

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 20, 2023



NEW ISSUE – Book-Entry-Only

Expected Rating: Moody's "Aa1"

See "RATING" herein

*In the opinion of Skinner Fawcett LLP, Bond Counsel to the Idaho Housing and Finance Association, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2023 Series E Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Bond Counsel is of the opinion that interest on the 2023 Series E Bonds is exempt from State of Idaho personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the amount, accrual or receipt of interest on, the 2023 Series E Bonds. See "LEGALITY AND TAX STATUS" herein.*



**Idaho Housing  
and Finance  
Association**

**\$205,115,000\***

**IDAHO HOUSING AND FINANCE ASSOCIATION**

**Single Family Mortgage Bonds  
2023 Series E (Federally Taxable)**

<b>Dated/Delivery Date:</b>	December 20, 2023*
<b>Due:</b>	January 1 and July 1, as shown on inside front cover
<b>Interest Payment Dates:</b>	Interest on the 2023 Series E Bonds is payable on July 1, 2024* and semiannually thereafter on January 1 and July 1 of each year.
<b>Interest Rates:</b>	Interest on the 2023 Series E Bonds is payable at the rates as shown on the inside cover.
<b>Redemption:</b>	The 2023 Series E Bonds are subject to redemption prior to maturity, including optional and special redemption at par under certain circumstances, as described herein. See "DESCRIPTION OF THE 2023 SERIES E BONDS."
<b>Denominations:</b>	Individual purchases will be made in book-entry form only in the principal amount of \$5,000 and integral multiples thereof.
<b>Purpose:</b>	The Issuer will use the proceeds of the 2023 Series E Bonds to (i) finance the purchase of, or a participation interest in, 2023 Series E MBS backed by 2023 Series E Mortgage Loans; (ii) make deposits in the Funds and Accounts required by the Indenture; and (iii) pay the costs of issuance of the 2023 Series E Bonds.
<b>Security:</b>	The 2023 Series E Bonds are special obligations of the Issuer, payable solely from and secured by the pledge pursuant to the Indenture of the revenues and assets derived from the proceeds of the Bonds, including the Mortgage Loans and MBS, the money received by the Issuer from the Mortgage Loans and MBS, and other revenues as provided in the Indenture, including the money and securities held in the Funds and Accounts created by the Indenture other than money and securities held in the Rebate Account, any Issuer Payment Account, the Bond Purchase Fund, and the Short-Term Bond Account, and the Rebate Requirement to be deposited in the Rebate Account. Neither the State of Idaho nor any political subdivision thereof is obligated to pay the 2023 Series E Bonds and neither the faith and credit nor the taxing power of the State of Idaho or of any political subdivision thereof is pledged to the payment of the principal or redemption price of or interest on the 2023 Series E Bonds. The Issuer has no taxing power. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" and "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."
<b>Book-Entry Only System:</b>	The 2023 Series E Bonds are issuable only as fully registered bonds without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York.
<b>Trustee:</b>	Zions Bancorporation, National Association
<b>Bond Counsel:</b>	Skinner Fawcett LLP
<b>Issuer's Counsel:</b>	Richard A. Skinner, Esq. of Skinner Fawcett LLP
<b>Underwriters' Counsel:</b>	Gilmore & Bell, P.C.
<b>Additional Information:</b>	Capitalized terms used but not defined on this cover page have the meanings assigned to them in the body of this Official Statement.

**Barclays**

**PNC Capital Markets LLC**

**Zions Bank**

**Citigroup**

**D.A. Davidson & Co.**

**Stifel**

**Wells Fargo Securities**

Dated: November \_\_, 2023

\* Preliminary; subject to change

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

## MATURITY SCHEDULE

**\$205,115,000\***

### Idaho Housing and Finance Association Single Family Mortgage Bonds 2023 Series E (Federally Taxable)

**\$25,930,000\* Serial Bonds**

<u>Maturity*</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u> <sup>†</sup>
July 1, 2024	\$650,000			45129Y ____
January 1, 2025	1,020,000			45129Y ____
July 1, 2025	1,055,000			45129Y ____
January 1, 2026	1,100,000			45129Y ____
July 1, 2026	1,135,000			45129Y ____
January 1, 2027	1,175,000			45129Y ____
July 1, 2027	1,220,000			45129Y ____
January 1, 2028	1,265,000			45129Y ____
July 1, 2028	1,310,000			45129Y ____
January 1, 2029	1,355,000			45129Y ____
July 1, 2029	1,405,000			45129Y ____
January 1, 2030	1,455,000			45129Y ____
July 1, 2030	1,510,000			45129Y ____
January 1, 2031	1,565,000			45129Y ____
July 1, 2031	1,620,000			45129Y ____
January 1, 2032	1,680,000			45129Y ____
July 1, 2032	1,740,000			45129Y ____
January 1, 2033	1,800,000			45129Y ____
July 1, 2033	1,870,000			45129Y ____

\$17,740,000\* \_\_\_\_ % Term Bonds Due January 1, 2039\* – Price \_\_\_\_ % CUSIP: 45129Y \_\_\_\_

\$21,525,000\* \_\_\_\_ % Term Bonds Due January 1, 2044\* – Price \_\_\_\_ % CUSIP: 45129Y \_\_\_\_

\$30,730,000\* \_\_\_\_ % Term Bonds Due January 1, 2049\* – Price \_\_\_\_ % CUSIP: 45129Y \_\_\_\_

\$45,695,000\* \_\_\_\_ % Term Bonds Due January 1, 2054\* – Price \_\_\_\_ % CUSIP: 45129Y \_\_\_\_

\$63,495,000\* \_\_\_\_ % “PAC” Term Bonds Due July 1, 2054\* – Price \_\_\_\_ % CUSIP: 45129Y \_\_\_\_

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\* Preliminary; subject to change.

<sup>†</sup> CUSIP data herein is provided by the CUSIP Service Bureau of CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau database. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the registered owners of the applicable 2023 Series E Bonds. None of the Issuer, the Underwriters, or the Trustee is responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness on the 2023 Series E Bonds or as indicated above.

*No dealer, broker, salesperson or other person has been authorized by the Issuer or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2023 Series E Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.*

*The information set forth herein has been obtained from the Issuer and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs, financial condition or operations of the Issuer or any other parties described herein since the date as of which such information is presented. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.*

*The 2023 Series E Bonds have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Commission or any state securities commission passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.*

*This Official Statement contains statements relating to future results that are “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect,” “project,” “budget,” “plan” and similar expressions identify forward looking statements.*

*THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS. THE ISSUER DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.*

*References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the readers’ convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.*

*In connection with this offering, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the 2023 Series E Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.*

*The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors 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 such information.*

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## OFFICIAL STATEMENT

of

### IDAHO HOUSING AND FINANCE ASSOCIATION

Relating to its

#### **\$205,115,000\* Single Family Mortgage Bonds 2023 Series E (Federally Taxable)**

This Official Statement (which includes the cover page and appendices hereto) of the Idaho Housing and Finance Association (the “Issuer”) provides certain information in connection with the issuance and sale of the Issuer’s \$205,115,000\* Single Family Mortgage Bonds, 2023 Series E (Federally Taxable) (the “2023 Series E Bonds”).

The 2023 Series E Bonds will be issued pursuant to the Idaho Code, Title 67, Chapter 62, as amended (the “Act”), a General Indenture of Trust (the “General Indenture”), as heretofore amended and supplemented, dated as of July 1, 2019, between the Issuer and Zions Bancorporation, National Association, as trustee (the “Trustee”), and as further amended and supplemented by a 2023 Series E Indenture (the “2023 Series E Indenture” and together with the General Indenture, the “Indenture”), dated as of December 1, 2023, between the Issuer and the Trustee. The 2023 Series E Bonds constitute a “Series” under the General Indenture.

The Issuer is issuing the 2023 Series E Bonds in furtherance of its Single Family Mortgage Program, to assist other state housing finance agencies under cooperative ventures pursuant to the Act between the Issuer and certain housing finance agencies in other states (each a “Cooperative Venture”) to finance the purchase or servicing of housing by low income persons within the State of Idaho (the “State”) or in another state whose housing finance agency is participating in a Cooperative Venture with the Issuer (the “Program”). The Issuer has previously issued bonds under the General Indenture. See “OUTSTANDING BONDS AND AUXILIARY OBLIGATIONS.” The Issuer may issue additional series of bonds under the General Indenture and may incur additional Auxiliary Obligations upon satisfaction of the conditions set forth in the General Indenture. All bonds issued under the General Indenture are referred to herein as the “Bonds.” Bonds and Auxiliary Obligations issued under the General Indenture are equally and ratably secured by the pledges and covenants contained therein with other Bonds and Auxiliary Obligations. The General Indenture and all supplemental indentures, including supplemental indentures providing for the issuance of Bonds (such as the 2023 Series E Indenture), are referred to herein collectively as the “Indenture.”

All capitalized terms used in this Official Statement that are defined in the Indenture shall have the respective meanings set forth in the Indenture. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions of Certain Terms.” The references to and summaries and descriptions of the Act, the Indenture, the Bonds and the Program, the other statutes, instruments and documents which are included in this Official Statement do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by references to the appropriate statute, instrument or document.

## INTRODUCTION

In 1972 the Issuer was created by the Act, as an independent public body corporate and politic, in order to assure an adequate source of capital for housing for low income persons who otherwise could not afford decent, safe and sanitary housing.

The 2023 Series E Bonds are being issued to provide money to finance or reimburse the Issuer’s operations for the Program. See “FINANCING PLAN.”

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\* Preliminary; subject to change.

The 2023 Series E Bonds will be dated their date of delivery, will bear interest from such date at the rates and will mature in the amounts and on the dates set forth on the inside cover of this Official Statement. See “DESCRIPTION OF THE 2023 SERIES E BONDS.”

The 2023 Series E Bonds are special obligations of the Issuer, payable solely from and secured by the pledge pursuant to the Indenture of the revenues and assets derived from the proceeds of the Bonds, including the Mortgage Loans and MBS, the money received by the Issuer from the Mortgage Loans and MBS and other revenues as provided in the Indenture and the money and securities held in the Funds and Accounts created by the Indenture other than money and securities held in the Rebate Account, any Issuer Payment Account, the Bond Purchase Fund, and the Short-Term Bond Account, and the Rebate Requirement to be deposited in the Rebate Account. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS.” All Bonds and Auxiliary Obligations will be secured equally and ratably by the pledge and covenants contained in the Indenture.

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

In addition to the Program, the Issuer is authorized under the Act to engage in certain other activities. See “IDAHO HOUSING AND FINANCE ASSOCIATION” for a description of the Issuer’s single family and multifamily programs implemented prior to the date hereof. The proceeds of the Bonds may not be used to finance any activities of the Issuer other than the Program.

#### **CONTINUING DISCLOSURE**

The Issuer has covenanted for the benefit of the Holders and Beneficial Owners of the 2023 Series E Bonds to provide certain financial information and operating data relating to the Issuer not later than 270 days following the end of the Issuer’s fiscal year, commencing with a report for the Issuer’s fiscal year ending June 30, 2024 (the “Annual Bond Disclosure Report”), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Bond Disclosure Report and the notices of material events will be filed with the Municipal Securities Rulemaking Board. The filing of the Annual Bond Disclosure Report or notices of material events with the Municipal Securities Rulemaking Board may be made solely by transmitting such filing to the Municipal Securities Rulemaking Board pursuant to its Electronic Municipal Market Access (“EMMA”) system as provided at [www.emma.msrb.org](http://www.emma.msrb.org). The specific nature of the information to be contained in the Annual Bond Disclosure Report and the notices of material events is summarized herein. See “SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

During the past five years, the Issuer has failed to make the following filings: Regarding Federal Highway Trust Fund Bonds issued by the Issuer – Idaho State audited financial statements and certain required financial and operating data were not timely filed for the fiscal year ended June 30, 2018. The Issuer did not provide notice in a timely manner of late annual financial information.

#### **IDAHO HOUSING AND FINANCE ASSOCIATION**

The Issuer, an independent public body, corporate and politic, was created by the Idaho Legislature under the provisions of the Act. The Act empowers the Issuer, among other things, to issue notes and bonds in furtherance of its purpose of providing safe and sanitary housing for persons and families of low income residing in the State of Idaho, and, in addition, to coordinate and encourage cooperation among private enterprise and State and local governments to sponsor, build, and rehabilitate residential housing for such persons and families.

The Issuer is governed by seven Commissioners, appointed for alternating four-year terms by the Governor of the State, one of whom is selected Chairman by the Governor. The Act requires that preference shall be given to persons representing persons of low income and to persons with experience in the fields of mortgage lending, banking, finance, real estate or home building. The Issuer’s Commissioners are as follows:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>	<u>Employment</u>
Steven R. Keen	Chairman	July 1, 2026	Retired Sr. Vice President, CFO and Treasurer, Idaho Power, and Vice President and Treasurer, IdaCorp., Boise, Idaho
Mark P. Dunham	Vice Chairman	July 1, 2024	Retired Real Estate/Government Relations Consultant, Boise, Idaho
Scot M. Ludwig	Commissioner	July 1, 2024	Managing partner, Ludwig Shoufler Miller Johnson, LLP, Boise Idaho
Jeffrey G. Nasset	Commissioner	July 1, 2026	Senior Vice President, Financial Advisor, D.A. Davidson & Co., Lewiston, Idaho
Tracy G. Silver	Commissioner	July 1, 2024	Retired U.S. Bank Wealth Management Division Director (Idaho & Washington), Melba, Idaho
Nancy K. Vannorsdel	Secretary-Treasurer	July 1, 2024	Finance/Community Leader, Boise, Idaho

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Note: One position on the Board of Commissioners is currently vacant.

The Act designates as advisors to the Issuer's Board of Commissioners the Governor, Brad Little; the State Treasurer, Julie Ellsworth; the State Controller, Brandon D. Woolf; and the Administrator of the Division of Financial Management, Alex Adams. In addition, the Idaho State Legislature, through its legislative council, appoints advisors to the Issuer's Board of Commissioners. These members consist of two from each of the majority and minority parties and serve in a nonvoting, advisory capacity.

## Staff

Principal staff officers of the Issuer responsible for the Issuer's bond issues to finance the Program are the President and Executive Director, Gerald M. Hunter; the Chief Financial Officer, John Chung; the Executive Vice President of Homeownership Lending, Susan Semba; and the Vice President of Project Finance, Cory Phelps.

**Gerald M. Hunter** joined the Issuer in September 1986 as Director of Finance, in September 1989 was promoted to Chief Operating Officer and in July 1998 was promoted to President and Executive Director. His prior background includes positions as an Officer/Shareholder for a financial and real estate service company, Treasurer and Operations Vice President for a savings and loan association and experience with a major international accounting firm as a Certified Public Accountant. Additionally, Mr. Hunter has held a faculty membership with an accredited business school where he instructed finance curriculum. Mr. Hunter holds a Bachelor of Arts and Master of Business Administration Degrees from the University of Utah.

**John Chung** joined the Issuer in July 2019 as the Chief Financial Officer. Prior to IHFA, Mr. Chung was the Director of Bond Structuring at the Illinois Housing Development Authority since February 2012. His capital markets experience also includes 19 years in the private sector at firms such as Standard & Poor's, Lehman Brothers, GE Capital, Bank of America, and ABN Amro Bank where he rated, structured, and insured securitized fixed income securities backed by various assets. He also served as an adjunct professor of finance in the MBA program at DePaul University in Chicago for eight years. Mr. Chung holds a Bachelor of Arts in economics from Rutgers College and a Master of Business Administration in finance from New York University.

**Susan Semba** has worked for the Issuer for more than 30 years. She oversees the single family programs including mortgage production, secondary marketing, loan servicing, quality assurance and housing counseling. Susan earned a bachelor's degree in finance from Idaho State University. She is a past president of the Idaho Mortgage Lenders Association, a past national president of the National Association of Professional Mortgage Women, and a former member of the Fannie Mae Western Region Customer Advisory Board and the Idaho Department of Finance Mortgage Advisory Board.

**Cory Phelps** joined the Issuer in 2011 to lead the Issuer's business finance and economic growth activities. As Vice President of Project Finance, Mr. Phelps manages all aspects of the Issuer's tax-exempt bond financing programs. His background includes positions as a Vice President and Commercial Portfolio Manager of a national bank, a Commercial Banking Officer at a regional commercial bank, and a finance position with an economic development corporation in Idaho. He currently serves as a board member for a lender of United States Small Business Administration 504 Loans and a regional community development corporation. Mr. Phelps holds a Bachelor of Science in business administration and finance with a minor in political science from Idaho State University.

The Issuer's staff consists of approximately 431 people. The office of the Issuer is located at 565 West Myrtle Street, Boise, Idaho 83702.

Richard A. Skinner, Esquire, of Skinner Fawcett LLP, Boise, Idaho, serves as general counsel to the Issuer. In addition, Skinner Fawcett LLP serves as bond counsel to the Issuer.

### **Outstanding Indebtedness and Other Programs of the Issuer**

The Issuer is active in various housing programs in the State. It has provided long-term mortgage financing for multifamily housing projects, financing of single family mortgages, financing for home improvement loans for single family dwellings and construction loans for multifamily projects, has provided financing for various facilities for nonprofit corporations in Idaho and has provided financing for the Idaho Transportation Department for the financing of Idaho highways.

As of November 1, 2023, the Issuer has issued bonds to provide permanent financing for approximately 6,622 dwelling units in 97 multifamily developments and has purchased approximately 434,225 mortgage loans secured by single-family homes.

The Issuer is self-supporting. The costs of the Issuer are paid from fees for administering housing subsidy programs and from fees and interest earnings on the financing of the housing programs, nonprofit facilities and highway projects.

The Issuer has under consideration the sale of additional bonds to finance its various programs.

### **Mortgage Loan Origination Experience**

The Issuer has established a policy of making funds available for commitment reservations on a first-come first-served basis. As of the date of this Official Statement, substantially all of the funds available under each active single family program of the Issuer have been reserved for individual mortgage loan applicants.

### **Issuer Delinquency Experience**

The delinquencies experienced with respect to the Issuer's Program as a whole (all mortgage loans relating to Bonds issued under the General Indenture and all other mortgage loans originated, acquired, or serviced by the Issuer under the Program) on average for each quarter, beginning in 2020, are as set forth in the table below. The Issuer is currently servicing all new mortgage loans originated under the Program within the Issuer's loan servicing department.



Idaho Housing and Finance Association  
Delinquency Statistics<sup>(1) (2)</sup>

Quarter	Loan Balance Outstanding	Loans Outstanding	60 Days Delinquent		90 Days Delinquent		Foreclosures	
			Loans	% of Total Outstanding	Loans	% of Total Outstanding	Loans	% of Total Outstanding
1st 2020	\$19,262,622,000	167,233	1,558	0.93%	1,943	1.16%	651	0.39%
2nd 2020	\$20,179,169,000	175,158	3,963	2.26%	4,788	2.73%	562	0.32%
3rd 2020	\$21,046,695,000	183,322	3,065	1.67%	9,738	5.31%	475	0.26%
4th 2020	\$21,938,044,000	190,877	2,387	1.25%	12,024	6.30%	437	0.23%
1st 2021	\$22,479,204,000	194,725	1,474	0.76%	13,119	6.74%	404	0.21%
2nd 2021	\$22,937,086,000	197,215	1,275	0.64%	10,616	5.38%	361	0.18%
3rd 2021	\$23,345,864,000	198,920	1,373	0.69%	8,823	4.44%	291	0.15%
4th 2021	\$23,803,746,000	200,894	1,804	0.89%	7,963	3.97%	303	0.15%
1st 2022	\$24,431,484,000	204,654	1,671	0.82%	6,967	3.40%	356	0.17%
2nd 2022	\$25,047,392,000	208,442	1,971	0.95%	5,654	2.41%	480	0.23%
3rd 2022	\$25,577,017,000	211,823	2,432	1.15%	4,382	2.07%	741	0.35%
4th 2022	\$26,200,397,000	216,719	3,029	1.40%	3,816	1.30%	1,047	0.48%
1st 2023	\$26,896,031,000	222,041	1,560	0.70%	3,203	1.44%	1,139	0.51%
2nd 2023	\$27,727,642,000	227,575	2,057	0.90%	3,394	1.49%	1,100	0.48%
3rd 2023	\$29,893,633,000	241,187	2,479	1.03%	4,252	1.76%	1,041	0.43%

<sup>(1)</sup> Data include statistics for mortgage loans purchased from the proceeds of prior single family bond issues and from proceeds of other single family programs of the Issuer and includes mortgage loans underlying mortgage backed securities.

<sup>(2)</sup> Any payment more than 30 days late is considered delinquent.

## FINANCING PLAN

A portion of the proceeds of the 2023 Series E Bonds shall be used to (i) finance the purchase of, or a participation interest in, MBS (the “2023 Series E MBS”) backed by Series 2023 E Mortgage Loans (defined below); (ii) make deposits in the Funds and Accounts required by the Indenture; and (iii) pay the costs of issuance of the 2023 Series E Bonds.

It is anticipated that the 2023 Series E MBS will entirely consist of mortgage-backed certificates guaranteed as to timely payment of principal and interest by the Government National Mortgage Association (“Ginnie Mae”). See “APPENDIX C – GINNIE MAE CERTIFICATES” for a description of the Ginnie Mae program.

The 2023 Series E MBS will be backed by pools of Mortgage Loans or other mortgage loans that have been or will be made by participating lenders or other lenders to qualified borrowers to finance the purchase of single-family residential housing located in the State or in the state of another Qualified Issuer of the 2023 Series E MBS (the “2023 Series E Mortgage Loans”). The 2023 Series E Mortgage Loans will have fixed interest rates for the life of the loan and will be secured by mortgages constituting first liens on single family, owner-occupied housing and are or will be, when purchased in whole or in part by the Issuer, insured by the Federal Housing Administration (“FHA”), guaranteed by the Department of Veterans Affairs (“VA”) or the Rural Housing and Community Development Service of the Department of Agriculture (formerly Farmers Home Administration). See “SOURCES AND USES OF FUNDS.”

## DESCRIPTION OF THE 2023 SERIES E BONDS

### General Terms

The 2023 Series E Bonds will be dated their date of delivery, will bear interest from such date at the rates and will mature in the amounts and on the dates set forth on the inside cover of this Official Statement. Interest on the 2023 Series E Bonds is payable on July 1, 2024\* and thereafter semiannually on January 1 and July 1 of each year. The 2023 Series E Bonds will be issuable only as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the 2023 Series E Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

### Special Redemption

Special Redemption with Unexpended Proceeds. The 2023 Series E Bonds are subject to special redemption prior to their respective maturities, as a whole or in part at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without premium, except that the 2023 Series E Bonds maturing on July 1, 2054\* (the “2023 Series E “PAC” Bonds”) will be redeemed at a Redemption Price that maintains the original yield on the 2023 Series E “PAC” Bonds (as calculated by the Issuer, which calculation, once made and the Redemption Price communicated to the Trustee, shall be conclusive on all parties), plus accrued interest to the date of redemption, at any time from amounts equal to moneys transferred from unexpended proceeds of the 2023 Series E Bonds in the 2023 Series E Subaccount of the Acquisition Account or from any other source as needed to pay the Redemption Price plus accrued interest to the date of redemption to the 2023 Series E Subaccount of the Redemption Fund. The Indenture requires that the Trustee so transfer amounts representing proceeds of the 2023 Series E Bonds equal to \$250,000 or more which are not used to purchase 2023 Series E MBS and remain on deposit in the 2023 Series E Subaccount of the Acquisition Account pursuant to an Issuer Request filed with the Trustee stating that the Issuer no longer reasonably expects to apply the amount to be transferred for any such purpose. Such amounts that are not expended by November 1, 2026\* are to be transferred not later than December 1, 2026\* for the redemption of the 2023 Series E Bonds. Notwithstanding the foregoing, the Issuer may extend such outside date for the redemption of the 2023 Series E Bonds to a later date or dates as it deems appropriate as to all or any part of such moneys, if the Issuer has filed with the Trustee an Issuer Request specifying such later date or dates for such

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\* Preliminary; subject to change.

withdrawal, accompanied by a Cash Flow Statement (unless the principal amount and term of such extension are covered by a previous Cash Flow Statement).

Special Redemption from Mortgage Repayments or Prepayments. The 2023 Series E Bonds are subject to redemption prior to their respective stated maturities as a whole or in part at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without premium, on any date, from Mortgage Repayments and Prepayments relating to the 2023 Series E MBS, to the extent not required to make regularly scheduled principal payments, including Sinking Fund Installments, on the 2023 Series E Bonds, deposited in the 2023 Series E Subaccount of the Special Redemption Account pursuant to the Indenture. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Revenue Fund.” In certain cases, Mortgage Repayments and Prepayments are required under Federal tax law to be used to redeem Bonds.

Moneys deposited in or transferred to the 2023 Series E Subaccount of the Special Redemption Account shall be applied to redeem 2023 Series E Bonds as follows:

FIRST: such amounts shall be applied to redeem the 2023 Series E “PAC” Bonds until the outstanding principal amount of the 2023 Series E “PAC” Bonds is equal to the amounts shown in the column entitled “Cumulative Applicable Amount” for the applicable semiannual period as set forth in the table below;

SECOND: after applying the amounts as described in clause FIRST above, any remaining amounts may be applied to the redemption of 2023 Series E Bonds other than 2023 Series E “PAC” Bonds, of such maturities and in such amounts as directed by the Issuer; and

THIRD: after applying the amounts as described in clauses FIRST and SECOND above, any remaining amounts relating to the 2023 Series E Bonds may be applied to the redemption of the 2023 Series E “PAC” Bonds as directed by the Issuer.

Such redemptions may occur at such times and with such frequency as the Issuer elects, provided that any redemptions described in clause FIRST above must occur at least once during each semiannual period commencing with the semiannual period ending on January 1, 2025\* to the extent moneys in the 2023 Series E Subaccount of the Special Redemption Account and any other sources are legally available therefor. To the extent 2023 Series E “PAC” Bonds are to be redeemed on a date that is not a Payment Date, the Cumulative Applicable Amount as set forth in the table below shall be deemed to be the amounts determined by interpolating such outstanding balances, using the straight-line method, by reference to the outstanding balances for the Payment Dates listed in the table below which are immediately prior to and immediately subsequent to such redemption date, and the number of calendar days elapsed since the Payment Date which is immediately prior to such redemption date.

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\* Preliminary; subject to change.

<u>Payment Date*</u>	<u>Cumulative Applicable Amount*</u>	<u>Payment Date*</u>	<u>Cumulative Applicable Amount*</u>
Closing Date	\$63,495,000	1/1/2030	\$27,845,000
1/1/2024	63,495,000	7/1/2030	24,635,000
7/1/2024	63,495,000	1/1/2031	21,575,000
1/1/2025	62,525,000	7/1/2031	18,660,000
7/1/2025	60,660,000	1/1/2032	15,890,000
1/1/2026	57,935,000	7/1/2032	13,265,000
7/1/2026	54,385,000	1/1/2033	10,785,000
1/1/2027	50,230,000	7/1/2033	8,455,000
7/1/2027	46,125,000	1/1/2034	6,270,000
1/1/2028	42,170,000	7/1/2034	4,235,000
7/1/2028	38,365,000	1/1/2035	1,595,000
1/1/2029	34,710,000	7/1/2035 and thereafter	—
7/1/2029	31,205,000		

If 2023 Series E Bonds are redeemed from unexpended proceeds pursuant to the Indenture, then each amount set forth in the Cumulative Applicable Amount column in the table above shall be reduced by a fraction (i) the numerator of which is the principal amount of the respective 2023 Series E “PAC” Bonds remaining outstanding after such redemption and (ii) the denominator of which is the original principal amount of the respective 2023 Series E “PAC” Bonds, rounded to the nearest \$5,000 denomination.

Special Redemption from Excess Revenues. The 2023 Series E Bonds are subject to redemption prior to their respective stated maturities as a whole or in part at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, without premium, on any date, from excess Revenues (excluding Mortgage Repayments and Prepayments relating to the 2023 Series E MBS) deposited in the 2023 Series E Subaccount of the Special Redemption Account pursuant to the Indenture, to the extent that, after giving effect to such redemption, the aggregate principal amount of the 2023 Series E “PAC” Bonds outstanding on such redemption date is not less than the Cumulative Applicable Amount as set forth in the table above. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Revenue Fund.”

No moneys in the 2023 Series E Subaccount of the Revenue Fund shall be transferred to a Related or an Unrelated subaccount of the Acquisition Account to be used to make or purchase Mortgage Loans or MBS as described below under “– Cross Calls and Recycling” until there has been deposited into the 2023 Series E Subaccount of the Special Redemption Account amounts sufficient to redeem 2023 Series E “PAC” Bonds pursuant to clause FIRST described above.

Mortgage Repayments or Prepayments received in respect of the 2023 Series E MBS shall not be applied to the redemption of Bonds other than the 2023 Series E Bonds as described below under “– Cross Calls and Recycling” until (i) there has been deposited into the 2023 Series E Subaccount of the Special Redemption Account amounts sufficient to redeem 2023 Series E “PAC” Bonds pursuant to clause FIRST described above for the applicable semi-annual period and (ii) a favorable opinion of Bond Counsel related to such redemption has been delivered to the Issuer and the Trustee. Mortgage Repayments or Prepayments on Mortgage Loans and MBS securing any Series of Bonds other than the 2023 Series E Bonds and any other sources legally available therefor may be applied to the redemption of the 2023 Series E “PAC” Bonds so as to reduce the respective outstanding aggregate principal amounts of the 2023 Series E “PAC” Bonds to, but not below, the amounts shown in the column entitled Cumulative Applicable Amount for the applicable semiannual period as set forth in the table above.

Moneys transferred to the 2023 Series E Subaccount of the Special Redemption Account shall be used to redeem 2023 Series E Bonds as directed pursuant to an Issuer Request.

Cross Calls and Recycling. Upon satisfaction of the conditions set forth in the Indenture, the Issuer may, by delivery of an Issuer Request to the Trustee, instruct the Trustee to transfer moneys on deposit in any subaccount of

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\* Preliminary; subject to change.

the Redemption Fund Related to a Series of Bonds to be applied to the redemption of the Bonds of a different Series. In addition, the Indenture permits the Issuer, by delivery of an Issuer Request to the Trustee at any time prior to the giving of notice of redemption, to instruct the Trustee to transfer moneys on deposit in any subaccount in the Redemption Fund to a Related or an Unrelated subaccount of the Acquisition Account to be used to make or purchase Mortgage Loans, MBS or DPA as permitted by the Indenture. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Redemption Fund.” Cross calls of the 2023 Series E Bonds with any Mortgage Repayments or Prepayments on Mortgage Loans and MBS securing any Series of Bonds other than the 2023 Series E Bonds and any other sources legally available therefor are permitted except that no such Mortgage Repayments or Prepayments may be applied to the redemption of the 2023 Series E “PAC” Bonds so as to reduce the respective outstanding aggregate principal amounts of the 2023 Series E “PAC” Bonds to, but not below, the amounts shown in the column entitled Cumulative Applicable Amount for the applicable semiannual period as set forth in the tables in “– Special Redemption” above.

### Optional Redemption

The 2023 Series E Bonds (other than the 2023 Series E “PAC” Bonds) are subject to redemption at the option of the Issuer, on or after July 1, 2032\*, either in whole or in part on any date, at a Redemption Price, without premium, equal to the principal amount thereof plus accrued interest thereon to the date of redemption.

The 2023 Series E “PAC” Bonds are subject to redemption prior to maturity at the option of the Issuer, on or after July 1, 2032\*, either in whole or in part on any date, at the following Redemption Prices plus the accrued interest thereon to the date of redemption, provided that to the extent that 2023 Series E “PAC” Bonds are redeemed on a date other than a date specified below, the Redemption Price shall be the price determined by straight-line interpolation between the Redemption Prices listed immediately preceding and immediately succeeding such redemption date:

<u>Date*</u>	<u>Redemption Price*</u>
July 1, 2032	— %
January 1, 2033	— %
July 1, 2033	— %
January 1, 2034	— %
July 1, 2034	— %
January 1, 2035	— %
July 1, 2035 and thereafter	100.000%

In the event of a partial redemption, the Issuer shall direct the tenor, Series, maturity or maturities, and the amounts thereof, so to be redeemed.

