2025 Series D 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 2025 Series D Bonds.

Noncompliance by the Agency or the owner of the Development financed by the 2025 Series D 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 2025 Series D Bonds.

The opinions expressed above are qualified only to the extent that the enforceability of the 2025 Series D Bonds, the Bond Resolution and the Series Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully yours,

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## Item: Approval, Publicly Owned Housing Program (POHP) Appropriations Round Program Guide

**Action Item:** 7.E  
**Date:** 01/23/25  
**Staff Contacts:** Janine Langsjoen, 651.296.6354, janine.langsjoen@state.mn.us  
Beverly Wilharm, 651.284-0077, bev.wilharm@state.mn.us  
**Request Type:** Approval, Motion

### Request Summary

Staff requests approval of a new Publicly Owned Housing Program Appropriations Round Program Guide (POHP Appropriations Round Program Guide).

### Fiscal Impact

None

### Agency Priorities

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

### Attachments

- Background and Request Details
- POHP Appropriations Round Program Guide dated January 2024 with Tracked Changes

## Background

The Publicly Owned Housing Program (POHP) was first established by the Minnesota Legislature in 2005 to offer assistance to Housing and Redevelopment Authorities (HRAs), Public Housing Authorities (PHAs), and Community Development Agencies (CDAs) that provide public housing to individuals and families. POHP has historically been funded through general obligation bonds (GO bonds).

In 2023, the Minnesota Legislature issued one-time state appropriations totaling \$45,132,000 for the purposes of rehabilitating and preserving Public Housing, which was defined in the authorizing legislation (see POHP Appropriation Round Program Guide for links to legislation) as housing for low-income persons and households financed by the federal government and publicly owned or housing that has been repositioned under the federal Rental Assistance Demonstration (RAD) or similar program. Minnesota Housing has determined that this definition also encompasses Public Housing for low-income persons and households that is financed by the federal government and owned by a Tribal Entity.

A new program guide, the POHP Appropriations Round Program Guide, was created due to two primary changes from the POHP Guide which are described as follows:

- Funding source changed from GO bonds to state appropriations.
- Expansion of eligible Public Housing to include housing for low-income persons and households that is:
  - Financed by the federal government and owned by a Tribal Entity; or
  - Housing that has been repositioned under federal Rental Assistance Demonstration (RAD) or similar program.

This new POHP Appropriations Round Program Guide will not replace the Publicly Owned Housing Program Guide (POHP Guide) published in January 2024. The POHP Guide will continue to exist and will continue to be the prevailing program guide for POHP rounds funded with GO bonds. Staff seeks no changes to the POHP Guide. POHP will now have two program guides: one for POHP funded with GO bonds and another for the POHP Appropriations Round.

Due to the program similarities, the POHP Guide was used as a starting point for this new POHP Appropriations Round Program Guide. To help show the differences between the two guides, the new guide attached to this memorandum uses track changes that are based on the existing POHP Guide.

Below highlights key changes from the POHP Guide which were used to create the POHP Appropriations Round Program Guide.

### Chapter 1: Program Background and Purpose

- Added legislation which authorized the one-time state appropriations of \$45,132,000.
- Removed references to Minnesota Statute sections that apply to GO bonds.

## Section 1.01 Funding Availability

- Added Tribal Entities and owners of Public Housing that has been repositioned under RAD, as described in this Appropriation Round Program Guide.

## Section 2.01 Eligible Properties

- Expanded definition of Public Housing to include housing for low-income persons and households that is:
  - Financed by the federal government and owned by a Tribal Entity, or
  - Housing that has been repositioned under the federal Rental Assistance Demonstration (RAD) or similar program
- Used “Applicant” instead of “HRA/PHA/CDA” due to the broader definition of eligible properties. This change is in several places throughout the document.
- Deleted last bullet point discussing GO bonds and that the program is incompatible with RAD transactions.

## Section 2.02 Eligible Applicants

- Eliminated references to Minnesota Statute 16A.695, which pertains to GO bonds.
- Described subdivisions that do not apply to Minnesota Statute 462A.202 as stated in authorizing legislation for POHP Appropriations Round.
- Expanded requirement of eligible applicant to include Tribal Entity or an owner of a Public Housing building that has been repositioned under the federal RAD or similar program.

## Section 2.03 Income Limits

- Changed compliance period from 35 years to 20 years. This matches the term of the deferred loan. This change is also in section 7.03 Compliance Term.

## Section 3.03 Application Content

- Added Self-Scoring Worksheet.
- Added documentation of renter income (name removed) for eligible property; this is for scoring purposes only.
- Added National Standards for the Physical Inspection of Real Estate (NSPIRE) report as a type of inspection report that can be submitted.

## Section 4.01 Review of the POHP Application

- Added comment about repositioned properties that cannot use GO bonds may be given priority this round, but geographic balance remains an important consideration.

## Section 5.04 Loan Types

- Have definitions of End Loan and Construction Loan match definitions in Appendix A.

#### Section 5.05 Loan Term

- Eliminated requirements related to sale of GO bond financed properties.
- Changed GO Bond Declaration to Affordability Declaration or Subsidy Declaration.

#### Section 5.06 Transfers of Ownership

- Added this new section.

#### Section 5.07 Prepayment

- Added this new section.

#### Section 6.05 B3 Sustainable Building Guidelines

- Removed requirement for Building, Benchmarks and Beyond (B3) because B3 Guidelines is a requirement on all projects that received GO bond funding from the State of Minnesota. Funding for this round is appropriations rather than GO bonds.
- Projects will continue to be required to comply with Minnesota Housing's Limited Scope Project Sustainability Requirements as reflected in the fourth bullet point under Chapter 6 – Design Review and Construction Management.

#### Section 6.06 Predesign Requirements

- Removed requirement for Predesign because Predesign is a requirement on all projects that received GO bond funding from the State of Minnesota. Funding for this round is appropriations rather than GO bonds.

#### Appendix A -Terms

- Removed definition for Building, Benchmarks, and Beyond (B3) as this does not apply to this round.
- Removed definition of Predesign as this does not apply to this round.
- Added definition for Publicly Owned Housing Program (POHP).
- Added definition for Public Housing. This was the definition in the authorizing legislation referenced in chapter 1 of the POHP Appropriations Round Program Guide.
- Added definition for Rental Assistance Demonstration (RAD).
- Added definition for Request for Proposal.
- Added definition for Tribal Entity.
- Added definition for Tribally Designated Housing Entity.



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## Publicly Owned Housing Program

### Appropriations Round

Program Guide

January 2025~~2024~~

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

*An equal opportunity employer.*

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

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## Values Statement

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

We will:

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

## Chapter 1 – Program Background and Purpose

### 1.01 Program Background and Purpose

The Publicly Owned Housing Program (POHP) was first established by the Minnesota Legislature in 2005 to offer assistance to Housing and Redevelopment Authorities (HRAs),~~and~~ Public Housing Authorities (PHAs),~~and~~ Community Development Agencies (CDAs) that provide ~~public~~ housing to individuals and families (households with children) ~~and is implemented through Minnesota Statutes section 462A.202. The purpose of POHP is to rehabilitate and preserve public housing units. POHP funds are provided in the form of a 20-year, deferred, forgivable loan to HRAs/PHA/CDAs that operate public housing.~~

~~Since 2005, POHP has received increased funding and support from the Minnesota Legislature and continues to provide assistance to HRAs/PHA/CDAs funded by the sale of General Obligation (GO) Bonds. GO Bonds are issued by Minnesota Management and Budget (MMB) and are backed by the full faith and credit of the state of Minnesota. Historically, POHP has been funded by the sale of General Obligation (GO) Bonds.~~

~~In 2023, the Minnesota Legislature issued one-time state appropriations totaling \$45,132,000 in Minnesota Session Laws 2023, Regular Session, chapter 37, Article 1, section 2, subdivision 34 together with Minnesota Session Laws 2023, Regular Session, chapter 71, Article 1, section 16, subdivision 2 for the purposes of rehabilitating and preserving Public Housing.~~

~~\$5,000,000 of the one-time appropriations was awarded to Minneapolis Public Housing Authority. The remaining \$40,132,000 will be distributed through a competitive Request for Proposals (RFP) process, to selected POHP applicants, in the form of zero interest, deferred, forgivable loans with a 20-year term.~~

~~Minnesota Statutes sections 16A.695 and 462A.202 govern the use of GO Bond proceeds, which require the project to be owned by a state agency or political subdivision and require a public program be provided in the project.~~ Priority uses of POHP funds include:

- Rehabilitation of ~~public~~ housing, particularly to address ~~health and life safety, accessibility, energy and water efficiency/climate resiliency and sustainability, and critical needs that have an expected useful life of more than 10 years~~
  - Health and life safety
  - Accessibility
  - Energy and water efficiency/climate resiliency and sustainability
  - Critical needs that have an expected useful life of more than 10 years
- Improvements of a capital nature

## **1.021.01 Funding Availability**

- ~~There is no minimum or maximum loan request limit.~~
- Minnesota Housing may fund all or part of a project identified within the application.
- There is no minimum or maximum loan request limit.
  - Minnesota Housing requires leveraged resources, ~~although~~ there is no minimum percentage required.
  - Minnesota Housing prioritizes project proposals that maximize federal resources such as capital funds, or local (non-state) resources such as philanthropic, community foundation, and/or utility rebates.
- All HRAs, ~~PHAs, CDAs, Tribal Entities and owners of Public Housing that has have been repositioned, as described in this Appropriations Round Program Guide,~~ are encouraged to apply, even if they have limited ~~leveraged~~ resources.

## **1.031.02 Terms and Definitions**

Appendix A (Terms and Definitions) of this document includes definitions of capitalized terms used in this Appropriations Round Program Guide ~~and is attached and incorporated into this Program Guide.~~

## **1.041.03 Legal Addendum**

Any recipient of an award pursuant to POHP agrees to comply with the additional requirements and obligations as described in Appendix B (Legal Addendum) of this Appropriations Round Program Guide, ~~which is attached and incorporated into this Program Guide.~~

## Chapter 2 – Eligibility Criteria

### 2.01 Eligible Properties

In order to be eligible, properties must be:

- The property must be Public Housing, defined as housing for low-income persons and households that is:
  - -Financed by the federal government and publicly owned;
  - Financed by the federal government and owned by a Tribal Entity, or
  - Housing that has been repositioned under the federal Rental Assistance Demonstration (RAD) or similar program housing for low-income people that is financed, in whole or in part, by the federal government and owned and operated by an HRA, a PHA, or a (CDA) formed by a city or a county.
- The property must be an existing building(s).

All types of Public Housing (e.g., single family scattered site, duplexes, townhomes and high rises) are eligible to apply.

An HRA/PHA/CDA applicant may apply for more than one development; however, the development should must contain a minimum of four units. Because of the limited amount of POHP funding available, it is advisable to prioritize which development has the most imminent needs.

- All types of Public Housing (e.g., single family scattered site, duplexes, townhomes and high rises) are eligible to apply.
- NOTE: Since POHP loans are funded by GO Bonds, the property must remain in public ownership for a 35-year compliance period. As a result, POHP loans are incompatible with Rental Assistance Demonstration (RAD) transactions that involve a transfer of ownership to a non-public owner.

### 2.02 Eligible Applicants

In order to be eligible, All applicants are required to must satisfy the following requirements:

- The applicant must have the authority to own and operate the project, e
- Enter into the loan agreements required by Minnesota Housing, and
- eComply with the requirements of Minn. esota Stat.utes sections 16A.695 and 462A.202
  - 462A.202. The priority in Minn. esota Stat.utes, section 462A.202, subdivision 3a, for projects to increase the supply of affordable housing, and the restrictions of Minn. esota Stat.utes section 462A.202, subdivision 7 do not apply to this appropriation.

- The applicant must be a(n)
  - Tribal Entity or
  - Local unit of government such as a city, county, or HRA, PHA, or CDA, as described in Minn. Statutes section 462C.02, subd. 6, or
  - Owner of a Public Housing building that had been repositioned under the federal Rental Assistance Demonstration (RAD) or similar program.
- The applicant (public owner) must directly operate and manage the project.

## 2.03 Income Limits

All units in a project financed with POHP funds must be occupied by households whose income at the time of initial occupancy does not exceed the maximum household income as determined by HUD's Office of Public and Indian Housing.

Under specific circumstances, Minnesota Housing may allow unrestricted unit(s); for example unit(s) for caretaker and/or security personnel. A recipient of Applicants awarded POHP funds may choose to restrict fewer than the total number of units in the development. This is an important consideration when applying for funds, as the number of income-restricted units will need to comply for the entire 35~~20~~-year compliance period.

## 2.04 Eligible Use(s) of Funds

Eligible uses of funds include but are not limited to:

- Expenditures of a capital nature such as design, rehabilitation, or major remodeling
- Major roof reconstruction or replacement
- Major window replacement
- Heating and cooling system replacement
- Elevator upgrades
- Installation or modernization of fire alarm(s) and/or fire suppression systems
- Other improvements that add value or life to a building and that are not of a recurring nature;  
In addition, these improvements must have an expected useful life of at least intended minimum life expectancy of 10 years.

An application may contain multiple work items. Minnesota Housing will review these items individually and determine how they pertain to the stated priorities of the program (health and life safety, accessibility, energy and water efficiency/climate resiliency and sustainability, and critical needs).

Applicants may request a project management fee not to exceed 5% of the net total development cost. The fee may be used to pay for soft costs directly related to costs associated with applying for POHP

funds. Such costs may include administrative expenses, processing agent fees, or construction management fees.

**NOTE:** All expenditures must be project specific and considered reasonable expenses associated directly to the proposed POHP renovation project.

## 2.05 Ineligible Use(s) of Funds

Ineligible uses of funds include but are not limited to:

- Expenditures that are not of a capital nature, do not add value or life to a building, or are of a recurring nature
- Operating expenses and costs, reserves, market studies, up-front marketing expenses, hazard and liability insurance, legal fees not attributable to ~~or the~~ betterment of the property, relocation expenses, and ongoing maintenance expenses such as regularly scheduled preventive maintenance of building systems that help to ensure proper functioning of affected systems (ex. boilers, furnaces, heat pumps, etc.)
- Expenses that are incurred prior to formal Minnesota Housing board approval, with the exception of project specific, pre-renovation fees associated with scope of work development, design, or engineering specifications
- New construction of ~~public~~ housing

## Chapter 3 – Application Requirements

### 3.01 Applicant Responsibilities

The applicant is responsible for understanding the submission requirements necessary for a complete application.

**NOTE:** All applicants are required to schedule at least one technical assistance meeting either in person, virtually, or via phone with POHP staff prior to submitting an application. To schedule a technical assistance meeting, contact Cheryl Rivinius at 651.296.3705 or [cheryl.rivinius@state.mn.us](mailto:cheryl.rivinius@state.mn.us).

Application materials are available on Minnesota Housing's [Publicly Owned Housing Program \(POHP\)](#) webpage.

### 3.02 Application Deadline/Application Submission

A complete application must be submitted no later than the application due date in order to be considered for selection. Applications must be submitted using Minnesota Housing's [Multifamily Customer Portal](#), which is a web-based system that facilitates the application and post-selection process for developers seeking funding from Minnesota Housing for affordable rental housing.

Information about setting up an account, "how to" guides providing details on navigating the [Multifamily Customer](#) Portal, and log in access can be found on the [Multifamily Customer Portal Resources](#) webpage.

The RFP process is highly competitive in nature. A typical funding round will result in requests that far exceed the amount of funding that is available. Minnesota Housing, in its sole discretion, reserves the right to request additional information or to deem an error related to an application to be immaterial.

For each funding round, applicants must use the most current version of application forms found on Minnesota Housing's [Publicly Owned Housing Program \(POHP\)](#) webpage.

### 3.03 Application Content

A separate, *complete application* must be submitted for each project.

The application package must include all of the following:

- [POHP Application Checklist](#)
- [POHP Workbook](#)
- [Narrative Application](#) and Certifications
- [Self-Scoring Worksheet](#)

- Documentation of renter incomes (names removed) for eligible property; this is for scoring purposes only
- POHP Workbook
- Most current Five-Year Capital Fund Program (CFP) Action Plan
- Most recent ~~PHA~~ capital needs assessment and any updates
- One- or two-year current audited financial statements
- Annual operating budget for ~~HRA/PHA/CDA~~ applicant entity
- Most recent Real Estate Assessment Center (REAC) inspection report or NSPIRE report
- Applicant Certification of Known Environmental Conditions
- Photographs of overall property, existing conditions, and proposed improvement areas
- If available, provide any other information deemed appropriate to support the application, including currently available architectural or engineering plans such as site plans, floor plans, exterior building elevations, product specifications, elevator modernization proposals, 3D renderings, most recent energy audit, etc.

### **3.04 Rehabilitation Scope of Work**

In general, rehabilitation scope of work items eligible for consideration under POHP must include durability and have an expected useful life of at least ten years~~life expectancy for at least ten years~~. Rehabilitation scope of work items eligible for consideration under POHP may include but are not limited to:

#### **1-Health and Life Safety**

Eligible health and life safety rehabilitation items include but are not limited to:

- Building or fire code violations such as fire alarms, smoke alarms, GFCI/AFCI protection, carbon monoxide (CO) alarms, nitrogen dioxide (NO<sub>2</sub>) alarms, fire egress, and elevator upgrades
- Environmental remediation for mold, radon, friable asbestos, lead-based paint hazards, soil vapor, and sound/noise
- Site improvements to correct tripping/fall hazards or other unsafe site conditions
- Replacement, repair, or remove~~ale of~~ any conditions of imminent structural collapse or failure
- Building envelope work to adequately prevent water or air penetration and prevent mold or other unsafe, interior health and life safety conditions
- Repair or replacement of systemic leaky or failed water and sewer piping
- Repairs or replacements of mechanical equipment, controls, ductwork, etc.
- Remedies to provide proper clothes dryer venting and natural gas combustion equipment venting
- Installation or modernization of fire suppression systems

## **2. Accessibility**

Eligible accessibility rehabilitation items include but are not limited to:

- Compliance with ~~S~~ection 504 of the Rehabilitation Act of 1973, the Architectural Barriers Act, the Fair Housing Act, the Americans with Disabilities Act (ADA), and state accessibility requirements
- Improvements such as Universal Design features, reasonable accommodations requests, and aging-in-place features

## **3. Energy and Water Efficiency/Climate Resiliency and Sustainability**

Eligible energy and water efficiency/climate resiliency and sustainability rehabilitation items include but are not limited to:

- Replacement of inefficient plumbing fixtures with water conserving fixtures
- Replacement of inefficient/antiquated Heating Ventilating and Air Conditioning (HVAC), lighting, controls, etc.
- Weatherization improvements such as additional insulation, air-bypass sealing, exterior window/door upgrades, or other energy efficiency strategies
- Installation of Renewable energy systems may be considered if supported by a third-party analysis with a simple 10-year payback
- Upgrades in materials/building modifications to withstand extreme weather impacts; for Examples include: fortified roofing, floodproofing (such as elevating mechanicals), increasing envelope efficiency, and flood resilient elevators
- Improvements to prepare the building for climate resilient/sustainable systems that will be installed in the near future

## **4. Critical Needs**

Eligible critical needs rehabilitation items include but are not limited to:

- Replacement or repair of items that outlived their expected useful life of at least ten years, are antiquated, worn-out, or simply inoperable
- Conditions determined to be critical via a certified HUD Universal Physical Condition Standard (UPCS), or Real Estate Assessment Center (REAC) Deficiencies inspection rReport or NSPIRE
- Any work described in Minnesota Housing's Rental Housing Design/Construction Standards (RHD/CS) Multifamily Rental Housing Design/Construction Standards (RHD/CS), Chapter 8 – Critical Physical Needs and Preservation Funded Projects

### 3.05 Leverage

For leverage, an HRA/PHA/CDA applicant may submit an application showing the commitment of a portion of their capital fund; however, if your the application were to be applicant is selected for funding, the loan could can not close until these capital funds were are available.

An applicant may commit unissued bond proceeds as leverage; however, the POHP loan cannot close until funds have been received. The HRA/PHA/CDA Applicants should be cautious in offering bond proceeds as leverage in the event the bonds are not issued.

### 3.06 Relocation Plan

Minnesota Housing prohibits involuntary displacement of residents from developments receiving Minnesota Housing funding. All existing developments must submit a relocation plan that addresses both temporary relocation and permanent voluntary displacement. The applicant must thoroughly assess the potential for displacement.

The plan must include:

- A description of the project
- Whether another funding source will require compliance with the Uniform Relocation Act (URA)
- A description of any temporary relocation, if any, that will occur based on the scope of work
- A description of how tenants' needs will be accommodated while they are temporarily displaced
- If tenants with special needs will be affected, include a description of how tenants with special needs those needs will be accommodated
- A description of what the development team will do to help displaced tenants who may be hard to househave additional challenges when facing temporary or permanent voluntary displacement relocation; for example, due to households with a large family size
- A description of Aany social, disability, or other services to be used, as appropriate
- The assistance and compensation that will be offered to tenants who will either be temporarily relocated or permanently and voluntarily displaced
- An estimated budget identifying relocation/displacement expenses and an identified funding source
- A relocation plan timeline

## Chapter 4 – Selection Process

### 4.01 ~~Review of the POHP Application~~ Review

Minnesota Housing staff will review all POHP submissions after the application process has closed.

Minnesota Housing will review RFP application~~s~~submittals for:

- Program eligibility
- Owner capacity
- The~~ability for an applicant~~applicant's ability to leverage POHP funds with~~other~~non-state resources

Applications will be reviewed~~-~~based ~~upon~~ the following criteria:

- Scope of work and ~~consequences for not completing the work~~immediacy of need
- Anticipated operational or utility cost savings
- Geographic distribution of applicants
- First time or repeat applications
- Leverage
- Applicant capacity~~,~~{including financial capacity}

Repositioned projects that cannot use the proceeds of GO Bonds may be given priority this funding round; but geographic balance will also be an important consideration.

A site visit may be conducted by Minnesota Housing staff based ~~upon~~ the proposed scope of work and construction costs.

Minnesota Housing's POHP selection committee will review all proposals and provide recommendations for funding. Recommendations are presented to various staff internally and, if approved, recommendations will then be presented to Minnesota Housing's board for final approval.

### 4.02 Selection Notification

Applications recommended for further consideration and additional technical assistance will be presented to Minnesota Housing's board. All applicants will be notified of their status after ~~the~~Minnesota Housing's board has taken action.

Once selected, applicants have 20~~-~~months to secure a Loan Commitment for an End Loan~~s~~ or hold a Construction Loan closing.

## Chapter 5 – Post-Selection Processing, and Loan Terms and Conditions

### 5.01 Intake and Technical Assistance Kickoff Meeting

Projects that are selected for further consideration will be required to participate in an initial intake and technical assistance meeting. The purpose of the meeting is to review the details of the proposal and the specific requirements of the funding source.

The initial intake and technical assistance meeting will include the discussion of:

- The proposed scope of work
- The need for a third-party capital needs assessment
- The need for architectural and/or engineering services
- Required environmental studies
- The potential for a project processing agent
- Whether a general contractor will be required

Minnesota Housing staff will explain POHP due diligence requirements necessary to obtain a Loan Commitment for an End Loan and a Construction Loan closing.

### 5.02 Due Diligence Checklists

Following selection, POHP recipients are required to submit due diligence items to proceed to a Construction Loan closing or a Loan Commitment for an End Loan. Separate checklists exist for Construction Loans and End Loans, and can be found on Minnesota Housing's [Publicly Owned Housing Program \(POHP\)](#) webpage.

Due diligence items will be submitted via the [Multifamily Customer Portal](#).

### 5.03 Issuance of Loan Commitment/Loan Closing

Once due diligence and design reviews are complete, Minnesota Housing will issue a Loan Commitment for End Loans or conduct a loan closing for Construction Loans. POHP recipients can begin rehabilitation activities once the commitment is issued or the closing has taken place. Construction work should not begin prior to issuance of a Loan Commitment or a Construction Loan closing.

### 5.04 Loan Types

The Loan Commitment term and closing date are determined by the type of loan the applicant requests:

- **Construction Loan** – A construction/permanent, long-term loan to finance construction/rehabilitation-and eligible soft costs. The I Loan funds are advanced incrementally during construction/rehabilitation. as the project progresses. The Construction Loan must close within 20 months from the initial Minnesota Housing board approval date.
- **End Loan** – A permanent, long-term loan that is used to pay off a short-term construction/rehabilitation loan or other form of interim financing. The project must enter into a Loan Commitment for an End Loan within 20 months of board approval. The project must be completed, and the loan closed within 18 months once the Loan Commitment for an End Loan is issued.

Either loan type may be available with Minnesota Housing approval.

If an applicant does not enter into a Loan Commitment for an End Loan or Construction Loan closing within the 20-month term, Minnesota Housing reserves the right to recapture funds or require a commitment extension.

## 5.05 Loan Terms

Selected proposals will be awarded funding in the form of a zero interest, deferred, forgivable loan with a 20-year term. At the end of the 20-year term, the debt will be forgiven if no event of default has occurred; however, the applicant is required to continue to own and operate the project for a public purpose for a total of 35 years or until it is sold.

The sale of a GO Bond financed property cannot occur unless the owner or Minnesota Housing determines by official action that:

- The property is no longer usable or needed to carry out the governmental program for which it was acquired or constructed
- The sale is made as authorized by law
- The sale is made at fair market value
- The sale of the property requires prior written approval by Minnesota Housing and MMB

Minnesota Housing reserves the right to review the HRA's/PHA/CDA applicant's POHP eligibility and potential ability to repay POHP funds if the HRA/PHA/CDA applicant should no longer participate in HUD's Public Housing Program, Rental Assistance Demonstration (RAD), or similar program.

-At the time of the project loan closing, both a GO Bond Declaration and a Declaration of Covenants, Conditions, and Restrictions (Affordability Declaration) are is recorded against the property (Affordability Declaration). The GO Bond A Subsidy Declaration must have may also be recorded against the property if it has been repositioned. -The Affordability and/or Subsidy Declaration(s) must have priority over all liens filed against the property.

## **5.06 Transfers of Ownership**

**Transfer of Ownership.** Sale of the property to another eligible borrower and assumption of the loan must be pre-approved in writing by Minnesota Housing. Approval must be requested through the Request for Action (RFA) process. Approval is at Minnesota Housing's sole discretion and will only be considered (but not guaranteed to be approved) if:

- The borrower is not in default of any of its agreements with Minnesota Housing;
- The new entity is creditworthy, in Minnesota Housing's sole opinion;
- The new entity assumes all contractual obligations with Minnesota Housing
- There is payment of an assumption fee, if required, equal to the approximate administrative costs incurred by Minnesota Housing in processing the sale and assumption;
- The project remains Public Housing

## **5.07 Prepayment**

**Prepayment.** The loan may be prepaid in full at any time; however, covenants and conditions in the declaration(s) will remain for the remaining term of full 20--years term. Minnesota Housing may charge a prepayment fee in ~~an~~ the amount equal to the approximate administrative costs incurred by Minnesota Housing in processing the prepayment.

## Chapter 6 – Design Review and Construction Management

Every applicant is required to comply with all of the following:

- Applicable requirements of ~~the the Minnesota Housing Rental Design/Construction Standards~~  
~~Multifamily Rental Design/Construction Standards~~
- The most recently adopted edition of the Minnesota Building Code, International Building Code (IBC)
- ~~Any other local, state, and national codes and standards in effect; the most restrictive codes and regulations will apply~~
- ~~Applicable Building, Benchmarks, and Beyond (B3) sustainability guidelines required for state-funded projects in Minnesota (refer to section 6.05 below), or Minnesota Housing's Limited Scope Project Sustainability Requirements~~

POHP applicants selected for further processing will confer with their assigned Minnesota Housing staff architect early in the design process to ensure rehabilitation plans and designs meet Minnesota Housing's standards and requirements.

### 6.01 Plan Review and Plan Approval

After the initial intake meeting and approval of scope of work, the applicant must submit construction documents to the assigned Minnesota Housing staff architect at the 75-90% completion phase and the 100% completion phase. Loan Commitment for End Loans and loan closing for Construction Loans are contingent upon an approved set of plans. Issuance of Loan Commitment for an End Loan or a Construction Loan closing will not occur without plan approval. Construction documents may be submitted in hard copy or electronic PDF. Consult with a Minnesota Housing staff architect for submission requirements.

### 6.02 Environmental Standards

Based ~~upon~~ the proposed scope of work, the HUD environmental review (if completed), and discussions with Minnesota Housing staff, the following environmental studies may be required:

- ~~A~~Phase I Environmental Site Assessment (ESA)~~with the exception of:~~
  - A HUD "Categorical Exclusion Determination" may substitute for a Phase I ESA, if approved by Minnesota Housing~~, or~~
  - Projects with a total construction cost less than \$300,000 are not required to conduct a Phase I ESA
- Phase II ESAs
- Lead-Based Paint (LBP) Inspection/Assessments

- Asbestos-Containing Material (ACM) Assessments and Asbestos Containing Material (ACM) Operating and Maintenance (O&M) Plans
- Radon Assessments
- Response Action Plans (RAP)
- Ongoing testing during construction

## 6.03 Architectural Services

If an architect is required, applicants must use the services of a licensed architect and/or licensed professional engineer unless waived per section 2.02 of Minnesota Housing's Architect's Guide (~~refer to section 2.02 of the Architect's Guide~~). This may be waived by Minnesota Housing based ~~upon~~ limited scope of work status.

## 6.04 Design-~~b~~Build Design and Construction Delivery

Design-build delivery is not allowed unless approved by Minnesota Housing. Design-build is typically only allowed for single subcontractor-type scope of work such as elevator upgrades, re-roofing, etc.

## 6.05 ~~B3 Sustainable Building Guidelines~~

~~The Buildings, Benchmarks, and Beyond (B3) program outlines Minnesota's Sustainable Building Design (MSBD) requirements. Per Minnesota Statutes section 16B.325, all projects funded by GO Bond proceeds must comply with B3 Guidelines. More information about B3 is available at the Minnesota Design of New Buildings and Renovations webpage.~~

~~Minnesota Housing will work with both the recipient and the Center for Sustainable Building Research (CSBR) to determine if a recipient is required to comply with B3 Guidelines. A recipient is required to comply with B3 Guidelines if both of the following apply:~~

- ~~The building exceeds 10,000 square feet; and~~
- ~~Modifications are made to the HVAC system~~

~~If Minnesota Housing and/or the recipient believe that they are not required to comply with B3 Guidelines, they must request a B3 non-applicability waiver from CSBR. A copy of the waiver must be provided to Minnesota Housing via your Portal account.~~

~~NOTE: Any projects receiving a B3 waiver are required to comply with Minnesota Housing's Limited Scope Project Sustainability Requirements.~~

## **6.06 Predesign Requirements**

~~Minnesota Statutes section 16B.335 requires Predesign and legislative review for GO Bond funded projects with a total construction cost (including construction contingencies) of \$1.5 million or more. Applicants should review the statute for exemptions.~~

~~Predesign is a written plan that is completed prior to designing and constructing the project. It includes information regarding the project purpose, architectural plans, project budget and schedule. It should also include information on staffing as well as the operating budget for the project. Please refer to the Department of Administration Sustainable Buildings webpage and Predesign Manual for Capital Projects.~~

~~Applicants who propose projects at or near the \$1.5 million construction cost level should consult with the Department of Administration (Eric Radel, 651.201.2380, [eric.radel@state.mn.us](mailto:eric.radel@state.mn.us)) to ensure the correct timeline and procedure are followed.~~

## **6.076.05 Energy Rebate Analysis**

Minnesota Housing requires POHP funding applicants to apply for energy efficiency incentives from utilities and other sources. The purpose of this requirement is to leverage utility funds ~~in order~~ to increase the energy efficiency in affordable housing properties throughout Minnesota. ~~In order to~~ comply, each application must include information that outlines the type and amount of the available incentives.

For additional information on working with utilities to access energy incentives, contact Katherine Teiken at 651.296.7610 or [katherine.teiken@state.mn.us](mailto:katherine.teiken@state.mn.us).

## **6.086.06 Construction Management**

To help ensure compliance with approved construction documents, regardless of an End Loan or a Construction Loan, Minnesota Housing must:

- Be granted access to the ~~construction~~ site during construction
- Receive regular construction meeting minutes and observation reports ~~(electronic PDF only)~~ from the ~~PHA's project~~ architect ~~(electronic PDF only)~~
- Receive ~~(electronic PDF only)~~ copies of ~~r~~ Requests for ~~p~~ Proposals ~~(RFP)~~, change orders, Architectural Supplemental Instructions (ASIs), or any other change directive ~~(electronic PDF only)~~; ~~C~~hange orders must be submitted to and approved by Minnesota Housing prior to acceptance or prior to being executed

## **6.096.07 Construction Loan – Request for Funds Process**

For Construction Loans, contractor pay applications will be reviewed on site once a month at a regularly scheduled pay draw meeting with the owner, general contractor, and ~~the PHA's owner's~~ architect in attendance. Upon approval of the pay application by the ~~PHA's-project's~~ architect, the pay application and other soft cost expenses (with receipts) must be submitted to Minnesota Housing using the request for funds process.