### Sinking Fund Redemption

The 2023 Series E Term Bonds maturing on January 1, 2039\* are subject to redemption in part, by lot, at the principal amount thereof plus accrued interest thereon to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem or pay at maturity the principal amount of such Bonds specified for each of the dates shown herein:

<u>Date*</u>	<u>Amount*</u>	<u>Date*</u>	<u>Amount*</u>
January 1, 2034	\$1,935,000	January 1, 2037	\$1,525,000
July 1, 2034	2,005,000	July 1, 2037	1,580,000
January 1, 2035	1,325,000	January 1, 2038	1,640,000
July 1, 2035	1,375,000	July 1, 2038	1,700,000
January 1, 2036	1,420,000	January 1, 2039**	1,760,000
July 1, 2036	1,475,000		

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\*\* Final Maturity

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\* Preliminary; subject to change.

The 2023 Series E Term Bonds maturing on January 1, 2044\* are subject to redemption in part, by lot, at the principal amount thereof plus accrued interest thereon to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem or pay at maturity the principal amount of such Bonds specified for each of the dates shown herein:

<u>Date*</u>	<u>Amount*</u>	<u>Date*</u>	<u>Amount*</u>
July 1, 2039	\$1,825,000	January 1, 2042	\$2,180,000
January 1, 2040	1,890,000	July 1, 2042	2,255,000
July 1, 2040	1,960,000	January 1, 2043	2,345,000
January 1, 2041	2,030,000	July 1, 2043	2,425,000
July 1, 2041	2,105,000	January 1, 2044**	2,510,000

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\*\* Final Maturity

The 2023 Series E Bonds maturing on January 1, 2049\* are subject to redemption in part, by lot, at the principal amount thereof plus accrued interest thereon to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem or pay at maturity the principal amount of such Bonds specified for each of the dates shown herein:

<u>Date*</u>	<u>Amount*</u>	<u>Date*</u>	<u>Amount*</u>
July 1, 2044	\$2,610,000	January 1, 2047	\$3,110,000
January 1, 2045	2,695,000	July 1, 2047	3,225,000
July 1, 2045	2,800,000	January 1, 2048	3,340,000
January 1, 2046	2,900,000	July 1, 2048	3,460,000
July 1, 2046	3,005,000	January 1, 2049**	3,585,000

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\*\* Final Maturity

The 2023 Series E Bonds maturing on January 1, 2054\* are subject to redemption in part, by lot, at the principal amount thereof plus accrued interest thereon to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem or pay at maturity the principal amount of such Bonds specified for each of the dates shown herein:

<u>Date*</u>	<u>Amount*</u>	<u>Date*</u>	<u>Amount*</u>
July 1, 2049	\$3,715,000	January 1, 2052	\$4,440,000
January 1, 2050	3,850,000	July 1, 2052	4,595,000
July 1, 2050	3,990,000	January 1, 2053	4,765,000
January 1, 2051	4,130,000	July 1, 2053	4,940,000
July 1, 2051	4,285,000	January 1, 2054**	6,985,000

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\*\* Final Maturity

The 2023 Series E "PAC" Bonds maturing on July 1, 2054\* are subject to redemption in part, by lot, at the principal amount thereof plus accrued interest thereon to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem or pay at maturity the principal amount of such Bonds specified for each of the dates shown herein:

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\* Preliminary; subject to change.

<u>Date*</u>	<u>Amount*</u>	<u>Date*</u>	<u>Amount*</u>
January 1, 2035	\$750,000	January 1, 2045	\$1,535,000
July 1, 2035	780,000	July 1, 2045	1,590,000
January 1, 2036	810,000	January 1, 2046	1,645,000
July 1, 2036	835,000	July 1, 2046	1,705,000
January 1, 2037	870,000	January 1, 2047	1,770,000
July 1, 2037	900,000	July 1, 2047	1,830,000
January 1, 2038	930,000	January 1, 2048	1,900,000
July 1, 2038	965,000	July 1, 2048	1,965,000
January 1, 2039	1,000,000	January 1, 2049	2,040,000
July 1, 2039	1,035,000	July 1, 2049	2,110,000
January 1, 2040	1,075,000	January 1, 2050	2,190,000
July 1, 2040	1,110,000	July 1, 2050	2,270,000
January 1, 2041	1,150,000	January 1, 2051	2,345,000
July 1, 2041	1,195,000	July 1, 2051	2,435,000
January 1, 2042	1,235,000	January 1, 2052	2,525,000
July 1, 2042	1,285,000	July 1, 2052	2,610,000
January 1, 2043	1,330,000	January 1, 2053	2,710,000
July 1, 2043	1,380,000	July 1, 2053	2,805,000
January 1, 2044	1,430,000	January 1, 2054	1,985,000
July 1, 2044	1,480,000	July 1, 2054**	1,985,000

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\*\* Final Maturity

The amounts accumulated for each Sinking Fund Installment may be applied by the Trustee or the Paying Agent, at the direction of the Issuer, prior to the giving of notice of redemption of 2023 Series E Bonds from such Sinking Fund Installment, to the purchase for cancellation of 2023 Series E Bonds for which such Sinking Fund Installment was established at a price (including any brokerage and other charges) not exceeding the principal amount thereof, plus accrued interest to the date of purchase.

Upon any purchase or redemption of 2023 Series E Bonds for which Sinking Fund Installments shall have been established, other than by application of Sinking Fund Installments, an amount equal to the applicable principal amount thereof will be credited toward a part or all of any one or more of such Sinking Fund Installments, as directed by the Issuer in written instructions accompanied by a Cash Flow Statement with respect to the 2023 Series E Bonds, or in the absence of such direction, toward each such Sinking Fund Installment in amounts bearing the same ratio as the total principal amount of such 2023 Series E Bonds so purchased or redeemed bears to the total amount of all such Sinking Fund Installments to be credited.

### **Other Provisions Concerning Redemption**

Notice of redemption is to be given not less than 20 nor more than 60 days prior to the redemption date by first-class mail or such other method as may be customary for the industry to the registered owner of any 2023 Series E Bonds or portions of 2023 Series E Bonds to be redeemed at such registered owner's last address appearing on the registration records of the Bond Registrar. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the registered owners of such 2023 Series E Bonds shall have actually received such notice. Receipt of such notice by the registered owner of any 2023 Series E Bond shall not be a condition precedent to the redemption of such Bond. Failure to give notice of redemption to any registered owner or any defect therein shall not affect the validity of redemption proceedings for any 2023 Series E Bond with respect to which no such failure or defect has occurred.

If DTC or its nominee is the registered owner of any 2023 Series E Bonds to be redeemed, notice of redemption will be given to DTC or its nominee as the registered owner of such 2023 Series E Bond. Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC

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\* Preliminary; subject to change.

Participant or otherwise) to notify the Beneficial Owner of any 2023 Series E Bond to be redeemed shall not affect the validity of the redemption of such Bond. See “BOOK-ENTRY PROVISIONS.”

If less than all the 2023 Series E Bonds are to be redeemed, except as otherwise directed by an Issuer Request that satisfies the requirements of the Indenture, and subject to any limitations in or requirements of the 2023 Series E Indenture, the Bond Registrar shall select a pro rata amount of 2023 Series E Bonds of each tenor and maturity for redemption. If less than all the 2023 Series E Bonds of like tenor and maturity are to be redeemed, the particular 2023 Series E Bonds or the respective portions thereof to be redeemed will be selected by lot by the Bond Registrar in such manner as the Bond Registrar in its discretion deems fair and appropriate; provided, however, in the event of any redemption hereunder, Bank Bonds shall be redeemed prior to any other Bonds of the same tenor, Series, and maturity.

The portion of any 2023 Series E Bond of a denomination larger than the minimum denomination may be redeemed in the principal amount of such minimum denomination or in an integral multiple of \$5,000 in excess thereof, and for purposes of selection and redemption, any such 2023 Series E Bond of a denomination larger than the minimum denomination shall be considered to be that number of separate 2023 Series E Bonds of such minimum denomination which is obtained by dividing the principal amount of such 2023 Series E Bond by such minimum denomination (provided that one of such Bonds may be in a denomination in excess of such minimum denomination). If there shall be selected for redemption less than all of a 2023 Series E Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such 2023 Series E Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the 2023 Series E Bond so surrendered, 2023 Series E Bonds of like interest rate, tenor and maturity in any of the authorized denominations.

The Issuer may, at its option, prior to the date fixed for redemption in any notice of redemption rescind and cancel such redemption by Issuer Request to the Trustee and the Trustee shall mail notice of such cancellation to the recipients of the redemption being cancelled.

If, on the redemption date, moneys for the redemption of 2023 Series E Bonds or portions thereof, together with interest to the redemption date, shall be held by the Trustee or the Paying Agent so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the 2023 Series E Bonds or portions thereof so called for redemption shall cease to accrue and become payable.

Subject to the terms and conditions set forth in the Indenture and prior to the mailing by the Bond Registrar of a notice of redemption with respect to 2023 Series E Bonds of any particular tenor and maturity, the Issuer may direct the Trustee or the Paying Agent to purchase such 2023 Series E Bonds with available moneys under the Indenture for cancellation in lieu of redemption. The Trustee and the Paying Agent shall apply available moneys in accordance with the Indenture from the Funds and Accounts specified in the Indenture to purchase such 2023 Series E Bonds.

### **Estimated Weighted Average Lives of the “PAC” Bonds**

The weighted average life of a security refers to the average of the length of time that will elapse from the date of issuance of such security to the date each installment of principal is paid to the investor weighted by the amount of such installment. The weighted average lives of the 2023 Series E Term Bonds will be influenced by, among other factors, the rate at which principal payments (including scheduled payments and principal prepayments) are made on the 2023 Series E MBS.

Payments of mortgage loans are commonly projected in accordance with a prepayment standard or model. The results of the model used in this Official Statement have been calculated using the Securities Industry and Financial Markets Association (formerly known as the Public Securities Association (“PSA”)) prepayment standard or model (the “PSA Prepayment Benchmark”) which is based on an assumed rate of prepayment each month of the then unpaid principal balance of the mortgage loans. The PSA Prepayment Benchmark assumes an increasingly larger percentage of the mortgage loans prepaying each month for the first 30 months of the mortgages’ life and then assumes a constant prepayment rate of 6% per annum of the unpaid principal balance for the remaining life of the mortgage loans.



### ***Estimated Weighted Average Lives of the 2023 Series E “PAC” Bonds***

The following table assumes, among other assumptions, that:

- (i) all of the mortgage loans underlying the 2023 Series E MBS are prepaid at the indicated percentage of PSA Prepayment Benchmark;
- (ii) all Mortgage Repayments and Prepayments relating to the 2023 Series E MBS are timely received;
- (iii) all Mortgage Repayments and Prepayments relating to the 2023 Series E MBS, excluding amounts required for the payment of scheduled maturities or Sinking Fund Installments, are used to redeem the 2023 Series E “PAC” Bonds pursuant to the provisions described above under “Special Redemption – Special Redemption of the 2023 Series E Bonds”;
- (iv) no moneys are withdrawn from the trust estate by the Issuer after satisfaction of the Asset Requirement;
- (v) no amounts in the 2023 Series E subaccounts of the 2023 Series E Special Redemption Account, other than the deposits of Mortgage Repayments and Prepayments relating to the 2023 Series E MBS, are used to redeem 2023 Series E Bonds;
- (vi) no 2023 Series E Bonds are redeemed pursuant to the optional redemption provisions of the Indenture; and
- (vii) the 2023 Series E MBS are expected to have the following characteristics:
  - (a) an outstanding aggregate balance of approximately \$205,016,807\* of underlying mortgage loans;
  - (b) a weighted average mortgage rate of 7.13%\* pooled into one or more Ginnie Mae Certificates;
  - (c) a weighted average pass-through rate of 6.79%\*;
  - (d) a weighted average remaining term of 360 months; and
  - (e) a weighted average origination date of February 2, 2024\*.

THE FOLLOWING TABLE ALSO ASSUMES THAT MONEYS ON DEPOSIT IN SUBACCOUNTS OF THE REDEMPTION FUND RELATED TO OTHER SERIES WILL NOT BE APPLIED TO REDEEM 2023 SERIES E BONDS OR PURCHASE MBS AND THAT MONEYS TO BE USED TO REDEEM 2023 SERIES E BONDS WILL NOT BE APPLIED TO REDEEM BONDS OF ANOTHER SERIES OR MAKE OR PURCHASE MORTGAGE LOANS OR MBS RELATED TO ANOTHER SERIES. See “DESCRIPTION OF THE 2023 SERIES E BONDS – Special Redemption – Cross Calls and Recycling.” Based on such assumptions, some or all of which are unlikely to reflect actual experience, the following table indicates the projected weighted average lives of the 2023 Series E “PAC” Bonds.

The PSA Prepayment Benchmark does not purport to be a prediction of the anticipated rate of prepayments of the mortgage loans underlying the 2023 Series E MBS, and there is no assurance that the Prepayments of the 2023 Series E MBS will conform to any of the assumed prepayment rates. See “ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS, OPERATING EXPENSES AND CERTAIN OTHER MATTERS” for a discussion of certain factors that may affect the rate of prepayment of the 2023 Series E MBS. The

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\* Preliminary; subject to change.

Issuer makes no representation as to the percentage of the principal balance of 2023 Series E MBS that will be paid as of any date or as to the overall rate of prepayment.

### **Estimated Projected Weighted Average Life (In Years)<sup>(1)</sup> of 2023 Series E “PAC” Bonds**

<u>PSA Prepayment Speed</u>	<u>2023 Series E “PAC” Bonds<sup>(2)*</sup></u>	<u>2023 Series E “PAC” Bonds<sup>(3)*</sup></u>
0%	22.8	8.5
25%	14.1	7.5
50%	8.4	6.6
75%	6.0	5.7
100%	6.0	5.7
200%	6.0	5.7
300%	6.0	5.7
400%	6.0	5.7
500%	6.1	5.7

<sup>(1)</sup> The weighted average life of a bond is determined by: (i) multiplying the amount of each principal payment by the number of years from the date of the issuance of the bond to the related principal payment date, (ii) adding the results, and (iii) dividing the sum of the total principal paid on the bond.

<sup>(2)</sup> Assumes the optional call on July 1, 2032\* is not exercised.

<sup>(3)</sup> Assumes the optional call on July 1, 2032\* is exercised.

### **BOOK-ENTRY PROVISIONS**

The 2023 Series E Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by The Depository Trust Company (“DTC”), New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of 2023 Series E Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners (as hereinafter defined) of beneficial ownership interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the 2023 Series E Bonds under the Indenture.

The following information about the book-entry-only system applicable to the 2023 Series E Bonds has been supplied by DTC. Neither the Issuer nor the Trustee makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the 2023 Series E Bonds. The 2023 Series E Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each of the 2023 Series E Bonds, as set forth on the inside cover page hereof, each in the aggregate principal amount of each maturity of the 2023 Series E Bonds and deposited with DTC.

DTC, the world’s largest depository, 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 issues, 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 of DTC, National Securities Clearing Corporation

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\* Preliminary; subject to change.

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”). DTC has a S&P Global’s rating of AA+. The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the 2023 Series E Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023 Series E Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2023 Series E Bond (“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. Beneficial Owners are, however, 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 2023 Series E 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 the 2023 Series E Bonds, except in the event that use of the book-entry system for the 2023 Series E Bonds is discontinued.

To facilitate subsequent transfers, all 2023 Series E Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2023 Series E Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of 2023 Series E Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2023 Series E 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.

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. Beneficial Owners of the 2023 Series E Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023 Series E Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2023 Series E Bond documents. For example, Beneficial Owners of the 2023 Series E Bonds may wish to ascertain that the nominee holding the 2023 Series E Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2023 Series E Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2023 Series E Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 2023 Series E Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the 2023 Series E Bonds will be made to Cede & Co., or such 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 Issuer or Paying Agent, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners are 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 such Participant and not of DTC, Paying Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying

Agent, and disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2023 Series E Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2023 Series E Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2023 Series E Bond certificates will be printed and delivered to DTC.

NEITHER THE ISSUER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A HOLDER WITH RESPECT TO: (1) THE 2023 SERIES E 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 2023 SERIES E BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2023 SERIES E BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the 2023 Series E Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption or other communications to or by DTC, which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the 2023 Series E Bonds.

The Issuer cannot and does not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the 2023 Series E Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, 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 preceding information concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

## ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2023 Series E Bonds are set forth below:

	<u>Total</u>
<b>Sources*</b>	
2023 Series E Principal Amount	\$ _____
2023 Series E [Net] Original Issue [Premium/Discount]	_____
Total	\$ _____
<b>Uses*</b>	
Deposit to Acquisition Account	\$ _____
Underwriters' Discount	_____
Costs of Issuance	_____
Total	\$ _____

## SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

### Pledge

The Bonds and Auxiliary Obligations are to be secured under the Indenture by a pledge of and lien on the proceeds of the Bonds, the Revenues, all moneys and securities in the Funds and Accounts (other than moneys and securities in the Rebate Account, the Bond Purchase Fund, and the Short-Term Bond Account, and the Rebate Requirement required to be deposited in the Rebate Account) created by or pursuant to the Indenture, including the Investments thereof (if any), the rights and interest of the Issuer in and to the Mortgage Loans and MBS, and any and all other property of any kind from time to time hereafter pledged as additional security under the Indenture by a Series or Supplemental Indenture, by delivery or by writing of any kind by the Issuer or by any person on its behalf.

Mortgage Loans held under the General Indenture shall be secured by Mortgages constituting first liens on single family, owner-occupied housing and were, when purchased by the Issuer, insured by the FHA, guaranteed by the VA or the Rural Housing and Community Development Service of the Department of Agriculture (formerly Farmers Home Administration) or constitute PMI Insured/Uninsured Mortgage Loans. Mortgage Loans are not required to be securitized into an MBS and, consequently, can constitute Whole Loans. See "MORTGAGE LOAN AND MBS PORTFOLIO." Also, see "SINGLE FAMILY MORTGAGE PROGRAM" and "APPENDIX A – INSURANCE, GUARANTEES AND FORECLOSURE" for a summary of the Issuer's single family mortgage program; and, see "SINGLE FAMILY MORTGAGE PROGRAM – Requirements for Mortgage Loans" for a summary of the Issuer's experience regarding various loan types. The Indenture does not require Mortgage Loans purchased with amounts made available by the proceeds of Additional Bonds ("Additional Mortgage Loans") to be insured or guaranteed as set forth herein or be placed in pools backed by mortgage-backed certificates.

For purposes of the pledge and lien of the Indenture, the term "Mortgage Loan" and "MBS" includes only Mortgage Loans and MBS acquired by the Trustee from monies in the Acquisition Account.

The term "Revenues" means (a) all Mortgage Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Mortgage Repayments, (b) Investment Revenues, (c) any Mortgage Repayments, Prepayments or other income or cash or liquid securities held in the Additional Security Account, (d) Interest Rate Contract Revenues and (e) all other payments and receipts received by the Issuer with respect to MBS, Mortgage Loans or other mortgage loans and DPA, but shall not include (i) Escrow Payments, (ii) Servicing Fees, unless such fees are specifically pledged to the Trustee, (iii) any commitment, reservation, extension, or application fees charged by the Issuer in connection with a Mortgage Loan or Mortgage Purchase Agreement, (iv) any commitment, reservation, extension or application fees charged by a

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\* Preliminary; subject to change.

Mortgage Lender in connection with a Mortgage Loan or (v) accrued interest received in connection with the purchase of any Investment Obligations.

The pledge is subject in all cases to the provisions of the Indenture permitting the application of such moneys and assets for or to the purposes and on the terms and conditions set forth therein. Such applications include refunding certain outstanding bonds of the Issuer, purchasing Mortgage Loans and MBS with Bond proceeds and paying principal of and interest on the Bonds and certain payments with respect to Auxiliary Obligations with Revenues. Moneys and investments held in subaccounts of any Issuer Payment Account of the Debt Service Fund are pledged solely for the payment of Principal Installments, Redemption Price of, interest on and other amounts payable with respect to General Obligations of the Related Series with respect to which such subaccount was created and are not pledged to pay principal, Redemption Price of, interest on and other amounts payable with respect to any other Bonds or Auxiliary Obligations; and provided further that proceeds derived from the sale of a Series of Short Term Bonds may be pledged solely for the Principal Installments and Redemption Price, if any, and interest on such Series of Short Term Bonds. The 2023 Series E Bonds are not secured by amounts on deposit in the Issuer Payment Account. Any Additional Security deposited to the Additional Security Account in the Revenue Fund shall secure the Bonds but not be related to a particular Series, unless otherwise set forth in a Related Series Indenture.

All Bonds are equally and ratably secured as provided in the Indenture.

#### **Debt Service Reserve Fund**

The Indenture establishes a Debt Service Reserve Fund and a Debt Service Reserve Fund Requirement for the Bonds. “Debt Service Reserve Fund Requirement” means 5% of the outstanding aggregate principal amount of the mortgage loans not securitized by an MBS and not including such percentage of any mortgage loans held in the Additional Security Account. See “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Debt Service Reserve Fund.” Proceeds of the 2023 Series E Bonds will not be deposited in the Debt Service Reserve Fund as the Debt Service Reserve Fund Requirement does not apply to mortgage loans securitized by an MBS or held in the Additional Security Account.

#### **Additional Bonds; Refunding Bonds**

The Issuer may issue Additional Bonds and/or Refunding Bonds secured by the pledge and lien of the General Indenture upon satisfaction of the terms and conditions of the General Indenture, including the condition that, so long as there are Outstanding Bonds rated by a Rating Agency, the Issuer will obtain a confirmation from each such Rating Agency then providing a rating on any Outstanding Bonds that the issuance of such Bonds will not result in the lowering or withdrawal of its then current rating on each Series of Outstanding Bonds. The Issuer has reserved the right to issue other obligations not secured by the pledge and lien of the General Indenture, including bonds secured by its general revenues.

#### **ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS, OPERATING EXPENSES AND CERTAIN OTHER MATTERS**

The Issuer expects payments of principal and interest on Mortgage Loans and MBS, together with Prepayments to be received by the Issuer with respect to Mortgage Loans, MBS, Interest Rate Contract Revenues and income expected to be derived from the investment of moneys in funds and accounts established pursuant to the Indenture to be sufficient to pay the interest on, principal of and Sinking Fund Installments for the Bonds, amounts due under Related Auxiliary Obligations and the costs of operating the Program. Certain assumptions have been made as to the range of variation in the generation of Revenues from such sources in order to determine the effect of such variation on the sufficiency of Revenues to pay debt service on the Bonds. The Issuer has reviewed these assumptions and concluded that they are reasonable, but cannot guarantee that actual results will not vary materially from those projected. To the extent that (i) Mortgage Loans or MBS are not made or purchased at the times anticipated by the Issuer, or are not made or purchased at all, (ii) Mortgage Loans and MBS made or purchased by the Issuer are not paid on a timely basis in accordance with their terms, (iii) the rate of receipt of Prepayments is either more rapid or less rapid than that projected, (iv) interest payable on Variable Rate Bonds and amounts due under Related Auxiliary Obligations differs from Related Interest Rate Contract Revenues, or (v) actual investment income differs from that

estimated by the Issuer, the moneys available may be insufficient for the payment of debt service on the Bonds and amounts due under Related Auxiliary Obligations and operating expenses of the Program.

Payments on Mortgage Loans and MBS, whether from scheduled monthly installments or from Prepayments, together with Revenues generated as investment income on the funds held under the Indenture and invested in Investment Obligations or under Investment Agreements, are assumed to be the primary source of revenue. Mortgage Loans are assumed to amortize based on their existing amortization schedules and to bear interest at fixed interest rates. Mortgage loans Relating to MBS will amortize based on a thirty-year schedule and will bear interest at fixed interest rates.

The Issuer anticipates that there will be some delinquent and defaulted Mortgage Loan payments. In addition, physical damage to the residences securing the Mortgage Loans may exceed the limits of, or be caused by a peril not insured under, the standard hazard insurance policies insuring such residences. The Issuer believes that it is reasonable to assume that the amount of delinquent and defaulted Mortgage Loan payments for which mortgage insurance proceeds will not have been received will not exceed the aggregate balance in the Debt Service Reserve Fund.

If Prepayments of the 2023 Series E MBS occur, a portion of the 2023 Series E Bonds may be redeemed pursuant to the special redemption provisions of the Indenture. See “DESCRIPTION OF THE 2023 SERIES E BONDS – Special Redemption” and “– Estimated Weighted Average Lives of the 2023 Series E “PAC” Bonds.” The Issuer anticipates that a portion of the mortgage loans underlying the 2023 Series E MBS will be partially or completely prepaid or terminated prior to their respective final maturities and the 2023 Series E Bonds may have a substantially shorter life than the stated maturity of the 2023 Series E Bonds. The actual rate of principal payments on pools of mortgage loans may be influenced by a variety of economic, geographic, social and other factors and there is no reliable basis for predicting the actual average life of 2023 Series E MBS. Factors affecting prepayment of the mortgage loans underlying the 2023 Series E MBS may include changes in prevailing interest rates, changes in mortgagors’ housing needs, job transfers, unemployment, mortgagors’ net equity in the mortgaged properties, servicing decisions, the age and payment terms of the mortgages, the extent to which the mortgages are assumed or refinanced, the use of second-lien or other individualized financing arrangements and the requirements of the Program, including the requirements of the Code with respect to the assumption of mortgages funded with the proceeds of qualified mortgage bonds. The Issuer makes no representation as to the factors that will affect the prepayment of the mortgage loans underlying the 2023 Series E MBS or the relative importance of such factors. Factors not identified by the Issuer or discussed herein may significantly affect the prepayment of the 2023 Series E MBS.

Upon satisfaction of the conditions set forth in the Indenture, the Issuer may instruct the Trustee to apply moneys on deposit in subaccounts of the Redemption Fund related to other Series to redeem 2023 Series E Bonds and may instruct the Trustee to apply moneys on deposit in the Related subaccounts of the Redemption Fund to redeem Bonds of another Series under certain circumstances. Upon satisfaction of the conditions set forth in the Indenture, the Issuer may also instruct the Trustee to apply moneys on deposit in subaccounts of the Redemption Fund related to other Series to purchase Mortgage Loans and MBS related to the 2023 Series E Bonds or another Series and may instruct the Trustee to apply money on deposit in Related subaccounts of the Redemption Fund to make or purchase Mortgage Loans and MBS related to the 2023 Series E Bonds or another Series. See “DESCRIPTION OF THE 2023 SERIES E BONDS – Special Redemption – Cross Calls and Recycling.” Such instruction may result in the 2023 Series E Bonds having a shorter or longer life.

The Issuer believes the assumptions described herein are reasonable, but cannot guarantee that actual results will not vary materially from such assumptions. If subsequent events do not correspond to such assumptions, the amount of revenues from Mortgage Loans and MBS, investment earnings and insurance proceeds available for the payment of principal of, Sinking Fund Installments for and interest on the Bonds and costs of operating of the Program may be adversely affected.

#### **Delays after Defaults on Mortgage Loans**

In the event that a mortgagor defaults in the payment of a Mortgage Loan and the Issuer institutes foreclosure proceedings, there will be certain required time delays which, should they occur with respect to a sufficient number of Mortgage Loans, could disrupt the flow of revenues available for the payment of principal of, Sinking Fund Installments for and interest on the Bonds. These time delays derive from the procedures applicable to the collection

of mortgage insurance or guarantees as well as those required under Idaho law for the enforcement of rights of mortgagees. Those procedures are described in “APPENDIX A – INSURANCE, GUARANTEES AND FORECLOSURE.”

Certain mortgagors may be entitled to benefits under the Soldiers and Sailors Civil Relief Act, as amended (the “Relief Act”). Under the Relief Act, a mortgagor may be granted certain forms of relief from his or her obligations under a mortgage loan during any period of active military service. Such relief may reduce Revenues during such period.

### **Interest Rate Contracts and Variable Rate Bonds**

Amounts to be paid to the Issuer by the Related Interest Rate Contract Providers from time to time pursuant to the Related Interest Rate Contracts will be calculated based on notional amounts expected to correspond with the interest rates borne by the Related Variable Rate Bonds. Such notional amounts are structured to decline on a pro rata basis based on the projected decline of the outstanding amount for the Related Variable Rate Bonds. Under certain circumstances, the notional amount used to calculate the amounts to be paid to the Issuer by the Related Interest Rate Contract Provider pursuant to the Related Interest Rate Contract and the hedged portion of the outstanding principal amount of the Related Variable Rate Bonds may differ. Additionally, the Interest Rate Contract Rates may differ from the actual interest rates borne by the Related Variable Rate Bonds. Any differences from time to time between such notional amounts and the hedged portions of the outstanding principal amount of the Related Variable Rate Bonds and the respective Interest Rate Contract Rates and the interest rates borne by the Related Variable Rate Bonds will expose the Issuer to additional variable interest rate risk and will result in the Issuer’s interest obligation with respect to the hedged portion of the Related Variable Rate Bonds not being on an approximately fixed rate basis.

### **Cybersecurity**

The Issuer, the Trustee, and Ginnie Mae like many other public and private entities, rely on a technology environment to conduct their operations. As a recipient and provider of personal, private, or sensitive information, the Issuer, the Trustee, Ginnie Mae are subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to their digital systems for the purpose of misappropriating assets or information or causing operational disruption and damage. No assurances can be given that efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Issuer, the Trustee, and Ginnie Mae and adversely affect timely payment on the 2023 Series E Bonds.

### **Business Disruption Risks**

Certain external events, such as pandemics (including continued effects of the COVID-19 pandemic), natural disasters, severe weather, technological emergencies, riots, acts of war, terrorism or other circumstances could potentially disrupt the Issuer’s ability to conduct its business. A prolonged disruption in the Issuer’s operations could have an adverse effect on the Issuer’s financial condition and results of operations.

### **Continuing Inflation**

The State, like the rest of the nation, has recently experienced significant increases in costs of housing, food, and energy, in addition to associated wage and salary pressures. The Issuer anticipates that inflationary pressure, particularly in housing, wages, food, and energy prices, will continue for the foreseeable future. Increased housing costs and rising interest rates for mortgage loans may have an adverse impact on the Issuer’s operations; however, the Issuer cannot predict the extent of inflationary pressures on its operations.

### **Rating Downgrade**

Because the 2023 Series E MBS are guaranteed by Ginnie Mae, any downgrade in the sovereign credit rating of the United States of America may result in a downgrade of the 2023 Series E Bonds by the Rating Agency. Any reduction of the rating in effect for the 2023 Series E Bonds may adversely affect their market price. On November



10, 2023, Moody's affirmed the long-term issuer and senior unsecured ratings of the United States of America at "Aaa" but lowered its rating outlook from "stable" to "negative." The Issuer does not anticipate that such lowering of the ratings outlook by Moody's will result in a lower than expected rating on the 2023 Series E Bonds. See "RATING" herein.

## OUTSTANDING BONDS, AUXILIARY OBLIGATIONS, AND OTHER GENERAL OBLIGATIONS

### Bonds

The following series of Bonds were issued and are Outstanding under the General Indenture as of the date set forth below:

#### Bonds as of November 1, 2023

<u>Series</u>	<u>Issued</u>	<u>Outstanding</u>
2019 Series A	\$29,860,000	\$8,935,000
2019 Series B	12,915,000	2,485,000
2019 Series C	30,490,000	16,155,000
2022 Series A	253,615,000	253,615,000
2023 Series A	80,285,000	80,285,000
2023 Series B	75,220,000	75,220,000
2023 Series C	150,295,000	150,295,000
2023 Series D-1	76,070,000	76,070,000
2023 Series D-2	<u>11,495,000</u>	<u>11,495,000</u>
<b>Total</b>	<b>\$720,245,000</b>	<b>\$674,555,000</b>

### Auxiliary Obligations

In connection with the issuance of Bonds previously issued, the Issuer entered into certain Interest Rate Contracts and certain Liquidity Facilities. Certain obligations of the Issuer pursuant to such Auxiliary Agreements are secured by the pledge pursuant to the Indenture of Revenues. Certain of such obligations are obligations of the Issuer payable from and secured by the revenues and assets derived from the proceeds of the Bonds, as provided in the Indenture and other general revenues or moneys legally available therefor, and not pledged or encumbered to secure other obligations of the Issuer.

The Issuer has heretofore entered into Interest Rate Contracts and Liquidity Facilities with the following terms and parties and with respect to the following Series of Bonds issued and Outstanding under the General Indenture:

#### Interest Rate Contracts as of November 1, 2023

<u>Series Assoc.</u>	<u>Notional Outstanding</u>	<u>Fixed Rate</u>	<u>Floating Rate</u>	<u>Provider</u>	<u>Termination Date</u>
2019 Series B-2	\$2,020,000	5.031%	1 Month LIBOR <sup>(1)</sup> + 0.45%	Barclays Bank PLC	7/1/2026
2019 Series B-2	500,000	3.780%	SIFMA + 0.20%	Barclays Bank PLC	7/1/2025
2019 Series B-2	1,675,000	4.370%	SIFMA + 0.20%	Barclays Bank PLC	1/1/2027
<b>Total</b>	<b>\$4,195,000</b>				

<sup>(1)</sup> Following announcements by ICE Benchmark Administration and the UK Financial Conduct Authority, U.S. dollar LIBOR ceased to be published and is no longer representative after June 30, 2023. All products referencing U.S. dollar LIBOR were transitioned to a new interest rate benchmark after that date. The Issuer adhered to the ISDA 2020 LIBOR Fallbacks Protocol (the "Protocol") prior to June 30, 2023. The Protocol designates the Secured Overnight Financing Rate ("SOFR") compounded in arrears plus the ISDA Credit Adjustment Spread as the fallback rate for U.S. dollar LIBOR. The Credit Adjustment Spread for 1-Month LIBOR is 11.448 basis points.

Liquidity Facilities as of November 1, 2023

<u>Series Assoc.</u>	<u>Provider</u>	<u>Termination Date</u>
2019 Series B-2	Federal Home Loan Bank of Des Moines	10/5/2027
2023 Series B-2	Federal Home Loan Bank of Des Moines	4/5/2028
2023 Series D-2	Federal Home Loan Bank of Des Moines	10/5/2027

**Other General Obligations**

The Issuer currently has other general obligations including certain letters of credit, commercial paper notes, Multifamily Housing Revenue Bonds, and Single Family Mortgage Class II Bonds. As of November 1, 2023, the letters of credit have an aggregate outstanding balance of \$249,750,409 on a \$300,000,000 total line of credit amount, the commercial paper notes have an aggregate outstanding balance of \$162,620,000, the Multifamily Housing Revenue Bonds (Sunset Landing Apartments Project), 2021 Series A Fixed Rate have an outstanding balance of \$13,740,000, and the Single Family Mortgage Class II Bonds have an outstanding balance of \$1,655,000.

Prior to the issuance of the 2023 Series E Bonds, the Issuer expects to enter into a loan agreement with Barclays Bank PLC (the “Term Loan Agreement”), pursuant to which the Issuer will borrow \$75,000,000, evidenced by a note (the “Short-Term Note”), which will bear a variable interest rate and which will mature no later than March 21, 2024. Proceeds of the Term Loan Agreement will be used by the Issuer to finance the operations of the Issuer’s single-family mortgage program. The obligation of the Issuer to repay such loan will be a general obligation of the Issuer payable from the Issuer’s general revenues or moneys legally available therefor, and not pledged or otherwise encumbered to secure other obligations of the Issuer.

**MORTGAGE LOAN AND MBS PORTFOLIO**

**Mortgage Loans**

The following table sets forth information with respect to the existing Mortgage Loans as of the date set forth below:

Mortgage Loans as of November 1, 2023

<u>Series Assoc.</u>	<u>Mortgage Rate</u>	<u>Mortgage Loans Outstanding</u>	<u>Principal Balance of Mortgage Loans Outstanding</u>
2019 Series A/B	3.88%-6.48%	80	\$5,895,954
2019 Series C	2.13%-2.38%	34	7,366,917
2023 Series D-2	3.75%-6.60%	129	10,676,337
Additional Security Account	3.75%-6.75%	<u>311</u>	<u>21,986,120</u>
<b>Total</b>		<b>554</b>	<b>\$45,925,328</b>

## MBS

The following tables set forth information with respect to the existing MBS as of the date set forth below:

### MBS as of November 1, 2023

<u>Series Assoc.</u>	<u>Weighted Average Pass-through Rate</u>	<u>MBS Type</u>	<u>Principal Balance of MBS Purchased</u>	<u>Principal Balance of MBS Outstanding</u>
2019 Series A/B	3.51%	GNMA II	\$40,643,279	\$14,112,990
2019 Series C	3.80%	GNMA II	19,221,966	5,623,266
2022 Series A	5.21%	GNMA II	252,221,185	240,726,356
2023 Series A	5.49%	GNMA II	71,766,412	70,588,099
2023 Series B	5.77%	GNMA II	74,801,551	74,324,644
2023 Series C	5.20%	Multiple*	141,610,578	141,266,945
2023 Series D	6.02%	GNMA II	75,726,225	75,515,754
2023 Series A/B.	5.00%	GNMA II	15,982,405	15,982,405
<b>Total</b>			<b>\$691,973,601</b>	<b>\$638,140,459</b>

\*GMNA II, Fannie Mae Certificates, and Freddie Mac Certificates.

Additional information relating to the type of MBS described in the table above is set forth below:

### MBS Type as of November 1, 2023

<u>MBS Type</u>	<u>Outstanding Balance</u>	<u>Percentage</u>
GNMA II	\$582,279,768	91.25%
Fannie Mae Certificates	28,309,191	4.44%
Freddie Mac Certificates	<u>27,551,500</u>	<u>4.32%</u>
<b>Total</b>	<b>\$638,140,459</b>	<b>100.00%</b>

## Delinquencies Relating to Mortgage Loans and MBS

The following table sets forth delinquency information with respect to the existing Mortgage Loans and mortgage loans backing the existing MBS:

### Delinquencies Relating to Mortgage Loans and MBS as of November 1, 2023

<u>Loan Balance Outstanding</u>	<u>Loans Outstanding</u>	<u>60 Days Delinquent</u>		<u>90 Days Delinquent</u>		<u>Foreclosures</u>	
		<u>Loans</u>	<u>% of Total Outstanding</u>	<u>Loans</u>	<u>% of Total Outstanding</u>	<u>Loans</u>	<u>% of Total Outstanding</u>
\$684,521,001	2,839	35	1.94%	101	3.56%	8	0.28%

## New MBS

A portion of the proceeds of the 2023 Series E Bonds will be used to finance, or reimburse the Issuer for, the purchase of, or a participation interest in, the 2023 Series E MBS. See “FINANCING PLAN.” The 2023 Series E MBS will be backed by pools of mortgage loans that have been or will be made by participating lenders or other lenders to qualified borrowers to finance the purchase of single-family residential housing located in the State or in

the state of another Qualified Issuer of the 2023 Series E MBS. The 2023 Series E MBS are expected to have the following characteristics:

- (i) an outstanding aggregate balance of approximately \$205,016,807\* of underlying mortgage loans;
- (ii) a weighted average mortgage rate of 7.13%\* pooled into one or more Ginnie Mae Certificates;
- (iii) a weighted average pass-through rate of 6.79%\*;
- (iv) a weighted average remaining term of 360 months; and
- (v) a weighted average origination date of February 2, 2024\*.

The 2023 Series E Indenture provides that the Issuer will voluntarily make a good faith effort to prepare (i) semiannual reports due on June 30 and December 31 of each calendar year beginning with the report for June 30, 2024, setting forth (a) a description of all Series E MBS purchased from proceeds of the 2023 Series E Bonds to the date thereof in substantially the form of APPENDIX G to this Official Statement related to the 2023 Series E Bonds and (b) the remaining amount held in the 2023 Series E Subaccount of the Acquisition Account, if any, and (ii) a final report setting forth the information in part (i) above within 10 Business days of the earlier of (a) the date the Issuer has determined that it has acquired all 2023 Series E MBS expected to be acquired with the proceeds of the 2023 Series E Bonds held in the 2023 Series E Subaccount of the Acquisition Account or (b) the date on which the proceeds of the 2023 Series E Bonds held in the 2023 Series E Subaccount of the Acquisition Account have been fully expended. Such final report will contain a certification by the Issuer to that effect. Issuer shall make a good faith effort to file said reports with EMMA on or prior to the applicable due dates set forth in the prior sentence, but failure to do so shall not be a default under the Indenture, and the Issuer shall have no further obligation to update the information so reported. Once the Issuer has so certified and filed its final report, no further reports will be provided.

Amounts made available by the proceeds of Additional Bonds may be used to finance the purchase of additional Mortgage Loans and additional MBS.

## LOAN INSURANCE

The following table sets forth information as of November 1, 2023 with respect to the existing Mortgage Loans:

<u>Insurance/ Guaranty Provider</u>	<u>Number of Mortgage Loans</u>	<u>Outstanding Principal Balance</u>	<u>Percentage of Total (Number of Loans)</u>	<u>Percentage of Total (Amount)</u>
Conv Uninsured	61	\$3,578,141	11.01%	7.79%
FHA	256	22,410,071	46.21	48.80
FMHA/RD	62	5,093,259	11.19	11.09
Genworth	86	7,341,950	15.52	15.99
IHFA/Risk Share	2	114,928	0.36	0.25
MGIC	25	1,898,433	4.51	4.13
None Required	37	2,625,940	6.69	5.72
Radian Ins.	4	400,277	0.72	0.87
REP	1	61,298	0.18	0.13
United Guaranty	2	166,389	0.36	0.36
VA	<u>18</u>	<u>2,234,642</u>	<u>3.25</u>	<u>4.87</u>
<b>Total</b>	<b>554</b>	<b>\$45,925,328</b>	<b>100.00%</b>	<b>100.00%</b>

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\* Preliminary; subject to change.

See “APPENDIX A – INSURANCE, GUARANTEES AND FORECLOSURE” for a description of the mortgage insurance or guaranty to be maintained with respect to the Mortgage Loans.

## INVESTMENTS

As of November 1, 2023, the Issuer had the following investments and maturities:

<u>Series</u>	<u>Subaccount</u>	<u>Approximate Amount</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Provider</u>
2019A/B	Debt Service	\$21,889	6.150	1/28/2028	FNMA
2019A/B	Debt Service	11,830	6.005	7/28/2028	FHLB
2019A/B	Debt Service	27,353	7.500	11/15/2024	US Treasury Bond
2019A/B	Debt Service	11,589	6.125	11/15/2027	US Treasury Note
2019A/B	Debt Service	152,837	3.500	7/20/2049	GNMA II
2019A/B	Special Red.	59,416	6.500	11/15/2026	US Treasury Bond
2019A/B	Special Red.	42,088	3.500	7/20/2049	GNMA II
2023D	Debt Service	<u>580,724</u>	5.410	4/17/2036	Federal Farm Cr
	<b>Total</b>	<b>\$907,726</b>			

## SINGLE FAMILY MORTGAGE PROGRAM

### Introduction

Under the Issuer’s single family mortgage program (the “Program”) the Issuer may purchase mortgage loans and/or MBS backed by mortgage loans made by Mortgage Lenders to finance the acquisition of Residential Housing by low income persons and will service such mortgage loans. The Act provides that mortgage loans made or purchased by the Issuer be made to low income persons as defined in the Act who are deemed by the Issuer, due to insufficient income and without any governmental assistance, unable to make the payments on decent, safe and sanitary housing.

The Issuer has also entered into cooperative ventures (“Cooperative Ventures”) to partner with housing finance agencies in certain other states to provide those agencies with assistance in the processing and servicing of mortgage loans for persons of lower income. Currently these states are: Connecticut, Iowa, New Mexico, Oregon, South Dakota, Texas, and Washington.

### Reservation, Delivery and Making or Purchase of Mortgage Loans

The Issuer’s Single Family Underwriting Guide described below (the “Single Family Underwriting Guide”) references and incorporates a reservation procedure, which describes the steps a Mortgage Lender must take in order to receive a commitment for each mortgage loan to be sold to the Issuer. The reservation procedure requires a Mortgage Lender to have taken a loan application from a potential home buyer who has entered into a binding purchase contract with the seller of a residence. The lender must complete the loan lock reservation which can be updated during that day. The following business day the loan lock reservation will become a loan lock confirmation. The Mortgage Lender must then deliver the mortgage loan to the Issuer for purchase on or before the final mortgage delivery date. Following correction of any deficiencies in the mortgage loan, the Issuer will direct the Trustee to disburse funds to the Mortgage Lender for the making or purchase of any eligible mortgage loans (“Mortgage Loans”) delivered to the Issuer. It is not expected that the Issuer will directly purchase any Mortgage Loans with the proceeds of the 2023 Series E Bonds, but will purchase 2023 Series E MBS containing such Mortgage Loans.

Where Tax-exempt Bonds have been issued and are funding the purchase of qualified mortgage loans either directly or through the purchase of such mortgage loans, in order to satisfy the requirements of the Code, the Issuer will reserve 20% of the amount of the proceeds of the Tax-exempt Bonds available for the making or purchase of mortgage loans for the making or purchase of mortgage loans for residences located in Targeted Areas. Except as otherwise provided in the Indenture, such amount will be reserved until all of such amount is used by the Issuer to make or purchase mortgage loans on Targeted Area Residences or a date at least one year after the date on which amounts are first made available for the making or purchase of such mortgage loans.

## **Mortgage Loan Discount, Purchase Price and Servicing Acquisition**

The Issuer will purchase mortgage loans based at a purchase price of 100% of the outstanding principal balance plus unpaid accrued interest to the date of funding or purchase. Mortgage Lenders may charge the mortgagor or the seller of a residence securing a mortgage loan a fee based on the option elected by the mortgagor.

All Mortgage Lenders who are not qualified under the Single Family Servicing Guide described below (“Single Family Servicing Guide”) to service mortgage loans must assign the servicing to the Issuer. In consideration for the assignment to the Issuer of servicing by any Mortgage Lenders the Issuer may pay to each such Mortgage Lender a transfer fee as of the date of purchase as further described below.

## **Down Payment Assistance**

In connection with certain mortgage loans originated by Mortgage Lenders under the Program, borrowers from time to time may be allowed to request and obtain down payment assistance (“DPA”), the proceeds of which may, subject to Program guidelines and depending on funding available to the Issuer, be used toward such borrowers’ closing costs or down payment expenses. DPA is secured by a second lien and is made by the Issuer concurrently with the first lien mortgage loan. No proceeds of the 2023 Series E Bonds are being used to fund DPA.

## **Commercial Paper Program**

The Issuer has established a taxable commercial paper program to provide funds to make mortgage loans or to purchase mortgage loans from mortgage lenders on an interim basis, among other things. Prior to acquisition of Mortgage Loans or MBS by the Trustee from monies in the Acquisition Account, such Mortgage Loans or MBS will not be subject to the pledge and lien of the Indenture. If Mortgage Loans and MBS are acquired by the Issuer and held temporarily in its general fund in connection with its commercial paper program, such Mortgage Loans and MBS may be transferred to the Trustee at a price equal to the funding amount or purchase price paid by the Issuer therefor plus accrued interest, whether or not delinquent or in default, if such Mortgage Loans and MBS satisfied Indenture and Program requirements as of the date of acquisition into the Issuer’s general fund.

## **Requirements for Mortgage Loans**

Mortgage loans financed with the proceeds of Tax-exempt Bonds must be made only to mortgagors who have not owned an interest in a principal residence during the three-year period prior to the date of execution of each respective mortgage which secures each such mortgage loan; provided, that such restriction does not apply with respect to mortgage loans secured by Targeted Area Residences or, in certain circumstances, to mortgage loans made to veterans. For such mortgage loans, each mortgagor must intend to occupy the unit as his or her principal place of residence and the Acquisition Cost of a residence financed with Bond proceeds may not exceed the lesser of (i) 90% (110% in the case of Targeted Area Residences) of the Average Area Purchase Price of previously occupied or new single family residences, as the case may be, for the statistical area in which the residence is located, or (ii) such Acquisition Cost limits as are established by the Issuer.

For mortgage loans described in the preceding paragraph, the term “Acquisition Cost” means the cost of acquiring a residence from the seller as a completed residential unit, including: (i) all amounts paid, either in cash or in kind, by the mortgagor (or a related party or for the benefit of the mortgagor) to the seller (or a related person or for the benefit of the seller) as consideration for the residence, (ii) the purchase price of the land and (iii) if the residence is incomplete, the reasonable cost of completing it (to the extent that the builder thereof normally completes work on similar residences which he builds, and so that occupancy thereof is legally permitted); but exclusive of (a) usual and reasonable settlement or financing costs (but only to the extent that such amounts do not exceed the usual and reasonable costs which would be paid by the mortgagor where financing is not provided through the proceeds of qualified mortgage bonds the interest on which is excludable from the gross income of the recipient for federal income tax purposes), and (b) the value of services performed by the mortgagor or members of his or her family in completing the residence.

With respect to mortgage loans described two paragraphs above, the term “Average Area Purchase Price” means the most current average area purchase price under the safe harbor limitations from time to time published by the United States Department of the Treasury for each applicable Metropolitan Statistical Area or other area within the State, stated separately with respect to residences which have not been previously occupied and residences which have been previously occupied; provided, however, that in lieu of such safe harbor limitations, the average area purchase price shall be determined by the Issuer in accordance with the Code but only upon receipt by the Issuer of an opinion of bond counsel that the use of the average area purchase price so determined by the Issuer will not cause interest on Tax-exempt Bonds to become included in gross income for purposes of federal income taxation. Average Area Purchase Prices will be revised by the Issuer as subsequently published by the United States Department of the Treasury or as shall be determined by the Issuer as the average purchase price of all newly constructed and existing single family residences in the applicable statistical area for the most recent 12-month period. The Issuer has determined acquisition cost limits that comply with the applicable provisions of the Code.

Each mortgage loan made by the Issuer or purchased by the Issuer from a Mortgage Lender (i) will meet the loan-to-value requirements for the applicable FHA Mortgage Insurance, VA or Rural Housing and Community Development Service Guaranty or (ii) will have acceptable private mortgage insurance meeting Fannie Mae or Freddie Mac guidelines, or, if uninsured, will have a loan to value ratio of 80% or less. Each mortgage loan will be secured by a mortgage which constitutes a first lien on real property, subject only to certain permitted encumbrances. See “MORTGAGE PURCHASE AGREEMENTS.”

Mortgage loans which are made or purchased under the Program shall be FHA insured or VA or Rural Housing and Community Development Service guaranteed or shall constitute Uninsured Mortgage Loans. These programs are summarized in Appendix A.

The Issuer or the seller of a residence may buy down the interest rate on mortgage loans with its own funds as permitted by FHA, VA, the Rural Housing and Community Development Service.

### **Mortgage Loan Purchase Contracts**

Purchases of mortgage loans from Mortgage Lenders are made pursuant to Mortgage Loan Purchase Contracts, each of which incorporates by reference the terms and provisions of the Single Family Underwriting Guide, the Single Family Servicing Guide, the Issuer’s rules and regulations and related documents. Each Mortgage Loan Purchase Contract provides for the sale of mortgage loans to be purchased with proceeds of Bonds. The Mortgage Loan Purchase Contract contemplates that the Issuer will evidence its commitment to purchase a mortgage loan with a Mortgage Confirmation Statement, which relates to a specific mortgagor, residence and mortgage loan amount for which the Mortgage Lender reserved funds with the Issuer pursuant to the reservation procedures described herein. The Single Family Underwriting Guide also provides that an origination fee equal to one percent (1%) of each mortgage loan may be charged by a Mortgage Lender to a mortgagor and servicing fees may also be collected by the Issuer as well, which servicing fee is included in the Mortgage Note rate.

All Mortgage Lenders who are not qualified under the Single Family Servicing Guide to service mortgage loans must assign the servicing to the Issuer. Most Mortgage Lenders are not so qualified. In consideration for the assignment to the Issuer of servicing by any Mortgage Lenders the Issuer may pay to each such Mortgage Lender from the moneys in the related Acquisition Account a transfer fee which on average is approximately 2.00% to 2.25% of the outstanding principal balance of each mortgage loan as of the date of purchase.

Each Mortgage Loan Purchase Contract (the “Mortgage Loan Purchase Contract”) incorporates certain representations and warranties of Mortgage Lenders with respect to mortgage loans delivered thereunder and with respect to the servicing of such mortgage loans.

The Mortgage Lender will warrant, represent, covenant and agree each time it sells a mortgage loan to the Issuer to be purchased with proceeds of Bonds that such mortgage loan will meet the conditions required by the Mortgage Loan Purchase Contract which will satisfy the Mortgage Loan requirements of the Indenture.

For mortgage loans financed from proceeds of Tax-exempt Bonds, prior to a purchase by the Issuer of each mortgage loan to be purchased with proceeds of Bonds with respect to a residence (including as part of such residence all land financed by the mortgage loan), the Issuer shall obtain affidavits executed by each mortgagor and each seller and a certificate of the Mortgage Lender with respect to such residence designed to ensure compliance with the Code.

The Issuer reserves the right to modify or otherwise change its procedures under the Program from time to time on the basis of its experience in order to meet changed conditions. To the extent that such modifications or changes are made, the Issuer will be governed by the Act and by the covenants contained in the Indenture.

### **Single Family Underwriting Guide**

For mortgage loans purchased by the Issuer, the Single Family Underwriting Guide is referenced and incorporated in the Mortgage Loan Purchase Contract and describes the Program and contains representations, warranties, covenants and agreements of the Mortgage Lender to the Issuer, certain of which relate to: (i) the legality and validity of the mortgage loans and related documents; (ii) the existence and conveyance to the Issuer of a valid first lien (subject only to current taxes and assessments not yet due and payable, and encumbrances permitted by the Issuer) on mortgaged property, located in the State and held in fee simple; (iii) the absence of delinquencies with respect to payments on each mortgage loan; (iv) the absence of defaults under each mortgage loan; (v) the Mortgage Lender's right to sell each mortgage loan to the Issuer; (vi) the existence and validity of hazard insurance on the mortgaged property in an amount equal to at least 100% of the insurable value of the mortgaged property on a replacement cost basis; (vii) compliance by the Mortgage Lender with all requirements relating to the insurance or guaranty, if any, of the mortgage loan; (viii) compliance with the requirements of the Code if applicable; (ix) to the effect that required insurance or guaranty, if any, will inure to the benefit of the Issuer and (x) to the effect that each mortgage loan made or purchased by the Issuer would in all respects (excluding the interest rate on the mortgage loan) be a prudent investment. The Issuer has the right to decline to make or purchase any mortgage loan offered to it if, in the reasonable opinion of the Issuer, the mortgage loan does not conform to the requirements of the Act or the Underwriting Guide. See "Mortgage Loan Purchase Contracts" above.

The Underwriting Guide may be amended or supplemented from time to time, provided any such amendment or supplement does not adversely affect the rights or security of the Holders of the Bonds.

### **Single Family Servicing Guide**

The Single Family Servicing Guide, also incorporated by reference in each Mortgage Loan Purchase Contract, provides that each Mortgage Lender selling mortgage loans to the Issuer shall service such mortgage loans or assign the servicing to the Issuer. In performing functions as a servicer of mortgage loans the Issuer shall follow all servicing procedures and guidelines set forth in the Single Family Servicing Guide. Any Mortgage Lender who is not qualified under the Servicing Guide to service mortgage loans must assign the servicing to the Issuer. The Issuer is currently servicing all mortgage loans originated under its Single Family Program. The Issuer reserves the right to assign the servicing of any mortgage loans for which it is the servicer to any other servicer who is qualified under the Servicing Guide; provided, however, that Servicing Fees to be paid to or retained by the Mortgage Lender assignee may not exceed the amount set forth in the most recent Cash Flow Statement.

The Servicing Guide contains certain representations and warranties to be made with respect to the servicing of mortgage loans, certain of which relate to: (i) the servicing of mortgage loans in accordance with accepted mortgage practices of prudent lending institutions in the State or with such other standards as are required to maintain the insured or guaranteed status of any mortgage loans; and (ii) the maintaining of adequate mortgage servicing facilities and personnel. The Servicing Guide provides that the obligation of the servicer to cause insurance to be maintained shall be absolute, regardless of any failure or refusal by a mortgagor to pay in timely fashion the premiums therefor. The Issuer is obligated to reimburse a servicer for the full amount of any such premium so paid by such servicer in the event of any failure or refusal by any mortgagor to make payment of such premiums following foreclosure of mortgage loans. The Servicing Guide also provides that the servicer shall notify the Issuer of any mortgage loan which is delinquent and of any charges not paid and which could become a lien on the mortgaged property superior to the lien of the Mortgage. The Servicing Guide contemplates that the servicer will act on behalf of the Issuer, at the Issuer's expense, in any foreclosure or similar proceedings. Currently, the Issuer services all mortgage loans purchased from Mortgage Lenders.



The Servicing Guide may be amended or supplemented from time to time, provided that any such amendment or supplement does not in any manner impair or adversely affect the rights or security of the Holders of the Bonds.

## **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

The Indenture, copies of which are available from the Issuer and the Trustee, contains various covenants and security provisions, some of which are summarized herein.

### **Definitions of Certain Terms**

“Accreted Value” means, with respect to each compound interest Bond as of any date of calculation, an amount equal to the sum of (i) the principal amount of such Bond, plus (ii) any interest that has been compounded, i.e., any interest amount that is itself then bearing interest, all determined as of such date.

“Act” means the Idaho Code, Title 67, Chapter 62, as amended or supplemented from time to time.

“Additional Bonds” means Bonds authenticated and delivered pursuant to the General Indenture (other than the initial Bonds).

“Additional Security” means any loans, MBS or other assets transferred to the Trustee to be pledged to the payment of the Bonds under the General Indenture.

“Additional Security Account” means the account so designated, which is created and established in the Revenue Fund by the General Indenture to hold the Additional Security in accordance with the General Indenture and which may contain subaccounts Related to a Series as provided for in a Related Series Indenture.

“Aggregate Debt Service” means, for any particular period, the Debt Service Payments becoming due and payable on all Payment Dates during such period with respect to the Bonds and Auxiliary Obligations.

“Aggregate Principal Amount” means, as of any date of calculation, the principal amount or Accreted Value of the Bonds referred to.

“Amortized Value” means, when used with respect to an Investment Obligation purchased at a premium above or at a discount below par, the value as of any given date obtained by dividing the total amount of the premium or the discount at which such Investment Obligation was purchased by the number of days remaining to the first call date (if callable) or the maturity date (if not callable) of such Investment Obligations at the time of such purchase and by multiplying the amount so calculated by the number of days having passed from the date of such purchase; and (a) in the case of an Investment Obligation purchased at a premium, by deducting the product thus obtained from the purchase price and (b) in the case of an Investment Obligation purchased at a discount, by adding the product thus obtained to the purchase price.

“Asset Requirement” means the requirement that, as of any date of calculation, the sum of (a) amounts held in the Revenue Fund, Acquisition Account, Debt Service Fund, Redemption Fund and Debt Service Reserve Fund, and (b) the aggregate unpaid principal balance of the MBS and Mortgage Loans, be at least equal to 102% of the aggregate principal amount of Bonds then Outstanding or such lower percentage as will not adversely affect the then existing rating on the Bonds by each Rating Agency then rating the Bonds.

“Auxiliary Agreements” means Interest Rate Contracts and Liquidity Facilities.

“Authorized Officer” means the Chairman, Vice Chairman, Secretary-Treasurer, President and Executive Director, Chief Financial Officer or Assistant Secretary-Treasurer of the Issuer, or any other officer or employee of the Issuer, authorized to perform the particular acts or duties by resolution duly adopted by the Issuer.

“Auxiliary Agreement Providers” means Interest Rate Contract Providers and Liquidity Facility Providers.

“Auxiliary Obligations” means obligations of the Issuer for the payment of money under Auxiliary Agreements.

“Bond Counsel” means any attorney or firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed from time to time by the Issuer.

“Bond Year” means, with respect to the 2023 Series E Bonds, the twelve-month period ending on the date specified by the 2023 Series E Indenture.

“Borrower” means the maker of, and any other party obligated on, a Mortgage Loan in connection with the acquisition, refinancing or rehabilitation of Residential Housing.

“Business Day” means, except as set forth in a Series Indenture, any day (a) on which banks in the cities in which the respective principal offices of the Paying Agent, the Bond Registrar, the Trustee and Related Auxiliary Agreement Providers are located are not required or authorized by law to be closed and (b) on which the New York Stock Exchange is open.

“Cash Flow Statement” means, with respect to any particular Bonds and Auxiliary Obligations, an Issuer Certificate (a) setting forth, for the then current and each future Bond Year during which such Bonds and Auxiliary Obligations will be Outstanding, and taking into account (i) any such Bonds expected to be issued or redeemed or purchased for cancellation in each such Bond Year upon or in connection with the filing of such Certificate (for which purpose, if such Issuer Certificate is delivered as of a date prior to a scheduled mandatory tender date for any Variable Rate Bonds, the Purchase Price of all such Variable Rate Bonds subject to scheduled mandatory tender on such tender date shall be assumed to be due and payable on such mandatory tender date), (ii) any such Auxiliary Obligations expected to be incurred upon or in connection with the filing of such Certificate, (iii) the interest rate, purchase price or funding amount, discount points and other terms of any Related Mortgage Loans, and (iii) the application, withdrawal or transfer of any moneys, MBS, Mortgage Loans or other assets expected to be applied, withdrawn or transferred upon or in connection with the filing of such Certificate:

(A) the amount of Mortgage Repayments and Prepayments reasonably expected to be received by the Issuer in each such Bond Year from Related Mortgage Loans or Related MBS, together with Related Investment Revenues, Related Interest Rate Contract Revenues and amounts reasonably expected to be received in connection with DPA, and other moneys (including without limitation moneys in any special escrows established with the Trustee) that are reasonably expected to be available to make Related Debt Service Payments and to pay Related Program Expenses and to pay the Purchase Price of any such Variable Rate Bonds subject to mandatory tender on any such tender date; and

(B) the Aggregate Debt Service for each such Bond Year on all such Bonds and Auxiliary Obligations reasonably expected to be Outstanding, together with the Related Program Expenses reasonably estimated for each such Bond Year;

and (b) showing that in each such Bond Year the aggregate of the amounts set forth in clause (a)(A) of this definition exceeds the aggregate of the amounts set forth in clause (a)(B) of this definition. Reference to a Cash Flow Statement with respect to a Series shall be taken to mean a Cash Flow Statement with respect to such Series and any Related Auxiliary Obligations and any other Series and Related Auxiliary Obligations to which such Series has been linked for Cash Flow Statement purposes.

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

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate executed by the Issuer and dated the date of issuance and delivery of the 2023 Series E Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Cooperative Venture” means a cooperative venture under the Act between the Issuer and a housing finance agency in another state where the Issuer has agreed to assist that agency in servicing mortgage loans of such agency and related matters.

“Costs of Issuance” means the items of expense payable or reimbursable directly or indirectly by the Issuer and other costs incurred by the Issuer, all related to the authorization, sale and issuance of Bonds, the execution and delivery of Auxiliary Agreements and the establishment of the Program, which costs and items of expense shall include, but not be limited to, underwriters’ compensation, printing costs, costs of developing, reproducing, storing and safekeeping documents and other information processing or storage of materials, equipment and software related to the Bonds, filing and recording fees, travel expenses incurred by the Issuer in relation to such issuance of Bonds or for the Program, initial fees and charges of the Trustee, the Bond Registrar and the Paying Agent, initial premiums with respect to insurance required by the Indenture to be paid by the Issuer or by the Trustee, legal fees and charges, consultants’ fees, accountants’ fees, costs of bond ratings, and fees and charges for execution, transportation and safekeeping of the Bonds.

“Covenant Default” means an Event of Default described in clause (c) of the section “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default.”