A Minnesota Housing staff architect may or may not attend on-site, pay draw meetings. Photos of the construction progress must be included with the pay application. The pay application process may be streamlined based ~~upon~~ a limited scope of work status if approved by Minnesota Housing.

Submittals required for end of construction and project closeout are included in the POHP Due Diligence Checklist.

## Chapter 7 – Compliance Monitoring and Reporting

### 7.01 Compliance Monitoring Requirement

Minnesota Housing performs periodic inspections of the projects ~~it we~~ finances. The frequency of physical inspections is determined by several factors such as loan type, term, loan amount, etc. Owners will be notified in advance of any inspection.

### 7.02 Compliance Reporting Requirement

Recipients of POHP ~~loans recipients~~ are required to provide annual reporting using Minnesota Housing's Property Online Reporting Tool (PORT). Owners must submit an annual ~~e~~Certification of ~~e~~Compliance and occupancy data on all restricted units in the property. AThe PORT User Guide can be found on the Minnesota Housing's Partner Login~~webpage~~webpage.

### 7.03 Compliance Term

All ~~POHP~~ projects funded ~~through with GO Bond proceeds~~POHP appropriations are required to comply with the affordability restrictions and are subject to monitoring and reporting for ~~a minimum of 35-20~~ years beginning on the date of closing.

## Appendix A – Terms and Definitions

Table 1: Terms and Definitions

Term	Definition
<u>Buildings, Benchmarks, and Beyond (B3)</u>	<u>Guidelines developed for state-funded projects in Minnesota to ensure projects meet sustainability goals.</u>
Community Development Agency (CDA)	A local government agency, as <u>defined described</u> in <u>Minnesota Statutes Section</u> 462C.02, subdivision 6, responsible for the management and operation of its local <u>p</u> ublic <u>h</u> ousing program and/or other types of housing, community, or economic development programs.
Construction Loan	A construction/permanent, long-term loan to finance construction/rehabilitation and eligible soft costs. The loan funds are advanced incrementally during construction/rehabilitation.
End Loan	A permanent, long-term loan that is used to pay off a short-term construction/rehabilitation loan or other form of interim financing.
General Obligation (GO) Bonds	Debt instruments issued by states and local governments to raise funds for public works that are backed by the full faith and credit of the issuing municipality.
Housing and Redevelopment Authority (HRA)	A local government agency, as <u>defined described</u> in <u>Minnesota Statutes Section</u> 462C.02, subdivision 6, responsible for the management and operation of its local <u>p</u> ublic <u>h</u> ousing program and/or other types of housing, community, or economic development programs.
Loan Commitment	A contractual agreement between Minnesota Housing and the borrower that sets forth the terms under which Minnesota Housing will lend funds to the borrower for a project.
<u>Predesign</u>	<u>A plan required by local government units utilizing funding from the state legislature for capital improvement projects exceeding \$1.5 million in construction costs.</u>
<u>Publicly Owned Housing Program (POHP)</u>	<u>A competitive funding program in Minnesota that helps to preserve and rehabilitate <u>p</u>ublic <u>h</u>ousing.</u>

Term	Definition
<u>Public Housing</u>	<p><u>Housing for low-income persons and households that is:</u></p> <ul style="list-style-type: none"> <li>• <u>f</u><u>inanced by the federal government and publicly owned;</u></li> <li>• <u>Financed by the federal government and owned by a Tribal Entity, or</u></li> <li>• <u>h</u><u>ousing that has been repositioned under the federal Rental Assistance Demonstration (RAD) or similar program;</u></li> </ul>
<u>Public Housing Authority-Agency (PHA)</u>	<p>A state, county, municipality, or other governmental entity or public body, or agency or instrumentality of these entities, that is authorized to engage or assist in the development or operation of low-income housing under the United States Housing Act of 1937 (<u>42 U.S. Code, title 42, section 1437 et seq.</u>).</p>
<u>Rental Assistance Demonstration (RAD)</u>	<p><u>R</u><u>ADA federal program that allows PHAs to convert p</u><u>ublic h</u><u>ousing to Section 8 Project-Based Vouchers or Project-Based Rental Assistance at contract rent levels based on the property's p</u><u>ublic h</u><u>ousing funding. As a preservation program, RAD requires one-for-one replacement of the p</u><u>ublic h</u><u>ousing units, with certain limited ("de minimis") exceptions. All residents have an absolute right to return (no re-screening). To convert, a PHA must submit a financing plan that demonstrates long-term feasibility.</u></p>
<u>Request for Proposal (RFP)</u>	<p><u>The competitive process of applying for POHP funds.</u></p>
<u>Tribal Entity</u>	<p><u>A federally recognized Indian Tribe in Minnesota or their associated Tribally Designated Housing Entity.</u></p>
<u>Tribally Designated Housing Entity</u>	<p><u>An entity as defined by United States Code, title 25, section 4103(22).</u></p>
<u>Uniform Relocation Act (URA)</u>	<p>The Uniform Relocation Act applies to federally funded projects involving rehabilitation or acquisition. The URA provides displaced persons with fair, equitable treatment and protection from disproportionate injury by projects designed to benefit the public. The URA requirements must be adhered to by the owner. If the borrowing entity will be displacing or temporarily relocating tenants, a tenant relocation plan that conforms to all URA requirements is <u>required</u> <u>mandatory</u> and must include an outline of how tenants will be accommodated during construction, an overview of construction activities, a project timeline, an estimated budget, and whether or not the scope of work will require temporary or permanent relocation.</p>



## Appendix B – Legal Addendum

### 1.01 Conflict and Control

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

### 1.02 Fraud

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

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section 1.07.

### 1.03 Misuse of Funds

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

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

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section 1.07.

### 1.04 Conflict of Interest

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

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

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

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

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

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

- Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 1.07.

A contracting party should review its contract and request for proposals (RFP) material, if applicable, for further requirements.

## 1.05 Assistance to Employees and Affiliated Parties

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

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section 1.04;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 1.04.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 1.07.

## 1.06 Suspension

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Please refer to

Minnesota Housing's website for a list of [suspended individuals and organizations](#) (Go to [mnhousing.gov](http://mnhousing.gov), scroll to the bottom of the screen and select Report Wrongdoing, then select Suspensions from the menu).

## **1.07 Disclosure and Reporting**

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

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

## **1.08 Electronic Signatures**

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

## **1.09 Fair Housing Policy**

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

Minnesota Housing's fair housing policy incorporates the requirements of Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988; and the Minnesota Human Rights Act. Housing providers and other entities involved in real-estate related transactions are expected to comply with the applicable statutes,

regulations and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements. Housing providers and other entities involved in real-estate related transactions must comply with all non-discrimination requirements related to the provision of credit, as well as access to services.

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

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

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

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

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

## 1.10 Minnesota Government Data Practices

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

## 1.11 Prevailing Wage

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under [Minnesota Statutes Chapter 177](#) or [Minnesota Statutes Section 116J.871](#). In broad terms, Minn. Stat. Chapter 177 applies to an award of \$25,000 or greater for housing that is publicly owned. Minn. Stat. 116J.871 applies to awards for non-publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation); (2) a single entity receives from Minnesota Housing \$200,000 or more of grant proceeds or \$500,000 of loan proceeds.

Minnesota Statutes Section 116J.871 sets out several exceptions to the applicability of prevailing wage including (1) rehabilitation of existing housing; (2) new housing construction in which total financial assistance at a single project site is less than \$100,000; and (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units.

All determinations regarding prevailing wage are made by the Minnesota Department of Labor and Industry. All questions regarding state prevailing wages and compliance requirements should be directed to that agency as follows:

Division of Labor Standards and Apprenticeship  
State Program Administrator  
443 Lafayette Road N, St. Paul, MN 55155  
651.284.5091 or [dli.pervwage@state.mn.us](mailto:dli.pervwage@state.mn.us)

If, after a determination by the Minnesota Department of Labor that prevailing wage does apply, a contractor or subcontractor fails to adhere to prevailing wage laws, then that contractor or subcontractor could face civil and/or criminal liability.

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## Item: Approval, 2024 State Housing Tax Credit Program Request for Proposals Selections

**Action Item:** 7.F  
**Date:** 1/23/2025  
**Staff Contacts:** Krissi Mills, 651.297.3121, krissi.mills@state.mn.us  
Summer Jefferson, 651.296.9790, summer.jefferson@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests approval and adoption of a resolution authorizing the selection for the 2024 State Housing Tax Credit (SHTC) Program Request for Proposals (RFP) projects for further processing, and the commitment of deferred financing, and, subject to final underwriting and due diligence, authorizing the closing of loans.

### Fiscal Impact

The SHTC Program generates fee income from projects that close on their loan.

### 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

- Background and Overview of the 2024 SHTC RFP Funding Recommendations
- Resolution
- Development Summaries
- Selection Map

## Background

The State Housing Tax Credit Program and Contribution Fund was established pursuant to Minnesota Statutes, sections 462A.40 and 290.0683 and provides funding for affordable housing throughout Minnesota. There are no state appropriations provided to this program. Funding is provided by taxpayers that contribute to a specific qualified project or to the General Contribution Pool and, in return, receive an 85% tax credit against their Minnesota state tax liability. Funds in the General Contribution Pool are used to fund applications that apply through the SHTC RFP, typically as a zero percent deferred loan. The program has income limits for rental housing projects of 80% of area median income (AMI).

## Overview

In the 2024 SHTC RFP, the available funds from the General Contribution Pool totaled \$1,912,861 and was subject to the following set-asides:

- At least 10% set-aside for housing units located in a township or city with a population of 2,500 or less that is located outside of the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2;
- At least 35% set-aside for housing for people and families whose income is 50% or less of the area median income as published by HUD, as adjusted for household size; and
- At least 25% set-aside for single-family housing.

If applications are not received that qualify for the set-asides, the set-aside funds may be used for other eligible projects.

**Table 1: General Contribution Pool Set-Aside Breakdown**

Set-Aside	\$
Small town/city 10%	\$ 191,286
Income 50% or less 35%	\$ 669,501
Single Family Housing* 25%	\$ 478,215
Other eligible projects 30%	\$ 573,859
<b>Total SHTC RFP Amount</b>	<b>\$ 1,434,646</b>

In 2024, the 25% set-aside for single-family housing was awarded through the Community Initiatives Impact Fund RFP in December 2024.

On July 9, 2024, the SHTC RFP was published and applications were due on September 19, 2024. The Multifamily team reviews applications in three phases: 1) initial eligibility, 2) scoring, and 3) feasibility review.

**Table 2: Scoring categories**

Category	Percent of Score
Readiness to Proceed (secured funding and non-capital contributions)	23%
Set-Aside Qualification	23%
Income Restricted Units	11%
Leverage (funding request as a percentage of the total development cost)	28%
Innovative and Sustainable Design	11%
Previous Award History	4%

## Funding Recommendations

Minnesota Housing received seven applications requesting a total of nearly \$3.8 million from five of the state's seven regions. Four of these applications are recommended for funding. These recommended projects come from four different regions, and the total funding recommended is \$1,434,646, which uses all of the available funding amount.

- Four (4) applications received a feasibility review and are recommended for funding.
- Three (3) applications were determined to be ineligible and were not reviewed and are not recommended for funding. The projects include federal low-income housing tax credits (HTC), which was inconsistent with the RFP instructions that stated proposals with HTCs must apply through the Multifamily Consolidated RFP. This includes projects with a new HTC request or previously received HTCs.

The following table summarizes the final funding recommendations:

Sponsor	Project Name	City	Number of Units	Activity	Funding Recommendation
Otter Tail County Housing & Redevelopment Authority	South Point Affordable Senior Housing	New York Mills	6	New construction	\$ 330,300
GRO Holdings LLC	Little Mod Co Living	St. Paul	12	New construction	\$ 205,000
Southeastern Minnesota Multi-County HRA	Countryside Way	Kenyon	12	Rehabilitation	\$ 249,500
Southwest Minnesota Housing Partnership	Westbrook Apartments	Westbrook	24	Rehabilitation	\$ 649,846
Total Selection Amount					\$ 1,434,646

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

**RESOLUTION NO. MHFA 25-XXX**

**RESOLUTION APPROVING SELECTIONS FOR THE STATE HOUSING TAX CREDIT (SHTC) PROGRAM AND CONTRIBUTION FUND**

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received taxpayer contributions to support the State Housing Tax Credit Program and Contribution Fund; and

WHEREAS, the Agency has received applications to provide construction financing and permanent financing for multifamily rental housing developments serving persons and families of low- and moderate-income for certain developments; and

WHEREAS, Agency staff has reviewed the applications and determined that the applications are in compliance under the Agency's rules, regulations, and policies, and that the applications will assist in fulfilling the purpose of Minn. Stat. 462A.40.

**NOW, THEREFORE, BE IT RESOLVED:**

1. That the Minnesota Housing board hereby authorizes Agency staff to enter into loan agreements for the State Housing Tax Credit Program and Contribution Fund for the applications and in the amounts listed below, subject to the terms and conditions contained herein:

Property #	Project #	Applicant	Project Name	Selection Amount
D8802	M20805	Otter Tail County Housing & Redevelopment Authority	South Point Affordable Senior Housing	\$ 330,300
D8788	M20804	GRO Holdings LLC	Little Mod Co Living	\$ 205,000
D2713	M20802	Southeastern Minnesota Multi-County HRA	Countryside Way	\$ 249,500
D4103	M20807	Southwest Minnesota Housing Partnership	Westbrook Apartments	\$ 649,846
Total Selection Amount				\$ 1,434,646

1. The selections are subject to such terms and conditions as may be deemed necessary through the staff review process; and

2. The issuance of a mortgage loan commitment for all SHTC loans from Agency resources in form and substance acceptable to Agency staff and the closing of the loans shall occur no later than 20 months from the adoption date of this Resolution; but if a development elects the End Loan Commitment, the End Loan Commitment shall occur no later than 20 months from the adoption date of this Resolution, and construction of the development shall be completed within 24 months from the date of End Loan Commitment; and
3. All selections are subject to available resources and requirements applicable to the funding source, including any conditions of approval; and
4. The Commissioner is authorized to approve non-material changes to the selections; and
5. The sponsor, the builder, the architect, the mortgagor and any other parties that Agency staff, in its sole discretion deem necessary, shall execute all such documents relating to the loan, to the security for the loan, to the construction of the development and to the operation of the development, subject to such terms and conditions as the Agency, in its sole discretion, deems necessary.

Adopted this 23<sup>rd</sup> day of January 2025

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CHAIR



## Westbrook Apartments

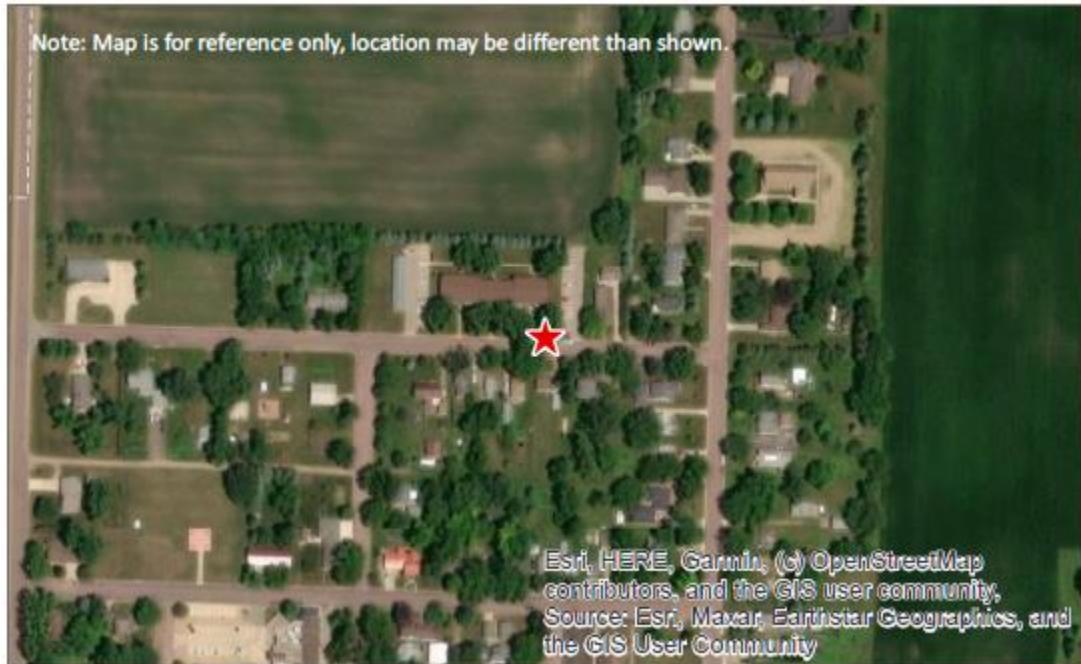
<b>Sponsor</b>	Southwest Minnesota Housing Partnership
<b>Location</b>	Westbrook
<b>Property #</b>	D4103
<b>Project #</b>	M20807

### Project Description

Westbrook Apartments is an established United States Department of Agriculture (USDA) Rural Development (RD) property originally constructed in 1976, featuring a two-story wood frame building divided into three sections with a total of 24 units. The project includes 17 two-bedroom units and seven one-bedroom units. Residents have surface parking along with five garage units available for rent.

This project was awarded \$699,000 through the Minnesota Housing Rental Rehab Deferred Loan (RRDL) program in 2023, however that program was not able to fund the full amount of work needed at the property. The SHTC award will allow updates to the kitchens, flooring, windows and complete exterior improvements.

*Westbrook Apartments location map*



*Westbrook Apartments exterior 1*



*Westbrook Apartments exterior 2*





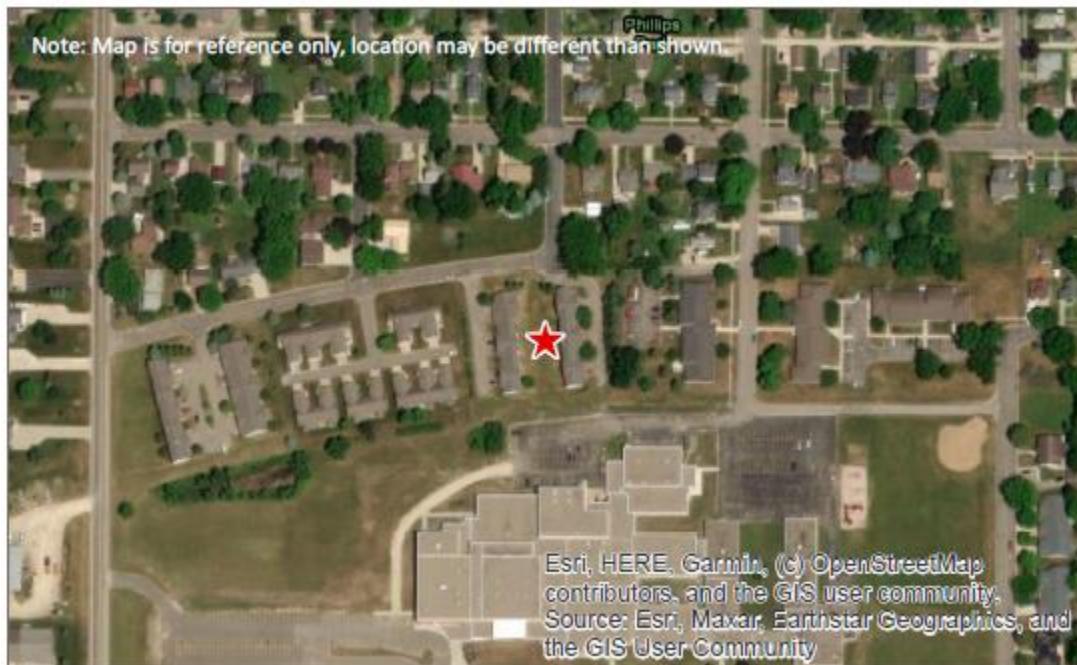
## Countryside Way

<b>Sponsor</b>	Southeastern Minnesota Multi-County HRA
<b>Location</b>	Kenyon
<b>Property #</b>	D2713
<b>Project #</b>	M20802

## Project Description

Countryside Way is an existing townhome development in Kenyon that was built in 2000. The project consists of 12 townhome style units, three with two bedrooms and nine with three bedrooms. Each unit has their own attached private garage stall, a patio door with small concrete patio and shared backyard. The property needs full exterior rehabilitation including replacing siding, soffit, fascia, entry doors, patio doors, gutters, and grading to improve drainage.

*Countryside Way location map*



*Countryside Way exterior view*





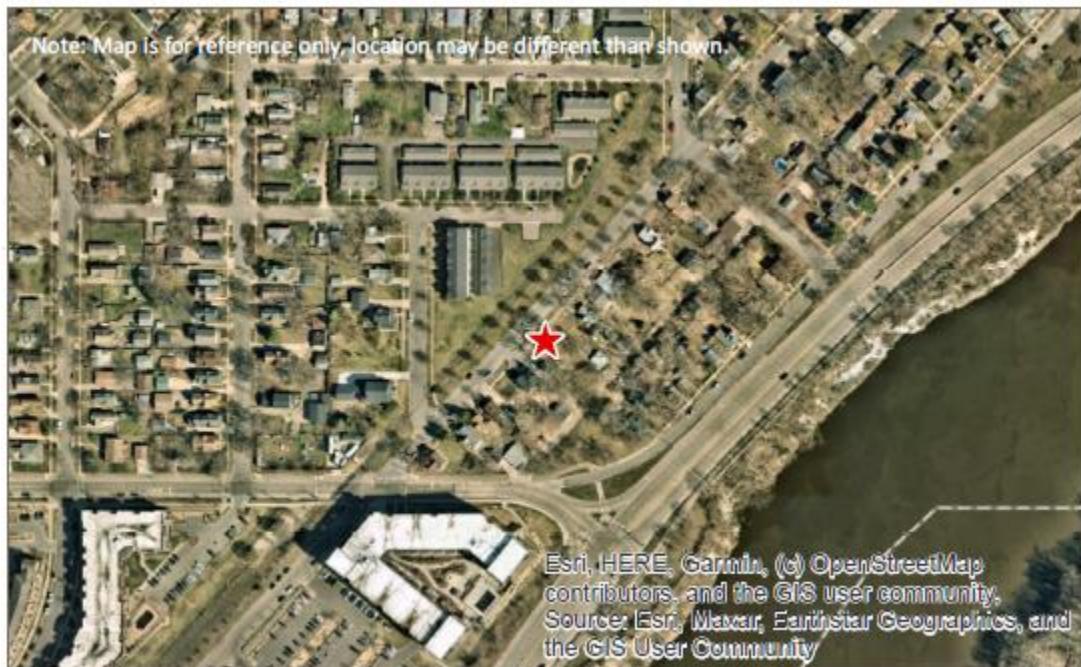
## Little Mod

<b>Sponsor</b>	GRO Holdings LLC
<b>Location</b>	St. Paul
<b>Property #</b>	D8788
<b>Project #</b>	M20804

## Project Description

Little Mod apartment is a new construction single-room occupancy (SRO) development, consisting of two dwelling units that each contain six individually leased private bedroom bathroom suites. Each unit will have a communal kitchen and living area. The project will be constructed on an infill urban lot. Ten of the units will have rent limited to 50% of area median income (AMI) and will have incomes limited to 60% of AMI. Two of the units will have a rent limit of 30% of AMI and incomes limited to 60% of AMI. Little Mod is an all-electric property and will be a certified net-zero project through the Department of Energy Zero Energy Ready Homes program. The property will have solar power and super-insulated roof and wall systems that will be fabricated off-site in a warehouse. This project has received two designated contributions through the SHTC Contribution Fund totaling \$75,000.

*Little Mod location map*





## South Point Affordable Senior Housing Development

<b>Sponsor</b>	Otter Tail County Housing and Redevelopment Authority
<b>Location</b>	New York Mills
<b>Property #</b>	D8802
<b>Project #</b>	M20805

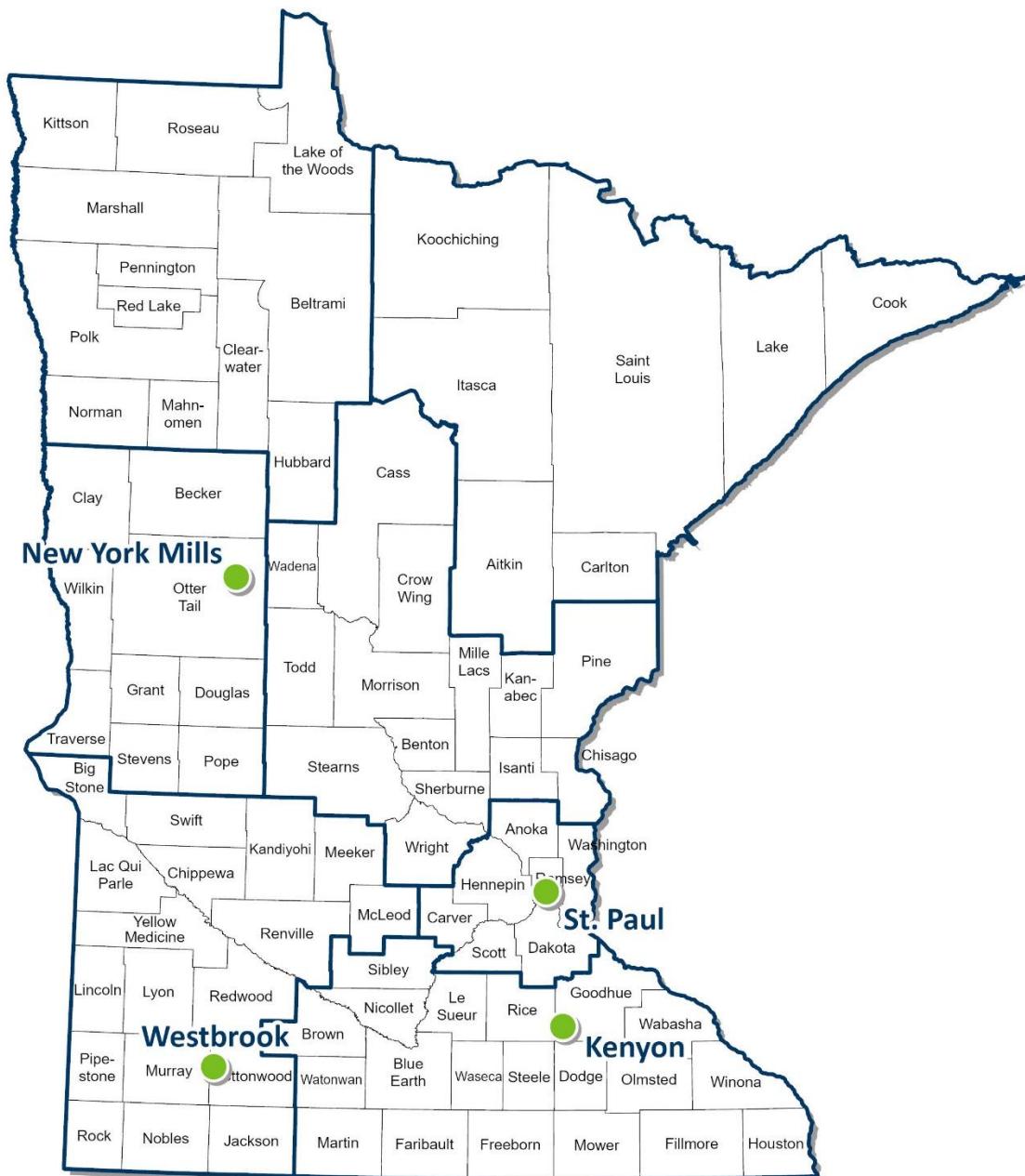
### Project Description

South Point Affordable Senior Housing development is a new construction project that will construct two one-story triplexes. One triplex will have two one-bedroom units and one two-bedroom unit. The second triplex will have one one-bedroom unit and two two-bedroom units for a total of six units. The one-bedroom units will be available to seniors with incomes at or below 50% of AMI and the two-bedroom units will be available to seniors at or below 80% of AMI. Each unit will have an attached one car garage.

*South Point location map*



## 2024 State Housing Tax Credit Program Recommendations





## Item: Modification, Housing Opportunities for Persons with AIDS Contract, Clare Housing, D1560, Greater Minnesota

**Action Item:** 7.G  
**Date:** 1/23/2025  
**Staff Contacts:** Deran Cadotte, 651.297.5230, deran.cadotte@state.mn.us  
Lauren Stelter, 651.296.3600, lauren.stelter@state.mn.us  
**Request Type:** Approval, Resolution

### Request Summary

Staff requests approval of the attached resolution authorizing a one-year grant extension through February 28, 2026 and funding modification of \$597,560.44 to the current Housing Opportunities for Persons With AIDS (HOPWA) grant contract with Clare Housing. Minnesota Housing would retain \$13,656 of the federal HOPWA award to pay for administrative expenses.

### Fiscal Impact

Minnesota Housing will retain 3% from the FY2024 funds in the amount of \$13,655.82 for the administration of this program.

### Agency Priorities

- Improve the Housing System
- Make Homeownership More Accessible
- Preserve and Create Housing Opportunities
- Support People Needing Services
- Strengthen Communities

### Attachments

- Background
- Resolution

## Background:

Minnesota Housing is the grantee for HOPWA state of Minnesota formula funds, appropriated annually by the U.S. Department of Housing and Urban Development (HUD). The funds serve persons with low-income at or below 80 percent of area median income (AMI) who are living with HIV/AIDS together with their household members. The funds are also for those outside of the Twin Cities' 15-county Eligible Metropolitan Statistical Area, which includes two Wisconsin counties.

The amount allocated to Minnesota Housing for program use in FFY2024 was \$455,194.00, of which \$441,538.18 has been available for program funding plus \$13,655.82 applied toward Agency administrative expenses.

The Minnesota Department of Health's HIV/AIDS 2023 Prevalence and Mortality Report indicates that there are 1,903 persons, or 19% of Minnesota's total HIV/AIDS cases, outside of the 15-county metropolitan area.

Clare Housing has performed satisfactorily under this contract, serving eligible persons with emergency assistance for short-term rent, mortgage and utility payments (STRMU) funds. From March 1, 2024 to November 30, 2024, Clare Housing's STRMU funds assisted 92 households in 74 counties. Seventy-seven percent of the assisted households have incomes below 50 percent of AMI, and half of all assisted households have incomes below 30 percent of AMI. Forty-two percent of served households identified as people of color.

In January 2024, Minnesota Housing received from HUD the HOPWA FFY2024 annual allocation of \$455,194.00. When considering how to commit these funds and in what amount, Minnesota Housing considered the following factors:

- HUD informed Minnesota Housing that, due to the decreasing rate of people living with HIV/AIDS in the coverage area, Minnesota Housing is expected to only receive one more annual allocation before the contract with HUD sunsets.
- When Minnesota Housing issued the 2023 HOPWA RFP, only two eligible applicants applied, Clare Housing being one of them.
- Since issuing the RFP, the other eligible applicant closed. Clare Housing was assigned their contract.
- Clare Housing, the only remaining grantee, has continued to take on more households and has confirmed the ability to expend some but not all of the additional HOPWA funds for the next year.
- A new competitive RFP is planned for 2026 for remaining dollars.

Amending a current grant contract is permitted, as the 2023 RFP Instructions allowed for a one-year extension and funding modification, contingent on future federal program appropriations (which have been received) and Minnesota Housing board approval. Amending this grant also complies with Office of Grants Management (OGM) 08-12: Grant Amendments, which requires that grant contract agreements with any amendments may not exceed five years. This grant contract agreement, with this extension, would be one year.

**Recommendation:**

Recognizing Clare Housing's capacity and planning for the sunset of the HOPWA program for greater Minnesota staff recommend providing additional funds to support sufficient utilization for the next one year grant term.

Staff recommend a one year extension of the current Clare Housing HOPWA contract extending the grant term from February 28, 2025 to February 28, 2026, and a funding modification of \$146,224.35 to increase the total contract from \$451,336.09 to \$597,560.44.

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

**RESOLUTION NO. MHFA 25-xxx  
MODIFYING RESOLUTION NO. MHFA 24-006**

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

WHEREAS, the Minnesota Housing Finance Agency (Agency) has received funds from the U.S. Department of Housing and Urban Development (HUD) for the purpose of funding HOPWA activities for low-income persons who are living with HIV/AIDS; and

WHEREAS, on January 25, 2024, the Agency awarded Clare Housing a HOPWA grant in Resolution No. MHFA 24-006 for \$340,000 for a grant term of March 1, 2024 – February 28, 2025; and

WHEREAS, on September 26, 2024, the Agency assigned another grantee's contract to Clare Housing in Resolution No. MHFA 24-067 for \$111,336.09 for the remainder of the original grant term that ends on February 28, 2025; and

WHEREAS, Agency staff proposes to extend and provide additional funding for the current HOPWA grant to Clare Housing based on current performance and program goals; and

WHEREAS, Agency staff has determined that the grant extension is in compliance under the Agency's rules, regulations and policies; that such grants are not otherwise available, wholly or in part, from private lenders or other agencies upon equivalent terms and conditions; and that the grant extension will assist in fulfilling the purpose of Minn. Stat. ch. 462A.

**NOW THEREFORE, BE IT RESOLVED:**

THAT, the board hereby authorizes Agency staff to amend a grant contract agreement using federal resources as set forth below, subject to changes allowable under the HUD HOPWA Program, upon the following conditions:

1. Agency staff shall provide a one-year extension to the grant contract agreement to February 28, 2026 to Clare Housing ; and
2. Agency staff shall provide a funding modification of \$597,560.44 to Clare Housing; and

3. The issuance of an amendment to the grant contract amendment in form and substance acceptable to Agency staff, and the execution of the grant, shall occur no later than ninety days (90) from the adoption date of this resolution; and
4. The grantee and such other parties shall execute all such documents relating to said grant, as the Agency, in its sole discretion, deems necessary.

Adopted this 23<sup>rd</sup> day of January 2025

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CHAIR

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## Item: Approval, Single Family Homeownership Program Revisions

**Action Item:** 7.H

**Date:** 01/23/2025

**Staff Contacts:** Elsa Hildebrandt, 651-296-1250, elsa.hildebrandt@state.mn.us  
Laura Bolstad-Grafstrom, 651-296-6346, laura.bolstad.grafstrom@state.mn.us

**Request Type:** Approval, Motion

### Request Summary

As a result of the annual Single Family Homeownership Program review process, which assesses program alignment with the mortgage market and borrower need, staff requests board approval to:

1. Implement the following changes to the Deferred Payment Loan (DPL) and Deferred Payment Loan Plus (DPL+) Programs:
  - Establish a minimum housing ratio of 28 percent
  - Revise the post-closing liquid asset limit (to \$13,000), index for adjusting the limit, and spend-down guidance
  - Reduce the income limit from 90 percent AMI to 80 percent AMI
  - Revise the targeting criteria for DPL+
  - Reduce the DPL maximum loan amount from \$16,500 to \$14,000
2. Implement the following changes to Monthly Payment Loan (MPL):
  - Revise the income limit for MPL with Step Up to be based on 105 percent AMI by household size, using same methodology as Start Up
  - Reduce the MPL limit from \$18,000 to \$14,000
3. Update the Start Up and Step Up Procedural Manuals to reflect the following:
  - Language reflecting the program changes above
  - Updated language reflecting the Agency's current eSignature Policy
  - Removal of all language related to the First-Generation Homebuyer Loan (updates to be implemented after the last First-Generation Homebuyer Loan is through the pipeline)
  - Any additional minor clarifications and non-substantive edits deemed necessary by the legal division.

### Fiscal Impact

The Deferred Payment Loan ("DPL") and Deferred Payment Loan Plus ("DPL+") programs support Start Up first mortgage borrowers and production and are largely funded out of Pool 3, with roughly

\$900,000 funded from base annual appropriations to the Homeownership Assistance Fund. These deferred loans bear zero percent interest and are repayable upon sale of the property or refinance of the first mortgage. The Monthly Payment Loan (“MPL”) program, funded by Pool 2, supports the Agency’s Start Up and Step Up first mortgage borrowers and production, and loans bear an interest rate equal to the first mortgage, amortized over 10 years.

Given market conditions, the changes proposed are anticipated to reduce the combined 12 month budget for DPL, DPL+ and MPL to \$64 million, which is 5 percent of 12-month first mortgage volume anticipated if there were no program changes. These changes focus resources on the Agency’s highest mission priorities while enabling ongoing program availability with continuous funding, mitigating against the potential need to suspend lending intermittently due to lack of funding.

The proposed changes are estimated to reduce the number and dollar amount of first mortgages by 10 to 18 percent which would reduce 12-month volume to between \$0.94 billion and \$1.03 billion – consistent with 2019/2020 Agency volume levels. This would adversely impact Agency revenue and earnings; however, this is the volume of first mortgage lending that is expected to be supported by the level of anticipated available DPA resources.

## Agency Priorities

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

## Attachments:

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

## Background

The Agency has experienced substantial growth in its homeownership loan programs with annual first-mortgage loan production exceeding \$1 billion over the past several years, supported by the availability of the Agency's second lien down payment assistance (DPA) loans.

Over the past eight years first mortgage production grew 80 percent, from approximately \$670 million in federal fiscal year 2017 to just under \$1.2 billion in federal fiscal year 2024. During that same time, combined spending on our statewide downpayment and closing cost loans associated with Start Up and Step Up (Monthly Payment Loan, Deferred Payment Loan, and Deferred Payment Loan Plus) grew nearly 160 percent, from \$29.5 million in 2017 to approximately \$76 million in 2024. Over that time, the Agency made strategic investments in Monthly Payment Loan (MPL), Deferred Payment Loan (DPL), and especially Deferred Payment Loan Plus (DPL+), to keep up with rising entry costs for borrowers given substantial increases in market interest rates and home purchase prices. These investments in Agency DPA programs kept the level of homebuyers' cash needed to close at an achievable amount for low- and moderate- income borrowers (typically less than \$3,000), and allowed the Agency to target funds to homebuyers facing more barriers to homeownership in order to advance our strategic goal of addressing homeownership disparities.

During this time period from 2017 to 2024, the Agency has increased service to Black, Indigenous, and people of color (BIPOC) households in Start Up from 33 percent to 41.5 percent, meeting and exceeding our current strategic goal that 40 percent of households served under Start Up are BIPOC.

One of the factors that helped the Agency achieve its strategic goal to increase lending to BIPOC households is the success of the First-Generation Homebuyer Loan Program that launched in May 2024. This program was funded through a one-time state appropriation to further reduce the homeownership gap in the State of Minnesota. The program was closed to new borrowers on December 19, 2024, because all funds were committed. The Program was exceptionally successful at providing financial assistance to borrowers who have faced generational challenges in achieving homeownership, providing approximately \$50 million to approximately 1,450 households in under eight months, over 80 percent of whom are BIPOC households.

Additionally, a \$50 million one-time appropriation to the Homeownership Assistance Fund was included in the Governor's 2023 housing budget, which allowed the Agency to continue supporting DPL and DPL+ program levels, achieving mission and production goals, while mitigating the market conditions straining affordability for new homebuyers and leading to reduced fund recycling on existing loans.

In recent years the Agency has succeeded in its efforts to "go big" in many program areas around the Agency, which has meant great progress on affordable housing goals but has reduced Agency reserves for new lending.

Furthermore, market conditions have slowed repayments on old loans, which has dried up a key source of funds used for new downpayment loan lending. After an extended period of downward trending interest rates that bottomed-out during the COVID-19 pandemic, mortgage loan interest rates began rising in March of 2022, and remain at higher levels than experienced in the market since 2001, eliminating the economic benefit for most borrowers to refinance. Additionally, the imbalance of housing supply relative to demand continues to increase the cost of housing, further incentivizing households that would otherwise be motivated to move-up, to instead stay-put and retain their existing mortgage loan. All of this has greatly slowed the rate of loan repayments for both the Agency's first-mortgage loans and DPA loans. While the slowing of loan repayments is financially beneficial as it extends the average life of existing interest-earning assets and income from those assets, it reduces repayments that are available to be recycled into new DPA loans.

Each year staff conducts a programs analysis to position the Agency's home mortgage program for success in the coming buying season—both from a mission and financial perspective. This year's program analysis aimed to right-size the Agency's combined MPL, DPL, and DPL+ program budget to available resources, while targeting resources to best maximize impact on our mission and strategic goals. If approved, the program changes below are estimated to be implemented in March 2025.

## **Request Details**

### **Proposed changes to DPL and DPL+ programs:**

The proposed changes to the DPL and DPL+ programs are estimated to stay within the Finance team's budget recommendations and target funds to maximize our ability to reach our mission and strategic goals, and to serve borrowers who are in greatest need of assistance.

#### **1) Minimum Housing Ratio**

Staff are proposing to establish a minimum housing ratio requirement of 28 percent for the DPL and DPL+ programs. The housing ratio is defined as the percentage of a borrower's gross monthly income that goes toward housing expenses, including mortgage payments, insurance, property taxes, and homeowner's association fees. Currently one of the targeting criteria for the DPL+ program is a housing ratio of 28 percent, and nearly all DPL+ borrowers meet this criteria. The First-Generation Homebuyer Loan Program also required a housing ratio minimum of 28 percent. Establishing a minimum housing ratio of 28 percent for both DPL and DPL+ will efficiently target our limited Pool 3 funding to borrowers in greatest need of assistance and allows us to serve as many borrowers as possible.

#### **2) Asset Limit**

The current asset limit for the DPL and DPL+ programs is the greater of \$12,000 or eight months of principal, interest, taxes, insurance, and homeowners' association dues (PITIA) and is set based on an index of eight months of the previous year's average PITIA for DPL borrowers (rounded to the nearest \$1,000). Under the current limit, some borrowers with high monthly housing costs (PITIA) are able to access DPL/DPL+ funds while having in excess of \$20,000 in post-closing liquid assets. Staff is proposing to revise the post-closing liquid asset limit for DPL and DPL+ to \$13,000. The asset limit change is being proposed to target DPL and DPL+ resources to borrowers who have limited financial reserves to pay for down payment and closing costs on their own. Minimal impact to loan production is expected as a result of this change because only approximately three percent of our current DPL/DPL+ borrowers would be ineligible under the new limit, and of those borrowers a portion may likely be able to instead use MPL.

Along with this change, staff also recommend a corresponding revision to the index for annually adjusting the post-closing liquid asset limit as needed from eight to seven months of the previous year's average PITIA for DPL borrowers (rounded to the nearest \$1,000).

Finally, the recommended changes to asset limit requirements also clarify asset spend-down provisions, where currently the Start Up Manual is silent. The proposed changes will allow borrowers to spend down excess liquid assets by up to \$2,500 to meet the post-closing liquid asset limit, provided that: 1) Funds must be used to pay down a borrower's own existing debt(s), 2) Payment transaction(s) must be completed prior to loan closing, and 3) Documentation of the debt(s) and the payment transaction(s) must be provided. Instituting a spend-down provision places clear parameters around what action is acceptable to meet the asset limit requirement and allows borrowers to improve their financial situation by reducing debt.

### 3) Income Limits

The changes proposed include reducing the Area Median Income (AMI) limit for DPL and DPL+ from 90 percent AMI to 80 percent AMI. Decreasing the DPL/DPL+ income limit will target available DPL and DPL+ to those in greatest need of assistance and support our mission goal of serving borrowers at or below 80 percent AMI.

#### Current DPL and DPL+ Income Limits:

Household Size	11-County Twin Cities Metro Area*	Dodge and Olmsted Counties	All Other Counties
1- 2 Person	\$ 89,000	\$ 89,000	\$ 80,000
3 Person	\$ 101,000	\$ 101,000	\$ 91,000
4 Person	\$ 112,000	\$ 112,000	\$ 101,000
5 Person	\$ 121,000	\$ 121,000	\$ 109,000
6 Person	\$ 130,000	\$ 130,000	\$ 117,000
7 Person	\$ 139,000	\$ 134,700	\$ 125,000
8+ Person	\$ 142,800	\$ 134,700	\$ 128,500

#### Proposed DPL and DPL+ Income limits:

Household Size	11-County Twin Cities Metro Area*	Dodge and Olmsted Counties	All Other Counties
1- 2 Person	\$ 79,000	\$ 79,000	\$ 72,000
3 Person	\$ 89,000	\$ 89,000	\$ 80,000
4 Person	\$ 99,000	\$ 99,000	\$ 89,000

Household Size	11-County Twin Cities Metro Area*	Dodge and Olmsted Counties	All Other Counties
5 Person	\$ 107,000	\$ 107,000	\$ 97,000
6 Person	\$ 115,000	\$ 115,000	\$ 104,000
7 Person	\$ 123,000	\$ 123,000	\$ 111,000
8+ Person	\$ 131,000	\$ 131,000	\$ 118,000

#### 4) First-Generation Homebuyer Targeting

As a result of the success of the First-Generation Homebuyer Loan Program, staff propose revising the targeting criteria for DPL+ to incorporate first-generation homebuyer status as an eligibility parameter in our program on an ongoing basis. Adjusting the DPL+ targeting criteria to include first-generation homebuyers aligns with our strategic goal to make homeownership more accessible by addressing homeownership barriers and reducing disparities, providing access to our most generous downpayment loan option to families with generational barriers to homeownership.

Current eligibility parameters for the DPL+ program require that borrowers must meet two of four of the following targeting criteria:

1. Minimum housing ratio of 28%
2. Household of four or more people
3. Household member who is a person with a disability
4. Sole head of household with at least one eligible dependent residing in the household

In addition to the minimum housing ratio of 28 percent required of all Deferred Payment Loan borrowers, under the newly proposed eligibility criteria for DPL+, borrowers must meet one of four targeting criteria:

1. First-generation homebuyer; or
2. Household of four or more people; or
3. Household member who is a person with a disability; or
4. Sole head of household with at least one eligible dependent residing in the household

The first-generation homebuyer targeting criteria was added to build on the success of the Agency's recent First-Generation Homebuyer Loan Program. The other three eligibility criteria have proven to be instrumental in supporting the Agency's mission goals and, therefore, remain unchanged.

#### 5) Maximum Loan Amount

In order to reduce strain on available Pool 3 resources while continuing to address homeownership barriers to reduce disparities, staff recommends maintaining the DPL+ maximum loan amount of \$18,000, while reducing the DPL maximum loan amount from \$16,500 to \$14,000. These changes will maximize strategic impact of available Pool 3 resources, targeting the deepest level of DPA to first-generation homebuyers and others who face the most significant homeownership barriers.

### Proposed Changes to Monthly Payment Loan (MPL) Program:

#### 1) Income Limits

The recommended changes reduce the income limit for Step Up borrowers using MPL to be based on 105 percent AMI by household size (using the same methodology as Start Up). Reducing the income limit for MPL with Step Up will target available resources to those in greatest need of assistance and support our mission goal of serving borrowers at lower income levels.

#### Current MPL Income Limits for Step Up

Household Size	11-County Twin Cities Metro Area*	Dodge and Olmsted Counties	All Other Counties
Any size	\$ 185,700	\$ 185,700	\$ 167,100

#### Proposed MPL Income Limits for Step Up

Household Size	11-County Twin Cities Metro Area*	Dodge and Olmsted Counties	All Other Counties
1-2 Person	\$ 130,400	\$ 130,400	\$ 117,400
3+ Person	\$ 150,000	\$ 150,000	\$ 135,000

#### 2) Maximum Loan Amount

In order to reduce strain on available Pool 2 resources the changes proposed reduce maximum MPL loan amount from \$18,000 to \$14,000. This change will support the Agency's goal of reducing the demand on Pool 2 resources, and in combination with the other proposed changes to DPL and DPL+, reduce spending on downpayment and closing cost loans to a more sustainable level. While the reduction in loan amount appears significant, the average MPL loan amount over the last two years was just over \$15,000, which indicates borrowers are not typically utilizing the full amount available, and the reduction will be less impactful to the typical borrower.

## **Loan Performance Evaluation**

Potential impact to overall loan performance was evaluated for the proposed program changes. Reducing the maximum MPL and DPL loan amounts will require borrowers to put more funds into the transaction, thereby likely reducing financial reserves available after closing. This reduction in borrower reserves has the potential for some level of impact to loan performance. Because DPL borrowers typically have less post-closing liquid reserves than MPL borrowers, the program changes may have more potential impact on DPL loan performance than MPL loan performance.

## **Acquisition Cost/Purchase Price Limits**

In addition to the changes noted above, acquisition cost/purchase price limits for the Start Up and Step Up programs are not being increased for 2025. While the Agency maintains the ability to increase the limits annually according to each program's approved index, an increase is not warranted as very few borrowers purchase homes at or near the current limits, and foregoing an increase targets resources to borrowers in most need of assistance.



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## **Minnesota Housing Mortgage Loans Step Up Program**

Procedural Manual

[Date TBD]

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*An equal opportunity employer.*

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

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## Chapter 1 – Introduction

### 1.01 Minnesota Housing Mission Statement

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

### 1.02 Values Statement

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

We will:

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

### 1.03 Background

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

Minnesota Housing offers two mortgage loan programs to serve low- and moderate-income homebuyers:

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

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

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

## **1.04 Procedural Manual**

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

## **1.05 Step Up Program**

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

## **1.06 Monthly Payment Loan Program**

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

## **1.07 The Master Servicer**

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

## Chapter 2 – Responsible Lending

### 2.01 Procedural Manual

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

Minnesota Housing reserves the right to:

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

### 2.02 Single Family Responsible Lending Policy

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

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

- Lender relationships and a Lender's role and responsibility in originating and delivering quality, compliant loans under the Minnesota Housing program. These responsibilities include:
  - Lenders must evaluate a Borrower's repayment capacity, including evaluating risk layering and documenting sources of Borrower income(s), Borrower assets and Borrower liabilities
  - Lenders are prohibited from steering
  - Lenders must comply with all high cost and higher priced home loan rules and regulations
  - Loans may not contain prepayment penalties
  - Mandatory arbitration clauses are not permitted
  - Single Premium Credit Life Insurance may not be required nor can any funds provided by Minnesota Housing be used toward the purchase of any credit insurance products or premiums
- Compliance with the Interagency Guidelines on Nontraditional Mortgage Product Risks

- Compliance with all local, state and federal regulations as well as Minnesota Housing program guidelines as applicable to each individual loan transaction

## **2.03 Evidence of Misconduct Referred to Attorney General**

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

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

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

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

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

## **2.05 Unauthorized Compensation**

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

- Kickbacks
- Commissions
- Other compensation

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

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

Audited loans are reviewed for:

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

## **2.07 Termination of Lender Participation**

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

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

Upon termination of a Lender's Participation Agreement:

- U.S. Bank – HFA Division will continue to purchase eligible loans delivered to U.S. Bank – HFA Division for loans originated prior to termination.
- Minnesota Housing will not refund participation fees to the Lender.
- Minnesota Housing may, at its option, impose remedies other than termination of the Participation Agreement for the Lender's nonperformance.
- The Lender may request reinstatement into Minnesota Housing programs. The decision to reinstate a Lender is at Minnesota Housing's and U.S. Bank – HFA Division's sole discretion.

## **2.08 Representations and Warrants**

The Lender agrees to follow all applicable federal, state, and local laws, ordinances, regulations, and orders, including but not limited to the following as then in effect (and any applicable rules, regulations, and orders):

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

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

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

- U.S. Bank – HFA Division requirements as published in [AllRegs](#)
- Minnesota Housing program requirements
- Underlying loan product and insurer/guarantor requirements
- The Participation Agreement

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

## **2.09 Lender Compensation**

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

- The origination fee or discount point collected by the lender from the Borrower in accordance with industry-standard regulations, and/or
- The service release premium paid by U.S. Bank – HFA Division in an amount established by Minnesota Housing and posted on the [Minnesota Housing website](#).

## **2.10 Annual Renewal Requirements and Fees**

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

## **2.11 Marketing Materials Terms of Use**

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

## Chapter 3 – Master Servicer

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

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

## Chapter 4 – Borrower Eligibility

### 4.01 Borrower

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

### 4.02 Borrower Age

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

### 4.03 Co-Signers

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

### 4.04 Unauthorized Compensation

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

### 4.05 Principal Residence/Occupancy Requirement

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

### 4.06 Qualified Homebuyer Education

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

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

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

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

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

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

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

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

*Table 1/Credit Score Guides*

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

## 4.08 Program Income Limits

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

## Chapter 5 – Property Eligibility

### 5.01 Eligible Properties

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

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

Additionally, eligible properties must meet the following:

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

### 5.02 Ownership Interest

Eligible forms of ownership interest include the following:

- Fee simple interest
- Joint tenancy
- Community Land Trust (CLT)
- Tenancy in common

- Tenants by the entirety
- Sole Ownership

## **5.03 Loan and Purchase Price Limits**

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

## **5.04 New Construction Property Requirements**

Newly constructed properties must meet the following requirements:

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

## Chapter 6 – Loan Eligibility

### 6.01 Eligible Loans

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

Eligible loan types:

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

Eligible Government loan products:

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

Eligible Conventional loan products:

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

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

Program loans must satisfy the following criteria:

- All local, state and federal laws, and regulations including those relating to the Fair Housing Act, the Truth in Lending Act (TILA) and Minnesota's Human Rights Act are met
- The loan must be originated and closed in, or assigned to, the Lender that is a party to the Participation Agreement. That Lender must have locked the loan(s) on the Minnesota Housing loan commitment system

## 6.02 Interest Rate/Amortization Requirements

Minnesota Housing requires that all loans:

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

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

## 6.03 Mortgage Term

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

## 6.04 Private Mortgage Insurance Coverage Requirements

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

## 6.05 Private Mortgage Insurance Companies – Minimum Requirements

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

## 6.06 Settlement/Closing Costs

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

- Comply with Minnesota law
- Meet all requirements of the insurer/guarantor
- Not exceed an amount deemed usual or reasonable for the type of transaction (e.g. FHA, VA, Conventional)

## 6.07 Gifts

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

## **6.08 Non-Minnesota Housing Secondary Financing**

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

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

## **6.09 Non-Complying Loans**

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

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

## Chapter 7 – Downpayment and Closing Cost Loans

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

### 7.01 Monthly Payment Loan Requirements

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

- Are available only in conjunction with a Minnesota Housing first mortgage loan purchased by U.S. Bank—HFA Division.
- Are available in whole dollar amounts up to \$14,000
- Must occupy a second lien position when combined with a non-Minnesota Housing Community Second Mortgage
- Have an interest rate equal to that of the first mortgage
- Are fully amortizing and are payable in level monthly payments over a 10-year loan term
- Are due on the first of each month, beginning with the due date of the initial monthly payment for the first mortgage
- May be used to combine the balance of an existing Monthly Payment Loan into a new Monthly Payment Loan when:
  - The Borrower is refinancing their first mortgage into a Step Up Program loan, and
  - The new Monthly Payment Loan (the combined total of the payoff of the existing Monthly Payment Loan and new funds) does not exceed the Monthly Payment Loan maximum loan amount
- May be used by Borrowers refinancing:
  - A Start Up Program loan into a Step Up Program loan
  - A Step Up Program loan into a new Step Up Program loan
  - A first mortgage from another institution into a Step Up Program loan
- Must be paid in full when, among other things referenced in the loan Note, the following occur:
  - The property ceases to be Owner-Occupied
  - The property is sold or transferred
  - The first mortgage loan is paid in full, including upon a refinance (see section 7.05 Subordination for subordination information); or
  - The first mortgage loan is in default or is declared to be due and payable in full
- May not be assumed

### 7.02 Monthly Payment Loan Borrower Eligibility

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

**Income Limits.** Refer to the Step Up Monthly Payment Loan Program [income limits](#) which are posted on Minnesota Housing's website.

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

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

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

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

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

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

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

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

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

### **7.04 Second Mortgage Application and Loan Disclosure Procedures**

The Lender must follow mortgage industry standard requirements for second mortgages when originating loans under the Monthly Payment Loan.

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

### **7.05 Subordination**

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

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

## Chapter 8 – Commitment/Disbursement

See Minnesota Housing's website for:

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

## Chapter 9 – Document Requirements

### 9.01 Loan Processing and Closing

All loans submitted must meet the following requirements:

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

## 9.02 Minnesota Housing Documentation/Delivery Requirements

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

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

## 9.03 Signature Requirements

Minnesota Housing accepts documents that are signed electronically. Under no circumstances may a Borrower or co-signer be required to sign a document electronically. The following criteria must be met

- Must follow Minnesota Housing Electronic Signature policy (see [Legal Addendum Electronic Signatures](#))
- Must follow all counterparty requirements (i.e. U.S. Bank—HFA Division, GSE, FHA, VA, RD)
  - U.S. Bank—HFA Division does not accept Remote Online Notary (RON)

## 9.04 Records Retention

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

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

## Chapter 10 – Servicing

### 10.01 Servicing

Minnesota Housing may, at its discretion and subject to any contractual provisions between Minnesota Housing and U.S. Bank – HFA Division, change the Servicer.

### 10.02 Lender Servicing Responsibilities

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

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

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

- Maintain payment history indicating:
  - The breakdown of principal, interest, and escrows
  - Any principal repayments
  - The remaining principal balance of the loan
  - The collection of any past due payments
- The Lender must also provide to the borrower as applicable, any
  - Required tax reporting
  - Required servicing notices
  - Servicing Transfer disclosure notices

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

## **10.03 Hardship Policy**

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

## Appendix A – Definitions

Table 2/Definitions

TERM	DEFINITION
Co-Signer	A party that is obligated to repay the loan. A Co-Signer assumes only personal liability and has no ownership interest in the property.
First-Time Homebuyer	A Borrower(s) who has not had an ownership interest in their principal residence in the three years preceding execution of the mortgage documents (loan closing).
Master Servicer	A company selected by Minnesota Housing to purchase, securitize and service mortgage loans originated pursuant to Minnesota Housing's mortgage loan programs.
New Construction or Newly Constructed Residence	New Construction or a Newly Constructed Residence refers to a residence, which has either never been occupied or was completed within 24 months preceding the date of the home mortgage loan and was not subject to previous financing with a term greater than 24 months (i.e., a contract-for-deed, mortgage, or bridge loan).
Owner Occupied	At least one Borrower must occupy the Property within 60 Days of signing the security instrument and continue to live in the home for the majority of the year during every year of the loan term. Non-occupancy is allowed for situations of verified military deployment.
Participation Agreement	The Participation Agreement for Minnesota Housing Single Family Programs executed between the Lender and Minnesota Housing that allows the Lender to participate and offer Minnesota Housing's Start Up and Step Up mortgage loan programs.
Principal Residence	A property used as the primary domicile of the owner-occupant Borrower and their household.
Qualified Homebuyer Education	Qualified Homebuyer Education is homebuyer education completed as outlined in its entirety in Section 4.06 of this Procedural Manual.
True and Certify	The loan-level process in Minnesota Housing's loan commitment system completed by the Lender that certifies all the information entered into the system is true and accurate.

## Appendix B – Forms List

See [Minnesota Housing's website](#) for required [Step Up Program forms](#).

## Appendix C – Legal Addendum

### 1.01 Conflict and Control

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

### 1.02 Fraud

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

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section 13.07.

### 1.03 Misuse of Funds

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

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

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section 13.07.

### 1.04 Conflict of Interest

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

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

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

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

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

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

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 13.07.

## **1.05 Assistance to Employees and Affiliated Parties**

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

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section 1.04;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 13.04.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 13.07.

## **1.06 Suspension**

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

## **1.07 Disclosure and Reporting**

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

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

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

[Report Wrongdoing or Concerns \(mnhousing.gov\)](#) (Go to [mnhousing.gov](http://mnhousing.gov), scroll to the bottom of the screen and select Report Wrongdoing).

## **1.08 Electronic Signatures**

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

## **1.09 Fair Housing Policy**

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

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

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

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

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

## **1.10 Minnesota Government Data Practices**

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



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## **Minnesota Housing Mortgage Loans Start Up Program**

Procedural Manual

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[Date TBD] December 16, 2024

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

*An equal opportunity employer.*

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

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## Chapter 1 – Introduction

### 1.01 Minnesota Housing Mission Statement

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

### 1.02 Values Statement

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

We will:

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

### 1.021.03 Background

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

Minnesota Housing offers two mortgage loan programs to serve low- and moderate-income homebuyers:

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

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

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

#### **1.031.04 Procedural Manual**

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

#### **1.041.05 Mortgage Revenue Bond Programs**

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

#### **1.051.06 Downpayment and Closing Cost Loans**

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

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

First Generation Homebuyer Loan ([see Chapter 7](#)). The First Generation Homebuyer Loan provides an interest free, deferred, forgivable loan to assist Borrowers with downpayment and closing costs. This loan may have a balloon payment and must be disclosed as a balloon loan.

#### **1.061.07 The Master Servicer**

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

## Chapter 2 – Responsible Lending

### 2.01 Procedural Manual

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

Minnesota Housing reserves the right to:

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

### 2.02 Single Family Responsible Lending Policy

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

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

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

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

## 2.03 Evidence of Misconduct Referred to Attorney General

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

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

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

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

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

## 2.05 Unauthorized Compensation

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

- Kickbacks
- Commissions
- Other compensation

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

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

Audited loans are reviewed for:

- Mortgage revenue bond law compliance
- Minnesota Housing program and policy compliance
- Fraud or misrepresentation on the part of any party involved in the transaction
- Trends or other indicators that may have an impact on the success of the Borrower(s) and programs

## **2.07 Termination of Lender Participation**

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

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

Upon termination of a Lender's Participation Agreement:

- U.S. Bank – HFA Division will continue to purchase eligible loans delivered to U.S. Bank—HFA Division for loans originated prior to the termination.
- Minnesota Housing will not refund participation fees to the Lender.
- Minnesota Housing may, at its option, impose remedies other than termination of the Participation Agreement contract for Lender nonperformance.
- The Lender may request reinstatement into Minnesota Housing programs. The decision to reinstate a Lender is at Minnesota Housing's and U.S. Bank – HFA Division's sole discretion.

## **2.08 Representations and Warrants**

The Lender agrees to follow all applicable federal, State, and local laws, ordinances, regulations, and orders including, but not limited to:

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

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

In addition to the above-listed representations and warranties, the Lender will ensure that have examined:

The person who confirms the loan on Minnesota Housing's loan commitment system and who verifies the Lender Representations and Warranties on behalf of the Lender, has both the authority to legally bind the Lender and is fully conversant with:

- U.S. Bank – HFA Division requirements as published in [AllRegs](#)
- Minnesota Housing program requirements
- Underlying loan product and insurer/guarantor requirements

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

## **2.09 Lender Compensation**

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

- The origination fee or discount point collected by the Lender from the Borrower(s) in accordance with industry standard regulations and/or
- The service release premium paid by U.S. Bank – HFA Division in an amount established by Minnesota Housing and posted on the Minnesota Housing website.

## **2.10 Annual Renewal Requirements and Fees**

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

## **2.11 Marketing Materials Terms of Use**

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

## **Chapter 3 – Fraud, Misuse of Funds, Conflict of Interest, Suspension, and Disclosure and Reporting**

### **3.01 Fraud**

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

~~Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section 2.05~~

### **3.02 Misuse of Funds**

~~A loan or grant agreement is a legal contract. The Borrower or grantee promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the Borrower or grantee to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the Borrower or grantee must use Minnesota Housing funds as agreed and the Borrower or grantee must maintain appropriate documentation to prove that funds were used for the intended purpose(s).~~

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

~~Any Borrower or grantee (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source, or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the ways described in section 2.05.~~

~~Borrowers and grantees referred to in this section are the Minnesota Housing contracting party. If applicable, third party recipients of funds, such as homebuyers, are bound by terms as detailed in the loan documents.~~

### **3.03 Conflict of Interest**

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

**Actual Conflict of Interest:** An Actual Conflict of Interest occurs when a person's decision or action would compromise a duty to a party without taking immediate appropriate action to eliminate the conflict.

**Potential Conflict of Interest:** A Potential Conflict of Interest may exist if a person has a relationship, affiliation or other interest that could create an inappropriate influence if the person is called on to make a decision or recommendation that would affect one or more of those relationships, affiliations or interests.

**Appearance of a Conflict of Interest:** The Appearance of a Conflict of Interest means any situation that would cause a reasonable person, with knowledge of the relevant facts, to question whether another person's personal interest, affiliation or relationship inappropriately influenced that person's action, even though there may be no Actual Conflict of Interest.

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

**Business:** Any company, corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual or any other legal entity which engages either in nonprofit or profit-making activities.

**Family Member:** A person's current and former spouse; children, parents, and siblings; current and former children in law, parents in law, and siblings in law; current and former stepchildren and stepparents; grandchildren and grandparents; and members of the person's household.

**Friend:** A person with whom the individual has an ongoing personal social relationship. "Friend" does not generally include a person with whom the relationship is primarily professional or primarily based on the person being a current or former colleague. "Friend" does not include mere acquaintances (i.e., interactions are coincidental or relatively superficial). Social media friendships, connections, or links, by themselves, do not constitute friendship.

**Outside Interest:** An Outside Interest may occur when an individual, their Family Member or their Partner has a connection to an organization via employment (current or prospective), has a financial interest or is an active participant.

**Partner:** A person's romantic and domestic partners and outside Business partners.

**Relative:** Uncle or aunt; first or second cousin; godparent; godchild; other person related by blood, marriage or legal action with whom the individual has a close personal relationship.

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

Revising the contracting party's responsibilities to mitigate the conflict

Allowing the contracting party to create firewalls that mitigate the conflict

Asking the contracting party to submit an organizational conflict of interest mitigation plan

Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 2.05.

#### **3.04 Suspension**

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

#### **3.05 Disclosure and Reporting**

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

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

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

Report Wrongdoing or Concerns (mnhousing.gov) (Go to [mnhousing.gov](http://mnhousing.gov), scroll to the bottom of the screen and select Report Wrongdoing).