“Debt Service Payment” means, when used with respect to any Payment Date, the sum of the (a) interest, if any, (b) Principal Installments, if any, and (c) Auxiliary Obligations, if any, due and payable on such date with respect to the Bonds and Auxiliary Agreements referred to.

“Debt Service Reserve Fund Credit Facility” means a letter of credit, insurance policy, surety bond, or other credit facility provided to the Trustee by a bank, insurance company or other financial institution whose senior unsecured debt obligations are, or whose claims paying ability is, at the time of the delivery of such Debt Service Reserve Fund Credit Facility, rated in at least the top two rating categories, without regard to modifier, by at least one Rating Agency, which provides for payment when due, in accordance with the terms thereof, of the principal or redemption price of and/or interest on the Bonds.

“Debt Service Reserve Fund Requirement” means 5% of the outstanding aggregate principal amount of the mortgage loans not securitized by an MBS and not including such percentage of any mortgage loans held in the Additional Security Account.

“Defeasance Obligations” means Investment Obligations that (a) are described in clause (i) of the definition of “Investment Obligations” and (b) are not subject to redemption by the issuer thereof prior to their maturity.

“Depository” means any bank, trust company, or savings and loan association (including any Fiduciary) selected by the Issuer and approved by the Trustee as a depository of moneys, MBS, Mortgage Loans or Investment Obligations held under the provisions of the Indenture, and its successor or successors.

“DPA” means down payment assistance provided to a mortgagor in connection with a Mortgage Loan. The DPA may contain such terms, interest rate and other provisions determined by the Issuer prior to the issuance of a Series of Bonds funding the Mortgage Loan and related DPA.

“Eligible Borrower” means a person or a family qualifying as a mortgagor for a Mortgage Loan under determinations made by the Issuer in accordance with the Act or under determinations made by another state housing finance agency under its programs in a Cooperative Venture. Such term shall not apply to any borrower under a mortgage loan which is not part of the Issuer’s Mortgage Loan Program or part of a Cooperative Venture.

“Escrow Payment” means all payments made by or on behalf of the obligor of a Mortgage Loan in order to obtain or maintain mortgage insurance or guaranty coverage of, and fire and other hazard insurance with respect to, a Mortgage Loan, and any payments required to be made with respect to such Mortgage Loan for taxes, other governmental charges and other similar charges required to be escrowed under the Mortgage.

“Fannie Mae” means Fannie Mae, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C., Section 1716 et seq., and its successors and assigns.

“Fannie Mae Certificate” means a single pool, guaranteed mortgage, pass-through certificate, bearing interest at the Pass-Through Rate, issued by Fannie Mae, guaranteed as to timely payment of interest and principal by Fannie Mae and backed by conventional mortgage loans, which will mature not later than the date set forth in the applicable Series Indenture.

“Fannie Mae Certificate Purchase Price” means the percentage of the principal balance of the applicable pool of mortgage loans on record at Fannie Mae on the first day of the month of purchase, or such other percentage of such principal balance as may be reported by the Issuer to the Trustee upon the acquisition of the related Fannie Mae Certificate.

“FHA” means the Federal Housing Administration and any agency or instrumentality of the United States of America succeeding to the mortgage insurance functions thereof.

“FHA Experience” means the prepayment rate on a cumulative basis set forth for thirty-year loans in the “FHA Survivorship and Decrement Tables as of June 30, 1991, Based on Aggregate Insurance and Termination Experience for Home Mortgages Insured Since 1970, Section 203, U.S. Totals, 30-Year Term.”

“Fiduciary” means the Trustee, the Bond Registrar, the Paying Agent or a Depository or any or all of them, as may be appropriate.

“Fiduciary Expenses” means the fees and expenses of Fiduciaries, except Servicing Fees payable to such Persons.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation or any successor thereto.

“Freddie Mac Certificate” means a mortgage participation certificate issued by Freddie Mac and representing an undivided interest in a pool of conventional mortgage loans identified by a particular alphanumeric number and CUSIP number, guaranteed as to timely payment of principal and interest by Freddie Mac and bearing interest at the Pass-Through Rate, which will mature not later than the date set forth in the applicable Series Indenture.

“Freddie Mac Certificate Purchase Price” means the percentage of the principal balance of the applicable pool of mortgage loans on record at Freddie Mac on the first day of the month of purchase, as reported by the Issuer to the Trustee upon the acquisition of the related Freddie Mac Certificate.

“General Obligation Bond” means a Bond, the payment of principal of and interest on which is a General Obligation of the Issuer.

“General Obligations” means Bonds or Auxiliary Obligations secured or additionally secured, as provided in the Related Series Indenture, by a pledge of general revenues or moneys of the Issuer legally available therefor, and not pledged or otherwise encumbered to secure other obligations of the Issuer and subject to the Issuer’s right at any time to apply such revenues and moneys to any lawful purpose.

“Ginnie Mae” means the Government National Mortgage Association, a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development or any successor to its functions.

“Ginnie Mae Certificate” means a fully modified, mortgage backed security (which may be issued under either the GNMA I Program or the GNMA II Program) bearing interest at the Pass-Through Rate, issued by the Issuer or other Qualified Issuer, registered in the name of the Trustee and guaranteed as to timely payment of principal and interest by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act of 1934 and the regulations promulgated thereunder backed by FHA insured mortgage loans, VA guaranteed mortgage loans or other mortgage

loans insured or guaranteed by an eligible Governmental Insurer, which will mature not later than the date set forth in the applicable Series Indenture.

“Ginnie Mae Certificate Purchase Price” means the percentage of the principal balance of the applicable pool of Mortgage Loans on record at Ginnie Mae on the first day of the month of purchase, as reported by the Issuer to the Trustee upon the acquisition of the related Ginnie Mae Certificate.

“GMI” means governmental mortgage insurance or guaranty issued by a Governmental Insurer and providing primary mortgage insurance or guaranty coverage of a Mortgage Loan in accordance with the requirements of the Related Series Indenture.

“Governmental Insurer” means FHA, VA or the Rural Housing and Community Development Service of the Department of Agriculture.

“Guide” means each respective Single Family Underwriting Guide and each respective Single Family Servicing Guide incorporated by reference into each respective Mortgage Purchase Agreement, as the same may be amended from time to time.

“Indenture” means the General Indenture authorized, executed and issued by an Authorized Officer and any amendments or supplements made in accordance with its terms, including all Series Indentures.

“Interest Payment Date” means, for each Bond, any Payment Date upon which interest on such Bond is due and payable in accordance with the Related Series Indenture.

“Interest Rate Contract” means an interest rate exchange or swap contract, a cash flow exchange or swap contract, any derivative of such contracts, including forward swaps and options to enter into swaps, and interest rate floors, caps or collars, entered into between the Issuer and an Interest Rate Contract Provider.

“Interest Rate Contract Provider” means a Person that is a party to an Interest Rate Contract with the Issuer with respect to specified Bonds and whose credit rating by each nationally recognized rating agency then rating the Bonds is sufficiently high to maintain the then current rating on such Bonds by such rating agency or the equivalent of such rating by virtue of guarantees or insurance arrangements.

“Interest Rate Contract Revenues” means all payments and receipts received by the Issuer under an Interest Rate Contract.

“Investment Obligations” means and includes any of the following which at the time are legal investments for fiduciaries under the laws of the State for moneys held under the Indenture 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 is unconditionally guaranteed by the United States of America; (iii) direct and general obligations of any state within the United States of America or of any political subdivision thereof, provided that at the time of purchase such obligations are rated by each nationally recognized rating agency then rating the Bonds sufficiently high to maintain the then current rating on the Bonds by such rating agency; (iv) senior bonds, debentures, participation certificates, notes, collateralized mortgage obligations or mortgage backed securities issued by any of the following: Bank for Cooperatives, Federal Financing Bank, Federal Land Banks, Federal Intermediate Credit Banks, Federal National Mortgage Association (excluding mortgage strip securities valued greater than par), Export-Import Bank of the United States, Farmers Home Administration, Federal Home Loan Mortgage Corporation (but, with respect to participation certificates thereof, only to the extent that the payment of principal on such participation certificates is guaranteed as to timely payment) 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 whose obligations are unconditionally guaranteed by the United States of America; (v) public housing bonds, temporary notes or preliminary loan notes fully secured by contracts with the United States of America; (vi) negotiable or non-negotiable certificates of deposit, time deposits or other similar banking arrangements which are (A) issued by any bank or trust company whose negotiable or non-negotiable certificates of deposit, time deposits or other similar banking arrangements are rated at the time of their issuance by

each nationally recognized rating agency then rating the Bonds sufficiently high to maintain the then current rating on the Bonds by such rating agency or (B) collateralized by Investment Obligations described in (i) or (ii) above having a market value at all times (exclusive of accrued interest) at least equal to the greater of 100% of the amount of such deposit or similar banking arrangement or such other amount as shall be acceptable to each nationally recognized rating agency then rating the Bonds in order for each such rating agency to maintain the rating then in effect on the Bonds; provided, however, that such collateral shall be in the possession of the Trustee or a third party acting as agent for the Trustee; (vii) repurchase agreements which are (A) with any institution whose long-term debt securities have a rating sufficiently high to maintain the then current rating on the Bonds by each nationally recognized rating agency then rating the Bonds (or equivalent rating of short term obligations if the investment is for a period not exceeding 3 years), or (B) collateralized by Investment Obligations described in (i) or (ii) above having a market value at all times (exclusive of accrued interest) at least equal to the greater of 100% of the amount of the repurchase price payable with respect to such repurchase agreement or such other amount as shall be acceptable to each nationally recognized rating agency then rating the Bonds in order for each such rating agency to maintain the rating then in effect on the Bonds; provided, however, that in the case of collateralized Investment Obligations, such collateral shall be in the possession of the Trustee or a third party acting as agent for the Trustee; (viii) units of a money market fund comprised solely of obligations guaranteed by the full faith and credit of the United States of America which have a rating from each nationally recognized rating agency then rating the Bonds sufficiently high to maintain the then current rating on the Bonds by such rating agency; (ix) units of a money market or mutual fund or any other investment which has a rating sufficiently high to maintain the then current rating on the Bonds by each Rating Agency; (x) general obligations of an Investment Provider under investment agreements; (xi) Mortgage Loans insured by the FHA and (xii) municipal obligations, the payment of principal and redemption price, if any, and interest on which is irrevocably secured by obligations of the type referred to in clauses (i) or (ii) above and which obligations have been deposited in an escrow arrangement which is irrevocably pledged to the payment of such municipal obligations and which municipal obligations are rated in the highest rating category for comparable types of obligations by each Rating Agency then maintaining a rating on the Bonds. The Issuer and the Trustee may rely upon a Counsel's Opinion in determining what constitutes an "Investment Obligation" at any particular time.

"Investment Providers" means any commercial bank or trust company, bank holding company, investment company or other entity (which may include the Trustee, the Bond Registrar or the Paying Agent), whose credit rating (or the equivalent of such rating by virtue of guarantees or insurance arrangements) by each nationally recognized rating agency then rating the Bonds is sufficiently high to maintain the then current rating on such Bonds by such rating agency or is otherwise acceptable to each such rating agency in order to maintain the then current rating on such Bonds by such rating agency which Investment Providers shall be approved by the Issuer for the purpose of providing investment agreements.

"Investment Revenues" means amounts earned on investments (other than MBS and Mortgage Loans) credited to any Fund or Account pursuant to the Indenture (including gains upon the sale or disposition of such investments) except the Rebate Requirement.

"Issuer" means the Idaho Housing and Finance Association, the independent public body corporate and politic created by the Act, and any body, authority, agency or other entity which may hereafter by law succeed to the powers, duties and functions of the Issuer.

"Issuer Certificate" means, as the case may be, a document signed by an Authorized Officer of the Issuer 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 such Authorized Officer pursuant to the Indenture.

"Issuer Payment Account" means the Account so designated, which is created and established in the Debt Service Fund with respect to General Obligations by the Indenture.

"Issuer Request" means a written request or direction of the Issuer signed by an Authorized Officer.

"MBS" means, collectively, the Ginnie Mae Certificates, the Fannie Mae Certificates and the Freddie Mac Certificates and any Uniform Mortgage-Backed Securities issued and guaranteed by Fannie Mae or Freddie Mac, as applicable, and as provided for by law. In the event that only a portion of or interest in an MBS is acquired under the Indenture, references herein to such MBS shall be interpreted and applied to relate to such portion or interest.

“Mortgage” means a deed of trust securing a Mortgage Loan and constituting a first lien on real property (such property held in fee simple by the mortgagor) improved by Residential Housing.

“Mortgage Lender” means any bank or trust company, Federal National Mortgage Association-approved mortgage banker, savings bank, national banking association, life insurance company, credit union, or other financial institution or governmental agency which is approved by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation or which is an FHA approved direct endorsement lender and a VA approved automatic lender, and is deemed eligible under the Program, and the Issuer.

“Mortgage Loan” means a permanent loan secured by a Mortgage for the purchase of owner-occupied Residential Housing made to an Eligible Borrower which is made or purchased by the Issuer pursuant to the Program and which loan satisfies the requirements of the Act and the Indenture, provided, that for purposes of the pledge and lien of the Indenture, the term “Mortgage Loan” shall only include Mortgage Loans acquired by the Trustee from money in the Acquisition Account.

“Mortgage Purchase Agreement” means an agreement between the Issuer and/or a housing finance agency under a Cooperative Venture and a Mortgage Lender, relating to the commitment to purchase a Mortgage Loan, as such agreement may from time to time be amended, substituted or supplemented.

“Mortgage Repayments” means, with respect to any Mortgage Loan or other mortgage loans or the Related MBS, the amounts received by or for the account of the Issuer as scheduled payments of principal and interest on such Mortgage Loan or other mortgage loans or the Related MBS, by or on behalf of a borrower to or for the account of the Issuer and does not include Prepayments, Servicing Fees or Escrow Payments.

“Mortgage Revenues” means all Revenues other than Investment Revenues and Interest Rate Contract Revenues.

“Outstanding” means, when used with respect to all Bonds as of any date, all Bonds theretofore authenticated and delivered under the Indenture except:

- (a) any Bond cancelled or delivered to the Bond Registrar for cancellation on or before such date;
- (b) any Bond (or any portion thereof) (i) for the payment or redemption of which there shall be held in trust under the Indenture and set aside for such payment or redemption, moneys and/or Defeasance Obligations maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Defeasance Obligations prior to such maturity or redemption date, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (ii) in the case of any such Bond (or any portion thereof) to be redeemed prior to maturity, notice of the redemption of which shall have been given in accordance with the Indenture or provided for in a manner satisfactory to the Bond Registrar;
- (c) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to the Indenture; and
- (d) any Bond deemed to have been paid as provided in the General Indenture;

and, with respect to any Auxiliary Obligations, means Auxiliary Obligations which have not been paid or otherwise satisfied.

“Pass-Through Rate” means the rate of interest on an MBS reported by the Issuer to the Trustee upon the acquisition of such MBS, equal to the rate of interest on the Mortgage Loans underlying such MBS less authorized Servicing Fees (including the guarantee fee charged by Ginnie Mae, Fannie Mae or Freddie Mac, as applicable).

“Payment Date” means for each Bond, each date on which interest or a Principal Installment or both are payable on such Bond and for each Auxiliary Obligation, each date on which an amount is payable with respect to such Auxiliary Obligation, and unless limited, means all such dates.

“Person” means an individual, partnership, corporation, trust or unincorporated organization or a government or any agency, instrumentality, program, account, fund, political subdivision or corporation thereof.

“Prepayment” means any moneys received or recovered by or for the account of the Issuer from any unscheduled payment of or with respect to principal (including any penalty, fee, premium or other additional charge for prepayment of principal which may be provided by the terms of a MBS or Mortgage Loan or other mortgage loan, but excluding any Servicing Fees with respect to the collection of such moneys) on any MBS or Mortgage Loan or other mortgage loan prior to the scheduled payments of principal called for by such MBS or Mortgage Loan or other mortgage loan, whether (a) by voluntary prepayment made by a borrower or (b) as a consequence of the damage, destruction or condemnation of the mortgaged premises or any part thereof or (c) by the sale, assignment, endorsement or other disposition of such MBS or Mortgage Loan or other mortgage loan by the Issuer or (d) in the event of a default thereon by the Borrower, by the acceleration, sale, assignment, endorsement or other disposition of such MBS or Mortgage Loan or other mortgage loan by the Issuer or by any other proceedings taken by the Issuer.

“Principal Installment” means, as of any date of calculation, and for any Payment Date, (a) the principal amount or Accreted Value of all Bonds due and payable on such date, plus (b) any Sinking Fund Installments due and payable on such date.

“Program” means the Issuer’s Single Family Mortgage Program pursuant to which the Issuer has determined to make, purchase, finance or service Mortgage Loans in accordance with the Act and the Rules and the Indenture and to assist other state housing finance agencies under a Cooperative Venture with activities relating to the servicing of Mortgage Loans.

“Program Expenses” means all the Issuer’s expenses of administering the Program under the Indenture and the Act and shall include without limiting the generality of the foregoing; salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, including information processing equipment; software, insurance premiums, credit enhancement fees, legal, accounting, management, consulting and banking services and expenses; Fiduciary Expenses; remarketing fees; Costs of Issuance not paid from proceeds of Bonds; and payments to pension, retirement, health and hospitalization funds; and any other expenses required or permitted to be paid by the Issuer.

“PSA Experience” means the prepayment rate on a cumulative basis set forth for thirty-year mortgage loans in the Securities Industry and Financial Markets Association prepayment standard or model, which assumes an increasingly larger percentage of the mortgage loans prepaying each month for the first 30 months of the mortgage lives and then assumes a constant prepayment rate of six percent (6%) of the unpaid principal balance for the remaining life of each of the mortgage loans.

“Qualified PMI Company” means any private insurance company acceptable to the Issuer, qualified to do business in the State, qualified to provide insurance on mortgages purchased by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, and recognized by a nationally recognized rating service as being sufficiently credit worthy so that the credit rating of securities secured by a pool of conventional single-family mortgages insured by such private mortgage insurance company are rated sufficiently high to maintain the ratings then in effect on Outstanding Bonds.

“Qualified Issuer” means a lender of FHA insured mortgage loans or VA or Rural Housing and Community Development Service of the Department of Agriculture guaranteed mortgage loans eligible per Ginnie Mae requirements to acquire or originate eligible mortgage loans to be used in the creation, marketing, and servicing of Ginnie Mae Certificates.



“Rating Agency” means, at any particular time, any nationally recognized credit rating service designated by the Issuer, if and to the extent such service has at the time one or more outstanding ratings of Bonds. The Issuer shall at all times have designated at least one such service as a Rating Agency under the Indenture.

“Rebate Requirement” means the amount of rebatable arbitrage computed pursuant to Treasury Regulation Section 1.148-3.

“Record Date,” means, except as otherwise provided in a Series Indenture (i) with respect to each Payment Date, with respect to Bonds which are not Variable Rate Bonds, the Bond Registrar’s close of business on the fifteenth day of the month immediately preceding such Payment Date or, if any such date is not a Business Day, the next preceding day which is a Business Day; and (ii) in the case of each redemption, such Record Date shall be specified by the Bond Registrar in the notice of redemption, provided that such Record Date shall not be less than fifteen (15) calendar days before the mailing of such notice of redemption.

“Redemption Price” means, when used with respect to a Bond or portion thereof to be redeemed, the principal amount or Accreted Value of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof as determined by the Series Indenture authorizing the Series of Bonds.

“Related” (whether capitalized or not) means, with respect to any particular Bond, Series, Series Indenture, Supplemental Indenture, Cash Flow Statement, Fund, Account, MBS (or portion thereof), Mortgage Loan, Additional Security, Auxiliary Agreement, Mortgage Repayment or Prepayment, having been created in connection with the issuance of, or having been derived from the proceeds of, or having been reallocated to, or concerning, the same Series, as the case may be.

“Representation Letter” means the representation letter from the Issuer to DTC.

“Residential Housing” or “residence” means a residential dwelling located within the State that qualifies for financing by the Issuer within the meaning of the Act and the Rules or a residential dwelling located in another state whose housing finance agency is participating in a Cooperative Venture with the Issuer, and which qualifies under the requirements of such agency.

“Revenues” means (a) all Mortgage Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Mortgage Repayments, (b) Investment Revenues, (c) any Mortgage Repayments, Prepayments or other income or cash or liquid securities held in the Additional Security Account, (d) Interest Rate Contract Revenues and (e) all other payments and receipts received by the Issuer with respect to MBS, Mortgage Loans or other mortgage loans and DPA, but shall not include (i) Escrow Payments, (ii) Servicing Fees, unless such fees are specifically pledged to the Trustee, (iii) any commitment, reservation, extension, or application fees charged by the Issuer in connection with a Mortgage Loan or Mortgage Purchase Agreement, (iv) any commitment, reservation, extension or application fees charged by a Mortgage Lender in connection with a Mortgage Loan or (v) accrued interest received in connection with the purchase of any Investment Obligations.

“Rules” means the rules adopted by the Issuer pursuant to the Act governing the activities authorized by the Act to carry into effect the powers and purposes of the Issuer and the conduct of its business, as the same may be amended and supplemented from time to time.

“Series” means and refers to all of the Bonds designated as such in the Related Series Indenture, regardless of variations, dated date, maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the General Indenture and a Related Series Indenture.

“Servicing Fees” means (a) any fees paid to or retained by a Mortgage Lender in connection with the servicing obligations undertaken by the Mortgage Lender in accordance with the Related Mortgage Purchase Agreement and (b) any fees retained by or expenses reimbursed to the Issuer with respect to Mortgage Loans serviced by the Issuer.

“Supplemental Indenture” means any supplemental indenture (including a Series Indenture) approved by the Issuer in accordance with the General Indenture amending or supplementing the Indenture.

“Tax-exempt Bonds” means Bonds the interest on which is intended to be excluded from gross income of the owner thereof for federal income tax purposes.

“Tax-exempt Status” means the exclusion of interest on Tax-exempt Bonds from the gross income of the recipient thereof for federal income tax purposes.

“Term Bonds” means Bonds for which Sinking Fund Installments have been established as provided in the Related Series Indenture.

“Unrelated” (whether capitalized or not) means not “Related,” within the meaning of that term.

“VA” means the Department of Veterans Affairs and any agency or instrumentality of the United States of America succeeding to the mortgage guaranty functions thereof.

“Variable Rate Bonds” means Bonds the interest rate on which is not fixed to maturity.

### **Funds and Accounts Established by the Indenture**

The Indenture establishes the following Funds and Accounts to be held by the Trustee for application in accordance with the Indenture:

- (a) the Program Fund, consisting of:
  - (i) the Acquisition Account;
  - (ii) the Short-Term Bond Account; and
  - (iii) the Cost of Issuance Account;
- (b) the Revenue Fund, consisting of:
  - (i) the Revenue Account;
  - (ii) the Rebate Account; and
  - (iii) the Additional Security Account;
- (c) the Debt Service Reserve Fund;
- (d) the Debt Service Fund which may include an Issuer Payment Account; and
- (e) the Redemption Fund.

Subaccounts shall be created in all funds and accounts described in the General Indenture for each Series of Bonds. Except as otherwise provided in the General Indenture or in a Series Indenture, bond proceeds and other moneys relating to a Series of Bonds shall be deposited in the Related subaccounts created with respect to such Series of Bonds.

The Issuer may reallocate moneys, investments, MBS and Mortgage Loans among Series under any of the following circumstances:

- (a) if and to the extent required by the General Indenture;

- (b) if and to the extent necessary to enable the Issuer to deliver a Cash Flow Statement with respect to one or more Series;
- (c) in connection with an Issuer Request filed pursuant to the Indenture; and
- (d) if and to the extent that the aggregate amount of moneys, investments, MBS and Mortgage Loans allocated to any particular Series exceeds the aggregate amount of Outstanding Bonds of such Series.

If the Issuer determines to make such a reallocation of moneys, investments, MBS and Mortgage Loans among Series, the Issuer shall deliver to the Trustee an Issuer Request specifying such reallocations. Upon receipt of such request, the Trustee shall transfer moneys, investments, MBS and/or Mortgage Loans (or portions thereof or interests therein) among subaccounts Related to each Series as requested. MBS and Mortgage Loans reallocated among Series are not required to meet the requirements of the Series Indenture Related to the Series to which such MBS and Mortgage Loans are being reallocated, if such MBS and Mortgage Loans at the time of their original acquisition by the Issuer met the requirements of the General Indenture and the applicable requirements of the Series Indenture Related to such MBS and Mortgage Loans at the time of their funding or purchase.

Special temporary accounts in the Program Fund and the Debt Service Reserve Fund may be created and established to facilitate the refunding of the Issuer's bonds and any exchange of funds related thereto.

#### **Program Fund; Acquisition Account**

Proceeds of the Bonds and other moneys deposited in the Acquisition Account shall be applied to make or purchase Mortgage Loans, acquire MBS or fund DPA in accordance with the provisions of the Indenture; provided, however, that such Mortgage Loans or Mortgage Loans related to such MBS must satisfy the terms and conditions set forth in the General Indenture and applicable provisions of the Related Series Indenture.

When no Bonds or Related Auxiliary Obligations of a particular Series remain Outstanding, upon receipt of an Issuer Request to withdraw all or any portion of the Related moneys, investments, MBS and/or Mortgage Loans from the Related Funds, Accounts and subaccounts, the Trustee shall make such withdrawal and shall transfer such moneys, investments, MBS and/or Mortgage Loans, as the case may be, to or upon the order of, the Issuer; provided, however, that the Issuer Request must certify that such withdrawal is consistent with the most recently filed Cash Flow Statement for all Bonds and the most recently filed Cash Flow Statement for any Series to which such retired Series has been linked.

#### **Cost of Issuance Account**

Upon the issuance, sale and delivery of Bonds, certain moneys, if any, as specified in the Related Series Indenture shall be deposited in the Cost of Issuance Account. Moneys in such Account shall be used to pay Costs of Issuance and for no other purpose except that any excess remaining upon payment of all Costs of Issuance shall be transferred by the Trustee to the Issuer or to the Related subaccount in the Acquisition Account.

In the event that the moneys deposited in the Cost of Issuance Account are not sufficient to pay all Costs of Issuance, Costs of Issuance may be paid from any available moneys of the Issuer.

#### **Revenue Fund**

The Issuer shall pay all Revenues or cause all Revenues to be paid to the Trustee promptly upon their receipt and, in any event, at least once each month. Except as otherwise provided in the General Indenture or in a Series Indenture, all Revenues and the Rebate Requirement shall be deposited by the Trustee in the Related subaccounts and the Additional Security Account of the Revenue Fund as follows:

- (i) for credit to the Related subaccount of the Revenue Account, all Revenues Related to each Series of Bonds;

(ii) for credit to the Related subaccount of the Rebate Account, at the times directed by the Issuer, the Rebate Requirement Related to the Tax-exempt Bonds of each Series;

(iii) for credit to the Additional Security Account, all Revenues related to the Additional Security.

There may also be deposited in the Revenue Fund, at the option of the Issuer, any other moneys of the Issuer, unless required to be otherwise applied as provided by the Indenture.

Promptly upon receipt of interest on a Mortgage Loan with respect to which moneys were withdrawn from the Acquisition Account to pay for interest accrued on such Mortgage Loan at the time of making or purchase, the Trustee shall withdraw from the Related subaccount of the Revenue Account and transfer to the Related subaccount of the Acquisition Account an amount equal to such accrued interest paid. Alternatively, accrued interest on Mortgage Loans at the time of making or purchase may be paid from the Related subaccount of the Revenue Account as the Issuer shall direct in an Issuer Request.

The Trustee shall pay or transfer from the Related subaccount and as needed the Additional Security Account of the Revenue Account (i) directly to the Fiduciaries, all Fiduciary Expenses, when and as payable and (ii) to the Issuer or to its order reasonable and necessary Program Expenses, respectively, only to the extent, if any, provided in the following paragraphs.

On the last Business Day prior to each Payment Date or more frequently if required by a Series Indenture or by Issuer Request, the Trustee shall withdraw from each subaccount and as needed the Additional Security Account of the Revenue Account and deposit into the Related subaccounts of the following Funds or Accounts and shall pay to the following parties the following amounts, in the following order of priority, the requirements of each such Fund, Account or party (including the making up of any deficiencies in any such Fund or Account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied, and the results of such satisfaction being taken into account, before any payment or transfer is made subsequent in priority:

(A) Into the Related subaccount of the Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of interest becoming due and payable on such Payment Date upon all Bonds of the Related Series then Outstanding; plus (y) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount of Principal Installments becoming due and payable on the Outstanding Related Bonds and Auxiliary Obligations on such Payment Date; provided however, that if such Payment Date is not a date for the payment of a Principal Installment on Related Serial Bonds, such transfer shall include an amount equal to one-half the amount of Principal Installments becoming due and payable on Outstanding Related Serial Bonds on the next following Payment Date;

(B) Into each Unrelated subaccount of the Debt Service Fund, after making any transfer into such subaccount required by the General Indenture, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Issuer Request, any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit required by subsection (A) as of such date;

(C) Into the Related subaccount of the Special Redemption Account, the amount, if any, directed by an Issuer Request;

(D) Into each Unrelated subaccount of the Special Redemption Account, the amount, if any, directed by an Issuer Request;

(E) Into the Related subaccount of the Debt Service Reserve Fund, the amount, if any, needed to increase the amount in such subaccount to the Debt Service Reserve Fund Requirement of the Related Series of Bonds;

(F) Into each Unrelated subaccount of the Debt Service Reserve Fund, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Issuer Request, the amount, if any, needed to increase the amount in such subaccount to the Debt Service Reserve Fund Requirement;

(G) To the Issuer, the amount of any reasonable and necessary Fiduciary Expenses with respect to the Related Series of Bonds previously incurred but not reimbursed to the Issuer or reasonably anticipated to be payable in the following six months; provided, however, that in no event shall the aggregate of all Fiduciary Expenses with respect to the Related Series of Bonds paid directly to Fiduciaries or to the Issuer under this subsection in any Bond Year exceed any limitation set forth in the Related Series Indenture;

(H) To the Issuer, the amount of any reasonable and necessary Fiduciary Expenses with respect to Unrelated Series of Bonds, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise directed by Issuer Request, any deficiency resulting from the lack of moneys sufficient to make the deposit required by subsection (G) as of such date;

(I) To the Issuer, the amount of any reasonable and necessary Program Expenses with respect to the Related Series of Bonds previously incurred but not reimbursed to the Issuer or reasonably anticipated to be payable in the following six months; provided, however, that in no event shall the aggregate of such amounts paid to the Issuer, plus amounts paid to the Issuer with respect to such Series of Bonds pursuant to subsections (G) and (H) herein and plus all Fiduciary Expenses with respect to the Related Series of Bonds paid directly to Fiduciaries exceed any limitations set forth in the Related Series Indenture;

(J) To the Issuer, the amount of any reasonable and necessary Program Expenses with respect to Unrelated Series of Bonds, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise directed by Issuer Request, any deficiency resulting from the lack of moneys sufficient to make the deposit required by subsection (I) as of such date;

The Issuer may direct the Trustee to make any of the above transfers more frequently than on Payment Dates, in amounts proportionate to the frequency of transfers so directed.

Following such transfers, the balance, if any, in each subaccount and as needed the Additional Security Account of the Revenue Account, or such lesser amount thereof as shall be requested by the Issuer shall, subject to the satisfaction of the Asset Requirement, be paid to the Issuer for the payment of Program Expenses or for any other purposes free and clear of the lien and pledge of the Indenture upon receipt of an Issuer Request made within 30 days of such Payment Date. Any amount in each subaccount of the Revenue Account not so paid to the Issuer shall be transferred to the Related subaccounts of the Redemption Fund and allocated among the Related subaccounts of the Special Redemption Account or shall be transferred and allocated as set forth in an Issuer Request, subject in each case to any requirements of the Related Series Indenture.