## **Chapter 4—Chapter 3 – Master Servicer Requirements**

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

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

## **Chapter 5—Chapter 4 – Borrower Eligibility**

### **5.014.01 Borrower**

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

### **5.024.02 Borrower Age**

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

### **5.034.03 Co-Signers**

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

### **5.044.04 Unauthorized Compensation**

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

### **5.054.05 Prior Homeownership - Three-Year Requirement**

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

*Table 1/ Prior Year Requirements*

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

Person	Resides in Property	Three year requirement must be verified
<u>Spouse, non-occupant, non-purchasing</u>	<u>No</u>	<u>No</u>
<u>Non-occupying co-signer's spouse</u>	No	No
Other occupant, non-purchasing (on title)	Yes	Yes
Other occupant, non-purchasing (not on title)	Yes	No

Types of interest that constitute ownership interest include:

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

Interests that do not constitute an ownership interest include:

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

Review of documentation:

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

#### **5.064.06 Principal Residence/Occupancy Requirement**

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

#### **5.074.07 Qualified Homebuyer Education**

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

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

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

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

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

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

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

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

*Table 2/Credit Score Guides*

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

## **5.094.09 Property Eligibility Income**

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

### **Household Members Whose Income Must Be Included**

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

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

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

Table 3/Income Eligibility Review

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

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

#### Program Eligibility Income Calculation

The [Program Eligibility Income Worksheet](#) posted on Minnesota Housing's website delineates the Program Eligibility Income requirements. Lenders are responsible for computing Program Eligibility Income based on these requirements.

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

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

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

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

#### Loans to Employees and Affiliated Parties

~~The Lender may make Minnesota Housing loans to their directors, officers, employees, and their families as well as to builders, realtors, and their families, and any other principal with whom the Lender does business. Minnesota Housing employees and their families are also eligible. The Borrower(s) must meet all eligibility criteria for the program.~~

## **Chapter 6—Chapter 5 – Property Eligibility**

### **6.015.01 Eligible Properties**

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

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

Additionally, eligible properties must meet the following:

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

### **6.025.02 Ineligible Properties**

Properties not eligible for financing are as follows:

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

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

#### **6.035.03 Ownership Interest**

Eligible forms of ownership interest include the following:

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

#### **6.045.04 Acquisition Cost Limit**

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

The Acquisition Cost includes:

- All amounts paid either in cash or in kind, by the Borrower(s) or by a related party for the benefit of the Borrower(s) to the property seller or to a related party for the benefit of the property seller as consideration for the property.
- All amounts paid by or on behalf of the Borrower(s) and required to complete or repair a residence whether or not the cost of the completion or repairs is to be financed with the proceeds of a Minnesota Housing loan (which may be agreed upon beyond the contractual purchase price).
- The purchase price as well as all repair costs for FHA 203K Streamlined loans.
- All land cost or land value as stated in New Construction Requirements Section 5.07 below.
- All special assessments paid or assumed by the Borrower(s).

The Acquisition Cost does not include:

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

#### **6.055.05 Appraised Value**

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

#### **6.065.06 Personal Property**

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

#### **6.075.07 Excess Property**

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

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

#### **6.085.08 New Construction Property Requirements**

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

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

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

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

## **Chapter 7—Chapter 6 – Loan Eligibility**

### **7.016.01 Eligible Loans**

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

Eligible loan products include:

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

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

Program loans must satisfy the following criteria:

- All local, state, and federal laws and regulations including those relating to the Fair Housing Act, the Truth in Lending Act (TILA) and Minnesota's Human Rights Act are met.
- The Minnesota Housing First-Time Homebuyer's -program income and property acquisition requirements are met.
- The loan must be originated and closed in, or assigned to, the Lender that is a party to the Participation Agreement. That Lender must have locked the loan(s) on the Minnesota Housing loan commitment system.

### **7.026.02 New Construction Loan Eligibility Requirements**

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

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

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

#### **7.036.03 Ineligible Loans**

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

#### **7.046.04 Refinancing of an Existing Mortgage**

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

#### **7.056.05 Subsidy Recapture Statement**

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

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

- The residence is sold within the first nine years of the closing date
- The Borrower realizes a gain on the sale of the residence (as defined by the IRS)
- The Borrower's income has increased since the closing date and exceeds the limits established by the IRS

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

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

Require the Borrower(s) to sign the completed Subsidy Recapture Statement

- At closing or as close to closing as possible

#### **7.066.06 Interest Rate/Amortization Requirements**

Minnesota Housing requires all loans:

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

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

#### **7.076.07 Mortgage Term**

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

#### **7.086.08 Private Mortgage Insurance Coverage**

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

#### **7.096.09 Private Mortgage Insurance Companies – Minimum Requirements**

All private mortgage insurance companies must:

- Be licensed to do business in the State of Minnesota
- Maintain a rating of A2 from Moody's Investor Services and AA from Standard and Poor's Corporation, [or better](#), at the time the mortgage loan is purchased by U.S. Bank – HFA Division, or have Fannie Mae and Freddie Mac approval

#### **7.106.10 Settlement/Closing Costs**

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

- Comply with Minnesota law
- Meet all requirements of the insurer/guarantor
- Not exceed an amount deemed usual or reasonable for the type of transaction (e.g. FHA, VA, Conventional)
- Not exceed the actual amounts expended for any item (e.g. credit report, appraisal)
- Ensure the Borrower does not pay more than a pro-rata share of property taxes

#### **7.116.11 Gifts**

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

### **7.126.12 Non-Minnesota Housing Secondary Financing**

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

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

*Transactions using Minnesota Housing's First Generation Homebuyer Loan cannot layer with the First Generation Homebuyers Community Down Payment Assistance Fund*

See Section 7.07 for Lien position guidance.

### **7.136.13 Non-Complying Loans**

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

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

## **Chapter 8—Chapter 7 – Downpayment and Closing Cost Loans**

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

### **8.017.01 Eligible Use of Downpayment and Closing Cost Loans**

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

### **8.027.02 Ineligible Use of Downpayment and Closing Cost Loans**

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

### **8.037.03 Homebuyer Education Required for Downpayment and Closing Cost Loans**

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

### **8.047.04 Cash Investment Required for Downpayment and Closing Cost Loans**

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

### **8.057.05 No Assumptions on Downpayment and Closing Cost Loans**

Minnesota Housing downpayment and closing cost loans are not assumable.

### **8.067.06 Layering parameters for Some Permitted Layering of Downpayment and Closing Cost Loans**

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

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

~~First Generation Homebuyers who meet program parameters may be eligible to layer up to two of the following Downpayment and Closing cost loans with their Start Up Program loan:~~

- ~~One Deferred Payment Loan, Deferred Payment Loan Plus, or Monthly Payment Loan~~

~~AND~~

- ~~One of the following first generation homebuyer loans:~~
  - ~~Minnesota Housing First Generation Homebuyer Loan; or~~
  - ~~First Generation Homebuyers Community Down Payment Assistance Fund~~

Additional Downpayment Loan Sources:

- All eligible Borrowers may layer transactions with Non-Minnesota Housing Secondary Financing (see Section 6.12 for details; ~~see above for limitation on combining first generation homebuyer loans~~)
- All eligible Borrowers may layer transactions with downpayment loans funded by the Minnesota Housing Community Homeownership Impact Fund Program.

#### **8.077.07 Lien Position Downpayment and Closing Cost Loans**

- Monthly Payment Loan must occupy a second mortgage lien position.
- Deferred Payment Loan/Deferred Payment Loan Plus must be placed in second lien position, except when the Borrower is using a non-Minnesota Housing downpayment loan that requires second lien position.
- ~~Any Deferred Payment Loan, Deferred Payment Loan Plus, Monthly Payment Loan and/or Minnesota Housing Community Homeownership Impact Fund ("Impact Fund") loan(s) must be placed in a superior lien position to the First Generation Homebuyer Loan.~~

#### **8.087.08 Cash to the Borrower at Closing of Downpayment and Closing Cost Loans**

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

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

### **8.097.09 Deferred Payment Loan Program**

The Deferred Payment Loan program is available to Lenders who participate in the Start Up Program.

The two Deferred Payment loan options available are:

- Deferred Payment Loan; or
- Deferred Payment Loan Plus

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

- Are available only in conjunction with a first mortgage loan purchased by U.S. Bank – HFA Division under the Start Up Program
- May be combined only with a Start Up Program loan with a 30-year term
- Must be paid in full when, among other things referenced in the loan Note:
  - The maturity date of the Deferred Payment Loan is reached;
  - The property ceases to be Owner-Occupied. To be considered Owner Occupied at least one Borrower must occupy the Property within 60 Days of signing the security instrument and continue to live in the home for the majority of the year during every year of the loan term. Non-occupancy is allowed for situations of verified military deployment;
  - The property is sold or transferred;
  - The first mortgage loan is paid in full, including upon a refinance (see section 7.20 Subordination Policy for subordination information); or
  - The first mortgage loan is in default or is declared to be due and payable in full.

The Deferred Payment Loan:

- Is available in whole dollar amounts up to ~~\$16,500~~ \$14,000

The Deferred Payment Loan Plus:

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

### **8.107.10 Deferred Payment Loan Program Borrower Eligibility**

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

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

- Minnesota Housing realizes an estimate of front-end ratio may change in underwriting. If the final housing ratio is less than 28%, the Lender must submit the calculation and explanation to Minnesota Housing for a second level review. If approved by Minnesota Housing, the Lender must document Minnesota Housing's approval to the file.

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

- A front end ratio of 28% or higher (calculated with all DPA)
  - Minnesota Housing realizes an estimate of front end ratio may change in underwriting. As long as the underwriter makes a good faith effort to identify costs at the point of origination and factor in all downpayment loans, we allow reasonable changes to front end ratio if the ratio documented on this worksheet is different than the final ratio calculated during underwriting. The underwriter must provide an explanation if the variance between ratios is large or the Borrower's eligibility is a concern.
- First Generation homebuyer as defined in section 7.15
  - The Borrower who meets the criteria of a First-Generation Homebuyer must sign the First-Generation Homebuyer Affidavit attesting to their First-Generation Homebuyer status.
- A household of four or more people
- A household member who is a person with a disability
- Sole Head of Household with at least one Eligible Dependent residing in the household  
(Limitation: The household must include only one adult that is not an Eligible Dependent.)
  - An Eligible Dependent is:
    - A minor household member (under 18 years of age on the closing date);
    - A household member who is a person with a disability; or
    - A senior (age 62 or older on the closing date).

**Asset Limit.** The total of all Borrowers' liquid assets after at the completion of closing are limited to the greater of eight months Principal, Interest, Taxes, Insurance, and Association Fee (PITA) or \$12,000. \$13,000.

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

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

### **8.117.11 Deferred Payment Loan Program Lender Warranties**

In addition to the warranties stated in Section 42.08, the Lender warrants the following:

- The Borrower's cash investment is paid from the Borrower's own assets (not debt or others' funds)
- The Borrower's liquid asset reserves ~~after at the completion of closing~~ are not more than ~~the greater of eight months PITIA or \$12,000 \$13,000~~
- The Deferred Payment Loan Program / Deferred Payment Loan Plus funds received by the Borrower(s) are applied to the transaction and verified through the Closing Disclosure
- For DPL Plus borrowers using the First-Generation Homebuyer targeting criteria, the Borrower meets the definition of and has attested to being a First-Generation Homebuyer.

### **8.127.12 Monthly Payment Loan Program**

Monthly Payment Loans:

- Are available only in conjunction with a Minnesota Housing first mortgage loan
- Are available in whole dollar amounts up to ~~\$18,000 \$14,000~~
- Have an interest rate equal to that of the first mortgage
- Are fully amortizing and are payable in level monthly payments over a 10-year term
- Are due on the first of each month, beginning with the due date of the initial monthly payment for the first mortgage
- Do not include any type of prepayment penalty
- Must be paid in full when, among other things referenced in the loan Note, the following occur:
  - The property ceases to be Owner-Occupied
  - The property is sold or transferred
  - The first mortgage loan is paid in full, including upon a refinance (see section 7.20 Subordination Policy for subordination information); or
  - The first mortgage loan is in default or is declared to be due and payable in full

### **8.137.13 Monthly Payment Loan Borrower Eligibility**

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

#### **Income Limits.**

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

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

#### **8.147.14 Monthly Payment Loan Lender Warranties**

In addition to the warranties stated in Section [12.08](#), the Lender warrants the following:

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

#### **8.15 First Generation Homebuyer Loan Program**

**First Generation Homebuyer Loans:**

- Are available only if Borrower is eligible for and pairs with 30-year first mortgage under the Start Up Program
- Are available in whole dollar amounts up to \$35,000
- Are forgivable as follows:
  - 50% eligible to be forgiven 10 years from the loan closing date; and
  - Remaining 50% eligible to be forgiven at the end of the 20-year loan term.
  - To achieve the forgiveness the property must remain Owner Occupied as of the scheduled forgiveness dates referenced above and the associated first mortgage loan must not be in default.
- The unforgiven loan balance must be paid in full if:
  - The property ceases to be Owner Occupied;
  - The property is sold or transferred;
  - The first mortgage loan is paid in full before the end of the loan term, including upon a refinance (see section [7.20 Subordination Policy](#) for subordination information); or
  - The first mortgage loan is in default or is declared to be due and payable in full.
- Cannot be used in combination with a downpayment loan from the First Generation Homebuyers Community Down Payment Assistance Fund.

#### **8.167.15 First-Generation Homebuyer Loan Borrower Eligibility Criteria**

The Borrower must satisfy all Start Up Program eligibility requirements as well as the following additional requirements for the First Generation Homebuyer Loan.

**First Generation Homebuyer Criteria:**

At least one Borrower has either never owned their Primary Residence or previously owned their Primary Residence but lost ownership of the home due to a foreclosure. That same Borrower and their Parents (see definition of "Parent" in [Appendix A Chapter 11](#)) or prior Legal Guardians (see definition of

"Legal Guardian" in Appendix AChapter 11) - must have either never owned their Primary Residence or previously owned their Primary Residence but lost it due to foreclosure.

Lenders must use the First Generation Homebuyer Loan Program Eligibility Worksheet for borrowers using the First Generation Homebuyer Loan.

For the purpose of determining First-Generation Homebuyer status:

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

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

Housing Ratio: A front end ratio minimum of 28% as calculated with all housing cost, including DPA loans, at time of origination. Lenders must document their good faith effort to identify the total housing costs in determining the affordability of the loan and front end ratio.

- Minnesota Housing realizes an estimate of front end ratio may change in underwriting. As long as the underwriter makes a good faith effort to identify costs at the point of origination and factor in all downpayment loans, we allow reasonable changes to front end ratio if the ratio documented on this worksheet is different than the final ratio calculated during underwriting. The underwriter must provide an explanation if the variance between ratios is large or the Borrower's eligibility is a concern.

Income Limits: All eligible Start Up Program Borrowers that meet the First Generation Homebuyer criteria may access the First Generation Homebuyer Loans as there is no separate income limit.

### **8.17 First Generation Homebuyer Loan Lender Warranties**

In addition to the warranties stated in Section 1.08, the Lender warrants the following:

- The Borrower meets the definition of and has attested to being a First Generation Homebuyer;

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

#### **8.187.16 Housing Choice Voucher (HCV) Homeownership Program**

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

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

#### **8.197.17 Second Mortgage Application and Loan Disclosure Procedures**

The Lender must follow mortgage industry standard requirements for second mortgages when originating loans under the Deferred Payment Loan, Deferred Payment Loan Plus, and the Monthly Payment Loan and First Generation Homebuyer Loan programs.

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

- The Deferred Payment Loan /Deferred Payment Loan Plus is structured to require a balloon payment in accordance with the terms of the Minnesota Housing Finance Agency Deferred Payment Loan Note.
- The First Generation Homebuyer Loan is an interest-free, deferred loan which is eligible to be partially forgiven 10 years from the loan closing date and eligible to be fully forgiven 20 years from the loan closing date. However, if the Borrower sells, transfers title or ceases to occupy the property as their Principal Residence during the loan term, or has otherwise breached the terms of the Note, the unforgiven balance will become due and payable. This loan may have a balloon payment and must be disclosed as a balloon loan.

#### **8.207.18 Subordination**

Minnesota Housing permits the subordination or replacement of Deferred Payment Loan (DPL), Deferred Payment Loan Plus (DPL+), a or Monthly Payment Loan (MPL) or First-Generation Homebuyer Loan only in cases where the Minnesota Housing first mortgage loan is refinanced to a Step Up Loan. The Borrower is not eligible for more than one Minnesota Housing downpayment and

[closing cost loan, unless accessing a First Generation Homebuyer Loan in addition to a DPL, DPL+, or MPL.](#) For more details see the Minnesota Housing [Subordination Options](#) Guide.

## **Chapter 9—Chapter 8 – Commitment/Disbursement**

See Minnesota Housing's website for:

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

## **Chapter 10—Chapter 9 – Document Requirements**

### **10.019.01 Loan Processing and Closing**

All loans submitted must meet the following requirements:

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

### **10.029.02 Minnesota Housing Documentation/Delivery Requirements**

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

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

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

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

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

#### **10.039.03 Signature Requirements**

Minnesota Housing accepts documents that are signed electronically. Under no circumstances may a Borrower or co-signer be required to sign a document electronically. The following criteria must be met

- Must follow Minnesota Housing Electronic Signature policy (see Legal Addendum Electronic Signatures)
- Must follow all counterparty requirements (i.e., US Bank, GSE, FHA, VA/RD)
  - US Bank does not accept Remote Online Notary (RON)

Minnesota Housing accepts electronic signatures (eSignatures) on loan documents executed under the Start Up Program to the extent Lender complies with all applicable state and federal electronic signature laws, as well as any counterparty requirements (e.g. Fannie Mae, Federal Housing Administration, US Bank HFA Division). However, eSignatures are not acceptable on any document that needs to be recorded with the county. Under no circumstances may a Borrower be required to use electronic signatures.

#### **10.049.04 Records Retention**

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

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

## **Chapter 11—Chapter 10 – Servicing**

### **11.0110.01 Servicing**

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

### **11.0210.02 Lender Servicing Responsibilities**

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

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

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

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

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

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

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

#### **11.0310.03 Assumption/Due-On-Sale**

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

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

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

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

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

#### **11.0410.04 Hardship Policy**

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

## Chapter 12— Appendix A – Definitions

Table 4/Definitions

Term	Definition
Acquisition Cost	The cost of acquiring a completed residential unit (see Section 5.03).
Annualized Gross Income	Gross monthly income multiplied by 12.
Borrower	A person who receives funds in the form of a loan secured by real property with the obligation of repaying the loan and, in addition, any person purchasing the real property securing the loan, executing the promissory note, executing a guarantee of the debt evidenced by the promissory note, or signing a security instrument in connection with a loan.
Co-Signer	A party that is obligated to repay the loan. A Co-signer assumes only personal liability and has no ownership interest in the property.
Household Member with a Disability	A Borrower or household member who has a permanent physical or mental condition, which substantially reduces the person's ability to function in a residential setting.
First-Time Homebuyer	A Borrower who meets the requirements as stated in Section 4.05 of this Procedural Manual.
First- Generation Homebuyer	A Borrower who meets the requirements as stated in Section 7.1 <sup>56</sup> of this Procedural Manual.
<u>Legal Guardian</u>	A Legal Guardian is a person appointed by a court to care for and take permanent responsibility for a minor child.
Master Servicer	A company selected by Minnesota Housing to purchase, securitize and service mortgage loans originated pursuant to Minnesota Housing's mortgage loan programs.
New Construction or Newly Constructed Residence	New Construction or a Newly Constructed Residence refers to a residence, which either has never been occupied or was completed within 24 months preceding the date of the home mortgage loan and was not subject to previous financing with a term greater than 24 months (i.e. a contract-for-deed, mortgage, or gap loan).
Owner Occupied	At least one Borrower must occupy the Property within 60 Days of signing the security instrument and continue to live in the home for the majority of the

**Commented [IK1]:** Is this supposed to be hyperlinked? Parent is also the same

**Commented [HE(2R1):** Yes, these terms are linked to other areas within this manual

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

Term	Definition
Qualified Homebuyer Education	Qualified Homebuyer Education is homebuyer education completed as outlined in its entirety in Section 4.07 of this Procedural Manual.
Sole head of household with at least one Eligible Dependent	<ul style="list-style-type: none"> <li>• Sole head of household with at least one Eligible Dependent residing in the household.</li> <li>• An Eligible Dependent is: <ul style="list-style-type: none"> <li>○ A minor household member (under 18 years of age on the closing date);</li> <li>○ A Household Member with a Disability or</li> <li>○ A senior (age 62 or older on the closing date).</li> <li>○ Limitation: The household must include only one adult that is not an Eligible Dependent.</li> </ul> </li> </ul>
Temporary Financing	Initial financing such as a construction loan, bridge loan, and contract for deed with a term of 24 months or less.
True and Certify	The loan-level process in Minnesota Housing's loan commitment system completed by the Lender that certifies all the information entered into the system is true and accurate.

## **Chapter 13— Appendix B—Forms List**

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

## **Appendix C – Legal Addendum**

### **1.01 Conflict and Control**

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

### **1.02 Fraud**

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

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section 13.07.

### **1.03 Misuse of Funds**

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

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

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section 13.07.

### **1.04 Conflict of Interest**

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

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

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

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

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

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

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 13.07.

### **1.05 Assistance to Employees and Affiliated Parties**

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

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section 1.04;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 13.04.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 13.07.

### **1.06 Suspension**

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

## **1.07 Disclosure and Reporting**

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

Minnesota Housing’s Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at MHFA.ReportWrongdoing@state.mn.us;

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

Report Wrongdoing or Concerns (mnhousing.gov) (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing).

## **1.08 Electronic Signatures**

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

## **1.09 Fair Housing Policy**

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

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

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

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

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

## **1.10 Minnesota Government Data Practices**

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

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## Item: Approval, Local Housing Trust Fund Grants Program Guide Changes

**Action Item:** 7.I  
**Date:** 01/23/2025  
**Staff Contacts:** Colleen Meier, 651.296.9811, colleen.meier@state.mn.us  
Annie Reierson, 651.296.3495, annie.reierson@state.mn.us  
**Request Type:** Approval, Motion

### Request Summary

Staff requests board approval of the Local Housing Trust Fund Grants Program Guide changes.

### Fiscal Impact

None.

### Agency Priorities

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

### Attachments

- Background & Request Details
- Program Guide

## Background

The Local Housing Trust Fund Grants Program was established in 2021 with the intent to incentivize and increase funding for Local Housing Trust Funds and encourage investment in affordable housing across Minnesota. The Program Guide was approved by the Minnesota Housing board of directors in May of 2023. The program was first allocated \$1 million in one-time funding to create the program, which was then supplemented by an additional \$4.8 million in 2023, for a total available of \$5.8 million in one-time funding. Local governments may be eligible to receive a maximum of \$225,000 in matching grant funds when local governments have funds from any source other than the state or federal government.

The program provides grants for Local Housing Trust Funds with the purpose of making grants, loans, and loan guarantees for the development, rehabilitation or financing of housing; match other funds from federal, state or private resources for housing projects; or providing down payment assistance, rental assistance and homebuyer counseling services.

## Request Details

Staff requests board approval for changes to the Local Housing Trust Fund Grants Program Guide. In consulting with Minnesota Housing's legal team, staff is proposing updates to the Program Guide to provide consistency between the Guide, statute and the RFP materials, as well as updates to current Agency legal language. We are suggesting changes to the eligibility criteria to clarify that local governments must have an established Local Housing Trust Fund at the time of application or as otherwise authorized by law to be eligible for the program. Currently, Tribal governments are not able to create a Local Housing Trust Fund, per statute. If a Tribal entity applies for the grant program, adding the language "as otherwise authorized by law" allows some flexibility for the Tribal entity to access the program.

In proposing this change, the team has consulted with the League of Minnesota Cities and Minnesota Housing Partnership. We will be providing a 60-day notice period to potential applicants to allow time for communities to create a Local Housing Trust Fund if they have not done so already.

Program funding will be awarded through a competitive request for proposal process in the first quarter of 2025.



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## Local Housing Trust Fund Grants Program

Program Guide

July 1~~January 23~~, 20253

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

*An equal opportunity employer.*

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

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## Chapter 1 – Introduction

### **1.01 Values Statement**

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

We will:

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

### **1.011.02 Local Housing Trust Fund Grants Program Overview**

In 2021, the Minnesota Legislature allocated money to create Minnesota Housing’s Local Housing Trust Fund Grants Program. The purpose of the Program is Local Housing Trust Fund Grants to incentivize local governments to create or fund Local Housing Trust Funds by providing a portion of matching state funds to encourage investment in affordable housing across Minnesota.

Minnesota Housing created this guide, which outlines the requirements of Local Housing Trust Fund Grants, as well as the steps necessary to apply for and receive the matching grant funds.

### **1.021.03 Program Guide**

This Program Guide, including subsequent changes and additions, is incorporated into the Grant Contract Agreement executed between the Contracting Party and Minnesota Housing. It is incorporated into such Grant Contract Agreement by reference and is a part thereof as fully as if set forth in the Grant Contract Agreement at length. If there are any conflicts between the terms of this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls.

### **1.031.04 Definition of Terms**

Please refer to Appendix A for definitions of capitalized terms used in this Program Guide.

## **1.041.05 Authorizing Statute**

Minnesota Session Laws, 2021 First Special Session, chapter 8, article 1, section 3, subdivision 17 and Minnesota Session Laws, 2023 Legislative Session, chapter 37, article 1, section 2, subdivision 21 appropriated funds for the Local Housing Trust Fund Grants Program. All Local Housing Trust Funds that receive grants under the program must meet the definition of a Local Housing Trust Fund under Minnesota Statute 462C.16.

## **Chapter 2 – Eligibility Criteria**

### **2.01 Eligible Entities**

The following entities are eligible to apply for the Local Housing Trust Fund Grants Program:

- Cities
- Counties
- Collaborations between cities and/or counties that have established a local housing trust fund through a joint powers agreement under Minnesota Statute 462C.16, subdivision 2.
- Tribal governments
- ~~Collaborations between two or more of the entities listed above established through a joint powers agreement.~~

~~The local government jurisdictions above Eligible entities must either have an existing Local Housing Trust Fund at the time of application as defined by Minnesota Statute 462C.16, or as otherwise authorized by law, or commit to creating a Local Housing Trust Fund in order to be eligible to apply.~~

### **2.02 Eligible Funds for Match**

Eligible entities may request matching funds for New Public Revenue committed to the Local Housing Trust Fund from any source other than the state or federal government. Entities may be eligible to receiving matching funds up to 100% of New Public Revenue up to \$150,000 and, depending on funding availability, additional funds in the amount of 50% of new public revenue above \$150,000 but no more than \$300,000.

For purposes of this program, New Public Revenue is defined as local income that is committed to the Local Housing Trust Fund on or after June 29th, 2021.

### **2.03 Eligible Uses**

Grant Proceeds may be used for:

1. Administrative expenses, up to 10% of the Local Housing Trust Fund Program grant;

2. Grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;
3. Match for other funds from federal, state, or private resources for housing projects; or
4. Down payment assistance, rental assistance, and home buyer counseling services.

All funds must be used for households at or below 115% of the State Median Income.

## Chapter 3 – Contracting Party Requirements

### 3.01 Contracting Party Requirements

Contracting Parties must adhere to the Grant Contract Agreement requirements which include, but are not limited to, the activities listed below. If there are any conflicts between this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls.

- Execute one or more Grant Contract Agreements with Minnesota Housing outlining the scope of work to be performed. The Contracting Party may also be responsible for completing the proposal, budget, work plan and/or other exhibits to the Grant Contract Agreement(s).
- Maintain financial records for a minimum of six years after the Grant Contract Agreement(s) ends that document the use of all Grant Proceeds awarded. Minnesota Housing, at its sole discretion, may request to review the accounting and documentation of such records at as part of a site visit or at other times.
- Complete and submit all invoices and required reports on time in a manner determined by Minnesota Housing.
- Have a written conflict of interest policy and take necessary steps to prevent individual and organizational conflicts of interest. All suspected, disclosed, or discovered conflicts of interest must be reported to Minnesota Housing in a timely manner.
- Comply with applicable Grant Contract Agreement and bidding requirements noted in the Grant Contract Agreement.
- Comply with all affirmative action and non-discrimination requirements noted in the Grant Contract Agreement.
- Comply with all applicable state statutes, rules and policies.

### 3.02 Subgrantees

If utilizing subgrantees, Contracting Parties are expected to enter into Grant Contract Agreements with subgrantees prior to disbursing Grant Proceeds to them. At a minimum, Contracting Parties must impose on subgrantees the same expectations-obligations that Minnesota Housing requires of Contracting Parties under the Grant Contract Agreement. In addition, Contracting Parties must ensure that any communication received from Minnesota Housing is relayed to subgrantees. Contracting Parties remain responsible for compliance with all requirements of this Program Guide and the Grant Contract Agreement and for performance of any subgrantees. If there are any conflicts between the

terms of this Program Guide and the Grant Contract Agreement, the Grant Contract Agreement controls. Minnesota Housing must approve the use of a subgrantee prior to executing a Grant Contract Agreement with the subgrantees.

### **3.03 Monitoring and Evaluation of Contracting Parties and Subgrantees**

Minnesota Housing will review Contracting Parties' financial reports and progress reports which must be provided according to the timeline outlined in the Grant Contract Agreement. Minnesota Housing may request additional documentation such as, but not limited to, invoices, employee payroll reports and/or timecards, and receipts to verify the information provided in the financial report.

For Contracting Parties with Grant Contract Agreements of \$50,000 or greater, Minnesota Housing will conduct at least one monitoring visit of Contracting Parties during the grant period and complete a financial reconciliation of Contracting Party's expenditures to verify adherence to Grant Contract Agreement and program requirements. The monitoring visit consists of an administrative review of the Contracting Party's policies, procedures and governance, and a program review of the grant activities, staffing and Contracting Party's evaluation of the grant. Approximately one month prior to the monitoring visit, Minnesota Housing will submit a document request for items to be reviewed as part of the monitoring visit and financial documents to be reviewed as part of the financial reconciliation.

Minnesota Housing may request information of subgrantees as part of this monitoring visit. Following the monitoring visit, Minnesota Housing staff will notify the Contracting Party if follow up is required. Upon timely completion of follow-up items, Minnesota Housing staff will issue a monitoring review summary letter including areas of concern, recommendations and requirements. Grant Administrators are expected to monitor subgrantees by these same standards during the grant term.

## **Chapter 4 – Data Record Keeping and Reporting**

### **4.01 Government Data Practices Act**

~~The Contracting Party and Minnesota Housing must comply with the Data Practices Act (). The Data Practices Act applies to all data provided by Minnesota Housing under the Grant Contract Agreement, and it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Contracting Party under the Grant Contract Agreement. The civil remedies of apply to the release of the data referred to in this section by either the Contracting Party or Minnesota Housing.~~

~~The Data Practices Act provides that the collection and use of not public data including private and confidential data on individuals "shall be limited to that necessary for the administration and management of programs specifically authorized by the legislature or local governing body or mandated by the federal government." . The Contracting Party also must "establish appropriate security safeguards" including that data are "accessible to persons whose work assignment reasonably~~

~~requires access to the data and is only be accessed by those persons for purposes described in the procedure.”~~

~~The Contracting Party will ensure that it protects any nonpublic data it receives. Private or confidential information on individuals may include but is not limited to:~~

- ~~1. Name~~
- ~~2. Email address, phone number, or other contact information~~
- ~~3. Photos~~

~~The Contracting Party should contact Minnesota Housing with any questions about the Data Practices Act and whether a request it received is considered a data request. If the Contracting Party receives a request to release the data referred to in this section, the Contracting Party must immediately notify Minnesota Housing. Minnesota Housing will give the Contracting Party instructions concerning the release of the data to the requesting party before the data is released. The Contracting Party's response to the request shall comply with applicable law.~~

#### **4.024.01 Record Keeping**

Contracting Parties and subgrantees are responsible for maintaining records that document the use of all Grant Proceeds. Contracting Parties must save copies of all books, records, program files, documents and accounting procedures related to the grant in a secure and organized format. Contracting Parties must maintain these documents for a minimum of six years from the end of the Grant Contract Agreement. Minnesota Housing reserves the right to review all records during this six-year period, and records must be made available to Minnesota Housing upon request.

Documents to save and retain include, but are not limited to:

- Executed Grant Contract Agreement
- Reports submitted by the Contracting Party to Minnesota Housing
- Invoices and supporting invoice documentation (receipts, proof of payment, employee payroll, etc.)
- Documentation submitted by any subgrantees
- Written approvals from Minnesota Housing Local Housing Trust Fund Grants Program Grant Manager

#### **4.034.02 Reporting**

Contracting Parties must submit a progress report, financial report and invoice in a format required by Minnesota Housing. These progress reports must be submitted annually as outlined in the Grant Contract Agreement. Contracting Parties must also submit a final report outlining proposed and achieved outcomes and complete expenditures.