Prior to, but as close as practicable to, the latest date on which the Trustee would be permitted to give notice of a redemption to occur on a Payment Date from amounts deposited in the Redemption Fund, the Trustee shall calculate the amounts then on deposit in each subaccount of the Revenue Account which would be transferred to the Related subaccounts of the Debt Service Fund, and the Related subaccounts of the Redemption Fund, in accordance with the priorities and provisions of such subsection. Such amounts may be withdrawn from such subaccount of the Revenue Account for application on or prior to the next succeeding Payment Date (A) upon receipt of an Issuer Request, to the purchase in lieu of redemption of the Related Bonds, (B) to the payment of accrued interest on Bonds being purchased pursuant to or redeemed pursuant to the Indenture, or (C) to the redemption of Bonds on such Payment Date.

In the event Bonds are to be redeemed on a date other than a Payment Date, and to the extent moneys are not available in the Related subaccounts of the Debt Service Fund to pay accrued interest on such redemption date for such Bonds, respectively, the Trustee shall apply or cause the Paying Agent to apply available moneys in the Related subaccount of the Revenue Account for the payment of such interest.

Any Additional Security shall be held in the Additional Security Account and any loan payments or other income received on such Additional Security shall be deemed a part of Revenues and applied together with any other Revenues as set forth in the General Indenture; provided that such funds shall be used as needed to make payments on the Bonds and none of such funds shall be deposited to the Redemption Fund unless directed otherwise by an Issuer Request. Any of such funds remaining after being applied as said, shall be deposited to the Additional Security Account to be used as provided above. Monies, mortgage loans or other assets held in the Additional Security Account may be liquidated or withdrawn upon an Issuer's Request with a Cash Flow Statement showing that the Asset Requirement will be met upon such liquidation or withdrawal.

### **Debt Service Fund**

Amounts in each subaccount of the Debt Service Fund shall be used and withdrawn by the Trustee solely for transfer to the Paying Agent (i) on each Payment Date for the purpose of paying the interest and Principal Installments on the Related Bonds as the same shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture), (ii) on each Payment Date for the purpose of paying amounts due under Related Auxiliary Obligations as the same shall become due and payable or (iii) on each purchase date for the purpose of paying the purchase price of Related Bonds purchased in lieu of redemption by Related Sinking Fund Installments.

Amounts remaining in each subaccount of the Debt Service Fund after all the Related Obligations have been paid or funds have been set aside and held in trust for such payment shall be transferred to the Related subaccount of the Revenue Account.

### **Debt Service Reserve Fund**

Upon the issuance, sale and delivery of a Series of Bonds pursuant to the Indenture, the Trustee shall deposit in the Related subaccount of the Debt Service Reserve Fund such amounts, if any, or a Debt Service Reserve Fund Credit Facility, as shall be at least sufficient to equal the Debt Service Reserve Fund Requirement, calculated after giving effect to the issuance of such Bonds. Additional moneys may be deposited in the Related subaccount of the Debt Service Reserve Fund in accordance with the provision relating to the allocation of moneys in the Revenue Account described under "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Revenue Fund." In lieu of making the foregoing deposit, the Issuer may deposit in a Debt Service Reserve Fund Credit Facility in a stated amount equal to the amounts required to be so deposited.

On or prior to each Payment Date, the Trustee shall calculate the amount of the Debt Service Reserve Fund Requirement for each Series of Bonds as of the next succeeding Payment Date and shall determine the amount, if any, in the Related subaccount of the Debt Service Reserve Fund (other than amounts attributable to accrued, but unrealized interest purchased on Investment Obligations) which is in excess of such Requirement, shall notify the Issuer of such excess amount and shall, unless otherwise instructed by an Issuer Request, transfer such excess amount from the Related subaccount of the Debt Service Reserve Fund to the Related subaccount of the Revenue Account.

On the last Business Day prior to each Payment Date or more frequently if required by a Series Indenture, and in each case in conjunction with the transfers, deposits and payments to be made from the Revenue Fund, the Trustee shall transfer from each subaccount of the Debt Service Reserve Fund to the specified subaccounts of other Funds or Accounts the following amounts, in the following order of priority, the requirements of each such transfer to be satisfied, and the results of such satisfaction being taken into account, before any payment or transfer is made subsequent in priority:

- (i) In the event that the amount transferred to any subaccount of the Debt Service Fund is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Obligations on the next succeeding Payment Date, the Trustee shall transfer from the Related subaccount of the Debt Service Reserve Fund, to such subaccount of the Debt Service Fund the amount of such insufficiency.

(ii) In the event that the amount transferred to a subaccount of the Debt Service Fund is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Obligations on the next succeeding Payment Date, the Trustee shall transfer from Unrelated subaccounts in the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Issuer Request, from subaccounts of the Debt Service Reserve Fund, to such subaccount of the Debt Service Fund the amount of such insufficiency.

### **Application of Issuer Payment Accounts**

If, following transfers made from the Revenue Fund and the Debt Service Reserve Fund, there are not sufficient moneys, or any moneys allocated, to pay all interest or any other required payment due and payable on any General Obligations or to pay any Principal Installment on any General Obligations at maturity, the Trustee shall immediately notify the Issuer in writing of the amount of such insufficiency and shall request from the Issuer an immediate deposit of legally available funds equal to such insufficiency. The Issuer shall pay to the Trustee (from the Issuer's other general revenues or moneys legally available therefor, subject only to agreements made or to be made with holders of notes, bonds or other obligations pledging particular revenues or moneys for the payment thereof) for deposit in the Related subaccounts of the Issuer Payment Account the amount of such insufficiency. If the amount provided by the Issuer is less than the amount of such insufficiency, any shortfall shall be allocated pro rata among the holders of the Related General Obligations in proportion to the amounts then due and payable on such Auxiliary Obligations.

Amounts deposited with the Trustee by the Issuer as described herein shall be deposited into the respective subaccounts of the Issuer Payment Accounts for the General Obligations for which such amounts are provided. Amounts in such subaccounts shall only be used to pay interest or Principal Installments or other amounts due and payable on the Related General Obligations and may not be transferred to any Debt Service Fund for Bonds or Auxiliary Obligations which are not General Obligations or to any other Fund or Account for any reason.

### **Redemption Fund**

Moneys deposited in the subaccounts of the Redemption Fund shall be applied by the Trustee to the purchase or applied by the Paying Agent (if directed by the Trustee) to the redemption of Bonds in accordance with the provisions of the General Indenture and each Related Series Indenture.

Except as set forth in the General Indenture or in the Related Series Indenture, moneys deposited in a subaccount of the Special Redemption Account pursuant to the General Indenture or pursuant to the Related Series Indenture, shall be applied as directed by Issuer Request. Any amounts remaining in such Special Redemption Account after all Bonds of the Related Series have been paid shall be transferred to the Related subaccount of the Revenue Account.

The Issuer may by the delivery of an Issuer Request to the Trustee at any time prior to the mailing of notices of redemption, instruct the Trustee to transfer moneys on deposit in a subaccount of an Account in the Redemption Fund to another subaccount of the same Account in the Redemption Fund to be applied to the redemption of the Bonds of a different Series. Each such Issuer Request (i) shall certify that it is consistent with the most recently filed Related Cash Flow Statement (which may, if necessary, link the Related Series) and not prohibited by the Related Series Indenture and (ii) shall be accompanied by evidence of the satisfaction of the Asset Requirement.

The Issuer may by the delivery of an Issuer Request to the Trustee at any time prior to the giving of notice of redemption, instruct the Trustee to transfer moneys on deposit in a subaccount of an Account in the Redemption Fund to a Related or an Unrelated subaccount of the Acquisition Account to be applied to make or purchase Mortgage Loans or MBS. Each such Issuer Request (i) shall certify that it is consistent with the most recently filed Related Cash Flow Statement and not prohibited by the Related Series Indenture and (ii) shall be accompanied by evidence of the satisfaction of the Asset Requirement.

### **Investment of Moneys Held by the Trustee; Limitation on Investment Yields**

Moneys in all Funds and Accounts held by the Trustee shall be invested to the fullest extent possible in Investment Obligations, in accordance with directions given to the Trustee in an Issuer Request or Certificate; provided that the maturity date or the date on which such Investment Obligations may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes of the Indenture.

Amounts credited to any Fund or Account may be invested, together with amounts credited to one or more other Funds or Accounts, in the same Investment Obligation or Investment Obligations, provided that each such investment complies in all respects with the provisions of the General Indenture as they apply to each Fund or Account for which the joint investment is made, the Trustee maintains separate records for each Fund and Account and such investments are accurately reflected therein and amounts credited to the Rebate Account may be invested together with amounts credited to any other Fund or Account. The maturity date or the date on which Investment Obligations may be redeemed at the option of holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date or dates on which moneys in the Funds or Accounts for which the investments were made will be required for the purposes provided in the Indenture.

Except as otherwise specifically provided for in the Indenture, the income or interest earned by, or gain to, all Funds and Accounts due to the investment thereof shall be transferred by the Trustee upon receipt thereof to the Related subaccount of the Revenue Account, in accordance with the Indenture, except that no such transfer shall be made from, and such income, interest or gain (as described herein) shall be retained in, the Debt Service Reserve Fund, unless after giving effect to the transfer the amount therein at least equals the aggregate Debt Service Reserve Fund Requirement.

### **Assignment or Disposition of Mortgage Loans; Amendment of Mortgage Loan**

Following the acquisition of a Mortgage Loan by the Trustee, the Issuer shall not sell, assign, transfer, pledge or otherwise dispose of or encumber any Mortgage Loan or any of the rights of the Issuer with respect to any Mortgage Loan or arising out of the Mortgage or the other obligations evidencing or securing any Mortgage Loan except a Mortgage Loan in default, unless the Issuer determines that such sale, assignment, transfer or other disposition would not have a material adverse effect on the ability of the Issuer to pay the principal of and interest on the Outstanding Bonds.

The Issuer shall not consent or agree to or permit any amendment or modification of the economic terms of any MBS or Mortgage Loan in any manner materially adverse to the interests of the Bondholders, as determined in good faith by Issuer Certificate.

### **Creation of Liens**

The Issuer covenants that it shall not issue any bonds or other evidences of indebtedness, other than the Bonds and Auxiliary Obligations, secured by a pledge of the Revenues or of the moneys, securities, rights and interests pledged or held or set aside by the Issuer or by any Fiduciary under the Indenture and shall not create or cause to be created, other than by the Indenture, any lien or charge on the Revenues or such moneys, securities, rights or interests; provided, however, that nothing in the Indenture shall prevent the Issuer from issuing (i) evidences of indebtedness secured by a pledge of Revenues to be derived after the pledge of the Revenues provided in the Indenture shall be discharged and satisfied as provided in the General Indenture; or (ii) notes or bonds or other obligations of the Issuer not secured under the Indenture; or (iii) notes, bonds or other obligations which are general obligations of the Issuer under the Act.



## Events of Default

Each of the following constitutes an “Event of Default” under the Indenture:

(a) The Issuer shall fail to pay any Principal Installment of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) The Issuer shall fail to pay any installment of interest on any Bond when and as the same shall become due and payable, or any interest payment on an Auxiliary Obligation which is secured on a parity lien basis with the Bonds, and such failure shall continue for a period of 5 days;

(c) The Issuer shall fail to perform or observe any other covenant, agreement or condition on its part contained in the Indenture (except the requirement that a Cash Flow Statement satisfy the requirements of clause (b) of the definition thereof and the requirement that the Issuer pay amounts to the Trustee from its other revenues, moneys or assets in connection with General Obligations), or in the Bonds and such failure shall continue for a period of 60 days after written notice thereof to the Issuer by the Trustee or to the Issuer and to the Trustee by the Holders of not less than 10% in Aggregate Principal Amount of the Bonds Outstanding; or

(d) The Issuer 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.

## Remedies

Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than 25% in Aggregate Principal Amount of Outstanding Bonds following an Event of Default described in subsections (a), (b) and (d) of the section entitled “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Events of Default” and not less than 50% in Aggregate Principal Amount of Outstanding Bonds following an Event of Default described in subsection (c) of such section shall, give 30 days’ notice in writing to the Issuer of its intention to declare the Aggregate Principal Amount of all Bonds Outstanding immediately due and payable. At the end of such 30-day period the Trustee may, and upon such written request of Holders of not less than 25% in Aggregate Principal Amount of Outstanding Bonds shall, by notice in writing to the Issuer, declare the Aggregate Principal Amount of all Bonds Outstanding immediately due and payable; and the Aggregate Principal Amount of such Bonds shall become and be immediately due and payable, anything in the Bonds or in the Indenture 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 which will accrue thereon to the date of payment.

Notwithstanding the preceding paragraph, following a Covenant Default (except for a failure which could adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-exempt Bonds), the Trustee shall not declare the Aggregate Principal Amount of all Bonds Outstanding immediately due and payable unless the Trustee is so directed by the written request of Holders of 100% in Aggregate Principal Amount of Outstanding Bonds.

At any time after the Aggregate Principal Amount 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 Indenture, the Trustee may annul such declaration and its consequences with respect to any Bonds not then due by their terms if (i) moneys shall have been deposited in the Revenue Fund sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding Bonds; (ii) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Issuer under the Indenture, including amounts due pursuant to Auxiliary Agreements, shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) 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 Event of Default or impair any right consequent thereon.

Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of the Holders of not less than 25% 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 Indenture by such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than 25% 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 Indenture by any acts which may be unlawful or in violation of the Indenture; or (ii) to preserve or protect the interests of the Bondholders and Auxiliary Agreement Providers, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Holders of Bonds not making such request or the interests of the Auxiliary Agreement Providers.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or existing at law or in equity or by statute (including the Act) on or after the date of execution and delivery of the Indenture.

### **Majority Bondholders Control Proceedings**

If an Event of Default shall have occurred and be continuing, notwithstanding anything in the Indenture to the contrary, the Holders of at least a majority in Aggregate Principal Amount of Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or to take any other proceedings under the Indenture, provided that such direction is in accordance with law and the provisions of the Indenture (including indemnity to the Trustee as provided in the General Indenture) and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondholders not joining in such direction and provided further that nothing shall impair the right of the Trustee in its discretion to take any other action under the Indenture which it may deem proper and which is not inconsistent with such direction by Bondholders.

### **Modification of Indenture and Outstanding Bonds**

The Indenture provides procedures whereby the Issuer may amend the Indenture by execution and delivery of a Supplemental Indenture. Amendments that may be made without consent of Bondholders or the Trustee must be for only the following purposes: (a) To add to the covenants and agreements of the Issuer in the Indenture, other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect; (b) To add to the limitations and restrictions in the Indenture, other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect; (c) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Indenture of the Revenues or of any other moneys, securities or funds; (d) To increase the maximum permitted yield to be provided by Mortgage Loans or to change the maximum permitted investment yield to be provided by Investment Obligations credited to any Fund or Account; (e) To modify any provisions of the Indenture in any respect whatever, provided that the modification, in the sole judgment of the Issuer, is reasonably necessary to assure that the interest on Tax-exempt Bonds remains excludable from the gross income of the owners thereof for federal income tax purposes; or (f) To provide for the issuance of Bonds pursuant to the Indenture and to provide for the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed.

With the consent of the Trustee, a Supplemental Indenture may be executed and delivered by the Issuer: (a) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture; (b) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable

and are not contrary to or inconsistent with the Indenture theretofore in effect; (c) To provide for additional duties of the Trustee in connection with the Mortgage Loans; (d) To waive any right reserved to the Issuer, provided that the loss of such right shall not adversely impair the Revenues available to pay the Outstanding Bonds; (e) To amend the Indenture to provide for the issuance of bonds secured by a lien that is subordinate to the lien of the Bonds, or (f) To make any other amendment or change that will not materially affect the interest of Owners of Outstanding Bonds.

Any modification or amendment of the Indenture and of the rights and obligations of the Issuer and of the Bondholders, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in the General Indenture of the Holders of at least a majority in Aggregate Principal Amount of the Bonds Outstanding at the time such consent is given. 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 thereof or in the rate of interest thereon without the consent of the Holders of all such Bonds, or shall reduce the percentages of Bonds the consent of the Holders of which is required to effect any such modification or amendment without the consent of the Holders of all Bonds then Outstanding or shall change the provisions of the Indenture relating to the ability to declare the Aggregate Principal Amount of Bonds to be due and payable; or shall change or modify any of the rights or obligations of any Fiduciary or any Auxiliary Agreement Provider without its written assent thereto. If any such modification or amendment will, by its terms not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. The Trustee, relying upon a Counsel's Opinion, may determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular maturity would be affected by any modification or amendment of the Indenture, and any such determination shall be binding and conclusive on the Issuer and the Bondholders.

#### **Defeasance**

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Bondholders of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture and if the Issuer shall pay or cause to be paid to all Auxiliary Agreement Providers all amounts due and payable under all Auxiliary Agreements, then the pledge of any Revenues, and other moneys and securities pledged under the Indenture and all covenants, agreements and other obligations of the Issuer to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, shall execute and deliver to the Issuer all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to or upon the order of the Issuer all moneys or securities held by them pursuant to the Indenture that are not required for the payment of principal, or Redemption Price, if applicable, of or interest on Bonds not theretofore surrendered to them for such payment or redemption.

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 the Paying Agent (through deposit by the Issuer 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 General Indenture. Outstanding Bonds 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 General Indenture if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Bond Registrar in form satisfactory to it irrevocable instructions to mail a 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 Defeasance Obligations the principal of and the interest on which when due (whether at maturity or the prior redemption thereof at the option of the holder thereof) 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, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Issuer shall have given to the Bond Registrar in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Bondholders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid and stating such maturity or

redemption date upon which moneys are to be available for the payment of the principal or Redemption Price of and interest on said Bonds.

## **SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE CERTIFICATE**

### **Definitions**

“Annual Bond Disclosure Report” shall mean any Annual Bond Disclosure Report provided by the Issuer pursuant to, and as described in, the Continuing Disclosure Certificate.

“Beneficial Owner” shall mean (for purposes of the Continuing Disclosure Certificate) any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2023 Series E Bonds (including persons holding 2023 Series E Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the Issuer, or any successor dissemination agent designated in writing by the Issuer.

“Financial Obligation” shall mean, for purposes of the Listed Events, the following: (i) a debt obligation, (ii) a 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) a guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed herein under “Reporting of Significant Events.”

“Participating Underwriter” shall mean the original Underwriters of the 2023 Series E Bonds required to comply with the Rule in connection with offering of the 2023 Series E Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at [emma.msrb.org](http://emma.msrb.org).

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission and any successor agency thereto.

### **Provision of Annual Bond Disclosure Reports**

The Issuer shall provide, or shall cause the Dissemination Agent to provide, not later than 270 days after the end of each fiscal year, commencing with a report for the fiscal year ending June 30, 2024, to the Repository an Annual Bond Disclosure Report which is consistent with the requirements of the Continuing Disclosure Certificate.

If an Annual Bond Disclosure Report has not been provided to the Repository by the date specified in the preceding paragraph, the Issuer shall promptly send a notice to the Repository stating that such Annual Bond Disclosure Report has not been timely provided and, if known, stating the date by which the Issuer anticipates such Annual Bond Disclosure Report will be provided.

## **Content of Annual Bond Disclosure Reports**

Each Annual Bond Disclosure Report of the Issuer shall contain or include by reference the following:

1. The audited financial statements of the Issuer for the most recently ended fiscal year, currently prepared in accordance with generally accepted accounting principles.
2. Tables setting forth the following information, as of the end of such fiscal year:
  - (a) For each maturity of the 2023 Series E Bonds, the interest rate on such Bonds, original aggregate principal amount of such Bonds and the principal amount of such Bonds remaining Outstanding.
  - (b) For each Series of Bonds, the original aggregate principal amount of Bonds and the aggregate principal amount of Bonds remaining Outstanding.
  - (c) The amounts credited to the Revenue Account, the Additional Security Account, the Debt Service Reserve Fund, the Debt Service Fund, the Redemption Fund (including all subaccounts) and the Short Term Bond Account.
  - (d) With respect to each Series of Bonds, the number and aggregate principal amount of Mortgage Loans made or purchased and the number and aggregate principal balance of Mortgage Loans remaining outstanding.
  - (e) The delinquency rates for Mortgage Loans securing the Bonds and the number of foreclosures on Mortgage Loans securing the Bonds for the preceding 12 months and on a cumulative basis.

For purposes of the requirements in subparagraph (d) and (e) above, the term “Mortgage Loans” shall not include DPA loans or Mortgage Loans backing MBS.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. The Issuer shall clearly identify each such other document so included by reference.

## **Reporting of Significant Events**

Any of the following events shall be considered a Listed Event:

- (a) Principal and interest payment delinquencies with respect to the 2023 Series E Bonds.
- (b) Non-payment related defaults with respect to the 2023 Series E Bonds, if material.
- (c) Modifications to rights of holders of the 2023 Series E Bonds, if material.
- (d) (a) 2023 Series E Bond calls, if material, and (b) tender offers.
- (e) Defeasances.
- (f) Rating changes.
- (g) 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 2023 Series E Bonds or other material events affecting the tax status of the 2023 Series E Bonds.
- (h) Unscheduled draws on the debt service reserves reflecting financial difficulties.

- (i)       Unscheduled draws on credit enhancements reflecting financial difficulties.
- (j)       Substitution of credit or liquidity providers, or their failure to perform.
- (k)       Release, substitution, or sale of property securing repayment of the 2023 Series E Bonds, if material.
- (l)       Bankruptcy, insolvency, receivership or similar event of the Issuer.
- (m)       The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (n)       Appointment of a successor or additional trustee or the change in the name of the trustee, if material.
- (o)       Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.
- (p)       Default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, it shall determine if such event would be material under applicable federal securities laws, provided that Listed Events of the type specified above in paragraphs (a), (d)(b), (e), (f), (g), (h), (i), (j), (l) and (p) will always be deemed to be material. If the Issuer determines that knowledge of the event would be material under applicable federal securities laws, it shall, in a timely manner but in no event more than 10 Business Days after the occurrence of the Listed Event, file in an electronic format a notice of such occurrence with the MSRB.

### **Central Filing; Termination of Reporting Obligation**

Any filing or reporting obligation to a Repository under the Continuing Disclosure Certificate may be made solely by transmitting such filing or report to the Municipal Securities Rulemaking Board pursuant to its Electronic Municipal Market Access (EMMA) system as provided at [www.emma.msrb.org](http://www.emma.msrb.org). The Issuer's obligations under the Continuing Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2023 Series E Bonds.

### **Dissemination Agent**

The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor dissemination agent. The initial Dissemination Agent shall be the Issuer.

### **Amendment; Waiver**

The Issuer may amend the Continuing Disclosure Certificate and any provision of the Continuing Disclosure Certificate may be waived provided that the following conditions are satisfied:

- (a)       If the amendment or waiver relates to the provisions described in the first paragraph under "Provisions of Annual Bond Disclosure Reports" or under "Content of Annual Bond Disclosure Reports" or in the first paragraph under "Reporting of Significant Events," it may only be 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 an obligated person with respect to the 2023 Series E Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2023 Series E Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the 2023 Series E Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the 2023 Series E Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Bond Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under the Continuing Disclosure Certificate, and (ii) the Annual Bond Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

### **Additional Information**

Nothing in the Continuing Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Certificate or any other means of communication, or including any other information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Certificate. If the Issuer chooses to include any information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Certificate, the Issuer shall have no obligation under the Continuing Disclosure Certificate to update such information or include it in any future Annual Bond Disclosure Report or notice of occurrence of a Listed Event.

### **Default**

In the event of a failure of the Issuer to comply with any provision of the Continuing Disclosure Certificate, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding 2023 Series E Bonds, shall), or any Holder or Beneficial Owner of the 2023 Series E Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Continuing Disclosure Certificate. A default under the Continuing Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Continuing Disclosure Certificate in the event of any failure of the Issuer to comply with the Continuing Disclosure Certificate shall be an action to compel performance.

### **Beneficiaries**

The Continuing Disclosure Certificate shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriter, Holders and Beneficial Owners from time to time of the 2023 Series E Bonds, and shall create no rights in any other person or entity.

## **LEGALITY FOR INVESTMENT**

Pursuant to the Act, the 2023 Series E Bonds are eligible for investment in Idaho by state and municipal officers, banks, trust companies, savings banks and saving associations, savings and loan associations, national banking associations, insurance companies, executors, trustees and other fiduciaries, and all other persons who are authorized to invest in bonds or other obligations of the State of Idaho.

## LEGALITY AND TAX STATUS

Certain legal matters in connection with the issuance of the 2023 Series E Bonds are subject to the approval of Skinner Fawcett LLP, Bond Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Underwriters by Gilmore & Bell, P.C. Certain legal matters relating to the Issuer will be passed upon by Richard A. Skinner, Esq. of Skinner Fawcett LLP, Boise, Idaho, as general counsel to the Issuer.

Interest on the 2023 Series E Bonds is *not* excluded from gross income for federal income tax. Bond Counsel is of the opinion that interest on the 2023 Series E Bonds is exempt from State of Idaho personal income taxes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX B hereto.

Bond Counsel's engagement with respect to the 2023 Series E Bonds ends with the issuance of the 2023 Series E Bonds.

## NO LITIGATION

There is no proceeding or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2023 Series E Bonds, or in any way contesting or affecting the validity of the 2023 Series E Bonds, any proceedings of the Issuer taken with respect to the issuance or sale thereof, the pledge or application of any money or security provided for the payment of the 2023 Series E Bonds, the existence or powers of the Issuer relating to the 2023 Series E Bonds or the title of any officers of the Issuer to their respective positions.

## RATING

The Issuer expects that Moody's Investors Service ("Moody's") will assign the 2023 Series E Bonds a rating of "Aa1" prior to the pricing date of the 2023 Series E Bonds; however, there is no assurance that Moody's will assign such rating to the 2023 Series E Bonds.

Such rating reflects only the views of the Rating Agency. Explanations of the significance of the rating may be obtained from the Rating Agency as follows: Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, (212) 553-0300. A rating is not a recommendation to buy, sell or hold the 2023 Series E Bonds, and there is no assurance that any rating will be maintained for any given period of time by the Rating Agency or that it will not be revised or withdrawn entirely by the Rating Agency, if in its judgment circumstances so warrant. Any such revision or withdrawal of a rating may have an adverse effect on the market price of the 2023 Series E Bonds.

## UNDERWRITING

The 2023 Series E Bonds will be purchased from the Issuer by the Underwriters, represented by Barclays Capital Inc. ("Barclays"), under a Purchase Contract dated \_\_\_\_\_, 2023 (the "Purchase Contract"), pursuant to which the Underwriters agree, subject to certain conditions, to purchase all of such 2023 Series E Bonds. The Underwriters have agreed to purchase the 2023 Series E Bonds from the Issuer at a price of \$\_\_\_\_\_ which reflects an Underwriters' discount of \$\_\_\_\_\_ [plus/less] [net] original issue [premium/discount] of \$\_\_\_\_\_.

The initial public offering prices stated on the inside front cover of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell the 2023 Series E Bonds to certain dealers (including dealers depositing such Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

PNC Capital Markets LLC, one of the Underwriters of the 2023 Series E Bonds, and PNC Bank, National Association are both wholly-owned subsidiaries of PNC Financial Services Group, Inc. PNC Capital Markets LLC is not a bank, and is a distinct legal entity from PNC Bank, National Association. PNC Bank, National Association has other banking and financial relationships, including credit relationships, with the Issuer.



Citigroup Global Markets Inc. (“Citigroup”), one of the Underwriters of the 2023 Series E Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup will compensate Fidelity for its selling efforts.

Wells Fargo Securities, one of the Underwriters of the 2023 Series E Bonds, is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association (“WFBNA”), which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA, acting through its Municipal Finance Group, one of the Underwriters of the 2023 Series E 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 2023 Series E Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2023 Series E Bonds with WFA. WFBNA has 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 2023 Series E 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.

Zions Bancorporation, National Association, one of the Underwriters of the 2023 Series E Bonds, is also serving as Trustee under the Indenture pursuant to which the 2023 Series E Bonds are issued.

## **FINANCIAL STATEMENTS OF THE ISSUER**

The audited financial statements of the Issuer for the fiscal year ending June 30, 2023 are included in APPENDIX D.

## **ADDITIONAL INFORMATION**

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any of the 2023 Series E Bonds.

Copies in reasonable quantity of the Indenture and other documents referenced herein may be obtained during the offering period from the Underwriters or from the Issuer at 565 West Myrtle Street, Boise, Idaho 83702.

The delivery of this Official Statement have been duly authorized by the Issuer. Concurrently with the delivery of the 2023 Series E Bonds, the Issuer will furnish a certificate executed on behalf of the Issuer to the effect that this Official Statement, as of the date of this Official Statement and as of the date of delivery of the 2023 Series E Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

IDAHO HOUSING AND FINANCE ASSOCIATION

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## APPENDIX A INSURANCE, GUARANTEES AND FORECLOSURE

### Federal Housing Administration Single Family Mortgage Insurance

FHA may insure loans on amounts up to 115 percent of the area median house price, when that amount is between the national minimum (\$472,030) and maximum (\$1,089,300). The minimum and maximum loan limits are based on 65 percent and 150 percent of the conforming loan limits for Government-Sponsored Enterprises (GSE), which in 2023 is \$726,200.

In Idaho, the current maximum insurable mortgage amounts are as follows:

<u>Counties</u>	<u>Mortgage Amount Limit (\$)</u>
Blaine and Camas	\$740,600
Teton	1,089,300
Ada, Boise, Canyon, Gem, and Owyhee	586,500
Valley	573,850
Kootenai	572,700
Bonner	523,250
Franklin	492,200
All other	472,030

In addition, the loan to value ratio for each insurable mortgage may not exceed 96.5% of the value of the properties. After the FHA Modernization Act of 2008 became effective, a minimum down payment of 3.5% of the property value is required be collected. Home buyers may finance an up-front mortgage insurance premium and a portion of any closing costs, but in no event may the loan to value ratio exceed 100% of the value of a property. However, when a unit of government or an instrumentality of one is offering down payment and/or closing cost assistance in the form of secondary financing, the combined LTV can exceed 100% of the appraised value. Value is defined as the lesser of (a) appraised value of the property plus closing costs, or (b) the sales price of the property plus closing costs paid by the mortgagor.

Currently, home buyers under the Section 203(b) Program are required to pay an up-front mortgage insurance premium. Since July 1, 1991, an annual risk-based premium has been assessed based on the amount of down payment. Under current regulations, a .85% fee will be assessed annually if the initial loan-to-value ratio (LTV) is greater than 95% and .80% if the LTV is less than or equal to 95%. For Mortgage Loans with an FHA case number assigned on or between January 1, 2001 and June 2, 2013, such annual mortgage insurance premiums will be cancelled automatically when the LTV is less than or equal to 78%, provided that the mortgagor has paid the annual mortgage insurance premium for at least five years. The contract of insurance will remain in force for any such Mortgage Loan's full term. For a Mortgage Loan with an original LTV exceeding 90% and an FHA case number assigned on or after June 3, 2013, the annual mortgage insurance must be paid monthly, as long as there is a principal balance outstanding, up through the full 30-year amortization schedule.

The regulations governing the FHA single-family programs under which the Mortgage Loans may be insured provide that a mortgage loan will be considered to be in default if the mortgagor fails to make any payment or perform any other obligation under the mortgage, and such failure continues for a period of 30 days. Insurance benefits are payable to the mortgagee either upon foreclosure (or other acquisition of the property) and conveyance of mortgaged premises to HUD. In the event of a default on an FHA-insured single-family mortgage loan, the mortgagee must determine whether or not the default is caused by a circumstance or set of circumstances beyond the mortgagor's control which temporarily renders the mortgagor financially unable to cure the delinquency within a reasonable time or to make full mortgage payments. If the determination is made that the default is caused by such circumstances, the mortgagee generally is not permitted to initiate foreclosure proceedings unless and until it has offered the mortgagor appropriate loss mitigation alternatives. FHA insurance claims are paid in an amount equal to one hundred percent (100%) of the outstanding principal balance of the mortgage loan plus interest and certain additional costs and expenses. When entitlement to insurance benefits results from foreclosure (or other acquisition of the property) and

conveyance, the insurance payment is computed as of the date of the default by the mortgagor. The insurance payment itself bears interest as provided under FHA regulations.