## Chapter 5 – Grant Invoicing, Payment and Reporting Schedule

Contracting Parties should reference the Grant Contract Agreement exhibits for the invoice template, the financial report template and the items to be covered in the progress report.

Contracting Parties are required to submit a progress report, financial report and invoice approximately annually until all grant funds have been expended. Exact dates will be determined upon Grant Contract Agreement execution. Contracting Parties should reference their Grant Contract Agreement for exact dates and any additional requirements.

## Chapter 6 – Fair Housing and Accessibility Policies

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

~~Minnesota Housing's fair housing policy incorporates the requirements of Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, and the Minnesota Human Rights Act.~~

~~Minnesota Housing follows the State of Minnesota's policy which incorporates the requirements of Title II of the Americans with Disabilities Act of 1990 (ADA), as amended (42 U.S.C. 12101 et seq.). The ADA prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments. Therefore, Minnesota Housing and its Contracting Parties should take reasonable steps to ensure qualified individuals with disabilities have the opportunity to request and are provided with reasonable accommodations to have equal access to and can fully participate in the programs, services, products and activities it provides. Additionally, Minnesota Housing and its Contracting Parties should take steps to ensure that effective communications with applicants, program participants, members of the public, and both internal and external customers with disabilities occur. People with disabilities have an opportunity to request auxiliary aids and services to participate in Agency programs, services and activities.~~

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

- ~~Discriminate in the selection/acceptance of applicants in the rental of housing units;~~
- ~~Discriminate in the making or purchasing of loans for purchasing, constructing, or improving a dwelling or in the terms and conditions of real estate related transactions;~~
- ~~Discriminate in the brokering or appraisal of residential property;~~
- ~~Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;~~

- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise makes unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status;
- Represent a dwelling is not available when it is in fact available;
- Deny access to, or membership or participation in, associations or other services, organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation; or
- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

## **Chapter 7—Fraud, Misuse of Grant Proceeds, Conflict of Interest, Suspension, and Disclosure and Reporting**

### **7.01 Fraud**

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

Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source, or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the ways described in section 7.05.

### **7.02 Misuse of Grant Proceeds**

A ~~Grant Contract Agreement~~ is a legal ~~Grant Contract Agreement~~ between Minnesota Housing and the Contracting Party. The Contracting Party promises to use the ~~Grant Proceeds~~ to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide ~~Grant Proceeds~~ to the Contracting Party to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the Contracting Party must use Minnesota Housing ~~Grant Proceeds~~ as agreed, and the Contracting Party must maintain appropriate documentation to prove that ~~Grant Proceeds~~ were used for the intended purpose(s).

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

Any Contracting Party (including its employees and affiliates) of Minnesota Housing ~~Grant Proceeds~~ that discovers evidence, receives a report from another source, or has other reasonable basis to

~~suspect that a misuse of Grant Proceeds has occurred must immediately make a report through one of the ways described in section 7.05.~~

### **7.03 Conflict of Interest**

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

~~An individual conflict of interest is any situation in which one's judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a friend, relative, acquaintance or business or organization with which they are involved.~~

~~Organizational conflicts of interest occur when:~~

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

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

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

~~Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all actual, perceived or potential conflicts of interest through one of the ways described in section 7.05.~~

~~A Contracting Party should review its Grant Contract Agreement and request for proposals (RFP) material, if applicable, for further requirements.~~

### **7.04 Suspension**

~~By entering into any Grant Contract Agreement with Minnesota Housing, a Contracting Party represents that the Contracting Party (including its employees or affiliates that will have direct control over the subject of the Grant Contract Agreement) has not been suspended from doing business with~~

~~Minnesota Housing. Refer to Minnesota Housing's website for a list of suspended individuals and organizations.~~

## **7.05 Disclosure and Reporting**

~~Minnesota Housing promotes a "speak up, see something, say something" culture whereby internal staff, external business partners (e.g., Contracting Parties, borrowers) and the general public are encouraged to report instances of fraud, misuse of Grant Proceeds, conflicts of interest, or other concerns without fear of retaliation. You may report wrongdoing or other concerns by contacting:~~

- ~~Minnesota Housing's Chief Risk Officer~~
- ~~Any member of Minnesota Housing's Servant Leadership Team~~
- ~~The Report Wrongdoing or Concerns page on the Minnesota Housing website~~

## **7.06 Electronic Signatures**

~~Minnesota Housing accepts electronic signatures on certain documents to the extent the person signing complies with all applicable state and federal electronic signature laws, as well as any counterparty requirements. Questions regarding which documents Minnesota Housing permits to be signed electronically should be directed to Minnesota Housing staff. However, note that Minnesota Housing does not permit eSignatures on any document that needs to be recorded with the county. In addition, a Grant Contract Agreement party cannot be required to use electronic signatures.~~

## **7.07 Assistance to Employees and Affiliated Parties**

~~A Contracting Party that receives Grant Proceeds from Minnesota Housing to make specified loans, grants, or other awards to recipients may make these specified loans, grants, or other awards to their directors, officers, agents, consultants, employees and/or their families, elected or appointed officials of the State of Minnesota as well as to Minnesota Housing employees and/or their families ("Affiliated Assistance") provided:~~

- ~~The recipient meets all eligibility criteria for the program.~~
- ~~The assistance does not result in a violation of the Contracting Party's internal conflict of interest policy, if applicable.~~
- ~~The assistance does not result in a conflict of interest as outlined in section 7.03.~~
- ~~The assistance is awarded utilizing the same costs, terms and conditions as similarly situated unaffiliated recipients, and the recipient receives no special consideration or access compared to similarly situated unaffiliated recipients.~~
- ~~The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and their immediate family members. Family members include a~~

~~spouse, domestic partner, parent, sibling, child, in-law or other relative living in the recipient's home~~

~~A Contracting Party need not disclose Affiliated Assistance to Minnesota Housing. However, the Contracting Party must document and certify, prior to awarding the Affiliated Assistance, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available upon request to Minnesota Housing. Affiliated Assistance that does not meet each of these provisions will be considered a violation of Minnesota Housing conflict of interest standards which must be reported through one of the communication channels outlined in section 7.05.~~

## Appendix A – Terms

Table 1: Definitions of capitalized terms used in this Program Guide.

Term	Definition
Affiliated Assistance	Loans, grants, or other awards from the Contracting Party to directors, officers, agents, consultants, employees and/or their families, elected or appointed officials of the State of Minnesota as well as to Minnesota Housing employees and/or their families.
Data Practices Act	References the Minnesota Government Data Practices Act (Minn. Stat. Ch. 13)
Grant Contract Agreement	The Grant Contract Agreement executed between Minnesota Housing Finance Agency and the Contracting Party for the 2023 Local Housing Trust Fund Grants Program Grant.
Contracting Party	Recipient(s) in a Grant Contract Agreement with Minnesota Housing to receive Local Housing Trust Fund Grants Program Proceeds.
Grant Proceeds	Funds distributed under the 2023 Local Housing Trust Fund Grants Program.
Local Housing Trust Fund	Local Housing Trust Fund as defined in Minnesota Statute 462C.16.
Minnesota Housing	The Minnesota Housing Finance Agency
New Public Revenue	For purposes of this program, New Public Revenue is defined as local income that is committed to the Local Housing Trust Fund on or after June 29, 2021.
State Median Income	The most recent total median family income for Minnesota issued by the federal Department of Housing and Urban Development (HUD).

## **Appendix B - Legal Addendum**

### **1.01 Conflict and Control**

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

### **1.02 Fraud**

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

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in section 1.07.

### **1.03 Misuse of Funds**

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

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

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in section 1.07.

### **1.04 Conflict of Interest**

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

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

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

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

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

- Revising the contracting party's responsibilities to mitigate the conflict
- Allowing the contracting party to create firewalls that mitigate the conflict

- Asking the contracting party to submit an organizational conflict of interest mitigation plan
- Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into a contract with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all conflicts of interest through one of the communication channels described in section 1.07.

A contracting party should review its contract and request for proposals (RFP) material, if applicable, for further requirements.

## **1.05 Assistance to Employees and Affiliated Parties**

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

- The recipient meets all eligibility criteria for the program;
- The assistance does not result in a violation of the contracting party's internal conflict of interest policy, if applicable;
- The assistance does not result in a conflict of interest as outlined in section 1.04;
- The assistance is awarded utilizing the same costs, terms and conditions as compared to a similarly situated unaffiliated recipient and the recipient receives no special consideration or access as compared to a similarly situated unaffiliated recipient; and
- The assistance is processed, underwritten and/or approved by staff/managers who are independent of the recipient and independent of any Family Member of the recipient. Family Member is defined in section 1.04.

A contracting party need not disclose Affiliated Assistance to Minnesota Housing. However, the contracting party must document and certify, prior to the award, that the Affiliated Assistance meets each of the provisions outlined above. This documentation must be included in the Affiliated Assistance file and must be made available to Minnesota Housing upon request. Affiliated Assistance that does not meet each of the provisions outlined above will be considered a violation of Minnesota Housing conflict of interest standards and must be reported by the contracting party through one of the communication channels outlined in section 1.07.

## **1.06 Suspension**

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

## **1.07 Disclosure and Reporting**

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

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

## **1.08 Electronic Signatures**

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

## **1.09 Fair Housing Policy**

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

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

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

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

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

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

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

## **1.10 Minnesota Government Data Practices**

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

## **1.11 Prevailing Wage**

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under Minnesota Statutes Chapter 177 or Minnesota Statutes Section 116J.871. In broad terms, Minnesota Statutes Chapter 177 applies to an award of \$25,000 or greater for housing that is publicly owned. Minnesota Statutes Section 116J.871 applies to awards for non-publicly owned housing that meet the following conditions: (1) new housing construction (not rehabilitation of existing housing); (2) a single entity receives from Minnesota Housing \$200,000 or more of grant proceeds or \$500,000 of loan proceeds; or (3) allocations or awards of low-income housing tax credits, for which tax credits are used for multifamily housing projects consisting of more than ten units.

Minnesota Statutes Section 116J.871 sets out several exceptions to the applicability of prevailing wage including (1) rehabilitation of existing housing; (2) new housing construction in which total financial assistance at a single project site is less than \$100,000; and (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units.

Entities receiving funding from Minnesota Housing as described in this section shall notify all employers on the project of the recordkeeping and reporting requirements in Minnesota Statutes Section 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required information to Minnesota Housing.

Questions related to submission of required information to Minnesota Housing may be directed to:  
[mhfa.prevailingwage@state.mn.us](mailto:mhfa.prevailingwage@state.mn.us).

All questions regarding state prevailing wages and compliance requirements should be directed to that agency as follows:

Division of Labor Standards and Apprenticeship  
State Program Administrator  
443 Lafayette Road N, St. Paul, MN 55155  
651.284.5091 or [dli.prevwage@state.mn.us](mailto:dli.prevwage@state.mn.us)

If a contractor or subcontractor fails to adhere to prevailing wage laws, then that contractor or subcontractor could face civil and/or criminal liability.



## Item: Governor's 2025 Budget Recommendations

**Discussion Item:** 8.A

**Date:** 01/23/2025

**Staff Contacts:** Dan Kitzberger, 651.296.3706, dan.kitzberger@state.mn.us  
Ryan Baumtrog, 651.296.9820, ryan.baumtrog@state.mn.us

**Request Type:** No Action, Discussion

### Request Summary

Governor Walz and Lt. Governor Flanagan will release their budget recommendations for State Fiscal Years 2026-27 on January 16. Minnesota Housing's base budget for programs funded by state appropriations for those two years is \$165.6 million across several housing stability, rental development and homeownership programs.

### Fiscal Impact

Loans and grants funded by state appropriations generally do not earn interest for the Agency but are critical to meeting statewide housing needs.

### Agency Priorities

- Improve the Housing System
- Preserve and Create Housing Opportunities
- Make Homeownership More Accessible
- Support People Needing Services
- Strengthen Communities

### Attachments

- Will be provided ahead of the meeting

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## Item: Post Sale Report, Residential Housing Finance Bonds, Series 2024

### TUVW

**Information Item:** 9.A

**Date:** 01/23/2025

**Staff Contacts:** Matt Dieveney, 651.282.2577, matt.dieveney@state.mn.us

Debbi Larson, 651.296.8183, debbi.larson@state.mn.us

**Request Type:** No Action, Information

### Request Summary:

The Agency priced \$250,000,000 of its Series 2024 TUVW Residential Housing Finance Bonds on November 13, 2024. Series V and Series W are taxable bond issues. Series V is a fixed-rate issue while Series W is a variable rate issue. All series closed December 12, 2024. In accordance with the board's Policy No. 1 (Debt and Balance Sheet Management Policy), the attached detailed post sale report is provided by the Agency's financial advisor, CSG Advisors.

### Fiscal Impact:

None.

### Agency Priorities:

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

### Attachments:

- Post-Sale Report

**\$250,000,000**  
**Minnesota Housing Finance Agency**  
**Residential Housing Finance Bonds**  
**\$19,100,000 2024 Series T (AMT)**  
**\$78,350,000 2024 Series U (Non-AMT)**  
**\$92,550,000 2024 Series V (Taxable)**  
**\$60,000,000 2024 Series W (Variable-Rate, Taxable)**

## POST-SALE ANALYSIS

### **KEY RESULTS FOR MINNESOTA HOUSING**

**Purpose.** 2024 Series TUVW accomplished the following major objectives:

1. Enabled Minnesota Housing to profitably finance Start Up first mortgages and Deferred Payment Loans on balance sheet and earn net annual income over future years.
2. Used taxable debt for 61% of the issue, together with 2021 and 2022 carryforward volume cap and recycled cap from loan prepayments, so that the Agency did not need to use any new volume cap in the issue.
3. Achieved a direct spread on the bond issue of 1.23%, with overall yield projected to be approximately 5.06%. There was no hedge gain or loss associated with the issue.

**Key Measurable Objectives and Accomplishments.** This issue was very successful despite a volatile market environment.

<i>Objective</i>	<i>Result</i>
Finance new production on balance sheet	\$237.5 million of new Start Up first-mortgage loans in MBS securities and \$12.5 million of 0% deferred payment loan second mortgages
Leverage private activity bond volume cap by efficiently incorporating taxable debt	Included \$152.55 million of taxable bonds (Series V and W)
Maximize spread on the overall transaction	Achieved a direct, and total effective, spread of 1.23% on the bond issue; there was no hedge gain or loss associated with the issue
Minimize use of and/or create zero participations (interest subsidies under IRS rules), and preserve them for future issues	Neither created nor used zero participations; the Agency has approximately \$24 million of zeros available to help achieve full spread on future issues
Achieve cost-effective bond yield	Overall bond yield is projected to be approximately 5.06%
Create future income streams that will support Pool 3	Increased indenture's expected net present value by approximately \$12.5 million at 150% PSA prepayment speed, after accounting for net service release premiums and hedge loss
Maintain high bond ratings	RHFB bonds are rated Aa1/AA+

## ***TIMING AND STRUCTURE***

**Timing.** The bonds were priced on Tuesday, November 12th.

**Sizing.** The issue was sized to fund pipeline lending.

### ***Major Design Decisions***

- 1. Efficiently leverage volume cap.** To help preserve volume cap at a time when loan prepayments (and thus the ability to recycle past volume cap) have decreased significantly, the Agency structured 61% of the issue (\$152.55 million) as taxable debt. The Agency utilized approximately \$7.25 million and \$41.675 million in 2021 and 2022 carryforward volume cap, respectively, as well as \$58.426 million in recycled volume cap from replacement refundings. Thus, the Agency did not use any new volume cap for this issue.
- 2. Finance deferred payment loans.** To help fund deferred payment loans from resources outside Pool 3, the issue included \$12.5 million of such loans. Because they have a 0% interest rate and are deferred until sale or refinancing, these loans reduced the net spread and net income earned by the indenture on this issue.
- 3. Issue variable-rate debt.** To finance Start Up and 0% deferred payment loans at or above full spread with so much taxable debt and so little volume cap, the Agency issued \$60 million of taxable bonds (24% of the entire issue) as variable-rate demand bonds (Series W). In the RHFB indenture, the total amount of variable-rate debt remains about 19.5%, well below the 30% of total indenture bonds outstanding often used as a benchmark for comparisons among HFAs and presentations to rating agencies.
- 4. Appropriately hedge the variable-rate debt.** For the \$60 million of variable-rate Series W bonds, the Agency entered into an interest rate swap with Bank of America (Aa2/A+) at a rate of 4.9685%. Minnesota Housing can terminate the entire swap at no cost to the Agency starting on January 1, 2032.
- 5. Time and size the issue to address volatile interest rates.** To deal with fluctuations in the bond and mortgage markets, Minnesota Housing has been (a) actively adjusting interest rates for new loan reservations to help keep pace with the market and (b) issuing bonds frequently and quickly, in relationship to the amount of loans reserved, to help reduce interest rate risk.

### ***Bond Structure***

- 1. Series T.** The \$19.1 million of tax-exempt (AMT) fixed-rate bonds included \$13.215 million of serial maturities due between 2025 and 2035 and \$5.885 million in term bonds due in 2039.
- 2. Series U.** The \$78.35 million of tax-exempt (non-AMT) fixed-rate bonds included \$1.2 million of serial maturities due between 2025 and 2031, as well as \$77.15 million in planned amortization class (PAC) bonds due July 1, 2055.
- 3. Series V.** The \$92.55 million of taxable fixed-rate bonds consisted of the following term bonds: \$22.83 million due 2035, \$14.555 million due 2039, \$24.495 million due 2044, and \$30.67 million due 2049.
- 4. Series W.** The \$60 million of variable-rate demand bonds are covered by an initial 4-year standby bond purchase agreement from State Street Bank and Trust Company, assuring investors they can tender their bonds with reasonable notice if desired. The cost of the liquidity facility to the Agency is 23 basis points per year.

## **SOCIAL BONDS**

The Series TUVW bonds are designated as Social Bonds. Minnesota Housing continued its practice since 2021 of designating its RHFB bonds as meeting an important social purpose. This confirms to investors that the bonds meet specific environmental, social, and governance standards. Single-family housing bonds generally meet the social purpose standards because of the level of affordability in serving low- and moderate-income households. Like many housing finance agencies, Minnesota Housing contracts with an independent party to evaluate and confirm that the bonds specifically meet the criteria for social bonds. Kestrel Verifiers, widely recognized across the industry, provided this certification based on detailed information from Minnesota Housing on the income mix of borrowers.

## **BOND SALE RESULTS**

1. **Market Environment.** Through the first three quarters of 2024, economic resilience and persistent inflation delayed potential Federal Reserve rate cuts. However, developments in the fourth quarter shifted the monetary policy landscape, and the Federal Reserve announced its first interest rate cut since 2020 on September 18th, reducing the policy rate by 50 basis points. This cut was in response to easing inflation and signs of labor market softening, shifting the focus from inflation control to supporting employment. In connection with this cut, the 10-year Treasury reached a 2024 low of 3.63%. However, rates quickly rebounded to the 4% range and—despite another Fed rate cut of 25 basis points in November—reached 4.46% when 2024TUVW priced on November 12th.

Through the fourth quarter and into 2025, key themes motivating investors include the following:

- **Yield Curve Steepening.** The yield curve has mostly flattened and is expected to steepen through the end of the year. A return to a normalized curve, from the inverted position it has taken over the past two years, is making longer-duration bonds more attractive to investors.
- **Supply and Demand Dynamics.** Municipal bond gross supply is expected to exceed \$450 billion in 2024, but with approximately \$400 billion of bonds maturing, supply will likely be net neutral and is expected to keep yields and spreads stable. Demand for housing bonds is expected to remain strong, attracting investors for the added value they provide.
- **Tax Considerations.** The Tax Cuts and Jobs Act is scheduled to sunset at the end of 2025, meaning higher tax rates could increase the demand and value of tax-exempt municipal bonds. However, following the results of the Presidential election, investors are weighing the likelihood of an extension of the Act or similar legislation prolonging lower tax rates.
- **Market Expectations.** The Fed's actions have led to revised expectations for future interest rate cuts. Policymakers will likely take a wait-and-see interest rate approach as President-elect Trump's policy priorities unfold, balancing to stabilize the labor market without triggering a recession.

Despite a stagnant jobs report in October, other strong economic data has maintained expectations that the Fed will achieve a “soft landing.” And though it is too early to declare success, ratios between municipals and treasuries remain very attractive for issuers of tax-exempt bonds, as indicated by lower MMD to treasury ratios on November 12th, across the curve, compared to August of this year when 2024RS priced.

2. **Tax-Exempt Serial and Term Bonds (AMT), 2024 Series T.** Institutional and retail interest in the \$5.885 million of Series T term bonds, due 2039, was especially strong. This series received \$17.625 million in orders and was 3x oversubscribed, leading to a 5-basis point reduction in yield. Interest in the \$13.215 million of serial maturities, due between 2025 and 2035, was mixed. Eleven maturities were fully subscribed while ten were undersubscribed, leading underwriters to purchase \$2.005 million of unsold balances with no adjustment to yield. The July 1, 2029 serial maturity received the most investor interest, with 2.8x oversubscription leading to a yield reduction of 2.5 basis points.

3. **Tax-Exempt Serial and PAC Bonds (Non-AMT), 2024 Series U.** Institutional interest in the Series U PAC bonds was very strong with \$262.1 million in orders for \$77.15 million in bonds. This 3.4x oversubscription led to a yield reduction of 4 basis points. Investor interest in the \$1.2 million of serial bonds was mixed, with 8 maturities fully subscribed and 4 undersubscribed. The January 2031 serial maturity was 5.9x oversubscribed, leading to a 5-basis point reduction in yield, while the 2027 and 2028 serial maturities went unsold, leaving underwriters to purchase \$400,000 of bonds with no adjustment to yields.
4. **Taxable Term Bonds, 2024 Series V.** Performance for the \$92.55 million of Series V term was mixed. The July 2035 maturity was 2x oversubscribed, but the three later maturities were undersubscribed, leading to 3-basis point yield increases for each.

## 5. Comparable Transactions

Tax-Exempt Serial and Term Bonds (AMT), 2024 Series T. There were only two comparable transactions within one month of pricing for the tax-exempt Series T serial bonds and none for the term bonds. Issuances from Washington State (Aaa) and Indiana (Aaa/AA+) priced on October 30th, about two weeks before the 2024TUVW pricing. For the serial maturities, Minnesota's spreads to iMMD were 11-17 basis points tighter than Indiana and 2-9 basis points wider than Washington State.

Tax-Exempt Serial and PAC Bonds (Non-AMT), 2024 Series U. The most comparable tax-exempt, non-AMT offerings were Oklahoma (Aaa) on 10/30 and Indiana (Aaa/AA+), Oregon (Aa2), and Virginia (Aaa/AAA) on 10/29. Nebraska also offered comparable PAC bonds on 10/31. Spreads to treasuries for Minnesota's serial bonds were:

- 2 to 4 basis points tighter or wider than Oklahoma and Virginia, depending on maturity
- 1-10 basis points tighter than Indiana
- 1-14 basis points tighter than Oregon

The exception was the 2025 maturity, which priced 7 basis points wider than Oregon, and 11 basis points tighter than Oklahoma.

Minnesota's PAC bonds priced 106 basis points over the 6-year Treasury—16 basis points tighter than Oregon (+122 to 5-year), 4 basis points tighter than Oklahoma (+110 to 6-year), 3 basis points tighter than Nebraska (+109 to 6-year), and 3 basis points wider than Washington State (+103 to 5-year).

Taxable Term Bonds, 2024 Series V. There were four issuances that were comparable to the Series V taxable term bonds within two weeks of pricing: Nebraska and Washington on October 30th and Indiana and Virginia on October 29th. Minnesota's spreads to Treasuries by maturity compared as follows:

2035 Maturity	5 basis points wider than Nebraska
2039 Maturity	Equal to Nebraska and Virginia 2 basis points tighter than Indiana 2 basis points wider than Washington
2044 Maturity	3 basis points tighter than Indiana 3 basis points wider than Virginia
2049 Maturity	5 basis points tighter than Indiana Equal to Virginia

## **UNDERWRITING**

**Underwriters.** RBC was senior manager. Morgan Stanley, Piper Sandler, and Wells Fargo served as regular co-managers, while Northland Securities was included as a co-manager based on its continued strong sales performance through the 2024RS issue. Selling group members included AmeriVet Securities, Blaylock, BofA, Huntington Securities, J.P. Morgan, Mesirow Financial, Raymond James, and TD Securities.

**Sales by Underwriter.** Institutional orders on the \$97.45 million of tax-exempt bonds, offered in Series T (\$19.1 million) and Series U (\$78.35 million) comprised 96% of total orders, or \$283.32 million, while retail consisted of \$11.87 million, or 4%. Of the total \$295.19 million in combined retail and institutional orders, RBC brought in \$285.8 million, or 96.8%, and Northland brought in the second most among co-managers and the selling group at \$2.7 million, or 0.9%. The selling group brought in 1% and other co-managers brought in the remaining 1.2%.

Of the \$116.88 million of institutional orders for the \$60 million of taxable bonds (Series V), RBC brought in \$112.68 million, or 95.6%, and Northland brought in the second most with \$2.8 million, or 2.4%. The remaining 2% was brought in by Wells Fargo (\$1.5 million) and Morgan Stanley (\$0.8 million). RBC and Morgan Stanley filled retail orders in the amount of \$100,000 and \$80,000, respectively.

Northland again performed very well, bringing in the second highest amount of orders for the tax-exempt and taxable offerings, retaining its position as rotating co-manager for the next RHFB bond issue.

**Underwriter Fees.** Management fees were appropriate, consistent with industry standards, and in the same range as fees reported for other housing issues of similar size and structure.

## **ISSUE DETAILS**

**Economic Calendar.** The latest economic data suggest that the Federal Reserve is likely to maintain its current interest rate policy through the next few meetings, as inflation has moderated but remains above the 2% target. Treasury yields have remained elevated, reflecting a cautious market sentiment amid mixed signals from leading economic indicators. The Personal Consumption Expenditures price index rose by 0.2% in October, consistent with expectations, signaling stable inflation trends. Unemployment has remained at 4.1%, and consumer spending has shown resilience, supporting the narrative of a potential soft landing for the U.S. economy. The market is currently pricing in a lower probability of an additional rate cut in 2024 compared to earlier expectations, with investors now anticipating potential rate reductions only in mid-2025. While the yield curve is flattening compared to the past two years, generally, short-term rates remain near their highest levels in over two decades, reflecting the Fed's commitment to controlling inflation while avoiding a hard landing.

**Treasuries.** At market close on November 12th, the day of bond pricing for 2024 Series TUVW, the 10-year Treasury yield was 4.43%, up from 3.82% when Series RS priced in mid-August. On November 12th, the yield curve showed signs of flattening and moving towards normalization as exhibited by a 2-year Treasury yield of 4.34%, 9 basis points *lower* than the 10-year. This follows a trend of the 2-year Treasury rate generally exceeding the 10-year rate since July of 2022. Such inversions have in the past been precursors to, and reflected investors' expectations of, future recession—though as mentioned above, a recession has yet to materialize, and many indications point to the long sought-after soft-landing.

**Municipals.** In 2023, the supply of new issue municipal bonds was the lowest of the past 5 years at just \$380 billion, though the amount of housing bonds issued was a multiyear high. Interest rates reached decade-plus highs, driving strong investor demand amid limited supply, which pushed the municipal-to-Treasury (MMD/Treasury) ratios lower by year-end. Despite persistent outflows from municipal bond mutual funds, municipal ETFs experienced periodic inflows, reflecting improved investor sentiment due to limited new

issuance and reinvestment demand from bond redemptions.

When Series TUVW priced on November 12th, the 10-year MMD/Treasury ratio was 66.82%, down from 70.94% on August 12th, the date Series 2024 RS priced. This compares favorably to ratios in the 80% range in late 2022 and ratios near or above 70% for much of 2023 and into 2024. This low current MMD ratio signals markedly lower borrowing rates for issuers compared to taxable alternatives.

**TABLE 1: COMPARISON OF RATES IN RECENT MHFA SINGLE-FAMILY TRANSACTIONS**

Issue	Date	10-Year Treasury	10-Year MMD	MMD/Treasury	30-Year Treasury	30-Year MMD	MMD/Treasury
2022 RHFB AB	2/1/22	1.79%	1.50%	83.8%	2.11%	1.91%	91.1%
2022 RHFB CD	3/3/22	1.73%	1.61%	93.1%	2.16%	2.03%	94.0%
2022 RHFB EF	4/13/22	2.70%	2.46%	91.1%	2.81%	2.81%	100.0%
2022 RHFB GH	6/8/22	3.02%	2.45%	81.1%	3.17%	2.92%	92.1%
2022 RHFB IJK	9/13/22	3.42%	2.81%	82.1%	3.51%	3.62%	103.1%
2022 RHFB LMN	11/9/22	3.83%	3.26%	85.1%	4.31%	4.06%	94.2%
2023 RHFB ABC	2/7/23	3.68%	2.23%	60.6%	3.71%	3.24%	87.3%
2023 RHFB DE	4/19/23	3.60%	2.36%	65.6%	3.79%	3.40%	89.7%
2023 RHFB FG	6/18/23	3.72%	2.57%	69.1%	3.84%	3.50%	91.1%
2023 RHFB HI	6/29/23	3.85%	2.56%	66.5%	3.90%	3.49%	89.5%
2023 RHFB JK	7/27/23	4.01%	2.52%	62.8%	4.06%	3.51%	86.5%
2023 RHFB LM	8/23/23	4.19%	2.95%	70.4%	4.27%	3.91%	91.6%
2023 RHFB NOPQ	9/12/23	4.27%	2.98%	69.8%	4.35%	3.92%	90.1%
2023 RHFB RST	11/8/23	4.49%	3.20%	71.3%	4.64%	4.20%	90.5%
2023 RHFB UV	11/15/23	4.53%	3.10%	68.4%	4.68%	4.12%	88.0%
2024 RHFB ABC	1/23/24	4.14%	2.46%	59.4%	4.38%	3.61%	82.4%
2024 RHFB DE	3/11/24	4.10%	2.40%	58.5%	4.26%	3.57%	83.8%
2024 RHFB FGHI	4/9/24	4.36%	2.65%	60.8%	4.50%	3.81%	84.7%
2024 RHFB JK	5/16/24	4.38%	2.75%	62.8%	4.52%	3.76%	83.2%
2024 RHFB LMN	6/11/24	4.39%	2.92%	66.5%	4.53%	3.79%	83.7%
2024 RHFB OPQ	7/30/24	4.15%	2.82%	67.9%	4.40%	3.68%	83.6%
2024 RHFB RS	8/12/24	3.82%	2.71%	70.9%	4.07%	3.59%	88.2%
2024 RHFB TUVW	11/12/24	4.43%	2.96%	66.8%	4.58%	3.79%	82.8%
Change from RHFB 2024 RS		+ 61 bps	+ 25 bps	- 4.10%	+ 51 bps	+ 20 bps	- 5.4%

## AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date	11/12/24	10/30/24	10/29/24	9/9/24	7/24/24			
Amount	\$19,100,000	\$8,435,000	\$2,875,000	\$3,240,000	\$30,025,000			
Issuer	Minnesota HFA	Washington SHFC	Indiana HCDA	Massachusetts HFA	SONYMA			
Series	2024 Series T	2024 Series 2A	2024 Series D-2	Series 236	Series 262			
Program	Single Family / Negotiated							
Rating(s)	Aa1 / AA+ / -	Aaa / - / -	Aaa / - / AA+	Aa1 / AA+ / -	Aa1 / - / -			
Tax Status	AMT	AMT	AMT	AMT	AMT			
Maturity Year ('24 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0 2024								
1 2025	3.850	+82	3.65 / 3.65	+53 / +80	3.800	+75	3.65 / 3.70	+77 / +83
2 2026	3.65 / 3.65	+84 / +90	3.60 / 3.60	+79 / +92	3.850	+107	3.50 / 3.55	+112 / +119
3 2027	3.70 / 3.70	+112 / +112	3.65 / 3.70	+103 / +108	3.850	+123	3.60 / 3.60	+124 / +124
4 2028	3.75 / 3.80	+115 / +120	3.75 / 3.80	+111 / +116			3.85 / 3.90	+105 / +111
5 2029	3.85 / 3.875	+122 / +124	3.85 / 3.90	+117 / +119			4.00 / 4.00	+122 / +123
6 2030	3.95 / 4.00	+127 / +130	3.95 / 4.00	+122 / +125			4.05 / 4.10	+130 / +135
7 2031	4.05 / 4.10	+130 / +134	4.10 / 4.15	+131 / +133			4.125 / 4.20	+136 / +143
8 2032	4.15 / 4.20	+134 / +138	4.20 / 4.25	+133 / +134			4.20 / 4.20	+143 / +143
9 2033	4.25 / 4.30	+137 / +140	4.30 / 4.35	+134 / +139			4.30 / 4.35	+153 / +158
10 2034	4.35 / 4.35	+142 / +140	4.40 / 4.40	+139 / +137			4.35 / 4.35	+155 / +155
11 2035	4.40 / 4.40	+142 / +141					4.40 / 4.40	+160 / +160
12 2036							4.45 / 4.45	+163 / +162
13 2037							4.45 / 4.45	+160 / +157
14 2038								
15 2039	4.450	+129						
16 2040								
Notes								
Maturity Dates	7/1 and 1/1	6/1 and 12/1	7/1	6/1 and 12/1	4/1 and 10/1			
Call Provisions	1/1/33 at par	6/1/33 at par	None	None	10/1/33 at par			
Mkt Index	BBI / RBI 4.28% / 4.57%	BBI / RBI 4.18% / 4.47%	BBI / RBI 4.18% / 4.47%	BBI / RBI 3.86% / 4.15%	BBI / RBI 3.92% / 4.21%			
Sr Manager	RBC Capital Markets	RBC Capital Markets	J.P. Morgan	Morgan Stanley	Ramirez			

## AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date	6/11/24	4/9/24	9/12/23	2/7/23	11/9/22			
Amount	\$5,575,000	\$11,125,000	\$10,995,000	\$11,570,000	\$24,290,000			
Issuer	Rhode Island HMFC	Minnesota HFA	Minnesota HFA	Minnesota HFA	Minnesota HFA			
Series	Series 83-B	2024 Series F	2023 Series N	2023 Series A	2022 Series L			
Program	Single Family / Negotiated							
Rating(s)	Aa1 / AA+ / -							
Tax Status	AMT	AMT	AMT	AMT	AMT			
Maturity Year ('24 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD
0 2024								
1 2025	3.85 / 3.95	+61 / +76	3.80 / 3.80	+47 / +56	3.875	+63	3.05 / 3.10	+51 / +61
2 2026	4.05 / 4.05	+88 / +94	3.85 / 3.85	+76 / +77	3.900	+68	3.20 / 3.25	+89 / +97
3 2027	4.050	+100	3.85 / 3.85	+92 / +98	3.95 / 4.00	+85 / +97	3.35 / 3.45	+117 / +127
4 2028			3.90 / 3.95	+113 / +120	4.05 / 4.10	+110 / +118	3.50 / 3.55	+139 / +144
5 2029			4.00 / 4.00	+131 / +132	4.20 / 4.25	+131 / +136	3.60 / 3.65	+151 / +156
6 2030			4.10 / 4.10	+145 / +145	4.30 / 4.40	+142 / +152	3.70 / 3.75	+158 / +163
7 2031			4.15 / 4.15	+153 / +153	4.45 / 4.50	+157 / +162	3.80 / 3.85	+167 / +172
8 2032			4.25 / 4.25	+161 / +161	4.55 / 4.60	+164 / +169	3.90 / 3.95	+176 / +180
9 2033			4.25 / 4.25	+160 / +160	4.625 / 4.65	+168 / +170	4.00 / 4.05	+183 / +187
10 2034			4.35 / 4.35	+170 / +168	4.70 / 4.70	+175 / +173	4.100	+187
11 2035			4.40 / 4.40	+168 / +163	4.75 / 4.75	+176 / +172		
12 2036								
13 2037								
14 2038							5.350	+179
15 2039		4.600	+148					
16 2040								
Notes								
Maturity Dates	4/1 and 10/1		7/1 and 1/1	7/1 and 1/1	1/1 and 7/1		1/1 and 7/1	
Call Provisions	None		7/1/33 at par	1/1/33 at par	7/1/32 at par		1/1/32 at par	
Mkt Index	BBI / RBI 3.97% / 4.26%		BBI / RBI 3.68% / 3.96%	BBI / RBI 3.85% / 4.13%	BBI / RBI 3.39% / 3.67%		BBI / RBI 4.06% / 4.34%	
Sr Manager	J.P. Morgan		RBC Capital Markets	RBC Capital Markets	RBC Capital Markets		RBC Capital Markets	

## AMT SINGLE FAMILY HOUSING PRICING COMPARABLES, PAST 6 MONTHS PLUS EARLIER MHFA

Pricing Date	12/7/21	9/9/21
Amount	\$22,690,000	\$15,695,000
Issuer	Minnesota HFA	Minnesota HFA
Series	2021 Series G	2021 Series E
Program	Single Family / Negotiated	Single Family / Negotiated
Rating(s)	Aa1 / AA+ / -	Aa1 / AA+ / -
Tax Status	AMT	AMT
Maturity Year ('24 pricings)	Coupon/ Yield	Spread to iMMD
0 2024		
1 2025	0.250	+12
2 2026	0.40 / 0.50	+21 / +28
3 2027	0.70 / 0.75	+41 / +42
4 2028	0.90 / 1.00	+54 / +58
5 2029	1.15 / 1.25	+67 / +70
6 2030	1.35 / 1.50	+75 / +83
7 2031	1.65 / 1.75	+88 / +93
8 2032	1.85 / 1.95	+98 / +104
9 2033	2.00 / 2.10	+105 / +113
10 2034	2.20 / 2.25	+121 / +124
11 2035	2.300	+126 / +125
12 2036	2.35 / 2.40	+129 / +134
13 2037		
14 2038		
15 2039		
16 2040		
Notes		
Maturity Dates	7/1 and 1/1	1/1 and 7/1
Call Provisions	1/1/31 at par	None
Mkt Index	BBI / RBI 2.05% / 2.41%	BBI / RBI 2.15% / 2.50%
Sr Manager	RBC Capital Markets	RBC Capital Markets

## NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	11/12/24	10/31/24	10/30/24	10/30/24	10/29/24	10/29/24	10/29/24			
Amount	\$78,350,000	\$95,955,000	\$75,000,000	\$89,360,000	\$97,125,000	\$89,325,000	\$295,480,000			
Issuer	Minnesota HFA	Nebraska IFA	Oklahoma HFA	Washington SHFC	Indiana HCDA	Oregon HCS	Virginia HDA			
Series	2024 Series U	2024 Series G	2024 Series 2D	2024 Series 2N	2024 Series D-1	2024 Series C	2024 Series D,F			
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated			
Rating(s)	Aa1 / AA+ / -	- / AAA / -	Aaa / - / -	Aaa / - / -	Aaa / - / AA+	Aa2 / - / -	Aaa / AAA / -			
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT			
Maturity Year ('24 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield			
0 2024										
1 2025	3.250	+22		3.250	+33		3.200	+15		
2 2026	3.20 / 3.20	+39 / +45		3.20 / 3.20	+37 / +48		3.20 / 3.20	+35 / +42		
3 2027	3.25 / 3.25	+67 / +67		3.25 / 3.25	+63 / +63		3.300	+68		
4 2028	3.30 / 3.35	+70 / +75		3.35 / 3.35	+71 / +71		3.35 / 3.40	+71 / +76		
5 2029	3.40 / 3.45	+77 / +81		3.40 / 3.45	+73 / +77		3.45 / 3.50	+78 / +82		
6 2030	3.50 / 3.50	+82 / +80		3.55 / 3.55	+83 / +82		3.55 / 3.60	+84 / +87		
7 2031	3.550	+80		3.60 / 3.65	+82 / +85		3.65 / 3.70	+87 / +91		
8 2032				3.75 / 3.80	+89 / +93		3.75 / 3.80	+89 / +93		
9 2033				3.85 / 3.90	+90 / +94		3.85 / 3.90	+91 / +94		
10 2034				3.95 / 3.95	+95 / +94		3.95 / 3.95	+96 / +94		
11 2035		4.00 / 4.00	+94 / +92	4.00 / 4.00	+94 / +92		4.00 / 4.00	+94 / +93		
12 2036		4.05 / 4.05	+94 / +92	4.00 / 4.00	+89 / +87		4.05 / 4.05	+94 / +93		
13 2037								4.000	+84	
14 2038										
15 2039		4.150	+91	4.150	+91	4.15*	+91	4.100	+86	
16 2040								4.100	+86	
17 2041										
18 2042									4.350	+87
19 2043										
20 2044		4.550	+97	4.500	+92	4.550	+97	4.500	+92	
21 2045									4.500	+86
22 2046								4.550	+86	
23 2047										
24 2048										
25 2049				4.600	+80	4.600	+80	4.700	+90	
26 2050									4.650	+84
27 2051		4.700	+88							
28 2052										
29 2053										
30 2054								4.750	+88	
31 2055									4.700	+83 to 30yr
PAC	6.25C/3.78Y	+106 to 6yr	6.00C/3.83Y	+109 to 6yr	6.50C/3.84Y	+110 to 6yr	6.25C/3.73Y	+103 to 5yr	6.50C/3.92Y	+122 to 5yr
Notes	7/55 PAC bond has 6.25% coupon priced at 112.83 to yield 3.78% and has an average life of 6 years from 75-500% PSA	9/54 PAC bond has 6.00% coupon priced at 111.242 to yield 3.83% and has an average life of 6 years from 50-500% PSA	3/56 PAC bond has 6.50% coupon priced at 113.829 to yield 3.84% and has an average life of 6 years from 100-500% PSA	*12/39 is 4.125% cpn; 6/54 PAC has 6.25% coupon priced at 111.218 to yield 3.73% and has an average life of 5 years from 50-600% PSA			7/54 PAC has 6.50% coupon priced at 111.360 to yield 3.92% and has an average life of 5 years from 100-400% PSA		* 24F is \$215,480,000 COB maturing 7/1/55 with 4/1/26 mandatory tender and 2/1/25 earliest possible mandatory tender	
Maturity Dates	7/1 and 1/1 1/1/33 at par	3/1 and 9/1 9/1/33 at par/103.094 PAC	9/1 and 3/1 3/1/33 at par/adj PAC	6/1 and 12/1 6/1/33 at par	7/1 and 1/1 1/1/33 at par	7/1 and 1/1 7/1/32 at par	1/1 and 7/1 7/1/33 at par			
Call Provisions	BBI / RBI 4.28% / 4.57%	BBI / RBI 4.16% / 4.45%	BBI / RBI 4.18% / 4.47%	BBI / RBI 4.18% / 4.47%	BBI / RBI 4.18% / 4.47%	BBI / RBI 4.18% / 4.47%	BBI / RBI 4.18% / 4.47%			
Mkt Index	RBC Capital Markets	J.P. Morgan	Raymond James	RBC Capital Markets	J.P. Morgan	Jefferies	Wells Fargo			
Sr Manager										

## NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	10/23/24	10/23/24	10/21/24	10/21/24	10/17/24	10/16/24	10/16/24
Amount	\$206,410,000	\$275,000,000	\$73,030,000	\$40,000,000	\$75,000,000	\$50,000,000	\$80,000,000
Issuer	Connecticut HFA	Ohio HFA	Iowa FA	Maryland DHCD	Delaware SHA	Kentucky HC	Utah HC
Series	2024 Series F-1	2024 Series C	2024 Series G	2024 Series E	2024 Series D	2024 Series E	2024 Series I
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated
Rating(s)	Aaa / AAA / -	Aaa / - / -	Aaa / AAA / -	Aa1 / - / AA+	Aa1 / - / -	Aaa / - / -	Aa2 / - / -
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT
Maturity Year ('24 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield
0 2024							
1 2025		3.250 +25			3.050 +21		
2 2026		3.20 / 3.20 +29 / +42			3.05 / 3.05 +38 / +52	3.10 / 3.10 +42 / +54	3.05 / 3.05 +40 / +50
3 2027		3.30 / 3.30 +62 / +62			3.15 / 3.20 +72 / +77	3.15 / 3.20 +75 / +80	3.15 / 3.20 +75 / +80
4 2028		3.35 / 3.40 +65 / +70			3.25 / 3.25 +80 / +80	3.25 / 3.30 +83 / +88	3.25 / 3.25 +83 / +83
5 2029		3.20* / 3.22* +46 / +48			3.25 / 3.30 +76 / +81	3.30 / 3.35 +86 / +91	3.30 / 3.35 +86 / +91
6 2030		3.30* / 3.34* +51 / +54	3.35 / 3.45 +80 / +88	3.40 / 3.40 +84 / +83	3.45 / 3.45 +96 / +94	3.40 / 3.45 +91 / +94	3.40 / 3.40 +91 / +89
7 2031		3.42* / 3.44* +56 / +58	3.45 / 3.50 +82 / +87	3.45 / 3.50 +82 / +87	3.55 / 3.55 +98 / +98	3.55 / 3.55 +98 / +98	3.29* / 3.34* +72 / +77
8 2032		3.50* / 3.52* +57 / +59	3.60 / 3.65 +90 / +95	3.55 / 3.60 +85 / +90	3.65 / 3.70 +101 / +106	3.65 / 3.70 +101 / +106	3.39* / 3.44* +75 / +80
9 2033	3.850 +83	3.60* / 3.66* +59 / +64	3.70 / 3.75 +93 / +96	3.65 / 3.70 +87 / +91	3.75 / 3.75 +104 / +102	3.70 / 3.70 +99 / +97	3.65 / 3.75 +94 / +102
10 2034	3.95 / 4.00 +88 / +92	3.71* / 3.95 +65 / +88	3.75 / 3.75 +93 / +91	3.75 / 3.80 +92 / +96	3.75 / 3.75 +99 / +97	3.75 / 3.75 +99 / +97	3.80 / 3.80 +104 / +102
11 2035	4.05 / 4.05 +92 / +91	4.00 / 4.00 +87 / +86	3.80 / 3.85 +90 / +95	3.85 / 3.85 +95 / +94	3.85 / 3.85 +101 / +101	3.850 +101	3.85 / 3.85 +101 / +101
12 2036	4.10 / 4.10 +93 / +90	4.05 / 4.05 +88 / +86	3.85 / 3.90 +91 / +95	3.90 / 3.90 +96 / +94	3.90 / 3.90 +102 / +101	3.90 / 3.90 +102 / +101	3.90 / 3.90 +102 / +101
13 2037							
14 2038							
15 2039	4.200 +90	4.100 +80		4.000 +93	4.000 +100	4.050 +105	4.000 +100
16 2040							
17 2041							
18 2042							
19 2043							
20 2044	4.600 +95	4.500 +85	4.350 +92	4.350 +92	4.300 +94	4.350 +99	4.300 +94
21 2045							
22 2046							
23 2047							
24 2048				4.450 +84			
25 2049	4.750 +88	4.23* / 4.65 +36 / +78	4.500 +85		4.450 +86	4.500 +91	4.450 +86
26 2050							
27 2051							
28 2052	4.800 +88		4.550 +85				
29 2053							
30 2054		4.700 +76			4.500 +84		
31 2055							4.500 +84 to 30yr
PAC		6.25C/3.81Y +105 to 5yr	6.25C/3.50Y +101 to 5yr	6.25C/3.62Y +105 to 6yr	5.50C/3.63Y +112 to 5.5yr	6.25C/3.53Y +109 to 5yr	6.25C/3.60Y +109 to 6yr
Notes		* 3/29 - 3/34 are 6% cpns, 3/49 is 7.50% cpn; 3/55 PAC is 6.25% coupon at 110.851 to yield 3.81% w/5 yr avg life 75-500% PSA	7/54 PAC bond has 6.25% coupon priced at 112.330 to yield 3.50% and has an average life of 5 years from 50-500% PSA	9/55 PAC bond has 6.25% coupon priced at 113.788 to yield 3.62% and has an average life of 6 years from 100-400% PSA	7/55 PAC bond has 5.50% coupon priced at 109.113 to yield 3.63% and has an average life of 5.5 years from 75-400% PSA	7/55 PAC bond has 6.25% coupon priced at 112.191 to yield 3.53% and has an average life of 5 years from 100-400% PSA	* 1/31 - 7/32 are 5.5% coupons (lockout); 7/55 PAC is 6.25% coupon at 113.824 to yield 3.60% w/6 yr avg life 100-400% PSA
Maturity Dates	11/15 and 5/15	9/1 and 3/1	1/1 and 7/1	9/1 and 3/1	1/1 and 7/1	1/1 and 7/1	1/1 and 7/1
Call Provisions	11/15/32 at par	3/1/34 at par	7/1/33 at par	9/1/32 at par	7/1/33 at par+adj PAC	7/1/33 at par	7/1/32 at par/105.893 PAC
Mkt Index	BBI / RBI 3.92% / 4.21%	BBI / RBI 3.92% / 4.21%	BBI / RBI 3.92% / 4.21%	BBI / RBI 3.92% / 4.21%	BBI / RBI 3.92% / 4.21%	BBI / RBI 3.91% / 4.20%	BBI / RBI 3.91% / 4.20%
Sr Manager	Morgan Stanley	J.P. Morgan	Morgan Stanley	RBC Capital Markets	J.P. Morgan	BoFA	RBC Capital Markets

## NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	10/8/24	10/8/24	10/7/24	10/7/24	10/3/24	10/2/24	9/26/24	
Amount	\$96,755,000	\$60,000,000	\$80,000,000	\$203,600,000	\$56,430,000	\$290,200,000	\$130,000,000	
Issuer	Mississippi HC	New Hampshire HFA	California Veterans Affairs	Georgia HFA	Montana BOH	Michigan SHDA	Missouri HDC	
Series	Series 2024E	2024 Series E	2024 Series A	2024 Series A	2024 Series B	2024 Series D	2024 Series G	
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	
Rating(s)	Aaa / - / -	Aaa / - / -	Aa3 / AA / AA-	- / AAA / -	Aa1 / AA+ / -	Aa2 / AA+ / -	- / AA+ / -	
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	
Maturity Year ('24 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	
0 2024								
1 2025			3.40 / 3.10	+42 / +47		2.95 / 2.95	+10 / +41	
2 2026			3.10 / 3.10	+51 / +59	3.00 / 3.00	+51 / +61	3.00 / 3.00	+71 / +73
3 2027			3.15 / 3.20	+79 / +84	3.00 / 3.00	+65 / +65	3.05 / 3.10	+81 / +86
4 2028			3.25 / 3.30	+87 / +92	3.00 / 3.00	+63 / +63	3.200	+83
5 2029	3.30 / 3.30	+90 / +90	3.30 / 3.35	+90 / +95	3.00 / 3.00	+62 / +62	3.25 / 3.25	+87 / +87
6 2030	3.45 / 3.45	+98 / +98	3.45 / 3.45	+100 / +98	3.10 / 3.10	+66 / +66	3.45 / 3.45	+101 / +101
7 2031	3.55 / 3.55	+102 / +102	3.55 / 3.55	+102 / +102	3.25 / 3.25	+75 / +75	3.50 / 3.55	+100 / +105
8 2032	3.65 / 3.65	+105 / +105	3.65 / 3.70	+105 / +110	3.30 / 3.30	+74 / +74	3.65 / 3.65	+109 / +109
9 2033	3.70 / 3.70	+103 / +103	3.75 / 3.75	+110 / +108	3.35 / 3.35	+73 / +73	3.70 / 3.70	+108 / +108
10 2034	3.75 / 3.80	+103 / +108	3.80 / 3.80	+110 / +108	3.40 / 3.40	+73 / +73	3.75 / 3.80	+108 / +113
11 2035	3.85 / 3.85	+108 / +107	3.850	+108	3.50 / 3.50	+78 / +77	3.85 / 3.85	+113 / +112
12 2036	3.90 / 3.90	+109 / +106	3.90 / 3.90	+109 / +108	3.55 / 3.60	+79 / +81	3.85 / 3.90	+109 / +111
13 2037					3.600	+81		
14 2038								
15 2039	4.050	+108	4.050	+108	3.800	+88	4.000	+108
16 2040							3.900	+109
17 2041							4.000	+119
18 2042							3.950	+107
19 2043								
20 2044	3.97* / 4.45	+63 / +111	4.400	+106	4.100	+81	4.400	+111
21 2045							4.300	+112
22 2046							4.350	+118
23 2047							4.350	+111
24 2048		4.500	+97					
25 2049	4.10* / 4.60	+53 / +103			4.250	+73	4.550	+103
26 2050							4.400	+99
27 2051							4.450	+105
28 2052							4.450	+101
29 2053								
30 2054	4.650	+100			4.300	+70	4.600	+100
31 2055							4.450	+98
PAC		6.25C/3.57Y	+110 to 6yr				5.75C/3.37Y	+110 to 5yr
							6.25C/3.39Y	+112 to 5yr
							5.50C/3.43Y	+112 to 5yr
Notes	* 6/44 and 6/49 are 7.50% coupons not subject to special redemption (lock-out)	7/55 PAC bond has 6.25% coupon priced at 114.072 to yield 3.57% and has an average life of 6 years from 100-400% PSA				6/55 PAC bond has 5.75% coupon priced at 110.701 to yield 3.37% and has an average life of 5 years from 75-500% PSA	6/55 PAC bond has 6.25% coupon priced at 112.874 to yield 3.39% and has an average life of 5 years from 75-500% PSA	5/55 PAC bond has 5.50% coupon priced at 109.262 to yield 3.43% and has an average life of 5 years from 75-400% PSA
Maturity Dates	6/1 and 12/1 12/1/33 at par	1/1 and 7/1 7/1/33 at par	6/1 and 12/1 12/1/33 at par	12/1 and 6/1 6/1/33 at par	6/1 and 12/1 6/1/33 at par	6/1 and 12/1 6/1/33 at par	11/1 and 5/1 5/1/33 at par/101.016 PAC	
Call Provisions	BBI / RBI 3.74% / 4.03%	BBI / RBI 3.74% / 4.03%	BBI / RBI 3.74% / 4.03%	BBI / RBI 3.74% / 4.03%	BBI / RBI 3.74% / 4.03%	BBI / RBI 3.81% / 4.10%	BBI / RBI 3.81% / 4.10%	
Mkt Index	Wells Fargo	BofA	Academy Securities	Morgan Stanley	RBC Capital Markets	RBC Capital Markets	Stifel	
Sr Manager								

## NON-AMT SINGLE FAMILY HOUSING BOND PRICING COMPARABLES, PAST 2 MONTHS PLUS EARLIER MHFA

Pricing Date	9/25/24	9/17/24	7/30/24	6/11/24	4/9/24	1/23/24	11/8/23						
Amount	\$56,000,000	\$79,515,000	\$75,000,000	\$80,000,000	\$26,780,000	\$31,395,000	\$48,750,000						
Issuer	West Virginia HDF	Rhode Island HMFC	Minnesota HFA	Minnesota HFA	Minnesota HFA	Minnesota HFA	Minnesota HFA						
Series	2024 Series D	Series 84-A	2024 Series O	2024 Series L	2024 Series G	2024 Series A	2023 Series R						
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated						
Rating(s)	Aaa / AAA / -	Aa1 / AA+ / -	Aa1 / AA+ / -	Aa1 / AA+ / -	Aa1 / AA+ / -	Aa1 / AA+ / -	Aa1 / AA+ / -						
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT						
Maturity Year ('24 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD			
0 2024					3.400	+20							
1 2025	2.93*	+24			3.45 / 3.45	+27 / +30							
2 2026	2.79* / 2.81*	-26 / -57			3.50 / 3.50	+41 / +47							
3 2027	2.89* / 2.89*	-62 / +55			3.55 / 3.60	+54 / +60							
4 2028	2.91* / 2.96*	+57 / +63			3.625 / 3.65	+66 / +68							
5 2029	2.99* / 3.02*	+65 / +68			3.75 / 3.80	+80 / +85							
6 2030	3.10* / 3.14*	+71 / +75			3.85 / 3.90	+91 / +96							
7 2031	3.17* / 3.22*	+70 / +75			3.95 / 3.95	+102 / +102							
8 2032	3.24* / 3.28*	+69 / +73			4.00 / 4.00	+108 / +108							
9 2033	3.30* / 3.65	+71 / +106			4.05 / 4.05	+113 / +113							
10 2034	3.70 / 3.70	+107 / +107	3.80 / 3.80	+112 / +111	4.10 / 4.10	+118 / +117							
11 2035	3.75 / 3.75	+107 / +106											
12 2036	3.80 / 3.80	+108 / +104	3.90 / 3.90	+120 / +117									
13 2037													
14 2038					4.150	+105							
15 2039	3.900	+100	3.950	+107									
16 2040													
17 2041													
18 2042													
19 2043													
20 2044	4.300	+106	3.94* / 4.40	+72 / +118									
21 2045													
22 2046													
23 2047													
24 2048													
25 2049	4.450	+101	4.08* / 4.50	+66 / +108									
26 2050													
27 2051													
28 2052													
29 2053													
30 2054	4.500	+98	4.550	+105									
31 2055													
PAC				6.25C/3.90Y	+113 to 6yr	6.50C/4.09Y	+114 to 6yr	6.50C/4.05Y	+137 to 5yr	6.25C/3.93Y	+148 to 5yr	6.25C/4.63Y	+151 to 5yr
Notes	* 11/25 through 5/33 are 5% coupons (lock out)	* 4/44 and 4/49 are 5% coupons	1/55 PAC bond has 6.25% coupon priced at 112.18 to yield 3.90% and has an average life of 6 years from 75-500% PSA	1/55 PAC bond has 6.50% coupon priced at 112.427 to yield 4.09% and has an average life of 6 years from 75-500% PSA	7/54 PAC bond has 6.50% coupon priced at 110.824 to yield 4.05% and has an average life of 5 years from 75-500% PSA	7/54 PAC bond has 6.50% coupon priced at 110.285 to yield 3.93% and has an average life of 5 years from 75-500% PSA	7/54 PAC bond has 6.25% coupon priced at 107.02 to yield 4.63% and has an average life of 5 years from 75-500% PSA						
Maturity Dates	11/1 and 5/1	4/1 and 10/1	1/1/55 PAC only	7/1 and 1/1	7/54 PAC only	1/54 PAC only	7/1/54 only						
Call Provisions	11/1/33 at par	4/1/33 at par	1/1/33 at par	1/1/33 at par	7/1/33 at par	7/1/33 at par	1/1/33 at par						
Mkt Index	BBI / RBI 3.81% / 4.10%	BBI / RBI 3.83% / 4.12%	BBI / RBI 3.94% / 4.23%	BBI / RBI 3.97% / 4.26%	BBI / RBI 3.68% / 3.96%	BBI / RBI 3.39% / 3.67%	BBI / RBI 4.17% / 4.45%						
Sr Manager	Raymond James	Morgan Stanley	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets						

## TAXABLE HOUSING PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA

Pricing Date	11/12/24	10/30/24	10/30/24	10/29/24	10/29/24
Amount	\$92,550,000	\$35,000,000	\$20,000,000	\$99,125,000	\$160,000,000
Issuer	Minnesota HFA	Nebraska IFA	Washington SHFC	Indiana HCDA	Virginia HDA
Series	2024 Series V	2024 Series H	2024 Series 2T	2024 Series D-3	2024 Series E
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated
Rating(s)	Aa1 / AA+ / -	- / AAA / -	Aaa / - / -	Aaa / - / AA+	Aaa / AAA / -
Tax Status	Taxable	Taxable	Taxable	Taxable	Taxable
Maturity Year ('24 pricings)	Coupon/ Yield	Spread to UST	Coupon/ Yield	Spread to UST	Coupon/ Yield
1 2025					
2 2026			4.41 / 4.41 +30 / +30 to 2 yr	4.445 +30 to 2 yr	4.543 / 4.493 +40 / +35 to 2 yr
3 2027			4.411 / 4.411 +35 / +35 to 3 yr	4.494 +40 to 3 yr	4.492 / 4.442 +40 / +35 to 3 yr
4 2028			4.489 +40 to 5 yr	4.478 / 4.498 +35 / +37 to 5 yr	4.532 / 4.582 +40 / +45 to 5 yr
5 2029			4.539 / 4.589 +45 / +50 to 5 yr	4.558 / 4.608 +43 / +48 to 5 yr	4.602 / 4.632 +47 / +50 to 5 yr
6 2030			4.72 / 4.72 +55 / +55 to 7 yr	4.732 / 4.742 +52 / +53 to 7 yr	4.748 / 4.818 +53 / +60 to 7 yr
7 2031			4.820 +65 to 7 yr	4.842 / 4.892 +63 / +68 to 7 yr	4.868 / 4.918 +65 / +70 to 7 yr
8 2032			5.00 / 5.00 +74 / +74 to 10 yr	5.028 / 5.068 +73 / +77 to 10 yr	5.037 / 5.087 +73 / +78 to 10 yr
9 2033			5.04 / 5.09 +78 / +83 to 10 yr	5.118 / 5.168 +82 / +87 to 10 yr	5.077 / 5.127 +77 / +82 to 10 yr
10 2034			5.14 / 5.20 +88 / +94 to 10 yr	5.228 / 5.278 +93 / +98 to 10 yr	5.177 / 5.227 +87 / +92 to 10 yr
11 2035	4.977 +60 to 7 yr		4.732 +55 to 7 yr	5.25 / 5.31 +99 / +105 to 10 yr	5.348 / 5.398 +105 / +110 to 10 yr
12 2036					5.277 / 5.327 +97 / +102 to 10 yr
13 2037					5.407 +110 to 10 yr
14 2038					
15 2039	5.626 +120 to 10 yr		5.456 +120 to 10 yr	5.440 +118 to 10 yr	5.518 +122 to 10 yr
16 2040					5.507 +120 to 10 yr
17 2041				5.756 +125 to 30 yr	
18 2042					
19 2043			5.771 +130 to 30 yr		
20 2044	5.875 +130 to 30 yr			5.874 +133 to 30 yr	5.823 +127 to 30 yr
21 2045					
22 2046					
23 2047					
24 2048					
25 2049	5.925 +135 to 30 yr			5.944 +140 to 30 yr	5.903 +135 to 30 yr
26 2050					
27 2051					
28 2052					
29 2053					
30 2054					
31 2055					5.953 +140 to 30 yr
PAC				6.00C/5.328Y +120 to 5 yr	
Notes	7/1/35 is priced to 7yr and is lock-out	9/1/35 priced to 7yr		5/55 PAC is 6% coupon priced at 102.845 to yield 5.328% w/5 year avg. life 50-500% PSA	
Maturity Dates	7/1 35-39: 1/33; 44-49: 1/34	9/1/35, 9/1/39, 3/1/43 9/1/33 at par	6/1 and 12/1 6/1/33 at par	1/1/26, 1/1/27, 1/1 and 7/1 1/1/33 at par/100.416 PAC	1/1 and 7/1 7/1/33 at par
Call Provisions					
Mkt Index	BBI / RBI 4.28% / 4.57%	BBI / RBI 4.18% / 4.47%	BBI / RBI 4.18% / 4.47%	BBI / RBI 4.18% / 4.47%	BBI / RBI 4.18% / 4.47%
Sr Manager	RBC Capital Markets	J.P. Morgan	RBC Capital Markets	J.P. Morgan	Wells Fargo

## TAXABLE HOUSING PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA

Pricing Date	10/23/24	10/22/24	10/21/24	10/21/24	10/16/24					
Amount	\$92,235,000	\$175,000,000	\$22,500,000	\$80,000,000	\$80,000,000					
Issuer	Connecticut HFA	Idaho HFA	Iowa FA	Maryland DHCD	Utah HC					
Series	2024 Series F-2	2024 Series C	2024 Series H	2024 Series F	2024 Series J					
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated					
Rating(s)	Aaa / AAA / -	Aa1 / - / -	Aaa / AAA / -	Aa1 / - / AA+	Aa2 / - / -					
Tax Status	Taxable	Taxable	Taxable	Taxable	Taxable					
Maturity Year ('24 pricings)	Coupon/ Yield	Spread to UST	Coupon/ Yield	Spread to UST	Coupon/ Yield	Spread to UST	Coupon/ Yield	Spread to UST		
1 2025	4.534	+45 to 2 yr	4.512	+48 to 2 yr	4.475	+45 to 2 yr	4.512	+48 to 2 yr	4.442	+50 to 2 yr
2 2026	4.344 / 4.314	+26 / +23 to 2 yr	4.362 / 4.362	+33 / +33 to 2 yr	4.375 / 4.375	+35 / +35 to 2 yr	4.352 / 4.352	+32 / +32 to 2 yr	4.292 / 4.292	+35 / +35 to 2 yr
3 2027	4.345 / 4.345	+31 / +31 to 3 yr	4.356 / 4.356	+38 / +38 to 3 yr	4.40 / 4.40	+45 / +45 to 3 yr	4.339 / 4.339	+38 / +38 to 3 yr	4.25 / 4.25	+40 / +40 to 3 yr
4 2028	4.385 / 4.435	+33 / +38 to 5 yr	4.381 / 4.431	+38 / +43 to 5 yr	4.474 / 4.474	+50 / +50 to 5 yr	4.363 / 4.403	+38 / +42 to 5 yr	4.246 / 4.306	+40 / +46 to 5 yr
5 2029	4.505 / 4.555	+45 / +50 to 5 yr	4.421 / 4.471	+42 / +47 to 5 yr	4.524 / 4.524	+55 / +55 to 5 yr	4.423 / 4.483	+44 / +50 to 5 yr	4.306 / 4.356	+46 / +51 to 5 yr
6 2030	4.695 / 4.695	+55 / +55 to 7 yr	4.651 / 4.651	+55 / +55 to 7 yr	4.723 / 4.723	+65 / +65 to 7 yr	4.684 / 4.684	+60 / +60 to 7 yr	4.513 / 4.513	+59 / +59 to 7 yr
7 2031	4.795 / 4.805	+65 / +66 to 7 yr	4.751 / 4.801	+65 / +70 to 7 yr	4.773 / 4.823	+70 / +75 to 7 yr	4.784 / 4.834	+70 / +75 to 7 yr	4.603 / 4.663	+68 / +74 to 7 yr
8 2032	4.99 / 4.99	+75 / +75 to 10 yr	4.928 / 4.978	+72 / +77 to 10 yr	4.930	+75 to 10 yr	4.964 / 5.014	+77 / +82 to 10 yr	4.798 / 4.858	+78 / +84 to 10 yr
9 2033	5.04 / 5.09	+80 / +85 to 10 yr	5.058 / 5.108	+85 / +90 to 10 yr	5.030	+85 to 10 yr	5.064 / 5.114	+87 / +92 to 10 yr	4.908 / 4.968	+89 / +95 to 10 yr
10 2034			5.128 / 5.178	+92 / +97 to 10 yr	5.130	+95 to 10 yr	5.164 / 5.214	+97 / +102 to 10 yr	5.008 / 5.058	+99 / +104 to 10 yr
11 2035			5.228 / 5.278	+102 / +107 to 10 yr	5.180	+100 to 10 yr	5.264 / 5.314	+107 / +112 to 10 yr	5.088 / 5.128	+107 / +111 to 10 yr
12 2036			5.298 / 5.318	+109 / +111 to 10 yr	5.280	+110 to 10 yr	5.334 / 5.354	+114 / +116 to 10 yr	5.158 / 5.188	+114 / +117 to 10 yr
13 2037										
14 2038										
15 2039			5.428	+122 to 10 yr	5.380	+120 to 10 yr	5.444	+125 to 10 yr	5.268	+125 to 10 yr
16 2040										
17 2041										
18 2042										
19 2043										
20 2044			5.825	+133 to 30 yr			5.827	+133 to 30 yr	5.649	+135 to 30 yr
21 2045										
22 2046										
23 2047										
24 2048										
25 2049			5.895	+140 to 30 yr			5.847	+135 to 30 yr	5.699	+140 to 30 yr
26 2050										
27 2051										
28 2052							5.887	+139 to 30 yr		
29 2053										
30 2054										
31 2055			5.945	+145 to 30 yr						
PAC	6.00C/5.305Y	+125 to 5 yr	6.50C/5.321Y	+132 to 5 yr			6.00C/5.156Y	+130 to 5 yr	6.00C/5.156Y	+131 to 5 yr
Notes	11/25 priced to 2yr; 5/55 PAC is 6% coupon priced at 102.943 to yield 5.305% w/5 year avg. life 50-500%	PSA	7/25 priced to 2yr; 1/65 PAC is 6.50% coupon priced at 105.798 to yield 5.321% w/6 year avg. life 75-400% PSA		7/25 priced to 2yr		9/25 priced to 2yr; 3/55 PAC is 6% coupon priced at 103.06 to yield 5.283% w/5 year avg. life 50-500%	PSA	7/25 priced to 2yr; 7/55 PAC is 6% coupon priced at 103.588 to yield 5.156% w/5 year avg. life 75-500%	
Maturity Dates	11/15 and 5/15		7/1 and 1/1		7/1 and 1/1		9/1 and 3/1		7/1 and 1/1	
Call Provisions	11/15/32 at par/+adj PAC		7/1/32 at par		7/1/33 at par		9/1/32 at par		7/1/32 at par/100.693 PAC	
Mkt Index	BBI / RBI 3.92% / 4.21%		BBI / RBI 3.92% / 4.21%		BBI / RBI 3.92% / 4.21%		BBI / RBI 3.92% / 4.21%		BBI / RBI 3.91% / 4.20%	
Sr Manager	Morgan Stanley		BofA		Morgan Stanley		RBC Capital Markets		RBC Capital Markets	

## TAXABLE HOUSING PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA

Pricing Date	10/8/24	10/8/24	10/7/24	10/2/24	9/26/24	
Amount	\$163,000,000	\$29,125,000	\$10,400,000	\$154,705,000	\$12,000,000	
Issuer	Colorado HFA	Mississippi HC	Georgia HFA	Michigan SHDA	Missouri HDC	
Series	2024 Series G-1	Series 2024F	2024 Series D	2024 Series E	2024 Series H	
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	
Rating(s)	Aaa / AAA / -	Aaa / - / -	- / AAA / -	Aa2 / AA+ / -	- / AA+ / -	
Tax Status	Taxable	Taxable	Taxable	Taxable	Taxable	
Maturity Year ('24 pricings)	Coupon/ Yield	Spread to UST	Coupon/ Yield	Spread to UST	Coupon/ Yield	
1 2025			4.517 / 4.467	+55 / +50 to 2 yr	4.221 / 4.151	+58 / +51 to 2 yr
2 2026	4.339 / 4.369*	+37 / +40 to 2 yr	4.367 / 4.367	+40 / +40 to 2 yr	4.091 / 4.081	+45 / +44 to 2 yr
3 2027	4.28 / 4.30*	+40 / +42 to 3 yr	4.325 / 4.325	+45 / +45 to 3 yr	4.005 / 4.045	+45 / +49 to 3 yr
4 2028	4.278 / 4.328*	+42 / +47 to 5 yr	4.354 / 4.354	+50 / +50 to 5 yr	4.062 / 4.092	+50 / +53 to 5 yr
5 2029	4.328 / 4.388*	+47 / +53 to 5 yr	4.404	+55 to 5 yr	4.162 / 4.162	+60 / +60 to 5 yr
6 2030	4.51 / 4.53*	+58 / +60 to 7 yr			4.348 / 4.338	+69 / +68 to 7 yr
7 2031	4.63 / 4.63*	+70 / +70 to 7 yr			4.438 / 4.438	+78 / +78 to 7 yr
8 2032	4.831 / 4.831*	+80 / +80 to 10 yr			4.636 / 4.676	+84 / +88 to 10 yr
9 2033	4.931 / 4.981	+90 / +95 to 10 yr			4.736 / 4.766	+94 / +97 to 10 yr
10 2034	5.031 / 5.081	+100 / +105 to 10 yr			4.886 / 4.926	+109 / +113 to 10 yr
11 2035						
12 2036	5.151	+112 to 10 yr				
13 2037						
14 2038						
15 2039	5.281	+125 to 10 yr			5.096	+130 to 10 yr
16 2040					5.000	+125 to 10 yr
17 2041						
18 2042						
19 2043						
20 2044	5.652	+133 to 30 yr			5.547	+140 to 30 yr
21 2045					5.510	+140 to 30 yr
22 2046						
23 2047						
24 2048						
25 2049					5.597	+145 to 30 yr
26 2050					5.560	+145 to 30 yr
27 2051						
28 2052						
29 2053						
30 2054					5.610	+150 to 30 yr
31 2055					5.647	+150 to 30 yr
PAC	6.00C/5.28Y	+135 to 7 yr	6.00C/5.054Y	+120 to 5 yr		
Notes	* 6% (26-30) & 6.5% (31-32) coupons (lock-out); 11/50 PAC is 6% coupon priced at 103.529 to yield 5.28% w/6 year avg. life 75-500% PSA				6/25 and 12/25 priced to 2yr	6/25 and 12/25 priced to 2yr
Maturity Dates	5/1 and 11/1 5/1/33 at par/101.303 PAC				6/1 and 12/1 None	6/1 and 12/1 6/1/33 at par
Call Provisions	BBI / RBI 3.74% / 4.03%				BBI / RBI 3.74% / 4.03%	BBI / RBI 3.81% / 4.10%
Mkt Index	RBC Capital Markets				Morgan Stanley	RBC Capital Markets
Sr Manager						Stifel

## TAXABLE HOUSING PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA

Pricing Date	9/25/24	8/20/24	7/30/24	7/9/24	6/11/24					
Amount	\$24,000,000	\$60,000,000	\$110,000,000	\$87,530,000	\$105,000,000					
Issuer	West Virginia HDF	Minnesota HFA	Minnesota HFA	Minnesota HFA	Minnesota HFA					
Series	2024 Series E	2024 Series R	2024 Series P	2024 Series D	2024 Series M					
Program	Single Family / Negotiated	Single Family / Negotiated	Single Family / Negotiated	Multifamily / Negotiated	Single Family / Negotiated					
Rating(s)	Aaa / AAA / -	Aa1 / AA+ / -	Aa1 / AA+ / -	Aa1 / AAA / -	Aa1 / AA+ / -					
Tax Status	Taxable	Taxable	Taxable	Taxable	Taxable					
Maturity Year ('24 pricings)	Coupon/ Yield	Spread to UST	Coupon/ Yield	Spread to UST	Coupon/ Yield	Spread to UST	Coupon/ Yield	Spread to UST		
1 2025	4.15*	+62 to 2 yr	4.557	+55 to 2 yr	4.711	+35 to 2 yr				
2 2026	4.00* / 4.00*	+47 / +47 to 2 yr	4.447 / 4.447	+44 / +44 to 2 yr	4.741 / 4.741	+38 / +38 to 2 yr				
3 2027	4.00* / 4.00*	+51 / +51 to 3 yr	4.258 / 4.308	+45 / +50 to 3 yr	4.553 / 4.553	+38 / +38 to 3 yr				
4 2028	4.08* / 4.08*	+56 / +56 to 5 yr	4.237 / 4.247	+53 / +54 to 5 yr	4.468 / 4.468	+43 / +43 to 5 yr	4.628 / 4.648* +38 / +40 to 5 yr	4.763 / 4.763 +35 / +35 to 5 yr		
5 2029	4.13* / 4.13*	+61 / +61 to 5 yr	4.247 / 4.257	+54 / +55 to 5 yr	4.498 / 4.538	+46 / +50 to 5 yr	4.698 / 4.798 +45 / +55 to 5 yr	4.863 / 4.863 +45 / +45 to 5 yr		
6 2030	4.26* / 4.26*	+61 / +61 to 7 yr	4.341 / 4.391	+60 / +65 to 7 yr	4.619 / 4.669	+55 / +60 to 7 yr	4.805 / 4.855 +55 / +60 to 7 yr	4.954 / 5.004 +55 / +60 to 7 yr		
7 2031	4.36* / 4.36*	+71 / +71 to 7 yr	4.491 / 4.541	+75 / +80 to 7 yr	4.689 / 4.739	+62 / +67 to 7 yr	4.855 / 4.905 +60 / +65 to 7 yr	5.004 / 5.054 +60 / +65 to 7 yr		
8 2032	4.55* / 4.60*	+76 / +81 to 10 yr	4.676 / 4.726	+85 / +90 to 10 yr	4.893 / 4.943	+75 / +80 to 10 yr	5.00* / 5.00* +70 / +70 to 10 yr	5.10* / 5.15 +70 / +75 to 10 yr		
9 2033	4.65* / 4.70	+86 / +91 to 10 yr	4.806 / 4.876	+98 / +105 to 10 yr	4.973 / 5.023	+83 / +88 to 10 yr	5.10 / 5.10* +80 / +80 to 10 yr	5.18 / 5.23* +78 / +83 to 10 yr		
10 2034	4.80 / 4.85	+101 / +106 to 10 yr	4.926 / 4.976	+110 / +115 to 10 yr	5.093 / 5.143	+95 / +100 to 10 yr	5.20 / 5.20* +90 / +90 to 10 yr	5.33 / 5.33 +93 / +93 to 10 yr		
11 2035	4.90 / 4.95	+111 / +116 to 10 yr	5.026 / 5.056	+120 / +123 to 10 yr	5.193 / 5.223	+105 / +108 to 10 yr	5.25* / 5.28* +95 / +98 to 10 yr	5.38* / 5.42* +98 / +102 to 10 yr		
12 2036								5.45* / 5.50 +105 / +110 to 10 yr		
13 2037										
14 2038										
15 2039	5.050	+126 to 10 yr	5.176*	+135 to 10 yr	5.393	+125 to 10 yr	5.580	+128 to 10 yr	5.730	+133 to 10 yr
16 2040										
17 2041										
18 2042										
19 2043										
20 2044	5.480	+134 to 30 yr	5.483	+140 to 30 yr	5.858*	+145 to 30 yr	5.827	+133 to 30 yr	5.937* +140 to 30 yr	
21 2045										
22 2046			5.533	+145 to 30 yr						
23 2047										
24 2048					5.908*	+150 to 30 yr				
25 2049	5.550	+141 to 30 yr					5.897	+140 to 30 yr	6.007* +147 to 30 yr	
26 2050										
27 2051					5.958	+155 to 30 yr			6.037* +150 to 30 yr	
28 2052										
29 2053										
30 2054	5.600	+146 to 30 yr					5.947	+145 to 30 yr		
31 2055										
PAC		6.00C/5.041Y +130 to 7 yr								
Notes	* 11/25 through 5/33 are 6% coupons (lock out); 11/25 spread to 2yr		7/25 priced to 2yr; 7/39 is 5.14% coupon; 1/55 PAC is 6% coupon priced at 104.786 to yield 5.041% w/6 year avg. life 75-500% PSA		7/25 priced to 2yr; 7/44 is 5.794% coupon; 7/48 is 5.85% coupon		* 8/28, 2/32, 8/32, 8/33, 8/34, 2/35, and 8/35 are 6% coupons (lock-out)		* 7/25 priced to 2yr; 1/32, 7/33, and 1/35-1/36 are 6% coupons; 7/44 is 5.915% coupon; 7/49 is 5.968% coupon; 7/51 is 6.018% coupon	
Maturity Dates	11/1 and 5/1		7/1 and 1/1		7/1 and 1/1		2/1 and 8/1		7/1 and 1/1	
Call Provisions	11/1/33 at par		1/1/33 at par		1/1/33 at par		2/1/33 at par		1/1/33 at par	
Mkt Index	BBI / RBI 3.81% / 4.10%		BBI / RBI 3.88% / 4.17%		BBI / RBI 3.94% / 4.23%		BBI / RBI 3.96% / 4.25%		BBI / RBI 3.97% / 4.26%	
Sr Manager	Raymond James		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets		RBC Capital Markets	

## TAXABLE HOUSING PRICING COMPARABLES, PAST 6 WEEKS PLUS EARLIER MHFA

Pricing Date	5/16/24			4/9/24			3/11/24			1/23/24		
Amount	\$60,000,000			\$62,095,000			\$60,000,000			\$73,605,000		
Issuer	Minnesota HFA			Minnesota HFA			Minnesota HFA			Minnesota HFA		
Series	2024 Series J			2024 Series H			2024 Series D			2024 Series B		
Program	Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated			Single Family / Negotiated		
Rating(s)	Aa1 / AA+ / -			Aa1 / AA+ / -			Aa1 / AA+ / -			Aa1 / AA+ / -		
Tax Status	Taxable			Taxable			Taxable			Taxable		
Maturity Year ('24 pricings)	Coupon/ Yield	Spread to UST		Coupon/ Yield	Spread to UST		Coupon/ Yield	Spread to UST		Coupon/ Yield	Spread to UST	
1 2025				5.145 / 5.145	+40 / +40	to 2 yr				4.853 / 4.883	+47 / +50	to 2 yr
2 2026	4.983*	+20	to 2 yr	5.025 / 5.045	+28 / +30	to 2 yr				4.733 / 4.783	+35 / +40	to 2 yr
3 2027	4.812*	+25	to 3 yr	4.857 / 4.907	+30 / +35	to 3 yr				4.718 / 4.748	+56 / +59	to 3 yr
4 2028	4.691*	+30	to 5 yr	4.827 / 4.887	+45 / +51	to 5 yr				4.719 / 4.769	+67 / +72	to 5 yr
5 2029	4.741 / 4.791	+35 / +40	to 5 yr	4.887 / 4.937	+51 / +56	to 5 yr						
6 2030	4.825 / 4.875	+45 / +50	to 7 yr	5.019 / 5.069	+64 / +69	to 7 yr						
7 2031	4.925 / 4.975	+55 / +60	to 7 yr	5.139 / 5.179	+76 / +80	to 7 yr						
8 2032				5.238 / 5.268	+87 / +90	to 10 yr						
9 2033	5.119* / 5.219	+75 / +85	to 10 yr	5.348 / 5.388	+98 / +102	to 10 yr						
10 2034	5.319 / 5.369	+95 / +100	to 10 yr	5.428 / 5.428	+106 / +106	to 10 yr	4.938	+85	to 5 yr	5.205	+110	to 7 yr
11 2035	5.419 / 5.469	+105 / +110	to 10 yr	5.488 / 5.488	+112 / +112	to 10 yr						
12 2036												
13 2037												
14 2038												
15 2039	5.619	+125	to 10 yr	5.588	+122	to 10 yr	5.350	+125	to 10 yr	5.520	+138	to 10 yr
16 2040												
17 2041												
18 2042												
19 2043												
20 2044	5.848	+133	to 30 yr	5.730	+123	to 30 yr				5.780	+139	to 30 yr
21 2045							5.536	+127	to 30 yr			
22 2046												
23 2047	5.908	+139	to 30 yr									
24 2048												
25 2049										5.900	+151	to 30 yr
26 2050				5.850	+135	to 30 yr						
27 2051										5.960	+157	to 30 yr
28 2052												
29 2053												
30 2054												
31 2055												
PAC	6.50C/5.591Y	+120	to 5 yr				6.25C/5.308Y	+122	to 5 yr			
Notes	* 7/26, 7/27, 7/28, and 1/33 are 6% coupons; 7/54 PAC is 6.50% coupon priced at 102.996 to yield 5.591% w/5 year avg. life 75-500%			1/25 and 7/25 priced to 2yr			7/34 priced to 5yr (+84 to 10yr); 7/54 PAC is 6.25% coupon priced at 104.008 to yield 5.308% w/5 year avg. life 75-500% PSA			1/25 and 7/25 priced to 2yr; 1/34 priced to 7yr avg. life		
Maturity Dates	7/1/26, 27, 28; 1/1 and 7/1			1/1 and 7/1			1/1 and 7/1			1/1 and 7/1		
Call Provisions	7/1/33 at par			7/1/33 at par			7/1/33 at par			7/1/33 at par		
Mkt Index	BBI / RBI 3.93% / 4.22%			BBI / RBI 3.68% / 3.96%			BBI / RBI 3.52% / 3.80%			BBI / RBI 3.39% / 3.67%		
Sr Manager	RBC Capital Markets			RBC Capital Markets			RBC Capital Markets			RBC Capital Markets		

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## Item: Post Sale Report, Rental Housing Bonds, Series 2024 FG (Maple Hills Development & Gladstone Village II)

**Information Item:** 9.B

**Date:** 01/23/2025

**Staff Contacts:** Matt Dieveney, 651.282.2577, matt.dieveney@state.mn.us  
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us

**Request Type:** No Action, Information

### Request Summary

The Agency priced \$24,655,000 of its Series 2024 FG Rental Housing Bonds on December 19, 2024. This bond issue is structured with both a short-term and long-term component. The short-term bonds will mature in 2027 and the long-term bonds mature between 2034 and 2067. In accordance with the board's Policy No. 1 (Debt and Balance Sheet Management Policy), the attached detailed post sale report is provided by the Agency's financial advisor, CSG Advisors.

### Fiscal Impact

None.

### Agency Priorities

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

### Attachments

- Post-Sale Report

## POST-SALE REPORT

**\$24,655,000**

**Minnesota Housing Finance Agency**

### **Rental Housing Bonds, 2024 Series FG-1, F-2, and G-2 (Maple Hills and Gladstone Village II)**

Minnesota Housing issued its \$24,655,000 2024 Series FG-1, F-2, and G-2 tax-exempt Rental Housing Bonds to provide funding for two developments: 96-unit Maple Hills in Red Wing and 56-unit Gladstone Village II in Maplewood. The bonds make the developments eligible for 4% low income housing tax credits. RBC Capital Markets, acting as sole manager, priced the bonds on December 11, 2024. The transaction closed on December 19, 2024.

The issue was structured with three components – \$6,955,000 Series FG-1 with maturities in 2034, 2039, 2044, 2049, 2054, 2059, and 2067 to provide long-term financing for both developments, \$9,350,000 Series F-2 maturing 2/1/27 to provide short-term bridge financing for Maple Hills, and \$8,350,000 Series G-2 maturing 8/1/27 to provide short-term bridge financing for Gladstone Village II. The FG-1 long-term bonds will have HUD Risk-Sharing insurance on the underlying Gladstone Village II loan and will be repaid from net operating income from the developments. Using long-term bonds helps preserve Agency liquidity while still providing an attractive long-term borrowing rate of 5.98% to Maple Hills and 6.26% to Gladstone Village II. The F-2 and G-2 short-term bonds will be repaid from low income housing tax credit equity contributions and other sources, and the short-term borrowing rate to both developments is 4.25%. Moody's and Standard & Poor's rated the bonds "Aa1" and "AAA", respectively.

On pricing day, RBC generated \$29.79 million in orders, with subscription levels ranging from 0x to 4.8x depending on the maturity (1.2x overall). For the FG-1 bonds, which had subscription levels of 1.0x in 2034, 1.6x in 2039, 3.0x in 2044, 3.0x in 2049, 2.7x in 2054, 1.4x in 2059, and 4.8x in 2067, RBC reduced the 2044, 2049, and 2067 coupons by 0.05% and left the other coupons unchanged. For the F-2 and G-2 short-term bonds, which received a single \$9.35 million order toward the \$17.7 million to be sold (a little over 0.5x subscription), RBC offered to fully underwrite them at a level 0.05% higher than the marketed level. The final spread on the F-2 and G-2 bonds was +73 basis points to the interpolated Municipal Market Data (MMD) index set at the end of the day.

As shown in the table below, the +73 basis points spread on the F-2 and G-2 short-term bonds is within the +66 to +79 range achieved on all but one of MHFA's Rental transactions since 2022. (The outlier is 24B Edge at +40bps). The 2024 Series F and G pricing levels compare favorably to similar recent HFA transactions in the market, as shown in the attached exhibit.

#### **MINNESOTA HOUSING RENTAL HOUSING SHORT-TERM BOND TRANSACTIONS: 2022 TO PRESENT**

Pricing Date	Series	Development Name	Par	Weighted	Spread to iMMD (bps)		
			Amount (\$ millions)	Average Life (yrs) First Call / Maturity	Prior Day	Pricing Day	
6/14/22	22B	WOTW Theodore	8.200	1.606 / 2.106	2.85%	+83	+77
8/2/22	22A	Spring Creek II	7.190	1.472 / 1.972	2.30%	+69	+69
10/4/22	22C	Lumin at Highland Br.	10.495	1.800 / 2.300	3.80%	+73	+78
2/14/23	23A	Horizon Heights	5.150	1.439 / 1.939	3.15%	+75	+73
3/21/23	23B	Brewery Creek	10.640	1.342 / 1.842	3.30%	+79	+79
5/4/23	23C	Cambridge Apts.	9.665	1.222 / 1.722	3.45%	+73	+76
7/20/23	23D	Calvary Center Apts.	7.940	1.011 / 1.511	3.65%	+75	+72
8/10/23	23E	Phalen Village	5.720	1.456 / 1.956	3.875%	+75.5	+77.5
5/1/24	24A2	Walnut Towers	4.060	1.731 / 2.231	3.875%	+67.5	+67.5
7/24/24	24B2	Edge Apartments	5.640	1.000 / 1.503	3.25%	+40	+40
8/12/24	24C2	Carver Place	5.195	1.114 / 1.947	3.30%	+66	+66
12/11/24	24F2	Maple Hills	9.350	1.117 / 2.117	3.25%	+75	+73
12/11/24	24G2	Gladstone Village II	8.350	1.534 / 2.617	3.25%	+75	+73

## HFA MULTIFAMILY HOUSING BOND PRICING COMPARABLES

Pricing Date	12/11/24	12/10/24	12/10/24	12/10/24	12/10/24	12/9/24	12/5/24	12/5/24	12/5/24
Amount	\$24,655,000	\$100,585,000	\$12,120,000	\$27,155,000	\$22,000,000	\$18,150,000	\$43,952,000	\$275,975,000	\$127,100,000
Issuer	Minnesota HFA	Illinois HDA	Indiana HCDA	Montana BOH	Pinellas Co. HFA (FL)	Wyoming CDA	Alabama HFA	New York City HDC	New York City HDC
Series	2024 FG (Maple, Gladstone)	2024 Series H-1	S. 2024 (Sunrise Crossing)	S. 2024 (Aurora)	S. 2024 (Citrus Grove)	2024 S. A (Pershing Pointe)	S. 2024 B.C (Cooper Green)	2024 Series F-1,A,B	2024 Series F-2
Program	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated
Rating(s)	Aa1 / AAA / -	Aaa / / -	Aaa/VMIG-1 / - / -	Aaa / / -	Aaa/VMIG-1 / - / -	Aaa / / -	Aaa/VMIG-1 / - / -	Aa2 / AA+ / -	Aa2 / AA+ / -
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT
Maturity Year (24 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield
1 2025									
2 2026									
3 2027	3.25 / 3.25	+73 / +73				3.300 +80			
4 2028			3.300 +79	3.320 +81			3.25* +74		
5 2029								3.25 / 3.25 +72 / +70	3.400 +88
6 2030								3.375 / 3.45 +81.5 / +88	
7 2031								3.45 / 3.50 +88 / +91	
8 2032								3.60 / 3.65 +100 / +102	
9 2033								3.70 / 3.70 +103 / +103	
10 2034	3.750 +101							3.70 / 3.70 +100 / +97	
11 2035								3.80 / 3.85 +103 / +107	
12 2036								3.90 / 3.90 +110 / +107	
13 2037									
14 2038									
15 2039	4.000 +103							3.950 +101	
16 2040									
17 2041						4.250 +115			
18 2042		4.16* +97							
19 2043									
20 2044	4.300 +98						4.300 +101		
21 2045							4.450 +110		
22 2046									
23 2047									
24 2048									
25 2049	4.400 +87							4.450 +95	
26 2050									
27 2051									
28 2052									
29 2053									
30 2054	4.500 +90						4.19* / 4.55 +62 / +98		
31 2055									
32 2056									
33 2057									
34 2058									
35 2059	4.550 +95 to 30yr						4.26* +69 to 30yr		
36 2060									
37 2061									
38 2062		4.57* +99 to 30yr							
39 2063									
40 2064							4.625 +105.5 to 30yr		
41 2065									
42 2066									
43 2067	4.600 +100 to 30yr								
	FG1 is \$6,955,000 2034-2067; F2 is \$9,350,000 maturing 2/1/27 with 2/1/26 optional call; G2 is \$8,350,000 maturing 8/1/27 with 7/1/26 optional call								
Notes	* 1/42 is 4% coupon; 7/62 is 4.50% coupon		1/1/45 maturity shown at 1/1/28 mandatory tender above	7/1/46 maturity shown at 2/1/28 mandatory tender above	1/1/42 maturity shown at 1/1/27 mandatory tender above; annual payment frequency		Fannie Mae MBS secured	* 11/1/54 and 11/1/59 are 5% coupons	11/1/64 maturity shown at 1/2/29 mandatory tender above
Maturity Dates	8/1, plus 2/1/27	1/1/42 and 7/1/62	1/1/45 only	7/1/46 only	1/1/42 only	2/1/41 only	B: 8/1/45; C: 2/1/29	5/1 and 11/1	11/1/64 only
Call Provisions	FG1:2/33; F2:2/26; G2:7/26	7/1/33 at par	4/1/27 at par if conversion	8/1/27 at par	1/1/26 at par	None	B: None; C: 2/1/28 at par	11/1/32 at par	12/1/27 at par
Mandatory Tender	N/A	N/A	1/1/28	2/1/28	1/1/27	N/A	C: 2/1/28	N/A	1/2/29
Mkt Index	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%
Sr Manager	RBC Capital Markets	J.P. Morgan	Stifel	KeyBanc	RBC Capital Markets	Stifel	Stifel	Jefferies	Jefferies

## HFA MULTIFAMILY HOUSING BOND PRICING COMPARABLES

Pricing Date	12/4/24	12/4/24	12/3/24	12/3/24	12/3/24	11/26/24	11/26/24	11/21/24	11/21/24	
Amount	\$134,000,000	\$17,250,000	\$178,000,000	\$28,754,000	\$275,890,000	\$16,500,000	\$30,000,000	\$38,500,000	\$27,387,000	
Issuer	California MFA	Florida HFC	Maryland DHCD	Nevada HD	New Jersey HMDA	Texas SAHC	Oklahoma HFA	Utah HC	West Virginia HDF	
Series	2024 S. A1 (View San Bruno)	2024 S. I (Enclave Canopy)	Series 2024 D-1,2	S. 2024 (Carville Park)	24 S. A.B; 23 S. E-1,2 (remkt)	S. 2024 (Burleson Studios)	S. 2024 (Lakeshore Pointe)	S. 2024 A,B (Promontory)	S. 2024 (Beckley)	
Program	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	
Rating(s)	Aaa / - / -	Aaa / - / -	Aaa / - / -	Aaa/VMG-1 / - / -	- / AA / -	Aaa/VMG-1 / - / -	Aaa/VMG-1 / - / -	Aaa/VMG-1 / - / -	Aaa/VMG-1 / - / -	
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	
Maturity Year ('24 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	
1 2025					3.250	+57				
2 2026					3.30 / 3.30	+68 / +76				
3 2027					3.22*	+72	3.35 / 3.375,3.40	+85 / +87.5,+90	3.350	+77
4 2028	3.10*	+58	3.300	+79	3.45 / 3.50	+93 / +98			3.398	+82
5 2029			3.30 / 3.30	+78 / +76	3.50,3.55 / 3.55	+97,+102 / +100				
6 2030			3.35 / 3.45	+80 / +89	3.60 / 3.625	+104 / +106				
7 2031			3.50 / 3.55	+93 / +97	3.65 / 3.65	+108 / +106				
8 2032			3.60 / 3.65	+101 / +104	3.70 / 3.70	+110 / +107				
9 2033			3.70 / 3.70	+105 / +103	3.75 / 3.75	+108 / +108				
10 2034			3.70 / 3.75	+102 / +104	3.80 / 3.80	+110 / +107				
11 2035			3.80 / 3.85	+105 / +108	3.875 / 3.875	+111 / +110				
12 2036			3.90 / 3.90	+111 / +109	3.95 / 3.95	+115 / +112				
13 2037										
14 2038										
15 2039			4.000	+106						
16 2040					4.000	+98				
17 2041										
18 2042										
19 2043										
20 2044			4.350	+106						
21 2045					4.350	+100			4.690	+115
22 2046										
23 2047										
24 2048										
25 2049										
26 2050					4.500	+99				
27 2051										
28 2052										
29 2053										
30 2054										
31 2055					4.550	+98 to 30yr				
32 2056										
33 2057										
34 2058										
35 2059										
36 2060					4.600	+103 to 30yr				
37 2061										
38 2062										
39 2063										
40 2064										
41 2065										
42 2066										
43 2067										
Notes	* 5% coupon; 6/1/56 maturity shown at 7/1/28 mandatory tender above	7/1/58 maturity shown at 1/1/28 mandatory tender above; annual payment frequency	D-1 is \$98,810,000 Fannie Mae MBS secured; D-2 is \$79,190,000 cash-collateralized	* 5% coupon; 7/1/28 maturity shown at 7/1/27 mandatory tender above	11/1/27 has portion at 3.375% and portion at 3.40%; 5/1/29 has portion at 5.50% and portion at 5.55%	7/1/28 maturity shown at 7/1/27 mandatory tender above	12/1/27 maturity shown at 12/1/26 mandatory tender above	A is \$30,120,000 4.69% Fannie Mae MBS secured; B is \$8,380,000 3.4% with 2/1/28 maturity shown at 8/1/27 mandatory tender above	* 5% coupon; 8/1/27 maturity shown at 4/1/27 mandatory tender above	
Maturity Dates	6/1/56 only	7/1/58 only	D1: 8/1 and 2/1; D2 1/1/29	7/1/28 only	11/1 and 5/1	7/1/28 only	12/1/27 only	A: 2/1/45; B: 2/1/28	8/1/27 only	
Call Provisions	7/1/2028 at par	3/1/27 at par	None	7/1/27 at par	5/1/34 at par	7/1/27 at par	12/1/26 at par	A: None; B: 8/1/27 at par	4/1/27 at par	
Mandatory Tender	7/1/28	1/1/28	N/A	7/1/27	N/A	7/1/27	12/1/26	B: 8/1/27	4/1/27	
Mkt Index	BBI / RBI 3.98% / 4.27%	BBI / RBI 4.03% / 4.32%	BBI / RBI 4.03% / 4.32%	BBI / RBI 4.03% / 4.32%	BBI / RBI 4.03% / 4.32%	BBI / RBI 4.12% / 4.41%	BBI / RBI 4.12% / 4.41%	BBI / RBI 4.12% / 4.41%	BBI / RBI 4.12% / 4.41%	
Sr Manager	Stifel	RBC Capital Markets	Jefferies	Stifel	Barclays	Wells Fargo	Raymond James	KeyBanc	Stifel	