Payment for insurance claims may include reimbursement to the mortgagees for tax, insurance, and similar payments made by them, as well as deductions for amounts received or retained by them after default. Under most FHA insurance programs for single-family residences the Federal Housing Commissioner has the option of paying insurance claims in cash or in debentures. The HUD debenture rate may be less than the interest rate on the mortgage loans, and any such debentures would mature 20 years after the date of issue, pay interest semiannually and may be redeemable at par at the option of HUD. Current FHA policy, which is subject to change at any time, is to pay insurance claims in cash.

### **Department of Veterans Administration Guaranty Program**

The Serviceman's Readjustment Act of 1944, as amended, permits eligible veterans (or in certain circumstances a veteran's spouse) and service members to obtain a mortgage loan guarantee by the Department of Veterans Affairs (the "VA") covering mortgage financing of the purchase of a one-to-four unit family dwelling at interest rates permitted by the VA.

The VA charges a funding fee to eligible borrowers based on the type of loan, the amount of the down payment, and whether the borrower has used the program before, up to a maximum of 3.3% of the total loan amount.

For VA loans over \$144,000, the VA will guarantee up to 25% of the loan amount for the purchase or construction of a home or the purchase of a condominium unit for eligible veterans, service members and survivors with full entitlement. Full entitlement is available for borrowers who have never used the benefit before or who have repaid a prior loan that had a VA guarantee. The maximum guaranty on a VA loan under \$144,000 for the purchase or construction of a home or the purchase of a condominium unit is \$36,000.

For eligible borrowers who have used the VA guarantee before and still have remaining entitlement, the maximum guaranty on a VA loan is 25% of the loan limit of the county in which the borrower resides minus the amount of the VA guarantee already used by the borrower.

Claims for the payment of a VA guarantee may be submitted when any default of the mortgagor continues for a period of three months. A guarantee may be paid without the mortgagee instituting foreclosure proceedings or otherwise acquiring title.

Before initiating suit or foreclosure, the mortgagee must notify the VA of a default, and within thirty days thereafter the VA may, at the VA's option, pay the mortgagee the unpaid balance of the obligation plus accrued interest and receive an assignment of the loan and security.

The liability on the guarantee is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness, but will in no event exceed the original amount of the guarantee. Notwithstanding the dollar and percentage limitations of the guarantee, a mortgagee will ordinarily suffer a monetary loss only when the difference between the unsatisfied indebtedness and the proceeds of any foreclosure sale of a mortgaged premises is greater than the original guarantee as adjusted. The VA may, at its option and without regard to the guarantee, make full payment to a mortgagee of unsatisfied indebtedness on a mortgage upon the mortgagee's obtaining title and conveying it to the VA.

### **Rural Housing and Community Development Service Guaranteed Housing Loan Program**

Title V of the Housing Act of 1949 permits the Rural Housing and Community Development Service of the Department of Agriculture (formerly the Farmers Home Administration) (FHA) to provide mortgage guarantees for single family rural housing loans. A Rural Housing and Community Development Service guarantee constitutes an obligation supported by the full faith and credit of the United States.

The maximum loss payment under a Rural Housing and Community Development Service guarantee will be the lesser of:

- (a) Any loss of an amount equal to 90 percent of the principal amount actually advanced to the mortgagor, or
- (b) Any loss sustained by the lender of an amount up to 35 percent of the principal amount actually advanced to the mortgagor, plus any additional loss sustained by the lender of an amount up to 85 percent of the remaining 65 percent of the principal amount actually advanced to the mortgagor.

Loss includes only (1) principal and interest evidenced by the note; (2) any loan subsidy due and owing; and (3) any principal and interest indebtedness on Rural Housing and Community Development Service approved protective advances for protection and preservation of collateral. Interest is covered by the guarantee to the date of the final loss settlement when the lender conducts liquidation of collateral in an expeditious manner. Net proceeds received from liquidation of the collateral will be used in calculating the amount of loss sustained. If the lender acquires the collateral, the net proceeds from collateral for calculating loss shall be determined by the Rural Housing and Community Development Service as follows: (i) the collateral will be appraised at its current market value as of the date of acquisition by the lender then (ii) deduct from such appraised value an estimate of liquidation costs which will include an allowance for the estimated time the property will be held by the lender. The Rural Housing and Community Development Service will pay its claim based on an appraisal after foreclosure has occurred rather than upon the sale of the property.

### **Idaho Foreclosure Procedures**

The mortgages employed in Idaho generally take the form of trust deeds. The Idaho Code permits the trustee under a trust deed to conduct a non-judicial foreclosure sale. The trustee institutes this process by filing for record a notice of default; copies of this notice are also mailed or delivered to the trustor (mortgagor) and any other persons who have requested such notice.

Subsequent to recording the notice of default and at least 120 days prior to the date fixed for sale of the property, the trustee must give notice of such sale by registered or certified mail to the last known address of the trustor and to certain other parties prescribed by statute. In addition, the notice of sale must be published in a newspaper of general circulation in the county where the property is located and such notice must be served on all occupants of the property or posted on the property, if vacant. Under certain circumstances, the trustor or other interested party may reinstate the trust deed by paying the amount in default plus costs and expenses incurred in foreclosure. The sale, once made, is deemed final as to all persons who have been given notice as prescribed by statute. No redemption is permitted after the sale.

### **Servicemembers' Civil Relief Act**

The Servicemembers' Civil Relief Act applies to anyone called to active military duty and who has debts (including mortgage debt) incurred before they were so activated. The Servicemembers' Civil Relief Act, as amended by the FHA Modernization Act of 2008, effectively provides that, upon activation and during the period of active duty and for a period of nine months, thereafter such debts may not be foreclosed on. Additionally, during the period of active duty and for a period of one year thereafter any interest on such debts in excess of 6% must be forgiven.

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**APPENDIX B**  
**PROPOSED FORM OF OPINION OF BOND COUNSEL**

*Upon the issuance of the 2023 Series E Bonds, Skinner Fawcett LLP, Bond Counsel, proposes to issue an opinion in substantially the following form:*

Idaho Housing and Finance Association  
Boise, Idaho

Idaho Housing and Finance Association  
Single Family Mortgage Bonds  
2023 Series E (Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel to the Idaho Housing and Finance Association (the “Issuer”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Idaho Housing and Finance Association Single Family Mortgage Bonds, 2023 Series E (Federally Taxable) (the “2023 Series E Bonds”). The 2023 Series E Bonds are issued pursuant to a General Indenture of Trust, dated as of July 1, 2019, as amended and supplemented, between the Issuer and Zions Bancorporation, National Association, as trustee (the “Trustee”) and a 2023 Series E Indenture, dated as of December 1, 2023, between the Issuer and the Trustee (collectively, the “Indenture”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, an opinion of counsel to the Issuer, certificates of the Issuer, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture. We call attention to the fact that the rights and obligations under the 2023 Series E Bonds, the Indenture and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies like the Issuer. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the 2023 Series E Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Issuer is an independent public body, corporate and politic, duly organized and validly existing under the laws of the State of Idaho, and has lawful authority to issue the 2023 Series E Bonds.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the 2023 Series E Bonds, of the Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture (except for amounts on deposit in the Rebate Account, the Bond Purchase Fund, the Short Term Bond Account and any Issuer Payment Account, and except for any Rebate Requirement to be deposited in the Rebate Account), and of the rights and interests of the Issuer in and to the MBS and the Mortgage Loans, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. The 2023 Series E Bonds constitute valid and binding limited obligations of the Issuer, payable solely from the Revenues and other assets pledged therefor under the Indenture. None of the 2023 Series E Bonds constitute a debt or liability of the State of Idaho or any political subdivision thereof.

4. Interest on the 2023 Series E Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the 2023 Series E Bonds is exempt from State of Idaho personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2023 Series E Bonds.

Faithfully yours,

SKINNER FAWCETT LLP



## **APPENDIX C**

### **GINNIE MAE CERTIFICATES**

This summary of the Ginnie Mae Mortgage Backed Securities Program, the Ginnie Mae Certificates and the documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the Ginnie Mae Mortgage Backed Securities Guide published by Ginnie Mae and to said documents for full and complete statements of their provisions. As of the date of this Disclosure Statement, such guide can be found at [www.ginniemae.gov/issuers/program\\_guidelines/Pages/mbsguidelib.aspx](http://www.ginniemae.gov/issuers/program_guidelines/Pages/mbsguidelib.aspx). The following summary is of the GNMA I Program and the GNMA II Program.

Government National Mortgage Association (“Ginnie Mae”) is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development (“HUD”) with its principal office in Washington, D.C.

To issue Ginnie Mae Certificates, a Master Servicer must first apply to and receive from Ginnie Mae the Commitment to Guarantee Mortgage Backed Securities (the “MBS Agreement”). The MBS Agreement authorizes such Master Servicer to apply to Ginnie Mae for the issuance of Mortgage-backed Securities eligible for guaranty by Ginnie Mae up to a stated date and issue Ginnie Mae Certificates up to a stated amount during a one-year period following the date of the MBS Agreement. Each MBS Agreement is valid for a 12-month period from the date of commitment.

Each Ginnie Mae Certificate is to be backed by a mortgage pool consisting of mortgage loans. Each Ginnie Mae I Certificate will be a “mortgage loan pass-through certificate” which will require the Master Servicer to pass through to the paying and transfer agent for the Ginnie Mae I program by 7:00 a.m. Eastern Time on the fifteenth calendar day of each month (or if the fifteenth calendar day is not a business day, then the next business day), the regular monthly payments on the mortgage loans (less the Ginnie Mae Guaranty Fee and the Master Servicer’s servicing fee), whether or not the Master Servicer receive such payments, plus any recoveries of principal of the mortgage loans received by the Master Servicer in the previous month. Each Ginnie Mae II Certificate will be a “mortgage loan pass-through certificate” which will require the Master Servicer to pass through to the Central Paying and Transfer Agent for the Ginnie Mae II program, by 7:00 a.m. Eastern Time on the twentieth calendar day of each month (or if the twentieth calendar day is not a business day, then the next business day), the regular monthly payments on the mortgage loans (less the Ginnie Mae Guaranty Fee and the Master Servicer’s servicing fee), whether or not the Master Servicer received such payments, plus any recoveries of principal on the mortgage loans received by the Master Servicer. The Central Paying and Transfer Agent for the GNMA II program is then required to pass through to the Trustee on the twentieth day of each month (or if such day is not a business day, the next business day) the scheduled payments received from the Master Servicer. Ginnie Mae guarantees timely payment of principal of and interest with respect to the Ginnie Mae Certificate.

Ginnie Mae 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 of mortgage loans insured or guaranteed under the National Housing Act, Title V of the Housing Act of 1949, the Servicemen's Readjustment Act of 1944, chapter 37 of Title 38, United States Code, or section 184 of the Housing and Community Development Act of 1992. Section 306(g) further provides that “the 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 such guarantees under Section 306(g) of mortgage backed certificates of the type being delivered to the Trustee on behalf of the Issuer are authorized to be made by Ginnie Mae and “would constitute general obligations of the United States backed by its full faith and credit.”

Ginnie Mae, upon execution of the Ginnie Mae Guaranty appended to the Ginnie Mae Certificate, and upon delivery of the Ginnie Mae Certificate to the Master Servicer, will have guaranteed to the Trustee as holder of the Ginnie Mae Certificate the timely payment of principal of and interest on the Ginnie Mae Certificate. In order to meet its obligations under such guaranty, Ginnie Mae, 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 Department in an amount outstanding at any one time sufficient to enable Ginnie Mae, 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 Ginnie Mae Certificate. The Treasury is authorized to purchase any obligation so issued by Ginnie Mae and has indicated in a letter dated February 13, 1970,

from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to Ginnie Mae, if needed, to implement the aforementioned guaranty.

Ginnie Mae is required to warrant to the Trustee as the holder of the Ginnie Mae Certificate, that, in the event it is called upon at any time to make payment on its guaranty of the principal of and interest on the Ginnie Mae Certificate, it will, if necessary, in accordance with Section 306(d) of Title III of the Housing Act, apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make payments of principal and interest.

The Master Servicer will be responsible for servicing and otherwise administering the mortgage loans in accordance with generally accepted practices of the mortgage banking industry and the Ginnie Mae Mortgage Backed Securities Guide (the “Guide”).

The monthly remuneration of the Master Servicer for its servicing and administrative functions, and the Guaranty Fee charged by Ginnie Mae are based on the total aggregate unpaid principal balance of mortgage loans outstanding. The Master Servicer’s servicing fee and the Ginnie Mae Guaranty Fee are deducted from payments on the mortgage loans before payments are passed through to the holder of the Ginnie Mae Certificates.

It is expected that interest and principal payments on the mortgage loans received by the Master Servicer will be the source of payments on the Ginnie Mae Certificates. If such payments are less than what is due, the Master Servicer is obligated to advance its own funds to ensure timely payment of all amounts coming due on the Ginnie Mae Certificates. Ginnie Mae guarantees such timely payment in the event of the failure of the Master Servicer to pay an amount equal to the scheduled payments (whether or not made on the mortgage loans).

The Master Servicer is required to advise Ginnie Mae in advance of any impending default on scheduled payments so that Ginnie Mae as guarantor will be able to continue such payments as scheduled on the third business day following the twentieth calendar day of each month. If, however, such payments are not received as scheduled, the Trustee has recourse directly to Ginnie Mae.

The Ginnie Mae Guaranty Agreement to be entered into by Ginnie Mae and the Master Servicer upon issuance of the Ginnie Mae Certificates (the “Ginnie Mae Guaranty Agreement”) will provide that, in the event of a default by the Master Servicer, Ginnie Mae will have 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 are to thereupon become the absolute property of Ginnie Mae, subject only to the unsatisfied rights of the holder of the Ginnie Mae Certificate. In such event, the Ginnie Mae Guaranty Agreement will provide that Ginnie Mae will be the successor in all respects to the Master Servicer in its capacity under the Ginnie Mae Guaranty Agreement and the transaction and arrangements set forth or arranged for therein. At any time, Ginnie Mae may enter into an agreement with an institution approved by Ginnie Mae under which such institution undertakes and agrees to assume any part or all of such duties, and no such agreement will detract from or diminish the responsibilities, duties or liabilities of Ginnie Mae in its capacity as guarantor.

## **APPENDIX D**

### **FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM**

The summary of Fannie Mae MBS Program (as defined below), the Fannie Mae Certificates and other documents referred to herein does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae Selling Guide and the Fannie Mae Servicing Guide (collectively, the “Fannie Mae Guides”) and the Fannie Mae Certificates and other documents for full and complete statements of their provisions. Copies of the Fannie Mae Guides, the Fannie Mae Prospectus and Fannie Mae’s most recent annual and quarterly reports and proxy statement are available from Fannie Mae, 3900 Wisconsin Avenue, N.W., Washington, D.C. 20016, (800-237-8627), or at [www.fanniemae.com](http://www.fanniemae.com). Neither the Issuer nor the Underwriters make any representation with respect to the accuracy or completeness of this summary.

#### **General**

Federal National Mortgage Association (“Fannie Mae”) is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, as amended (12 U.S.C. Section 1716 et seq.). Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and was transformed into a stockholder-owned and privately managed corporation by legislation enacted in 1968. Fannie Mae provides funds to the mortgage market by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans, thereby expanding the total amount of funds available for housing. In addition, Fannie Mae issues mortgage-backed securities primarily in exchange for pools of mortgage loans from lenders.

Although the Secretary of the Treasury has certain discretionary authority to purchase obligations of Fannie Mae, neither the United States nor any agency thereof is obligated to finance Fannie Mae’s obligations or to assist Fannie Mae in any manner.

The Federal Housing Finance Regulatory Reform Act of 2008 (the “Reform Act”) established the Federal Housing Finance Agency (“FHFA”), which assumed the regulatory and oversight duties of Fannie Mae of the Office of Federal Housing Enterprise Oversight and the Department of Housing and Urban Development. In 2008, the Director of FHFA placed Fannie Mae into conservatorship, appointing FHFA as conservator. This conservatorship does not have a specified termination date.

#### **Fannie Mae Mortgage-Backed Securities Program**

Fannie Mae has implemented a mortgage-backed securities program pursuant to which Fannie Mae issues securities backed by pools of mortgage loans (the “Fannie Mae MBS Program”). The obligations of Fannie Mae, including its obligations under the Fannie Mae Certificates, are obligations solely of Fannie Mae and are not backed by, or entitled to, the full faith and credit of the United States.

The terms of the Fannie Mae MBS Program are governed by the Fannie Mae Guides, as modified by a pool purchase contract, and, in the case of mortgage loans such as the Mortgage Loans, a 2009 Single-Family Master Trust Agreement dated as of January 1, 2009, as amended from time to time, and a supplement thereto to be issued by Fannie Mae in connection with each pool. The Fannie Mae 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. A Fannie Mae Prospectus Supplement may not be available as to Fannie Mae Certificates acquired pursuant to the Program. The Issuer does not and will not participate in the preparation of the Fannie Mae Prospectus, annual reports, quarterly reports, proxy statements or any other documents issued by Fannie Mae.

#### **Fannie Mae Certificates**

Fannie Mae Certificates are mortgage-backed pass-through securities issued and guaranteed by Fannie Mae under its MBS Program. As of June 3, 2019, each Fannie Mae Certificate is now a UMBS. Any Fannie Mae Certificate acquired by the Issuer will represent a fractional undivided interest in a specified pool of Mortgage Loans purchased by Fannie Mae from the servicer and identified in records maintained by Fannie Mae. The Mortgage Loans backing each Fannie Mae Certificate will bear interest at a specified rate per annum, and each Fannie Mae Certificate will bear

interest at a lower rate per annum (the “pass-through rate”). The difference between the interest rate on the conventional mortgage loans and the pass-through rate on the Fannie Mae Certificate will be collected by the servicer and used to pay the servicer’s servicing fee and Fannie Mae’s guaranty fee. Fannie Mae will guarantee to the registered holder of the Fannie Mae Certificates 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 such Fannie Mae Certificates, whether or not received, and the full principal balance of any foreclosed or other finally liquidated Mortgage Loan, whether or not such principal balance is actually received.

THE OBLIGATIONS OF FANNIE MAE UNDER SUCH 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 SUCH OBLIGATIONS, DISTRIBUTIONS TO THE TRUSTEE, AS THE REGISTERED HOLDER OF FANNIE MAE CERTIFICATES, WOULD CONSIST SOLELY OF PAYMENTS AND OTHER RECOVERIES ON THE UNDERLYING MORTGAGE LOANS AND, ACCORDINGLY, MONTHLY DISTRIBUTIONS TO THE TRUSTEE AS THE HOLDER OF FANNIE MAE CERTIFICATES, WOULD BE AFFECTED BY DELINQUENT PAYMENTS AND DEFAULTS ON SUCH MORTGAGE LOANS.

### **Payments on Mortgage Loans; Distributions on Fannie Mae Certificates**

Payments on a Fannie Mae Certificate are made to the owner thereof on the twenty-fifth day of each month (beginning with the month following the month such Fannie Mae Certificate is issued) or, if such twenty-fifth day is not a business day, on the first business day next succeeding such twenty-fifth day. With respect to each Fannie Mae Certificate, Fannie Mae will distribute to the beneficial owner an amount equal to the total of (a) the principal due on the Mortgage Loans in the related pool underlying such Fannie Mae Certificate during the period beginning on the second day of the month prior to the month of such distribution and ending on the first day of such month of distribution, (b) the stated principal balance of any Mortgage Loan that was prepaid in full during the calendar month immediately preceding the month of such distribution (including as prepaid for this purpose 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 such Mortgage Loan under certain other circumstances as permitted by the Fannie Mae Trust Indenture), (c) the amount of any partial prepayment of a Mortgage Loan received during the calendar month immediately preceding the month of distribution (during the second preceding calendar month, for pools of loans formed from the Fannie Mae portfolio that are serviced on a basis that requires remittance of actual payments to Fannie Mae instead of scheduled payments) and (d) one month’s interest at the pass-through rate on the principal balance of the Fannie Mae Certificate as reported to the holder thereof in connection with the previous distribution (or, respecting the first distribution, the principal balance of the Fannie Mae Certificate 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 such mortgage loan has been received, whether or not such 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.

### **Reduced Guaranty Fees**

If Fannie Mae reduces its guaranty fee to an amount that is less than that used in structuring the cash flows for any Bonds, the difference will become part of the Issuer’s fee and will not secure such Bonds.

## **APPENDIX E**

### **FREDDIE MAC MORTGAGE-BACKED SECURITIES PROGRAM**

The summary of the Freddie Mac Guarantor Program (as defined below), the Freddie Mac Certificates and other documents referred to herein does not purport to be complete and is qualified in its entirety by reference to Freddie Mac's Single-Family Seller/Servicer Guide (the "Freddie Mac Guide"), Freddie Mac's Mortgage Participation Certificates Offering Circular, any applicable Offering Circular Supplements, Freddie Mac's most recent annual and quarterly reports and proxy statements and any other documents made available by Freddie Mac. Copies of these documents can be obtained by writing or calling Freddie Mac's Investor Inquiry Department at 8200 Jones Branch Drive, McLean, Virginia 22102 (800-336-FMPC), or at [www.freddiemac.com](http://www.freddiemac.com). Neither the Issuer nor the Underwriters make any representation with respect to the accuracy or completeness of this summary.

#### **General**

Freddie Mac is a shareholder-owned, government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Program Operator Act, Title III of the Emergency Home Finance Act of 1970, as amended (the "Freddie Mac Act"). Freddie Mac's statutory mission is (a) to provide stability in the secondary market for residential mortgages, (b) to respond appropriately to the private capital market, (c) 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) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing and (d) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential 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.

The Federal Housing Finance Regulatory Reform Act of 2008 (the "Reform Act") established the Federal Housing Finance Agency ("FHFA"), which assumed the regulatory and oversight duties of Freddie Mac of the Office of Federal Housing Enterprise Oversight and the United States Department of Housing and Urban Development ("HUD") with respect to safety, soundness and mission. HUD remains the regulator of Freddie Mac with respect to fair lending matters. In addition, on September 6, 2008, the Director of FHFA placed Freddie Mac into conservatorship, appointing FHFA as conservator. This conservatorship does not have a specified termination date.

#### **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 Mortgage Loans (the "Guarantor Program"). Each Freddie Mac Certificate is guaranteed by Freddie Mac as to the timely payment of interest and the full and final payment of principal. The obligations of Freddie Mac under its guarantees of the Freddie Mac Certificates are obligations of Freddie Mac only. The Freddie Mac Certificates, 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.

The Issuer does not and will not participate in the preparation of Freddie Mac's Mortgage Participation Certificate Offering Circular, annual reports, quarterly reports or proxy statements.

Freddie Mac supervises the servicing of Mortgage Loans according to the policies in the Freddie Mac Guide, and in accordance with the PC Master Trust Agreement, dated September 25, 2009, as amended from time to time.

#### **Freddie Mac Certificates**

Freddie Mac Certificates will be mortgage participation certificates issued under Freddie Mac's Guarantor Program. As of June 3, 2019, each Freddie Mac Certificate is now a UMBS. Under the Guarantor Program, the annual pass-through rate on a Freddie Mac Certificate is established based upon the lowest interest rate on the underlying mortgage loans, minus a minimum servicing fee and the amount of Freddie Mac's management and guarantee fee as agreed upon between the Servicer and Freddie Mac. The lowest interest rate on a mortgage loan in a Certificate Pool

will be greater than or equal to the annual pass-through rate on the related Freddie Mac Certificate plus a minimum servicing fee and Freddie Mac's management and guarantee fee, and the highest interest rate will not exceed two and one-half percentage points above the pass-through rate.

Freddie Mac will guarantee to the registered holder of each Freddie Mac Certificate the timely payment of interest by each mortgagor to the extent of the applicable certificate rate on the registered holder's pro rata share of the unpaid principal balance outstanding on the mortgage loans underlying such Freddie Mac Certificate. Freddie Mac also will guarantee to the Trustee or its nominee as the registered holder of such Freddie Mac Certificate full and final payment of principal. Pursuant to its guarantee, Freddie Mac will indemnify the holder of such Freddie Mac Certificate against any diminution in principal by reason of charges for property repairs, maintenance and foreclosure. Freddie Mac may remit the amount due on account of its guarantee of collection of principal at any time after default on an underlying mortgage loan, but not later than (a) 30 days following foreclosure sale, (b) 30 days following payment of the claim by any mortgage issuer, or (c) 30 days following the expiration of any right of redemption, whichever occurs last, but in any event no later than one year after demand has been made upon the mortgagor for accelerated payment of principal.

The obligations of Freddie Mac under its guarantees of the Freddie Mac Certificates are obligations of Freddie Mac only. The Freddie Mac Certificates, 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 such obligations, distributions on the Freddie Mac Certificates would consist solely of payments and other recoveries on the underlying mortgage loans and, accordingly, delinquencies and defaults would affect monthly distributions on such Freddie Mac Certificates and could adversely affect the payments on the Bonds.

Holders of Freddie Mac Certificates are entitled to receive their pro rata share of all principal payments on the underlying mortgage loans received by Freddie Mac, including any scheduled principal payments, full and partial repayments of principal and principal received by Freddie Mac by virtue of condemnation, insurance, liquidation or foreclosure, including repayments of principal resulting from acquisition by Freddie Mac of the real property securing the mortgage. Freddie Mac is required to remit each registered Freddie Mac Certificate holder's pro rata share of principal payments on the underlying mortgage loans, interest at the certificate rate and any other sums within 60 days of the date on which such payments are received by Freddie Mac.

### **Reduced Guaranty Fees**

If Freddie Mac reduces its guaranty fee to an amount that is less than that used in structuring the cash flows for any Bonds, the difference will become part of the Issuer's fee and will not secure such Bonds.

**APPENDIX F**  
**FINANCIAL STATEMENTS OF ISSUER**

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***Idaho Housing  
and Finance  
Association***

***[www.idahohousing.com](http://www.idahohousing.com)***

**Audit Report as of  
June 30, 2023**

# Idaho Housing and Finance Association

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June 30, 2023

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## Independent Auditor's Report

To the Board of Commissioners  
Idaho Housing and Finance Association  
Boise, Idaho

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Idaho Housing and Finance Association (the Association), as of and for the years ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Idaho Housing and Finance Association's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Associations as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Idaho Housing and Finance Association's basic financial statements. The supplementary financial information on pages 49 through 54 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Association's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eric Bailly LLP".

Boise, Idaho  
September 27, 2023

The Idaho Housing and Finance Association's (the Association) Management Discussion and Analysis presents readers of the Association's financial statements a narrative overview and analysis of the financial activities of the Association for the year ended June 30, 2023.

### **Organizational Overview**

The Association is a self-supporting organization that must generate all revenue necessary to cover the cost of its operations. The Association services loans for single-family borrowers in Idaho, Connecticut, Iowa, New Mexico, South Dakota, Texas, Oregon, and Washington, and multifamily affordable housing projects in Idaho. The Association administers sixteen (16) Housing and Urban Development (HUD) programs---Emergency Solutions Grants Program, HOME Investment Partnerships Program, Home – American Rescue Plan, Housing Trust Fund, Housing Opportunities for Persons with AIDS, Neighborhood Stabilization Program, Continuum of Care Program, Comprehensive Housing and Counseling Program, Family Self-Sufficiency Program, Section 8 New Construction/Substantial Rehabilitation, Section 8 Performance Based Contract Administration, Housing Choice Voucher Program, Emergency Housing Voucher Program, Mainstream 5 Year Program, Coronavirus State and Local Fiscal Recovery Funds (Workforce Housing and ISCP), Federal Housing Administration Insured Mortgage Loans, and Public and Indian Housing Loan Guarantee program; three (3) U.S. Treasury programs---Tax Credit Assistance Program, Homeowner Assistance Fund, and Emergency Rental Assistance; one (1) Department of Veterans Affairs (VA) program---Guaranteed Mortgage Loans; and one (1) U.S. Department of Agriculture (USDA) program---USDA Rural Housing Services Insured Mortgage Loans. The Association also issues bonds to finance nonprofit facilities, economic development projects, and road improvements throughout the State of Idaho.

### **Financial Highlights**

The Association reported a positive operating income during fiscal year 2023, reflecting continued robust loan acquisition production, a larger servicing portfolio (as loan servicing contracts increased), higher servicing revenue, and on-going cost containment measures. These factors were offset by a large decrease in gains on loan sales which was due to a change in funding strategy where future gains were shifted into bond indentures by selling mortgage-backed securities into bond indentures rather than immediately on the open market. This change in funding strategy also resulted in large increases to both the asset and liabilities of the Association's balance sheet.

The substantial decrease in fair value of loan servicing contracts in fiscal year 2023 was due to an update in valuation methodology used by the third party contracted by management to value loan servicing contracts. Investments held in trust increased significantly due to the issuance of new bonds in fiscal year 2023. Loans pending modification improved significantly as loans needing modification coming out of the COVID forbearance period in the prior year have largely dissipated. Other Assets significantly increased due to a spike in REO mortgages receivables from REO claim filings. This spike was due to the ending of COVID foreclosure moratoriums in fiscal year 2023, causing foreclosures and the related REO claim filing receivables to increase.

Liabilities increased overall, driven by the new bonds issued in fiscal year 2023. This activity was offset by existing mortgage-backed securities continuing to pay down, decreasing the liability and the associated asset. Other Liabilities increased significantly due to additional federal program funds that had not yet been distributed at year-end.

The financial highlights of the Association as of June 30, 2023 compared to June 30, 2022, are as follows:

- Operating income decreased from \$18.6 million to \$12.8 million which is a decrease of 31%. This decrease was mainly attributable to the decline in gains on loan sales as the gains were shifted into bond indentures, from \$36.6 million in fiscal year 2022 to \$12.7 million in fiscal year 2023.
- Total net position, after fair market value and federal pass-through adjustments, decreased \$129.9 million mainly attributable to an update in valuation methodology used by the third party contracted by management to value loan servicing contracts. This third party update in valuation methodology caused a one-time non-operating decrease in value of \$114.4 million.
- Total assets and deferred outflows of resources increased \$669.5 million or 24% mainly due to new bond issuances.
- Total liabilities and deferred inflows of resources increased \$801.5 million or 39% mainly due to new bond issuances.

The Financial Analysis section of this Management's Discussion and Analysis includes a table that summarizes the changes in net position that occurred during the years ended June 30, 2023, and 2022, as well as the changes in net position.

Fiscal year 2023 was characterized by quickly rising levels of interest rates and a continued strength in real estate prices in the Idaho real estate market. The Association also experienced significant increases in loan purchases in tax-exempt bond eligible loans mainly by first time home buyers.

The Association has various joint-venture or subservicing relationships with Connecticut Housing Finance Authority (CHFA), Iowa Finance Authority (IFA), New Mexico Mortgage Finance Authority (MFA), South Dakota Housing Development Authority (SDHDA), Texas Department of Housing and Community Affairs (TDHCA), and Washington State Housing Finance Commission (WSHFC). The Association also began a master servicing relationship with Oregon Housing and Community Services (OHCS).

Overall, the Association has successfully managed its loan and financing programs during this period. Looking forward, the Association, along with the rest of the country, expects more uncertainty in the economic, legal, and mortgage-lending environments as the impacts of interest rate changes continue.

See the Financial Analysis section of this Management's Discussion and Analysis for additional information on the Government Accounting Standards Board (GASB) required fair value adjustments.

### **Overview of the Financial Statements**

This annual financial report consists of three parts: Management's Discussion and Analysis; the financial statements, including notes to the financial statements; and supplemental schedules. Summary information is presented for separate mortgage revenue bond programs in the supplemental schedules.

According to the American Institute of Certified Public Accountants (AICPA), in its Audit Guide for Not-For-Profit Organizations, the Association meets the definition of a governmental entity and incorporates GASB accounting standards into its financial statements. However, due to the nature of the Association, it is considered a Special Purpose Governmental Entity engaged only in business-type activities. Accordingly, the Association uses Proprietary Enterprise Fund reporting and the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The Association's financial statements provide detailed information about the most significant activities within the Proprietary Fund. Some of the activities are required by the Department of Housing and Urban Development (HUD) or by certain bond requirements. However, the Association has established others to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money.

Component units are organizations legally separate from but financially accountable to the Association and their relationship with the Association is such that exclusion would cause the Association's financial statements to be misleading. The Association has determined that The Housing Company, the Home Partnership Foundation, and IHFA Community Investment Holdings LLC are integral and material components of the Association's reporting entity and their respective financial statements have been incorporated as such.

Accordingly, The Housing Company's basic financial statements are presented immediately following the Association's basic financial statements while the Home Partnership Foundation's and IHFA Community Investment Holdings LLC's basic financial statements have been blended with the Association's basic financial statements.



Idaho Housing and Finance Association  
Management's Discussion and Analysis  
June 30, 2023

**Financial Analysis**

The following table summarizes the changes in net position that occurred during the years ended June 30, 2023 and 2022, as well as the changes in net position.

As of June 30, (in thousands)	2023		2022	
	Balance	% Change from prior period	Balance	% Change from prior period
Cash and cash equivalents	\$ 47,088	0.52%	\$ 46,846	49.63%
Cash and cash equivalents held in trust or as agent	233,125	2.29%	227,900	(29.70%)
Cash held in escrow	211,223	11.29%	189,801	2.44%
Investments, fair value	22,384	(65.87%)	65,584	67.55%
Investments, fair value held in trust	1,346,531	149.60%	539,465	(9.76%)
Loans held for investment, net	260,762	20.34%	216,695	(9.59%)
Loans available for sale	98,566	1.19%	97,409	(40.28%)
Loan servicing contracts, fair value	237,912	(32.47%)	352,283	57.01%
Loans pending modification	3,144	(97.63%)	132,668	6064.87%
Property and equipment	12,779	26.37%	10,112	(7.82%)
Right-of-use lease asset	1,177	(30.64%)	1,697	(14.94%)
Derivative assets	2,855	#DIV/0!	-	(100.00%)
Other assets	105,208	26.21%	83,360	(5.12%)
Tax exempt mortgage securities asset	183,999	(14.70%)	215,714	(33.56%)
State of Idaho GARVEE Payable	654,360	15.31%	567,474	9.58%
Interest rate swap contracts	7,911	(37.06%)	12,569	(45.97%)
Total assets and deferred outflow	<u>\$ 3,429,024</u>	24.26%	<u>\$ 2,759,577</u>	(0.80%)
Bonds	\$ 1,798,204	66.84%	\$ 1,077,773	247.69%
Short-term and other borrowing	388,370	23.62%	314,163	(69.20%)
Tax exempt mortgage securities liability	183,999	(14.70%)	215,714	(33.56%)
Swap contract fair value liability	2,917	(52.66%)	6,162	(59.70%)
Interest payable-swap contract	2,709	(19.35%)	3,359	(98.81%)
Escrow and project reserve deposits	203,795	13.78%	179,107	1.82%
Investor remittances	108,700	(38.40%)	176,474	4138.09%
Other liabilities	142,384	98.36%	71,781	#DIV/0!
Derivative liabilities	14,965		-	0.00%
Total liabilities and deferred inflow	<u>\$ 2,846,043</u>	39.20%	<u>\$ 2,044,533</u>	(6.51%)
Net investment in capital assets	\$ 12,779	26.37%	\$ 10,112	(7.82%)
Bond funds	58,651	4.78%	55,974	(9.24%)
Federal Programs	1,162	(7.41%)	1,255	(36.93%)
The HOME Partnership Foundation, Inc fund	5,461	30.43%	4,187	138.44%
Idaho Community Investment Holdings, LLC	6,261		5,983	
Unrestricted	498,667	(21.52%)	635,373	22.83%
Total net position	<u>\$ 582,981</u>	(18.22%)	<u>\$ 712,884</u>	19.85%

Idaho Housing and Finance Association  
Management's Discussion and Analysis  
June 30, 2023

For the years ended June 30, (in thousands)	2023		2022	
	Balance	% Change from prior period	Balance	% Change from prior period
Interest on loans and GARVEE pledged revenues	\$ 49,690	(13.31%)	\$ 57,318	11.59%
Government and multifamily trusts pledged revenues				
Interest on Investments	23,479	380.54%	4,886	(18.27%)
Loan servicing fees	62,803	10.61%	56,777	18.44%
Contract and grant administration fees	17,901	7.73%	16,616	21.56%
Gains on loan sales	12,733	(65.18%)	36,566	(55.71%)
Other	4,905	(2.41%)	5,026	(18.54%)
Total revenues	<u>171,511</u>	(3.20%)	<u>177,189</u>	(14.69%)
Interest	71,265	36.69%	52,135	(8.15%)
Salaries and benefits	32,956	8.65%	30,331	21.58%
Loan acquisition costs	24,277	(50.78%)	49,327	(17.46%)
General operating	22,893	13.71%	20,133	21.65%
Bond financing costs	108	(78.95%)	513	(0.39%)
Grants to others	1,458	10.29%	1,322	101.83%
Losses on real estate-owned property	4,154	81.40%	2,290	22800.00%
Other	1,591	(36.69%)	2,513	240.98%
Total expenses	<u>158,702</u>	0.09%	<u>158,564</u>	(0.86%)
Operating income/(loss)	<u>12,809</u>	(31.23%)	<u>18,625</u>	(61.00%)
Net increase (decrease) in fair value of investments	(16,250)	31.99%	(12,312)	(335.05%)
Net increase (decrease) in fair value of derivative instruments	(12,376)		(15,427)	
Net increase (decrease) in fair value of servicing rights	(114,371)	(189.42%)	127,907	80.70%
Federal pass-through revenues	114,918	29.82%	88,518	25.13%
Federal pass-through expenses	<u>(114,633)</u>	28.44%	<u>(89,253)</u>	24.30%
Total non-operating revenues and expenses	<u>(142,712)</u>	(243.53%)	<u>99,433</u>	48.79%
Increase/(decrease) in net position	<u>\$ (129,903)</u>	(210.03%)	<u>\$ 118,058</u>	3.04%
Loans serviced as agent (not reported on statement of net position)	<u>\$ 27,334,627</u>	11.34%	<u>\$ 24,549,688</u>	27.01%

The fair value adjustments reported in the Statement of Net Position on page 10 and the Statement of Revenues, Expenses, and Changes in Net Position on page 11 are required under GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and No. 72, *Fair Value Measurement and Application*.

### **Capital Asset and Debt Administration**

Capital Assets: The Association's capital assets include land, buildings, office, and computer equipment. Capital assets are presented in the financial statements at \$12.779 million (net of accumulated depreciation). The Association purchased \$3.221 million of land in the current fiscal year to facilitate construction of affordable housing apartment complexes.

The Association periodically sells bonds to investors to raise capital. Bonds are marketable securities-backed by mortgage loans on residential and multifamily properties. The Association's bond issues are highly rated because, in addition to a mortgage on the property being financed, the bond issue requires cash reserves along with mortgage insurance and other safeguards, giving the investor or bondholder additional assurance that the bond issuer (the Association) will repay the loan.

Additional information about our long-term liabilities is presented in the notes to the financial statements.

### **Economic Factors**

The primary business activity of the Association is funding the purchase and servicing of single-family home mortgages. The Association's mortgage financing activities are sensitive to the level of interest rates, the spread between the rate available on Association loans and those available in the conventional mortgage markets and the availability of affordable housing. The availability of FNMA, FHMLC, and GNMA to purchase loans or guarantee loan securities; the availability of the Federal Housing Administration (FHA), the Veterans Administration (VA), and the Department of Agriculture's Office of Rural Development (RD) to guarantee loans; the continuation of servicing relationships outside of Idaho; and the availability of long-term, tax-exempt financing on favorable terms are key elements in providing the resources necessary for the Association to continue its mortgage financing and servicing activities. In addition, the funding of the Association's federal programs activities is dependent on budget appropriations from the U.S. Department of Housing and Urban Development, as contained in the Federal budget.

### **Contacting the Association's Financial Management**

This financial report is designed to provide a general overview of Idaho Housing and Finance Association's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Controller at Idaho Housing and Finance Association, P.O. Box 7899, Boise, ID 83707-1899, or contact our website at [www.idahohousing.com](http://www.idahohousing.com).

# Idaho Housing and Finance Association

## Statement of Net Position

June 30, 2023

(in thousands)

### Assets

Cash and cash equivalents	\$ 47,088
Cash and cash equivalents held in trust or as agent	233,125
Cash held in escrow	211,223
Investments, fair value	22,384
Investments held in trust, fair value	1,346,531
Loans held for investment, net	260,762
Loans available for sale	98,566
Loan servicing contracts, fair value	237,912
Loans pending modification	3,144
Capital assets	12,779
Right-of-use lease asset	1,177
Derivative assets	2,855
Other assets	105,208
Tax exempt mortgage securities asset	183,999
State of Idaho GARVEE receivable	654,360
Total assets	<u>3,421,113</u>

### Deferred Outflow of Resources

Interest rate swap contracts, amortized value	7,095
Interest rate swap contracts, fair value	816
Total deferred outflow of resources	<u>7,911</u>
Total assets and deferred outflow of resources	<u>\$ 3,429,024</u>

### Liabilities

Short-term and other borrowings	\$ 388,370
Bonds and notes	1,798,204
Tax exempt mortgage securities liability	183,999
Interest payable-swap contract	2,709
Investor remittance liability	108,700
Escrow and project reserve deposits	203,795
Swap contract fair value	2,917
Derivative liabilities	14,965
Other liabilities	142,384
Total liabilities	<u>2,846,043</u>

### Net Position

Net investment in capital assets	12,779
Restricted	
Bond funds	58,651
Federal Programs	1,162
The Home Partnership Foundation, Inc fund	5,461
Unrestricted	
Idaho Community Investment Holdings, LLC	6,261
General Unrestricted	498,667
Total net position	<u>582,981</u>
Total liabilities, deferred inflow of resources, and net position	<u>\$ 3,429,024</u>

Idaho Housing and Finance Association  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2023  
(in thousands)

Operating Revenues	
Gain on loan sales	\$ 12,733
Interest on loans and GARVEE pledged revenues	49,690
Interest on investments	23,479
Loan servicing fees	62,803
Grant and contract administration fees	17,901
Other	4,905
	<u>171,511</u>
Total operating revenues	
Operating Expenses	
Loan acquisition costs	24,277
Interest	71,265
Salaries and benefits	32,956
General operating	22,893
Bond financing costs	108
Grant to others	1,458
Losses on real estate-owned property	4,154
Other	1,591
	<u>158,702</u>
Total operating expenses	
Operating Income	<u>12,809</u>
Nonoperating Revenues and (Expenses)	
Net decrease in fair value of investments	(16,250)
Net decrease in fair value of derivatives	(12,376)
Net decrease in fair value of servicing contracts	(114,371)
Federal pass-through revenues	114,918
Federal pass-through expenses	(114,633)
	<u>(142,712)</u>
Total nonoperating revenues and (expenses)	
Change in Net Position	(129,903)
Net Position, Beginning of Year	<u>712,884</u>
Net Position, End of Year	<u>\$ 582,981</u>

# Idaho Housing and Finance Association

## Statement of Cash Flows

Year Ended June 30, 2023

(in thousands)

Operating Activities	
Receipts from customers, loan interest, and other	\$ 3,407,286
Loan principal payments	81,206
Principal and interest pass-through remittances as servicing agent	(3,026,238)
Escrow deposits	1,034,239
Escrow disbursements	(1,009,551)
Loan sales	4,525,266
Loan acquisition costs	(24,277)
Interest paid	(75,160)
Payments to suppliers	(2,788)
Payments for transportation program costs	(174,837)
Payments for loans available for sale	(4,532,226)
Payments to employees for services and benefits	(32,798)
Loan principal additions	(162,855)
Net Cash from Operating Activities	<u>7,267</u>
Noncapital Financing Activities	
Bond financing costs	48,478
Bond and short-term borrowings payments	(318,506)
Bond and short-term borrowings issued	1,057,152
Federal pass-through revenues	(114,918)
Federal pass-through expenses	114,633
Net Cash from Noncapital Financing Activities	<u>786,839</u>
Capital and Related Financing Activities	
Acquisition and construction of capital assets	<u>(3,351)</u>
Net Cash used for Capital and Related Financing Activities	<u>(3,351)</u>
Investing Activities	
Investment purchases	(3,330,147)
Investment redemptions	2,542,802
Investment income	23,479
Net Cash used for Investing Activities	<u>(763,866)</u>
Net Change in Cash	26,889
Cash and Cash Equivalents, Beginning of Year	<u>464,547</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 491,436</u></u>

# Idaho Housing and Finance Association

## Statement of Cash Flows

Year Ended June 30, 2023

(in thousands)

### Reconciliation of Operating Income to Net Cash

#### from Operating Activities

Operating income	\$ 12,809
Adjustments to reconcile operating income to net cash from operating activities	
Loan principal received	81,206
Loans issued	(162,855)
Bond financing costs	48,478
Depreciation and other amortization	1,204
Changes in assets and liabilities	
Interest receivable	542
Interest payable	(12,891)
Interest on investments	(23,479)
Pledged revenues	(98,960)
Other assets	223,329
Accounts payable and other liabilities	(62,116)

(5,542)

### Net Cash from Operating Activities

\$ 7,267

**The Housing Company**  
 A Component Unit of Idaho Housing and Finance Association  
 Consolidated Statement of Financial Position  
 December 31, 2022

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Assets

Cash and cash equivalents	\$ 10,767,101
Investments in subsidiaries	1,576
Restricted cash	5,546,576
Receivables	1,435,355
Mortgage proceeds held in trust	6,259,150
Prepaid expenses	593,751
Land	12,887,333
Buildings and equipment (net of accumulated depreciation)	90,932,962
Tax credit fees and other (net of accumulated amortization)	990,147
	<u>\$ 129,413,951</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued liabilities	\$ 2,349,298
Interest payable	343,022
Real estate taxes payable	408,617
Long-term debt and construction loans payable (net of unamortized debt issuance costs)	74,993,883
Security deposits payable	493,675
	<u>78,588,495</u>

Net Assets Without Donor Restrictions

Controlling interests	10,474,538
Noncontrolling interests	40,350,918
	<u>\$ 129,413,951</u>



**The Housing Company**  
 A Component Unit of Idaho Housing and Finance Association  
 Consolidated Statement of Activities  
 Year Ended December 31, 2022

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Revenues	
Tenant rents	\$ 10,132,647
Housing assistance payments	2,745,858
Grants and other contributions	394
Interest and dividends	116,370
Developer fees	354,954
Forgiveness of debt on tax credit exchange loan	212,000
Property management services	310,605
Other	465,317
	<u>14,338,145</u>
Total revenues	
Expenses	
Administrative	3,653,437
Utilities and maintenance	3,522,605
Real estate taxes and insurance	1,717,874
Depreciation and amortization	5,495,726
Interest	2,033,499
	<u>16,423,141</u>
Total expenses	
Net Loss	(2,084,996)
Loss on disposal of assets	(78,425)
Loss on involuntary conversion of assets	(756)
	<u>(79,181)</u>
Decrease in Net Assets Without Donor Restrictions Before Noncontrolling Interests	<u>(2,164,177)</u>
Noncontrolling Interests in Partnership Losses	<u>2,505,979</u>
Change in Net Assets Without Donor Restrictions	<u><u>\$ 341,802</u></u>

## **Note 1 - Authorizing Legislation**

The Idaho Housing and Finance Association (Association) is created, as an independent public body corporate and politic, by the Idaho Legislature under the provisions of Chapter 62, Title 67 of the Idaho Code, as amended by the Act. The Act empowers the Association, among other things, to issue notes and bonds in furtherance of its purpose of providing safe and sanitary housing for persons and families of limited income residing in Idaho and, in addition, to coordinate and encourage cooperation among private enterprise and State and local governments to sponsor, build and rehabilitate residential housing for such persons; to issue notes and bonds in furtherance of its purpose of financing economic development projects in partnership with private financial institutions and State and local economic development entities; and to issue notes and bonds to finance projects that improve the transportation infrastructure in Idaho.

The enabling legislation, along with bond indentures and bond resolutions adopted by the Association, contains specific provisions pertaining to (a) the use of the proceeds from the sale of notes and bonds, (b) the application of pledged receipts and recoveries of principal from mortgages, and (c) the creation of certain accounts along with the accounting policies of such accounts. Association administrative obligations from bond and other housing programs extend to the year 2054.

## **Note 2 - Summary of Significant Accounting Policies**

### **Basis of Accounting**

The accounting and reporting policies of the Association conform to generally accepted accounting principles of the Governmental Accounting Standards Board (GASB) and follow the accrual basis of accounting. The Association is accounted for as an Enterprise Fund.

The accompanying combined financial statements include the accounts of the Enterprise Fund of the Association. All interfund balances and transactions have been eliminated.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Association's policy is to first apply the expense towards restricted resources, and then toward unrestricted resources.

### **Reporting Entity**

Although the State of Idaho considers the Association a component unit for financial reporting purposes in accordance with GASB Statement No. 61, *The Financial Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, and the State's governor appoints the Board of Commissioners of the Association, the Association is legally separate from the State of Idaho, is not a State agency under State law, and uses no State funds or State employees to support its operations.

The Home Partnership Foundation (HPF), The Housing Company (THC), and IHFA Community Investment Holdings LLC (ICIH LLC) are component units of the Association and the financial statements of each have been incorporated into these financial statements and notes. The degree of control governs the reporting presentation; as such, HPF's and ICIH LLC's presentations have been blended and THC's presentation has been discretely presented.

HPF and ICIH LLC report under GASB standards in the same manner as the Association with the same fiscal year-end. THC reports under FASB standards, including FASB ASC 958, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to THC's entity presentation in the Association's financial statements for these differences. THC uses a calendar year basis as its fiscal year and the most recent audited financial statements are presented.

### **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in determining the collectability of receivables, determining the recoverability on other real estate owned property, the fair value of interest rate swaps, and loan servicing contracts. It is at least reasonably possible that the significant estimates used will change within the next year.

### **Program Accounting**

Financial activities of the Association are recorded in business units established under various bond indentures and bond resolutions and in business units established for the administration of the various programs empowered by the Act.

Business Operations includes the General Operating business unit and various custodial accounts established to administer the ongoing responsibilities of programs maintained by the Association. Direct administrative and operational activities, including the operating expenses of various programs, are recorded in this account. Revenues in this account are primarily generated from fees earned for administering federal programs, fees earned for servicing loans, and earnings on investments held to finance future programs.

The Federally Assisted Program area was established to account for activities directly related to the limited-income rental assistance and other related programs funded by the U.S. Department of Housing and Urban Development (HUD). This business unit is primarily used for housing assistance pass-through funds and for properties owned and utilized in affordable housing programs. The funding of the Association's federal programs activities is dependent on budget appropriations from HUD, as contained in the Federal budget.

The Affordable Housing Investment Trust was established to account for activities intended for affordable housing projects in Idaho. This business unit consists primarily of investments and loans receivable and the earnings thereon, as well as the residual income generated through Business Operations each year.

The Rating Compliance and Loan Guaranty Trust, established to account for activities intended to meet bond rating agency requirements for asset security and bond debt service liquidity. This business unit consists primarily of investments and loans receivable and earnings thereon.

Single-Family Mortgage Bonds, established under separate trust indentures, account for the proceeds from the sale of Single-Family Mortgage Bonds and the debt service requirements of these bonds. Activities within these business units are, in general, limited to the purchase of mortgage loans made by mortgage lenders to qualifying, limited-income persons for single-family, owner-occupied housing in Idaho.

Grant and Revenue Anticipation Bonds (GARVEE) and Transportation Expansion/Congestion Mitigation (TECM), established under a separate trust indenture, account for the proceeds from the sale of GARVEE/TECM Bonds and the debt service requirements of these bonds. The GARVEE/TECM Bonds program allows the Association to advance funds to the State of Idaho for improving and enhancing the State's highway infrastructure.

Tax-exempt mortgage-backed securities (TEMS), established under a separate trust indenture, account for the pass-through activities associated with TEMS. TEMS are tax-exempt securities which are collateralized by mortgage loan pools. The TEMS are special, limited obligations of the Association and are payable solely from pledged mortgages and their revenues. The TEMS are secured by the mortgages, their related revenues, and the Ginnie Mae mortgage-backed security guarantee. Neither the State of Idaho nor any political subdivision thereof is obligated to pay the TEMS. Nor is the faith and credit, nor the taxing power of the State of Idaho or of any political subdivision thereof pledged for the payment of the principal or interest on the TEMS.

TEMS are collateralized by the mortgage loan pool with the same maturity terms as the TEMS. The payments from the mortgages are used to pay the principal and interest payments of the TEMS. The Association is the servicer for the mortgages. The Ginnie Mae trustee holds the deed of trust and the first lien on the properties that underlie the mortgages in a trust that benefits the Association as mortgage pool owner as well as Ginnie Mae as mortgage pool guarantor.

### **Cash and Cash Equivalents**

Cash and cash equivalents include General Operating Account cash, General Operating Account investments with maturities of less than three months at the date of purchase, Federally Assisted Program cash and Affordable Housing Investment Trust cash are held at Zions Bank and KeyBank. Cash and cash equivalents deposited at Zions Bank are collateralized with U.S. Treasury obligations and U.S. Agency obligations and are held by Zions Bank in the Association's name. Custodial credit risk is the risk that the Association's deposits may not be returned in the event of a bank failure. The Association does not have a formal deposit policy for custodial credit risk. In the opinion of management, the Association is not exposed to this risk at June 30, 2023. Restricted cash as of June 30, 2023 consists of \$100.840 million in Federal Programs, \$211.223 million in escrow deposits, and \$132.285 million in General Operating.

### **Bond Financing Costs/Bond Financing Cost Expense**

Bond financing costs are expensed in the period incurred.

### **Loan Sale Gains, Acquisition Costs, and Servicing Contracts**

GASB Statement No. 48 *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* establishes criteria for determining the reporting of proceeds from loan sales. This standard provides that net gain or loss on a sale be calculated by subtracting the carrying value of loans from the proceeds. Since the Association's seller/servicing relationships are independent of the loan acquisition process, service release premiums paid are included in the carrying value of loans and are reported as loan acquisition costs and expensed in the current period. Statement No. 48 does not require an analysis of or valuation of servicing contracts created in the sales process.

Loan Servicing Contracts (LSC) is an asset that represents the rights to service mortgage loans for others. The Association recognizes LSC when loans are sold, securitized, or acquired. Since the Association receives or pays no consideration in its seller/servicing relationships for LSC, the Association maintains a zero basis in the fair value of its servicing contracts. The Association has adopted a non-authoritative principle of valuing these servicing contracts determined by FASB ASC 860 *Transfers and Servicing* and reported using GASB Statement No. 72 *Fair Value Measurement and Application Guidance*. The Association reports LSC at fair values in the Statements of Net Position and changes in the fair value reported in the Statements of Revenues, Expenses, and Changes in Net Position. The Association uses the services of a reputable, nationally recognized company to estimate the fair value of LSC. The Association calculates the present value of estimated future net servicing income and incorporates inputs and assumptions that market participants use in estimating fair value. LSC is fair valued using a third-party proprietary financial model (Level 3 input).

As of June 30, 2023, the Association has LSC fair valued on its statements of net position at \$237,912 million. During the year ended June 30, 2023, the Association has an unrealized LSC fair value decrease of \$114.371 million. The Association holds these assets until maturity meaning that the value will ultimately be realized over a long-time horizon as loan servicing fees.

Risks considered in determination of LSC fair value include prepayment speeds, market discount rates, delinquency and foreclosure rates, and interest rate change shock rates. Assumptions included prepayment speeds, market interest rates, earnings rates, servicing costs, acquisition costs, ancillary income, and borrower rates. The average discount rate used in this analysis is 11.04%. The range of prepayment speeds used are from 76 to 193PSA with an average of 117 PSA.

**Federally Assisted Program Advances and Fees**

In accordance with the terms of contracts between the Association and HUD, the Association administers rental assistance programs as HUD's agent in certain areas of Idaho. Under these programs, persons of limited income receive rental subsidies from HUD through the Association. HUD advances funds sufficient to cover the monthly housing assistance payments and the Association's management service fees. These management service fees are recognized as revenue to the Association when earned. Federal Pass-Through Revenues and Expenses on the Statement of Revenues, Expenses and Changes in Net Position represent housing assistance payments and related federal funding that is passed through the Association to carry out such programs. Federal program revenues are recorded when all eligibility requirements have been met.

**Capital Assets**

Capital Assets held by the General Operating and Federally Assisted Program Accounts are recorded at cost and depreciated over the estimated useful lives of the related assets. The Association uses the straight-line method of depreciation with estimated lives of three to seven years for office and computer equipment and 40 years for real property and buildings. Depreciation expense for the year ending June 30, 2023, was \$0.812 million. Capital Assets are presented in the Statements of Net Position, net of accumulated depreciation at \$12.779 million at June 30, 2023.

**Provisions for Loan Losses**

Periodic evaluation of the loans receivable portfolio is performed in order to determine whether an allowance for loan losses should be established and reflected in current operations. The evaluation of a loan loss provision considers both loans receivable and real estate owned (REO) property, estimated value of the collateral, subsidies, guarantees, mortgage insurance, economic conditions, and historical loss experience for each loan type. The provision's charge against current operations considers holding costs, including accrued interest.

The Association has established an allowance for losses in the General Operating Account on recourse obligations related to FNMA-held, FHLMC-held, and GNMA-secured loan foreclosures. The Association estimates this amount to be \$6.577 million as of June 30, 2023. The Association has established an allowance for loan loss and REO activity in the Loan Guarantee and Compliance Fund for Association-held loan losses not recoverable. As of June 30, 2023, the Association estimates this amount to be \$0.800 million. Actual losses are charged against this provision and allocated, via an operating transfer, on a pro-rata basis to bond trusts with current year losses. The Association has established an allowance for loan losses in the Affordable Housing Investment Trust for Association down payment assistance loans due to the forgivability on an Association-held primary loan. The Association has established an allowance for forgivable loans in the Affordable Housing Investment Trust for Association down payment assistance loans not recoverable due to borrowers meeting their obligation on the primary loan and therefore qualifying for loan forgiveness. The Association estimates that amount to be \$11.097 million as of June 30, 2023.

Generally, loans in default are reported in Loans until foreclosed. A loan is considered past due when payment is 30 days late. When payment is 90 days late, a 30-day demand to “pay in full or bring the account current” letter is issued. If payment is not made and payment is 120 days late, the loan is then moved to the foreclosure process. Once a loan is foreclosed, it is reclassified from Loans to Other Assets as REO mortgage receivable, pending recovery from the relevant source(s) of security and subject to indemnification limitations of those guarantors and insurance providers.

**Escrow and Project Reserve Deposits**

Escrow and project reserve deposits represent amounts held by the Association for insurance, real estate taxes and as reserves for replacement and operation. The Association invests these funds and allows earnings on multifamily project escrows to accrue to the benefit of the mortgagors of those projects. All escrow and project reserve deposits are included in Cash and Cash Equivalents in the Statement of Net Position.

**Investor Remittance Liability**

Investor Remittance Liability is composed of borrower principal and interest payment funds held by the Association pending remittance to the owners of the loans, primarily GNMA, FNMA, and FHLMC. These funds are remitted according to the loan owners’ contractual requirements, which vary, but in no case exceed 30 days. Investor Remittance liabilities payable were \$108.700 million at June 30, 2023.

**Short-Term and Other Borrowings**

The Association has a commercial paper facility that provides funds to purchase single-family mortgage loans on an interim basis as well as financing for multifamily construction loans. Additionally, the Association has two lines of bank revolving credit facilities, and a warehouse facility with Federal Home Loan Bank.

**Other Real Estate Owned**

Assets acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at the lower of cost basis in the loan or fair value at the date of foreclosure less estimated costs to sell, establishing a new cost basis. After foreclosure, valuations are periodically performed by management and the asset is carried at the lower of cost or fair value less cost to sell. Expenses from operations are included in other expenses. Revenues, net gains and losses on sales, other disposals of real estate owned, and changes in valuation are included in losses on real estate-owned property.

### **Net Position**

Net Position, the amount total assets plus deferred outflows of resources exceeding total liabilities plus deferred inflow of resources, is an aggregation of all Association bond trust and program accounts. Restricted net positions are those required to meet the various covenants as defined in bond indentures or other laws or regulations. Designated net position indicates that position set aside at the discretion of the Association to be used for a specific purpose and not for general operations. Net positions in the amount of \$64.958 million at June 30, 2023, are restricted by bond indentures and programmatic requirements; approximately \$125.931 million at June 30, 2023, are designated by the Board for programmatic uses in connection with the Affordable Housing Investment Trust; and the remaining balances of \$392.092 million held in the General Operating business unit at June 30, 2023 include \$12.779 million, net invested in capital assets, and \$379,313 million, unrestricted and available for general operations of the Association.

### **Classification of Revenues**

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) interest on loans and investments and (2) administration and loan servicing fees. Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as (1) federal pass-through awards, (2) change in the fair value of investments, and (3) any other revenue sources that the Association may receive that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

### **New Accounting Principles**

GASB has issued the following standards effective for fiscal year 2023:

GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Management elected to early adopt GASB Statement No. 91, *Conduit Debt Obligations* in fiscal year 2020. In the opinion of the management, the other standards do not have a material impact on the Association's financial position given current operations and obligations.



GASB has issued the following standards effective for fiscal year 2024 or later:

GASB Statement No. 99, *Omnibus 2022*, GASB Statement No. 100, *Accounting Changes and Error Corrections – An amendment of GASB Statement No. 62*, GASB Statement No. 101, *Compensated Absences*. Management has not fully studied these standards but is of the opinion that any impact will be minimal.

### **Note 3 - Investments**

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application* require certain investments be reported at fair value in the Statements of Net Position. The Association reports all investments at fair value in the Statements of Net Position. The Association has entered into investing agreements with Zions and KeyBank banks where excess cash balances (classified as cash and cash equivalents) are invested overnight in money market mutual funds and repurchase agreements. Investments are held in the Association's account in the name of the respective bank. As of June 30, 2023, the Association has overnight investments of \$30,942 in repurchase agreements.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value focuses on market price from the perspective of a seller (exit price). The fair value of a financial asset is determined based on real or potential market transactions in the Association's principal market, or in the absence of a principal market, the Association's most advantageous market. The fair value of a nonfinancial asset takes into account the highest and best use of that asset, which normally is presumed its current use. A fair value measurement of a liability assumes that the liability would be transferred to a market participant and not settled with the counterparty (such as certain liabilities related to derivatives). Therefore, the fair value would be the price that would have to be paid for a third party to assume the liability, not the price that would have to be paid to the counterparty to settle the obligation. GASB Statement No. 72 explains that the Association may determine the market price of an asset in one of three ways: 1) actual market transactions for identical or similar items (market approach); 2) the current cost to replace the service capacity of an asset (cost approach); or 3) discounting the current value of future cash flows (income approach). It also establishes a three-tier hierarchy of input quality as follows:

- Level 1 inputs---quoted prices in active markets for identical items;
- Level 2 inputs---directly or indirectly observable prices, but not Level 1; and
- Level 3 inputs---unobservable inputs such as financial models.

As of June 30, 2023, the Association categorizes the combined fair value of \$1,368.915 million of Investments and Investments held in trust within this hierarchy. Money market funds of \$325.935 million, U.S. Agency obligations of \$475.275 million, U.S. Government mortgage-backed securities of \$223.637, U.S. Treasury bonds of \$281.497 million, U.S. Treasury bills of \$54.112 million, Municipal bonds of \$1.900 million and accrued interest of \$4.261 million are valued using quoted market prices (Level 1). Interest rate swaps of \$2.298 million are valued using a propriety-pricing model (Level 2).

Idaho Housing and Finance Association  
Notes to Financial Statements  
June 30, 2023

Interest Rate Risk: The Association has adopted bond indentures, bond resolutions, and trust resolutions as policy for the determination of investment maturities. These indentures and resolutions provide that investment maturities be based upon the cash requirements of the Association's accounts, as determined by authorized Association investment officers.