Pricing Date	11/19/24	11/15/24	11/14/24	11/14/24	11/14/24	11/13/24	11/12/24	11/12/24	11/12/24
Amount	\$17,000,000	\$36,000,000	\$80,000,000	\$66,415,000	\$117,100,000	\$26,690,000	\$30,000,000	\$11,200,000	\$164,175,000
Issuer	Michigan SHDA	Michigan SHDA	Hawaii HFDC	Massachusetts HFA	Massachusetts HFA	Ohio HFA	Florida HFC	Ohio HFA	Virginia HDA
Series	S. 2024 (Cambridge Towers)	S. 2024 (Midblock Apts)	S. 2024 (Hale Moiliili)	2024 Series B-1,B-2	2024 Series B-3	24 (Norwalk,Fairview,Wyandot)	2024 S. G2 (Maison Solivita)	S. 2024 (Cedar)	2024 Series H
Program	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated
Rating(s)	Aaa/VMIG-1 / - / -	Aaa / - / -	Aaa/VMIG-1 / - / -	Aa2 / AA+ / -	Aa2 / AA+ / -	Aaa / - / -	Aaa/VMIG-1 / - / -	Aaa / AA+ / -	Aa1 / AA+ / -
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT
Maturity Year (24 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield
1 2025									
2 2026	3.521*	+79							
3 2027			3.300	+74		3.400	+84		
4 2028			3.33*	+75	3.25 / 3.25	+67 / +67	3.450	+87	
5 2029					3.35 / 3.40	+73 / +76	3.50 / 3.55	+88 / +91	
6 2030					3.45 / 3.50	+77 / +80			
7 2031					3.55 / 3.60	+81 / +83			
8 2032					3.70 / 3.75	+90 / +91			
9 2033					3.75 / 3.80	+87 / +92			
10 2034					3.85 / 3.90	+92 / +95			
11 2035					3.90 / 3.95	+91 / +95			
12 2036					4.00 / 4.00	+98 / +95			
13 2037					4.05 / 4.05	+99 / +96			
14 2038					4.100	+94			
15 2039									4.150 +99
16 2040									
17 2041							4.470	+115	
18 2042									
19 2043					4.350	+85			
20 2044									4.450 +95
21 2045									
22 2046									
23 2047									
24 2048									
25 2049					4.550	+83			
26 2050									4.625 +91
27 2051									
28 2052									
29 2053									
30 2054					4.650	+86			
31 2055									4.700 +91
32 2056									
33 2057									
34 2058									
35 2059					4.700	+91 to 30yr			
36 2060									4.750 +96 to 30yr
37 2061									
38 2062									
39 2063									
40 2064									
41 2065									
42 2066									4.850 +106 to 30yr
43 2067					4.621 / 4.75 +83/+96 to 30yr				
Notes	* 5% coupon; 6/1/27 maturity shown at 6/1/26 mandatory tender above	* 5% coupon; 3/1/29 maturity shown at 3/1/28 mandatory tender above	12/1/29 maturity shown at 12/1/27 mandatory tender above; annual payment frequency	B-2 is \$24,600,000 maturing 6/1/67 with 4.621% coupon and 1/25/54 average life date	optional calls: 12/1/27 at 12/1/26, 12/1/28 at 12/1/27, 6/1/29 at 6/1/28, and 12/1/29 at 12/1/28	Fannie Mae MBS secured	11/1/42 maturity shown at 5/1/28 mandatory tender above	6/1/45 maturity shown at 6/1/27 mandatory tender above	* 12/1/28 has optional par call at 12/1/25; 6/1/29 has optional par call 6/1/26
Maturity Dates	6/1/27 only	3/1/29 only	12/1/29 only	6/1 and 12/1	12/1/27, 12/1/28, 6/1&12/1/29	1/1/41 only	11/1/42 only	6/1/45 only	12/1 and 6/1
Call Provisions	None	None	None	6/1/33 at par	1 year before maturity	None	5/1/28 at par	6/1/27 at par	2/33 at par except 12/28,6/29
Mandatory Tender	6/1/26	3/1/28	12/1/27	N/A	N/A	N/A	5/1/28	6/1/27	N/A
Mkt Index	BBI / RBI 4.14% / 4.43%	BBI / RBI 4.14% / 4.43%	BBI / RBI 4.14% / 4.43%	BBI / RBI 4.14% / 4.43%	BBI / RBI 4.14% / 4.43%	BBI / RBI 4.28% / 4.57%	BBI / RBI 4.28% / 4.57%	BBI / RBI 4.28% / 4.57%	BBI / RBI 4.28% / 4.57%
Sr Manager	Sturges	Sturges	RBC Capital Markets	RBC Capital Markets	KeyBanc	Stifel	Lument	BofA	

## HFA MULTIFAMILY HOUSING BOND PRICING COMPARABLES

Pricing Date	10/22/24	10/15/24	10/15/24	10/9/24	8/12/24	7/24/24	5/1/24
Amount	\$107,580,000	\$20,135,000	\$28,075,000	\$10,700,000	\$9,820,000	\$8,055,000	\$9,590,000
Issuer	California HFA	California MFA	California MFA	Colorado HFA	Minnesota HFA	Minnesota HFA	Minnesota HFA
Series	2024 Series A-1,2	2024 S. A (Alexander)	2024 S. A (Parmow)	S. 2024 (Rendezvous VOA)	2024 S. C (Carver Place)	2024 S. B (Edge)	2024 S. A (Walnut Towers)
Program	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated
Rating(s)	Aa2 / AA / -	Aaa / / -	Aaa / / -	Aaa/VMIG-1 / / -	Aa1 / AAA / -	Aa1 / AAA / -	Aa1 / AAA / -
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT
Maturity Year (24 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield
1 2025	2.950	-9			3.050	+61	3.300
2 2026	2.95 / 2.95	+19 / +32					+66
3 2027	3.00 / 3.00	+50 / +50					
4 2028	3.00,3.25* / 3.00+48,+73* / +48						
5 2029	3.05 / 3.05	+49 / +49					
6 2030	3.15 / 3.20	+52 / +55					
7 2031	3.25 / 3.30	+54 / +59					
8 2032	3.35 / 3.35	+57 / +57					
9 2033	3.45 / 3.50	+60 / +63					
10 2034	3.55 / 3.60	+65 / +68	3.600	+82			
11 2035	3.65 / 3.65	+67 / +66			3.950	+125	3.950
12 2036	3.70 / 3.70	+68 / +66					+117
13 2037							
14 2038							
15 2039	3.850	+70					
16 2040			4.000	+90			
17 2041							
18 2042							
19 2043							
20 2044	4.150	+65					
21 2045					4.500	+120	4.500
22 2046							+112
23 2047							
24 2048							
25 2049	4.250	+53					
26 2050							
27 2051							
28 2052	4.300	+53					
29 2053							
30 2054						4.750	+109
31 2055							4.800
32 2056							+84
33 2057							
34 2058							
35 2059							
36 2060							
37 2061							
38 2062							
39 2063							
40 2064							
41 2065							
42 2066						4.850	+119 to 30yr
43 2067							4.900
Notes	* A-2 is \$40,000,000 with 8/1/64 maturity, 2/1/28 mandatory tender, and 8/1/27 optional par call	Fannie Mae MBS secured	Fannie Mae MBS secured	10/1/27 maturity shown at 10/1/26 mandatory tender above	C1 is \$4,625,000 with 8/1/34 and 8/1/44 maturities and 8/1/32 optional call; C2 is \$5,195,000 with 8/1/26 maturity and 10/1/25 optional call	B1 is \$2,415,000 with 2034-2066 maturities and 8/1/32 optional call; B2 is \$5,640,000 with 2/1/26 maturity and 8/1/25 optional call	B1 is \$5,530,000 with 2034-2066 maturities and 8/1/32 optional call; A2 is \$4,060,000 with 8/1/26 maturity and 8/1/25 optional call
Maturity Dates	8/1 and 2/1	11/1/34 only	11/1/40 only	10/1/27 only	8/1	8/1	8/1
Call Provisions	A1: 2/1/33 par; A2: 8/1/27 par	5/1/34 at par	11/1/34 at par	None	C1: 8/1/32; C2: 10/1/25	B1: 8/1/32; B2: 8/1/25	A1: 8/1/32; A2: 8/1/25
Mandatory Tender	A2: 2/1/28	N/A	N/A	10/1/26	N/A	N/A	N/A
Mkt Index	BBI / RBI 3.92% / 4.21%	BBI / RBI 3.91% / 4.20%	BBI / RBI 3.91% / 4.20%	BBI / RBI 3.74% / 4.03%	BBI / RBI 3.94% / 4.23%	BBI / RBI 3.92% / 4.21%	BBI / RBI 4.07% / 4.36%
Sr Manager	Morgan Stanley	Stifel	Stifel	Loop Capital Markets	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets



## Item: Post Sale Report, Rental Housing Bonds, Series 2024 E (CB Ford Site II)

**Information Item:** 9.C

**Date:** 01/23/2025

**Staff Contacts:** Matt Dieveney, 651.282.2577, matt.dieveney@state.mn.us  
Debbi Larson, 651.296.8183, debbi.larson@state.mn.us

**Request Type:** No Action, Information

### Request Summary

The Agency priced \$11,165,000 of its Series 2024 E Rental Housing Bonds on December 23, 2024. This bond issue is structured with both a short-term and long-term component. The short-term bonds will mature in 2026 and the long-term bonds mature between 2034 and 2066. In accordance with the board's Policy No. 1 (Debt and Balance Sheet Management Policy), the attached detailed post sale report is provided by the Agency's financial advisor, CSG Advisors.

### Fiscal Impact

None.

### Agency Priorities

- Improve the Housing System
- Make Homeownership More Accessible
- Preserve and Create Housing Opportunities
- Support People Needing Services
- Strengthen Communities

### Attachments

- Post-Sale Report



## POST-SALE REPORT

**\$11,165,000**

### Minnesota Housing Finance Agency Rental Housing Bonds, 2024 Series E-1 and E-2 (CB Ford Site II)

Minnesota Housing issued its \$11,165,000 2024 Series E-1 and E-2 tax-exempt Rental Housing Bonds to provide funding for the 60-unit CB Ford Site II development in St. Paul. The bonds make the development eligible for 4% low income housing tax credits. RBC Capital Markets, acting as sole manager, priced the bonds on December 17, 2024. The transaction closed on December 23, 2024.

The issue was structured with two components – \$3,235,000 Series E-1 with maturities in 2034, 2044, 2054, and 2066 to provide long-term financing and \$7,930,000 Series E-2 maturing 8/1/26 to provide short-term bridge financing. The E-1 long-term bonds will have HUD Risk-Sharing insurance on the underlying loan and will be repaid from project net operating income. Using long-term bonds helps preserve Agency liquidity while still providing an attractive long-term borrowing rate of 5.97% to the development. The E-2 short-term bonds will be repaid from low income housing tax credit equity contributions and other sources, and the short-term borrowing rate to the development is 4.40%. Moody's and Standard & Poor's rated the bonds "Aa1" and "AAA", respectively.

On pricing day, RBC generated \$7.765 million in orders, with subscription levels ranging from 0.5x to 1.2x depending on the maturity (0.7x overall). For the E-1 bonds, which had subscription levels of 1.0x in 2034, 2.0x in 2044, 1.1x in 2054, and 1.2x in 2066, RBC reduced the 2044 coupon by 0.025% and left the other coupons unchanged. For the E-2 short-term bonds, which received just \$3.575 million of orders toward the \$7.93 million to be sold (a little under 0.5x subscription), RBC offered to fully underwrite them at a level 0.05% higher than the marketed level. The final spread on the E-2 bonds was +72 basis points to the interpolated Municipal Market Data (MMD) index set at the end of the day.

As shown in the table below, the +72 basis points spread on the E-2 short-term bonds is within the +66 to +79 range achieved on all but one of MHFA's Rental transactions since 2022. (The outlier is 24B Edge at +40bps). The 2024 Series E pricing levels compare favorably to similar recent HFA transactions in the market, as shown in the attached exhibit.

#### MINNESOTA HOUSING RENTAL HOUSING SHORT-TERM BOND TRANSACTIONS: 2022 TO PRESENT

Pricing Date	Series	Development Name	Par Amount (\$ millions)	Weighted		Spread to iMMD (bps)	
				Average Life (yrs)	First Call / Maturity	Prior Day	Pricing Day
6/14/22	22B	WOTW Theodore	8.200	1.606 / 2.106	2.85%	+83	+77
8/2/22	22A	Spring Creek II	7.190	1.472 / 1.972	2.30%	+69	+69
10/4/22	22C	Lumin at Highland Br.	10.495	1.800 / 2.300	3.80%	+73	+78
2/14/23	23A	Horizon Heights	5.150	1.439 / 1.939	3.15%	+75	+73
3/21/23	23B	Brewery Creek	10.640	1.342 / 1.842	3.30%	+79	+79
5/4/23	23C	Cambridge Apts.	9.665	1.222 / 1.722	3.45%	+73	+76
7/20/23	23D	Calvary Center Apts.	7.940	1.011 / 1.511	3.65%	+75	+72
8/10/23	23E	Phalen Village	5.720	1.456 / 1.956	3.875%	+75.5	+77.5
5/1/24	24A2	Walnut Towers	4.060	1.731 / 2.231	3.875%	+67.5	+67.5
7/24/24	24B2	Edge Apartments	5.640	1.000 / 1.503	3.25%	+40	+40
8/12/24	24C2	Carver Place	5.195	1.114 / 1.947	3.30%	+66	+66
12/11/24	24F2	Maple Hills	9.350	1.117 / 2.117	3.25%	+75	+73
12/11/24	24G2	Gladstone Village II	8.350	1.534 / 2.617	3.25%	+75	+73
12/17/24	24E2	CB Ford Site II	7.930	1.356 / 1.606	3.40%	+75	+72

## HFA MULTIFAMILY HOUSING BOND PRICING COMPARABLES

Pricing Date	12/17/24	12/17/24	12/16/24	12/13/24	12/12/24	12/12/24	12/12/24	12/11/24	12/10/24
Amount	\$11,165,000	\$14,000,000	\$14,000,000	\$12,150,000	\$20,330,000	\$135,600,000	\$37,000,000	\$24,655,000	\$100,585,000
Issuer	Minnesota HFA	Florida HFC	Kentucky HC	Indiana HCDA	Illinois HDA	New York State HFA	Orange Co. HFA (FL)	Minnesota HFA	Illinois HDA
Series	2024 S. E (CB Ford II)	2024 S. L (Hermosa)	S. 2024 (Winterwood III)	S. 2024 (Dalehaven)	S. 2024 (Leyden)	2024 S. A (325 Kent)	2024 S. E (The Waters)	2024 FG (Maple, Gladstone)	2024 Series H-1
Program	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated
Rating(s)	Aa1 / AAA / -	Aaa/VMIG-1 / - / -	- / AA+ / -	Aaa/VMIG-1 / - / -	Aaa/VMIG-1 / - / -	Aaa / - / -	Aaa/VMIG-1 / - / -	Aa1 / AAA / -	Aaa / - / -
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT
Maturity Year (24 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield
1 2025									
2 2026	3.400	+72			3.431*	+75			
3 2027			3.500	+88	3.500	+92			
4 2028							3.380	+87	
5 2029									
6 2030									
7 2031									
8 2032									
9 2033									
10 2034	3.850	+97							
11 2035							3.950	+107	
12 2036									
13 2037									
14 2038									
15 2039								4.000	+103
16 2040									
17 2041									
18 2042									4.16* +97
19 2043									
20 2044	4.375	+89							
21 2045									
22 2046									
23 2047									
24 2048									
25 2049									
26 2050									
27 2051									
28 2052									
29 2053									
30 2054	4.600	+83							
31 2055									
32 2056									
33 2057									
34 2058									
35 2059									
36 2060									
37 2061									
38 2062									4.57* +99 to 30yr
39 2063									
40 2064									
41 2065									
42 2066	4.650	+88 to 30yr							
43 2067	E1 is \$3,235,000 maturing 8/1/34, 8/1/44, 8/1/54, and 8/1/66 with 2/1/33 optional call; E2 is \$7,930,000 with 8/1/26 maturity and 5/1/26 optional call		7/1/58 maturity shown at 7/1/27 mandatory tender above	7/1/28 maturity shown at 7/1/27 at par	* 5% coupon; 6/1/27 maturity shown at 6/1/26 mandatory tender above	7/1/45 maturity shown at 7/1/28 mandatory tender above	11/1/50 maturity shown at 1/1/35 mandatory tender above; Fannie Mae Direct Pay with 9.83 WAL	1/1/44 maturity shown at 7/1/28 mandatory tender above; annual payment frequency	4.600 +100 to 30yr
Notes									FG1 is \$6,955,000 2034-2067; F2 is \$9,350,000 maturing 2/1/27 with 2/1/26 optional call; G2 is \$8,350,000 maturing 8/1/27 with 7/1/26 optional call
Maturity Dates	8/1	7/1/58 only	7/1/28 only	6/1/27 only	7/1/45 only	11/1/50 only	1/1/44 only	4.600 +100 to 30yr	* 1/42 is 4% coupon; 7/62 is 4.50% coupon
Call Provisions	E1: 2/1/33; E2: 5/1/26	7/1/27 at par	1/1/27 at par	None	1/1/27 at par if conversion	11/1/32 at par	2/1/27 at par	FG1: 2/33; F2: 2/26; G2: 7/26	
Mandatory Tender	N/A	7/1/27	7/1/27	6/1/26	1/1/28	1/1/35	7/1/28		
Mkt Index	BBI / RBI 4.01% / 4.30%	BBI / RBI 4.01% / 4.30%	BBI / RBI 4.01% / 4.30%	BBI / RBI 4.01% / 4.30%	BBI / RBI 4.01% / 4.30%	BBI / RBI 4.01% / 4.30%	BBI / RBI 4.01% / 4.30%		
Sr Manager	RBC Capital Markets	Raymond James	Herold & Lantern	Sturges	KeyBanc	Wells Fargo	RBC Capital Markets	BBI / RBI 3.98% / 4.27%	J.P. Morgan

## HFA MULTIFAMILY HOUSING BOND PRICING COMPARABLES

Pricing Date	12/10/24	12/10/24	12/10/24	12/9/24	12/5/24	12/5/24	12/5/24	12/4/24	12/4/24
Amount	\$12,120,000	\$27,155,000	\$22,000,000	\$18,150,000	\$43,952,000	\$275,975,000	\$127,100,000	\$134,000,000	\$17,250,000
Issuer	Indiana HCDA	Montana BOH	Pinellas Co. HFA (FL)	Wyoming CDA	Alabama HFA	New York City HDC	New York City HDC	California MFA	Florida HFC
Series	S. 2024 (Sunrise Crossing)	S. 2024 (Aurora)	S. 2024 (Citrus Grove)	2024 S. A (Pershing Pointe)	S. 2024 B, C (Cooper Green)	2024 Series F-1, A, B	2024 Series F-2	2024 S. A.1 (View San Bruno)	2024 S. I (Enclave Canopy)
Program	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated
Rating(s)	Aaa/VMIG-1 / - / -	Aaa / - / -	Aaa/VMIG-1 / - / -	Aaa / - / -	Aaa/VMIG-1 / - / -	Aaa / - / -	Aa2 / AA+ / -	Aaa / - / -	Aaa/VMIG-1 / - / -
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT
Maturity Year (24 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield
1 2025									
2 2026									
3 2027			3.300 +80						
4 2028	3.300 +79	3.320 +81			3.25*	+74			3.10* +58
5 2029					3.25 / 3.25	+72 / +70	3.400 +88		
6 2030					3.375 / 3.45	+81.5 / +88			
7 2031					3.45 / 3.50	+88 / +91			
8 2032					3.60 / 3.65	+100 / +102			
9 2033					3.70 / 3.70	+103 / +103			
10 2034					3.70 / 3.70	+100 / +97			
11 2035					3.80 / 3.85	+103 / +107			
12 2036					3.90 / 3.90	+110 / +107			
13 2037									
14 2038									
15 2039							3.950 +101		
16 2040									
17 2041				4.250 +115					
18 2042									
19 2043							4.300 +101		
20 2044					4.450 +110				
21 2045									
22 2046									
23 2047									
24 2048									
25 2049							4.450 +95		
26 2050									
27 2051									
28 2052									
29 2053									
30 2054							4.19* / 4.55 +62 / +98		
31 2055									
32 2056									
33 2057									
34 2058									
35 2059							4.26* +69 to 30yr		
36 2060									
37 2061									
38 2062									
39 2063									
40 2064							4.625 +105.5 to 30yr		
41 2065									
42 2066									
43 2067									
Notes	1/1/45 maturity shown at 1/1/28 mandatory tender above	7/1/46 maturity shown at 2/1/28 mandatory tender above	1/1/42 maturity shown at 1/1/27 mandatory tender above; annual payment frequency	Fannie Mae MBS secured	B is \$23,710,000 4.45% Fannie Mae MBS secured; C is \$20,242,000 5% with 2/1/29 maturity shown at 2/1/28 mandatory tender above	* 11/1/54 and 11/1/59 are 5% coupons	11/1/64 maturity shown at 1/2/29 mandatory tender above	* 5% coupon; 6/1/56 maturity shown at 7/1/28 mandatory tender above	7/1/58 maturity shown at 1/1/28 mandatory tender above; annual payment frequency
Maturity Dates	1/1/45 only	7/1/46 only	1/1/42 only	2/1/41 only	B: 8/1/45; C: 2/1/29	5/1 and 11/1	11/1/64 only	6/1/56 only	7/1/58 only
Call Provisions	4/1/27 at par if conversion	8/1/27 at par	1/1/26 at par	None	B: None; C: 2/1/28 at par	11/1/32 at par	12/1/27 at par	7/1/2028 at par	3/1/27 at par
Mandatory Tender	1/1/28	2/1/28	1/1/27	N/A	C: 2/1/28	N/A	1/2/29	7/1/28	1/1/28
Mkt Index	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%	BBI / RBI 3.98% / 4.27%	BBI / RBI 4.03% / 4.32%
Sr Manager	Stifel	KeyBanc	RBC Capital Markets	Stifel	Stifel	Jefferies	Jefferies	Stifel	RBC Capital Markets

## HFA MULTIFAMILY HOUSING BOND PRICING COMPARABLES

Pricing Date	12/3/24	12/3/24	12/3/24	11/26/24	11/26/24	11/21/24	11/21/24	11/19/24	11/15/24
Amount	\$178,000,000	\$28,754,000	\$275,890,000	\$16,500,000	\$30,000,000	\$38,500,000	\$27,387,000	\$17,000,000	\$36,000,000
Issuer	Maryland DHCD	Nevada HD	New Jersey HMDA	Texas SAHC	Oklahoma HFA	Utah HC	West Virginia HDF	Michigan SHDA	Michigan SHDA
Series	Series 2024 D-1,2	S. 2024 (Carville Park)	24 S. A.B; 23 S. E-1,2 (remkt)	S. 2024 (Burleson Studios)	S. 2024 (Lakeshore Pointe)	S. 2024 (Promontory)	S. 2024 (Beckley)	S. 2024 (Cambridge Towers)	S. 2024 (Midblock Apts)
Program	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated
Rating(s)	Aaa / - / -	Aaa/VMIG-1 / - / -	- / AA- / -	Aaa/VMIG-1 / - / -	Aaa/VMIG-1 / - / -	Aaa/VMIG-1 / - / -	Aaa/VMIG-1 / - / -	Aaa/VMIG-1 / - / -	Aaa / - / -
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT
Maturity Year ('24 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield
1 2025				3.250 +57					
2 2026				3.30 / 3.30 +68 / +76					
3 2027	3.22*	+72	3.35 / 3.375,3.40	+85 / +87.5,+90	3.350 +79		3.398 +82	3.32* +74	3.521* +79
4 2028			3.45 / 3.50	+93 / +98					3.33* +75
5 2029	3.30 / 3.30	+78 / +76		3.50,3.55 / 3.55	+97,+102 / +100				
6 2030	3.35 / 3.45	+80 / +89		3.60 / 3.625	+104 / +106				
7 2031	3.50 / 3.55	+93 / +97		3.65 / 3.65	+108 / +106				
8 2032	3.60 / 3.65	+101 / +104		3.70 / 3.70	+110 / +107				
9 2033	3.70 / 3.70	+105 / +103		3.75 / 3.75	+108 / +108				
10 2034	3.70 / 3.75	+102 / +104		3.80 / 3.80	+110 / +107				
11 2035	3.80 / 3.85	+105 / +108		3.875 / 3.875	+111 / +110				
12 2036	3.90 / 3.90	+111 / +109		3.95 / 3.95	+115 / +112				
13 2037									
14 2038									
15 2039	4.000	+106		4.000	+98				
16 2040									
17 2041									
18 2042									
19 2043									
20 2044	4.350	+106							
21 2045			4.350	+100			4.690	+115	
22 2046									
23 2047									
24 2048									
25 2049									
26 2050			4.500	+99					
27 2051									
28 2052									
29 2053									
30 2054									
31 2055			4.550	+98 to 30yr					
32 2056									
33 2057									
34 2058									
35 2059									
36 2060			4.600	+103 to 30yr					
37 2061									
38 2062									
39 2063									
40 2064									
41 2065									
42 2066									
43 2067									
Notes	D-1 is \$98,810,000 Fannie Mae MBS secured; D-2 is \$79,190,000 cash-collateralized	* 5% coupon; 7/1/28 maturity shown at 7/1/27 mandatory tender above	11/1/27 has portion at 3.375% and portion at 3.40%; 5/1/29 has portion at 5.50% and portion at 5.55%	7/1/28 maturity shown at 7/1/27 mandatory tender above	12/1/27 maturity shown at 12/1/26 mandatory tender above	A is \$30,120,000 4.69% Fannie Mae MBS secured; B is \$8,380,000 3.4% with 2/1/28 maturity shown at 8/1/27 mandatory tender above	* 5% coupon; 8/1/27 maturity shown at 4/1/27 mandatory tender above	* 5% coupon; 6/1/27 maturity shown at 6/1/26 mandatory tender above	* 5% coupon; 3/1/29 maturity shown at 3/1/28 mandatory tender above
Maturity Dates	D1: 8/1 and 2/1; D2 1/1/29	7/1/28 only	11/1 and 5/1	7/1/28 only	12/1/27 only	A: 2/1/45; B: 2/1/28	8/1/27 only	6/1/27 only	3/1/29 only
Call Provisions	None	7/1/27 at par	5/1/34 at par	7/1/27 at par	12/1/26 at par	A: None; B: 8/1/27 at par	4/1/27 at par	None	None
Mandatory Tender	N/A	7/1/27	N/A	7/1/27	12/1/26	B: 8/1/27	4/1/27	6/1/26	3/1/28
Mkt Index	BBI / RBI 4.03% / 4.32%	BBI / RBI 4.03% / 4.32%	BBI / RBI 4.03% / 4.32%	Barclays	Wells Fargo	BBI / RBI 4.12% / 4.41%	BBI / RBI 4.12% / 4.41%	BBI / RBI 4.12% / 4.41%	BBI / RBI 4.14% / 4.43%
Sr Manager	Jefferies	Stifel	Raymond James	KeyBanc	Stifel	Sturges	Sturges	Sturges	Sturges

## HFA MULTIFAMILY HOUSING BOND PRICING COMPARABLES

Pricing Date	11/14/24	11/14/24	11/14/24	11/13/24	11/12/24	11/12/24	8/12/24	7/24/24	5/1/24
Amount	\$80,000,000	\$66,415,000	\$117,100,000	\$26,690,000	\$30,000,000	\$164,175,000	\$9,820,000	\$8,055,000	\$9,590,000
Issuer	Hawaii HFDC	Massachusetts HFA	Massachusetts HFA	Ohio HFA	Florida HFC	Virginia HDA	Minnesota HFA	Minnesota HFA	Minnesota HFA
Series	S. 2024 (Hale Molii)	2024 Series B-1,B-2	2024 Series B-3	24 (Norwalk,Fairview,Wyandot)	2024 S. G2 (Maison Solivita)	2024 Series H	2024 S. C (Carver Place)	2024 S. B (Edge)	2024 S. A (Walnut Towers)
Program	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated	Multifamily / Negotiated
Rating(s)	Aaa/VMIG-1 / - / -	Aaa/VMIG-1 / - / -	Aa2 / AA+ / -	Aa2 / AA+ / -	Aaa / - / -	Aaa/VMIG-1 / - / -	Aa1 / AA+ / -	Aa1 / AAA / -	Aa1 / AAA / -
Tax Status	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT	Non-AMT
Maturity Year (24 pricings)	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield	Spread to iMMD	Coupon/ Yield
1 2025									
2 2026									
3 2027	3.300	+74		3.400 +84			3.350 +77		3.250 +40
4 2028			3.25 / 3.25	+67 / +67	3.450 +87		3.40 / 3.60*	+80 / +100	
5 2029			3.35 / 3.40	+73 / +76	3.50 / 3.55	+88 / +91	3.625* / 3.60	+99 / +94	
6 2030			3.45 / 3.50	+77 / +80			3.65 / 3.65	+95 / +93	
7 2031			3.55 / 3.60	+81 / +83			3.70 / 3.75	+94 / +96	
8 2032			3.70 / 3.75	+90 / +91			3.75 / 3.80	+93 / +94	
9 2033			3.75 / 3.80	+87 / +92			3.85 / 3.90	+95 / +100	
10 2034			3.85 / 3.90	+92 / +95			3.95 / 3.95	+100 / +98	3.950 +125
11 2035			3.90 / 3.95	+91 / +95			4.00 / 4.00	+101 / +100	3.950 +117
12 2036			4.00 / 4.00	+98 / +95			4.00 / 4.00	+98 / +95	
13 2037			4.05 / 4.05	+99 / +96					
14 2038									
15 2039			4.100 +94				4.150 +99		
16 2040					4.470 +115				
17 2041									
18 2042									
19 2043									
20 2044			4.350 +85				4.450 +95	4.500 +120	4.500 +112
21 2045									
22 2046									
23 2047									
24 2048									
25 2049			4.550 +83				4.625 +91		
26 2050									
27 2051									
28 2052									
29 2053									
30 2054			4.650 +86				4.700 +91		4.750 +109
31 2055									4.800 +84
32 2056									
33 2057									
34 2058									
35 2059			4.700 +91 to 30yr				4.750 +96 to 30yr		
36 2060									
37 2061									
38 2062									
39 2063									
40 2064									
41 2065									
42 2066							4.850 +106 to 30yr		4.850 +119 to 30yr
43 2067			4.621 / 4.75 +83/+96 to 30yr						4.900 +94 to 30yr
Notes	12/1/29 maturity shown at 12/1/27 mandatory tender above; annual payment frequency	B-2 is \$24,600,000 maturing 6/1/67 with 4.621% coupon and 1/25/54 average life date	optional calls: 12/1/27 at 12/1/26, 12/1/28 at 12/1/27, 6/1/29 at 6/1/28, and 12/1/29 at 12/1/28	Fannie Mae MBS secured	11/1/42 maturity shown at 5/1/28 mandatory tender above	* 12/1/28 has optional par call at 12/1/25; 6/1/29 has optional par call 6/1/26	C1 is \$4,625,000 with 8/1/34 and 8/1/44 maturities and 8/1/32 optional call; C2 is \$5,195,000 with 8/1/26 maturity and 10/1/25 optional call	B1 is \$2,415,000 with 2034-2066 maturities and 8/1/32 optional call; B2 is \$5,640,000 with 2/1/26 maturity and 8/1/25 optional call	A1 is \$5,530,000 with 2034-2066 maturities and 8/1/32 optional call; A2 is \$4,060,000 with 8/1/26 maturity and 8/1/25 optional call
Maturity Dates	12/1/29 only	6/1 and 12/1	12/1/27, 12/1/28, 6/1&12/1/29	1/1/41 only	11/1/42 only	12/1 and 6/1			
Call Provisions	None	6/1/33 at par	1 year before maturity	None	5/1/28 at par	2/33 at par except 12/28,6/29	C1: 8/1/32; C2: 10/1/25	B1: 8/1/32; B2: 8/1/25	A1: 8/1/32; A2: 8/1/25
Mandatory Tender	12/1/27	N/A	N/A	N/A	5/1/28	N/A	N/A	N/A	N/A
Mkt Index	BBI / RBI 4.14% / 4.43%	BBI / RBI 4.14% / 4.43%	BBI / RBI 4.14% / 4.43%	BBI / RBI 4.28% / 4.57%	BBI / RBI 4.28% / 4.57%	BBI / RBI 4.28% / 4.57%	BBI / RBI 3.94% / 4.23%	BBI / RBI 3.92% / 4.21%	BBI / RBI 4.07% / 4.36%
Sr Manager	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets	KeyBanc	Stifel	BofA	RBC Capital Markets	RBC Capital Markets	RBC Capital Markets