As of June 30, 2023, the Association had the following investments and maturities (in thousands):

June 30, 2023	Fair Value	Investment Maturities (in Years)							
		Less Than 1	1-5	6-10	11-15	16-20	21-25	26-30	More Than 30
Interest rate swaps	\$ 2,298	\$ 2,298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Money market funds	325,935	325,935	-	-	-	-	-	-	-
U.S. Agency obligations	44,723	34,763	6,363	2,754	843	-	-	-	-
U.S. Agency/Pooled obligation	430,552	-	-	-	-	-	12,211	417,948	393
U.S. Government mortgage-backed securities	223,637	223,637	-	-	-	-	-	-	-
U.S. Treasury Bonds	281,497	71,608	209,889	-	-	-	-	-	-
U.S. Treasury Bills	54,112	-	54,112	-	-	-	-	-	-
Municipal Bonds	1,900	-	-	-	-	-	900	1,000	-
	1,364,654	<u>\$ 658,241</u>	<u>\$ 270,364</u>	<u>\$ 2,754</u>	<u>\$ 843</u>	<u>\$ -</u>	<u>\$ 13,111</u>	<u>\$ 418,948</u>	<u>\$ 393</u>
Accrued interest	<u>4,261</u>								
All Investments	<u>\$ 1,368,915</u>								

At June 30, 2023, the Association had 190 U.S. agency mortgage-backed security pools, which pay monthly principal and interest.

At June 30, 2023, the Association had \$56.080 million in notional amount of fixed payer/variable receiver interest rate swap contracts outstanding in connection with its outstanding variable rate demand note mortgage revenue bond issues. The Association pays fixed-rate payments between 3.7% and 5.5% and receives variable rate payments based on SIFMA and LIBOR indices. The Association entered into the swap contracts in November 2008, which mature between 2024 and 2030. These contracts are not rated.

At June 30, 2023, the Association has \$752.000 million in forward sales contracts ("To Be Announced" or "TBA" contracts) or GNMA securities in order to lock in the sales price for the securitization of single-family loans.

# Idaho Housing and Finance Association

Notes to Financial Statements

June 30, 2023

Credit Risk: Investments for each bond issue are those permitted by the various bond indentures and bond resolutions adopted by the Association. Program account investments are restricted to those empowered by the Act or by Federal regulations. The Association has adopted resolutions as policy for the Affordable Housing Investment and Loan Guarantee Trusts. The Association has not adopted a formal policy related to the Association's Business Operations investments. As of June 30, 2023, the Association's investments in money market funds, investment agreements, U.S. government obligations, and Government National Mortgage Association obligations are unrated. As of June 30, 2023, the Association's remaining investments are rated by Moody's Investor Service as follows (in thousands):

Investment Type	Rating	2023
U.S. Agency Obligations	Aaa	\$ 475,275

The Association's U.S. government and U.S. agency obligations are held by the Association's trustee in the Association's name. Corporate and other obligations are held by the Association's trustee in either the Association's account or in the Association's name.

Investment agreements are non-participating investments with financial institutions, are carried at cost, and not rated by rating agencies. Securities are not used as collateral for these investment agreements. Investment agreements are structured for both short-term and long-term bond proceeds in connection with the Association's single-family mortgage bond programs. Financial institutions providing the agreements have been rated by nationally recognized rating agencies at debt ratings sufficient to rate the Association's mortgage revenue bonds investment grade by those rating agencies.

Concentration of Credit Risk: The Association places no limit on the amount the Association may invest in any one issuer. The Affordable Housing Investment Trust investment policy places limits on the amounts the Association may invest in certain types of investments authorized by the Act.

As of June 30, 2023 the Association had investments of five percent or more in Ginnie Mae obligations of \$430.552 million, Fidelity obligations of \$325.415 million, U.S. Treasury Bond obligations of \$281.317 million and Federal Home Loan obligations of \$265.008 million.

During the year ended June 30, 2023, the Association realized net losses of \$0.391 million, from sales of investments. The calculation of realized gains is independent of the calculation of the change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in a current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net change in the fair value of investments as of June 30, 2023, was a \$13.518 million decrease. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the fiscal year. Included in the amount for the year ending June 30, 2023, was an increase of \$1.757 million related to derivative interest rate swap contracts fair market value considered investments.

The unrealized loss on investments held at June 30, 2023, was \$2.049 million. The Association matches the duration of its investments with the maturity debt in various bond accounts, and therefore, does not anticipate material unrealized gains or losses to be realized. For the year ending June 30, 2023, the Association's financial report uses GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, to report derivative interest rate swap and forward sale contracts.

#### **Note 4 - Loans Held for Investment and Loans Serviced as Agent**

The Association has single-family, multifamily and other loans. The majority of the Association's loan portfolio consists of single-family mortgage loans to persons of limited income residing in Idaho. The Association has obtained various levels of security for loans. All loans are secured by mortgages or deeds of trust on the related properties. Additionally, loans are insured or guaranteed by the federal government, commercial mortgage insurers or by Association self-insurance reserves. In some cases, as required by bond resolutions or bond indentures, master mortgage guaranty insurance (pool insurance) provides a final level of security for certain losses sustained by reason of default, which are in excess of FHA, VA or primary insurance.

A summary of security for loans as of June 30, 2023, is as follows (in thousands):

	Non-Pool Insured	Pool Insured	Total
FHA Insurance	\$ 103,524	\$ -	\$ 103,524
VA Guaranteed	6,336	-	6,336
Commercially Insured	7,194	2,771	9,965
USDA Rural Development Insurance	10,586	-	10,586
Association Insured	20,213	-	20,213
Public Indian Housing	107	-	107
	<u>\$ 147,960</u>	<u>\$ 2,771</u>	150,731
Other			
Single Family IHFA Capital Pool			6,843
Multifamily IHFA Capital Pool			2,164
Social Service and Development IHFA Capital Pool			85,342
Construction			3,356
State Small Business Credit Initiative			20,088
SRP			2,192
Loan Loss Provision on Forgivable Loans			(11,097)
Loan Loss Provision			(800)
Interest Receivable on Loans			1,943
Total loans held for investment, net			<u>\$ 260,762</u>

As of June 30, 2023, the loans receivable includes \$2.960 million in notes receivable from The Housing Company (THC), which require repayment within 13 years. The notes are secured by various multifamily housing projects and accrue interest at between 3.00 and 4.50 percent.

Construction, bridge and permanent financing, and multifamily projects, throughout Idaho are included as "Other." In addition to holding a first lien on the majority of these loans, performance bonds are in place to ensure completion of the projects under construction.

Interest charged on loans ranged from approximately 0 to 9.13 percent during fiscal year 2023. Loan interest rates are fixed over the loan term at levels exceeding yields on corresponding debt issued to purchase the loans. Federal tax law limits such excess yields. Loan terms range from less than one year to 40 years.

Each mortgage loan for all single-family financing programs is serviced pursuant to a Mortgage Loan Servicing Agreement. A master servicing arrangement was implemented beginning with the 1983 Series B Single-Family Mortgage purchase program. The mortgage servicer may, but need not, be a lending institution and a program participant.

The Association records loan servicing fee income, which is netted out of interest income. Fees are collected in the general operating account, and the principal and remaining interest are remitted to the loan owner or its trustee.

Mortgage loans to be serviced externally or by the Association are purchased at par or a discount of one to two percent of the outstanding principal balance as of the date of purchase. For loans serviced, but not owned, by the Association, loans are purchased at a premium of up to 3%, at par, or a discount of 1% or 2% of the outstanding principal balance is paid to the originating lender as of the date of purchase as consideration for the assignment of the servicing rights.

Loans and bonds are valued at their carrying amounts, which approximate par value. Due to the structured financing characteristics of the Association's bond issues and restrictions under various trust indentures, the Association is restricted from selling loans at a value that would impair its ability to service the bonds to which those loans are specifically pledged. These loans are specifically identified with a particular bond issue and pledged under the applicable trust indenture. Any changes in market interest rates subsequent to bond issuance and loan origination would be expected to approximate an equal impact on the fair value of the bonds and the related mortgages, if sold. The Association establishes the yield spread between the interest rate on the mortgages and related tax-exempt bonds to not exceed 1.125 percent, the maximum allowed by Section 143 of the Internal Revenue Code.

Loans originated and intended for sale to FNMA or FHLMC or securitized through GNMA are carried at the lower of aggregate cost or fair value. IHFA services loans sold to FNMA or FHLMC or secured by GNMA. Gains or losses are recognized based on the difference between the selling price and the carrying value of the related mortgage loan sold. Net unrealized losses are charged to Operating Expenses in the Statement of Revenues, Expenses and Changes in Net Position.

Loans available for sale are determined as a function of the Association's liquidity preference, customer preference, contractual requirements, and regulatory requirements. For the fiscal year ending June 30, 2023, the Association realized \$12.733 million in gains on the sale of loans to FNMA, FHMLC, and GNMA. As of June 30, 2023, the Association had commitments to sell or secure \$69.217 million of single-family mortgages to FNMA and FHMLC or through GNMA. As of June 30, 2023, the Association had commitments to sell or secure \$40.771 million of single-family mortgages on behalf of Connecticut Housing Finance Authority. As of June 30, 2023, the Association had commitments to sell or secure \$33.805 million of single-family mortgages on behalf of South Dakota Housing Development Authority.

As of June 30, 2023, the Association had commitments to sell or secure \$20.002 million of single-family mortgages on behalf of Iowa Finance Authority. As of June 30, 2023, the Association had commitments to sell or secure \$39.392 million on behalf of New Mexico Mortgage Finance Authority. As of June 30, 2023, the Association had commitments to sell or secure \$133.451 million on behalf of Texas Department of Housing and Community Affairs. As of June 30, 2023, the Association had commitments to sell or secure \$72.335 million on behalf of Washington State Housing Finance Commission. As of June 30, 2023, the Association had commitments to sell or secure \$1.263 million on behalf of Oregon Housing and Community Services Department.

As of June 30, 2023, the Association estimates \$88.974 million of loans receivable as current. Estimates consider loan principal due during the next twelve months plus anticipated prepayments made on outstanding principal balances. The Association had commitments to purchase \$1,111.844 million of single-family mortgages, which had not yet been funded as of June 30, 2023.

As of June 30, 2023, the Association was an agent for the following loans (in thousands):

Federal Home Loan Mortgage Corporation	\$ 2,381,189
Federal National Mortgage Association	6,972,432
Government National Mortgage Association	16,930,255
Iowa Finance Authority	40,964
Connecticut Housing Finance Authority	120,950
South Dakota Housing Development Authority	70,896
New Mexico Mortgage Finance Authority	68,508
Texas Department of Housing and Community Affairs	423,663
Washington State Housing Finance Commission	188,785
Idaho Community Reinvestment Corporation	10,745
Neighborhood Housing Services	2,546
Boise Valley Habitat	602
Lewiston-Clarkston Habitat for Humanity	1,158
HOME Loan Balances	83,604
Neighborhood Stabilization Program	11,316
Housing Trust Fund	9,667
Tax Credit Assistance Program	10,051
TCEP Loan Program	7,043
Other	253
	<hr/>
Total loans serviced as agent	<u><u>\$ 27,334,627</u></u>

## Note 5 - Capital Assets

A summary of activity in the capital assets is as follows:

(in thousands)	Balance at June 30, 2022	Additions	Reclass	Retirements	Balance at June 30, 2023
Capital assets					
Land	\$ 2,183	\$ 3,221	\$ -	\$ -	\$ 5,404
Buildings and improvements	9,641	91	-	-	9,732
Furniture and equipment	5,355	167	-	-	5,522
Leasehold improvements	872	-	-	-	872
Computer software	359	-	-	-	359
Total capital assets	<u>18,410</u>	<u>3,479</u>	<u>-</u>	<u>-</u>	<u>21,889</u>
Less accumulated depreciation for					
Buildings and improvements	(3,580)	(247)	-	-	(3,827)
Furniture and equipment	(4,024)	(526)	-	-	(4,550)
Leasehold improvements	(345)	(35)	-	-	(380)
Computer software	(349)	(4)	-	-	(353)
Total accumulated depreciation	<u>(8,298)</u>	<u>(812)</u>	<u>-</u>	<u>-</u>	<u>(9,110)</u>
Total capital assets, net	<u>\$ 10,112</u>	<u>\$ 2,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,779</u>

## Note 6 - Leases

The Association entered into an agreement to lease office space in Boise, Idaho for 36 months, beginning April 2022. The lease terminates April 2025. Under the terms of the lease, IHFA pays a monthly base fee of \$31,927, increasing 3.0% annually on the anniversary of the agreement. In conjunction with this property, the Association also pays for sixty-seven (67) parking permits. The Association pays a monthly base fee of \$7,708 for parking, increasing 3% annually on the anniversary of the agreement. The Association has an option to terminate the lease if, and only if, they purchase or lease another property that is owned by an ownership group consisting of a majority of the ownership group of the building.

The Association entered into an agreement to lease office space in Coeur d'Alene, Idaho for 36 months, beginning March 2023. The lease terminates March 2027. Under the terms of the lease, the Association pays a monthly base fee of \$6,348 in years 1 and 2, and \$6,538 in year 3.

At June 30, 2023, the Association has recognized right-to-use assets of \$1.177 million and lease liabilities of \$1.433 million. During the fiscal year, the Association recorded \$0.615 million in amortization expense and \$0.026 in interest expense. The Association used a discount rate of 4.57%, based on the Association's incremental borrowing rate during fiscal year 2023.

Remaining obligations associated with these leases are as follows:

June 30, 2023

	Period	Interest
2024	\$ 603	\$ 25
2025	503	10
2026	108	3
2027	57	1
2028	4	-
	<u>\$ 1,275</u>	<u>\$ 39</u>
Total		

	July 1, 2022	Additions	Deletions	June 30, 2023
Office space	\$ 3,605	\$ 400	\$ (526)	\$ 3,479
Equipment	262	-	-	262
Amortization	<u>(2,170)</u>	<u>(622)</u>	<u>228</u>	<u>(2,564)</u>
Total Right-to-Use Asset	<u>\$ 1,697</u>	<u>\$ (222)</u>	<u>\$ (298)</u>	<u>\$ 1,177</u>

## Note 7 - Other Assets and Liabilities

Other assets and other liabilities as of June 30, 2023, are composed of the accounts and balances as follows (in thousands):

	2023
Other Assets	
Accounts receivable	\$ 57,097
Multifamily trusts' pledged revenues receivable	11,714
Prepaid expenses	1,840
Insurance receivable	8,354
REO mortgages receivable	26,203
	<u>\$ 105,208</u>
Other Liabilities	
Accounts payable	\$ 287
Accrued vacation and other payroll related liabilities	1,750
Arbitrage rebate	92
Federal programs advances and unapplied program income	100,038
Unapplied payments	19,300
Reserve on loans serviced	9,840
Other accrued liability	11,077
	<u>\$ 142,384</u>



**Note 8 - Short-Term and Other Borrowings**

The commercial paper facility provides funds to purchase single-family mortgage loans on an interim basis as well as financing for multifamily construction loans. Commercial paper activity is recorded in the General Operating business unit. The Association transfers mortgage loans purchased with proceeds from commercial paper to bond accounts or to sell to FNMA or FHLMC or to securitize through GNMA. Mortgage acquisition monies from bond accounts or from FNMA or FHLMC sale proceeds or GNMA securitization proceeds, respectively, reimburse the commercial paper facility. Transfers associated with bond accounts will be made prior to the end of the acquisition period as specified in the applicable bond indentures. The commercial paper borrowing is not backed by collateral. As of June 30, 2023, the Association had \$157.620 million of commercial paper outstanding maturing in 32 to 46 days, with weighted average interest rates of .0532%.

The borrowings at PNC Bank and Zions Bank are not backed by collateral. As of June 30, 2023, the Association had \$136.786 million of borrowings outstanding with PNC Bank maturing in May 2025 with a variable interest rate equal to the "Bank Index Rate", which means the sum of the Daily BSBY Rate and sixty hundredths of a percent (0.60%). As of June 30, 2023, the Association had \$93.964 million of borrowings outstanding with Zions Bank maturing in July 2023, with a variable interest rate of the sum of the AMERIBOR 30-Day Index and sixty-five hundredths of a percent.

**Note 9 - Bonds**

Description and Due Date	Average Bond Yield	2023
Single-Family Mortgage Bonds		
2000 Indenture		
Variable Rate Class 1	5.420%	\$ 7,150
	5.420%	7,150
2003 Indenture		
Class I Bonds	3.559%	16,185
Variable Rate Class I	3.002%	20,545
Variable Rate Class II	3.893%	3,930
	3.310%	40,660
2006 Indenture		
Variable Rate Class I	3.601%	17,135
	3.601%	17,135
2019 Indenture		
Variable Rate Class I	5.177%	410,545
Class I Bonds	2.767%	30,610
	5.010%	441,155
Total single-family mortgage bonds		506,100
Grant and Revenue Anticipation Bonds		
2010 Series A	6.348%	60,380
2011 Series A		-
2012 Series A		-
2014 Series A	5.000%	45,990
2015 Series A	5.000%	96,855
2017 Series A	5.000%	68,425
2019 Series A	4.539%	114,090
2021 Series A	2.022%	172,860
	4.130%	558,600
Transportation Expansion and Congestion Mitigation Bonds		
Class I Bonds	4.991%	534,275
	4.991%	534,275
Multifamily Housing Revenue Bonds		
Sunset 2021 Series A		
Class I Bonds	5.420%	13,740
	5.420%	13,740
Total bonds and notes		1,612,715
Interest Payable		30,269
Net Unamortized (Discount)/Premium		155,220
Total bonds and notes		\$ 1,798,204

Premiums and discounts on bonds are amortized using the bonds outstanding method over the life of the bonds to which they relate.

The bonds are either special or general obligations of the Association and do not constitute a debt of the State of Idaho or any political subdivision thereof. Each bond issue is secured by the pledge of repayments of mortgage loans purchased with the bond proceeds and of all revenue earned relating to those bonds.

The Association has issued debt in a variable rate mode. The bulk of the variable rate debt is re-marketed on a weekly basis by a Remarketing Agent, retained by the Association, to periodically re-market the debt at the prevailing interest rates.

On December 22, 2022, the Association issued the 2022A Single Family Mortgage Bonds in furtherance of the Single-Family Mortgage Program and to assist other state housing finance agencies in other states to finance the purchase or servicing of housing by low income persons. On April 5, 2023, the Association issued the 2023AB Single Family Mortgage Bonds in furtherance of the Single-Family Mortgage Program and to assist other state housing finance agencies in other states to finance the purchase or servicing of housing by low income persons. On April 27, 2023 the Association issued Transportation Expansion and Congestion Mitigation Fund, Series 2023A Sales Tax Revenue Bonds.

# Idaho Housing and Finance Association

## Notes to Financial Statements

June 30, 2023

The scheduled principal debt service, including July 1, 2023 special redemptions, for the periods subsequent to, and as of June 30, 2023, is as follows (in thousands):

	2024	2025	2026	2027	2028	2029 2033
Single-Family Mortgage Bonds						
2000 Indenture	\$ 2,283	\$ 832	\$ 737	\$ 682	\$ 739	\$ 1,877
2003 Indenture	4,980	3,175	2,015	1,385	1,535	14,485
2006 Indenture	5,640	-	-	-	-	3,845
2019 Indenture	8,920	17,070	22,685	23,575	22,400	93,870
	<u>21,823</u>	<u>21,077</u>	<u>25,437</u>	<u>25,642</u>	<u>24,674</u>	<u>114,077</u>
Grant Revenue and Revenue Anticipation Bonds						
2010 Series A	2,700	2,875	3,060	3,260	3,465	45,020
2011 Series A	-	-	-	-	-	-
2012 Series A	-	-	-	-	-	-
2014 Series A	4,155	4,370	4,595	4,830	5,075	22,965
2015 Series A	20,765	22,405	22,620	31,065	-	-
2017 Series A	8,810	8,680	10,075	3,315	37,545	-
2019 Series A	-	-	-	-	-	27,705
2021 Series A	-	-	-	-	-	68,030
	<u>36,430</u>	<u>38,330</u>	<u>40,350</u>	<u>42,470</u>	<u>46,085</u>	<u>163,720</u>
Total GARVEE						
Transportation Expansion and Congestion Mitigation Bonds						
2022 Series A	3,800	10,925	11,485	12,075	12,690	73,910
	<u>-</u>	<u>3,800</u>	<u>3,995</u>	<u>4,200</u>	<u>4,415</u>	<u>25,710</u>
Total TECM						
Multifamily Housing Revenue Bonds						
Sunset 2021 Series A	-	5,710	110	110	115	620
	<u>-</u>	<u>-</u>	<u>5,710</u>	<u>110</u>	<u>55</u>	<u>595</u>
Total Multifamily Housing Revenue Bonds						
Total principal	<u>\$ 58,253</u>	<u>\$ 63,207</u>	<u>\$ 75,492</u>	<u>\$ 72,422</u>	<u>\$ 75,229</u>	<u>\$ 304,102</u>
Variable rate principal	13,148	2,007	1,812	2,092	2,224	14,852
Interest						
Fixed	\$ 45,103	\$ 75,300	\$ 68,989	\$ 65,116	\$ 61,073	\$ 245,870
Variable	2,504	2,072	1,990	1,916	1,833	7,668
	<u>\$ 47,607</u>	<u>\$ 77,372</u>	<u>\$ 70,979</u>	<u>\$ 67,032</u>	<u>\$ 62,906</u>	<u>\$ 253,538</u>
Total interest						

# Idaho Housing and Finance Association

## Notes to Financial Statements

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	2034 2038	2039 2043	2044 2048	2049 2053	2054 2058	TOTAL
Single-Family Mortgage Bonds						
2000 Indenture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,150
2003 Indenture	13,085	-	-	-	-	40,660
2006 Indenture	6,870	780	-	-	-	17,135
2019 Indenture	67,700	70,445	89,160	20,500	4,830	441,155
	<u>87,655</u>	<u>71,225</u>	<u>89,160</u>	<u>20,500</u>	<u>4,830</u>	<u>506,100</u>
Grant Revenue and Revenue Anticipation Bonds						
2010 Series A	-	-	-	-	-	60,380
2011 Series A	-	-	-	-	-	-
2012 Series A	-	-	-	-	-	-
2014 Series A	-	-	-	-	-	45,990
2015 Series A	-	-	-	-	-	96,855
2017 Series A	-	-	-	-	-	68,425
2019 Series A	86,385	-	-	-	-	114,090
2021 Series A	43,855	60,975	-	-	-	172,860
	<u>130,240</u>	<u>60,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>558,600</u>
Total GARVEE						
Transportation Expansion and Congestion Mitigation Bonds						
2022 Series A	94,910	121,875	156,385	-	36,220	534,275
	<u>33,015</u>	<u>42,400</u>	<u>67,055</u>	<u>-</u>	<u>-</u>	<u>534,275</u>
Total TECM						
Multifamily Housing Revenue Bonds						
Sunset 2021 Series A	710	825	975	1,025	3,540	13,740
	<u>-</u>	<u>1,300</u>	<u>-</u>	<u>-</u>	<u>5,970</u>	<u>13,740</u>
Total Multifamily Housing Revenue Bonds						
Total principal	<u>\$ 250,910</u>	<u>\$ 175,900</u>	<u>\$ 156,215</u>	<u>\$ 20,500</u>	<u>\$ 10,800</u>	<u>\$ 1,612,715</u>
Variable rate principal	16,835	790	280	20,500	4,830	79,370
Interest						
Fixed	\$ 170,631	\$ 101,130	\$ 43,765	\$ -	\$ -	\$ 876,977
Variable	4,617	3,086	3,056	-	-	28,742
	<u>\$ 175,248</u>	<u>\$ 104,216</u>	<u>\$ 46,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 905,719</u>
Total interest						

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Long-term bond liability and short-term borrowing activity for the years ended June 30, 2023, was as follows (in thousands):

June 30, 2023	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One year
Par Bonds Payable	\$ 948,276	\$ 758,805	\$ (94,366)	\$ 1,612,715	\$ 58,253
Interest Payable	17,379	53,098	(40,208)	30,269	47,607
Net Unamortized (Discount)/Premium	112,118	72,487	(29,385)	155,220	43,102
Total bonds payable at June 30, 2023	<u>\$ 1,077,773</u>	<u>\$ 884,390</u>	<u>\$ (163,959)</u>	<u>\$ 1,798,204</u>	<u>\$ 148,962</u>
Short-Term and Other Borrowing at June 30, 2023	\$ 314,163	\$ 298,346	\$ (224,139)	\$ 388,370	\$ 388,370

**Note 10 - Redemption of Bonds**

Special redemptions were made in the following bond issues for the year ended June 30, 2023 (in thousands):

Bond Series Redeemed	Par Value of Bonds Redeemed	
	July 1, 2023	For the Year Ended June 30, 2023
Single-Family Mortgage Bonds		
Prior		
2000 Indenture	\$ 1,300	\$ 2,937
2003 Indenture	1,770	7,665
2006 Indenture	5,640	10,645
2009 Indenture	-	-
2019 Indenture	2,400	7,340
	<u>11,110</u>	<u>28,587</u>
Grant Revenue and Revenue Anticipation Bonds		
2011 Series A	-	-
2012 Series A	-	18,485
	<u>-</u>	<u>18,485</u>
Special redeem all bonds	<u>\$ 11,110</u>	<u>\$ 47,072</u>

**Note 11 - Tax Exempt Mortgage-Backed Securities**

Tax-exempt mortgage-backed securities (TEMS) are tax-exempt securities which are collateralized by mortgage-backed securities. The TEMS are special, limited obligations of the Association and are payable solely from pledged mortgages and their revenues. The TEMS are secured by the mortgages, their related revenues, and the Ginnie Mae mortgage-backed security guarantee. Neither the State of Idaho nor any political subdivision thereof is obligated to pay the TEMS. Nor is the faith and credit, nor the taxing power of the State of Idaho or of any political subdivision thereof pledged for the payment of the principal or interest on the TEMS.

TEMS are collateralized by the mortgage loan pool with the same maturity terms as the TEMS. The payments from the mortgages are used to pay the principal and interest payments of the TEMS. The Association is the servicer for the mortgages. A Ginnie Mae authorized document custodian holds note and the deed of trust while the underlying mortgage loans are insured by the U.S. Federal Housing Administration (FHA) or the U.S. Department of Agriculture (USDA). These loans are then contributed to a mortgage-backed security, which is guaranteed by Ginnie Mae.

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Series	Maturity Date	Security Rate	2023
IHFA HOMES 2014 A	May 2044	3.50%	\$ 2,561
IHFA HOMES 2014 B	August 2044	3.50%	2,381
IHFA HOMES 2014 C	December 2044	3.50%	1,429
IHFA HOMES 2015 A	April 2045	3.00%	1,705
IHFA HOMES 2015 B	May 2045	3.00%	2,186
IHFA HOMES 2015 C	July 2045	3.00%	6,958
IHFA TEMS 2015A	October 2045	3.50%	4,959
IHFA TEMS 2015B	November 2045	3.00%	3,755
IHFA TEMS 2015C	December 2045	3.00%	4,658
IHFA TEMS 2016A	February 2046	3.00%	9,565
IHFA TEMS 2016B	March 2046	3.00%	2,231
IHFA TEMS 2016C	April 2046	3.00%	3,721
IHFA TEMS 2016D	May 2046	3.00%	5,352
IHFA TEMS 2016E	June 2046	3.00%	4,516
IHFA TEMS 2016F	July 2046	3.00%	3,973
IHFA TEMS 2016G	August 2046	3.00%	8,448
IHFA TEMS 2016H	September 2046	3.00%	3,567
IHFA TEMS 2016I	December 2046	3.00%	3,640
IHFA TEMS 2017A	January 2047	3.00%	5,428
IHFA TEMS 2017B	February 2047	3.00%	2,543
IHFA TEMS 2017C	April 2047	3.50%	4,554
IHFA TEMS 2017D	May 2047	3.50%	4,359
IHFA TEMS 2017E	July 2047	3.50%	3,628
IHFA TEMS 2017F	August 2048	3.00%	6,134
IHFA TEMS 2017G	September 2047	3.00%	4,870
IHFA TEMS 2017H	October 2047	3.00%	5,559
IHFA TEMS 2017I	November 2047	3.00%	5,730
IHFA TEMS 2017J	December 2047	3.00%	7,630
IHFA TEMS 2018A	January 2048	3.00%	3,919
IHFA TEMS 2018B	April 2048	3.50%	2,764
IHFA TEMS 2018C	July 2048	4.00%	3,112
IHFA TEMS 2018D	August 2048	4.00%	4,388
IHFA TEMS 2018E	October 2048	4.00%	6,774
IHFA TEMS 2018F	December 2048	4.00%	8,513
IHFA TEMS 2019A	January 2049	4.50%	5,175
IHFA TEMS 2019B	April 2049	4.00%	5,471
IHFA TEMS 2019C	June 2049	3.50%	6,510
IHFA TEMS 2019D	July 2019	4.00%	4,623
IHFA TEMS 2019E	August 2049	3.50%	6,710
Total Tax-Exempt Mortgage-back Securities (TEMS)			<u>\$ 183,999</u>



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A summary of TEMS activity for the periods reported is as follows (in thousands):

	Beginning Balance as of June 30, 2022	Additions	Reductions	Ending Balance as of June 30, 2023
Tax Exempt Mortgage Securities	\$ -	\$ -	\$ (31,715)	\$ (31,715)

The scheduled principal payments for the periods subsequent to, and as of, June 30, 2023, is as follows (in thousands):

Year	Principal Payments (in thousands)	Interest Payments (in thousands)
2024	\$ 5,049	\$ 6,753
2025	5,240	6,562
2026	5,437	6,364
2027	5,642	6,159
2028	5,855	5,945
2029-2033	32,760	26,235
2034-2038	39,421	19,558
2039-2043	47,436	11,522
2044-2049	37,159	2,426
Total	<u>\$ 183,999</u>	<u>\$ 91,524</u>

## Note 12 - Derivatives

The Association has entered into multiple interest rate swap agreements to reduce the Association's overall cost of borrowing long-term capital and protect against the risk of rising interest rates. To do this, the Association issued variable rate debt in connection with the same Single-Family Mortgage Bond issues. The swap agreements, when combined with the associated variable rate debt, create a synthetic fixed rate debt obligation. From 2000 through 2008, the Association's use of these instruments allowed it to competitively price and acquire single-family loans while reducing interest rate risk.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* defines derivative instruments and requires that they be reported at fair value in the Statements of Net Position. The swap agreements the Association has entered into are characterized as derivatives. Offsetting changes in fair value are carried on the Statements of Net Position as either a deferred inflow or outflow or recognized in earnings of the current period as a change in investments fair value. Changes in fair value are reported depending on whether the derivative instrument is considered an effective hedge. Effective hedge fair value changes are reported as deferred inflows or outflows while non-effective hedge fair value changes are recognized in earnings in the current period. Statement No. 53 provides several methods for determining effectiveness.

The fair values of swap agreements were estimated as the approximate amount the Association's would pay a market participant to terminate the contractual positions as of June 30, 2023. While key assumptions and methods used in deriving fair value are proprietary; in general, the fair values are determined as the difference between the present value of the fixed-rate payments made to the counterparty and the variable-rate (based on interest rates as of June 30, 2023) payments paid to the Association. A positive fair value represents the amount due the Association by the counterparty upon termination of the swap while a negative fair value represents the amount payable by the Association. The fair value is reported in the Statement of Net Position at \$2,917 million.

The Association has determined that a substantial portion of its interest rate swaps effectively hedge against changes in variable interest rates. As such, changes in fair value for hedge swaps are reported as a deferred outflow of resources in the Statement of Net Position of \$7.911 million as of June 30, 2023. The Association reported no deferred inflows of resources of as of June 30, 2023. A portion of the interest rate swaps are considered non-effective for hedging purposes and are reported in the Statement of Net Position in Investments at June 30, 2023 at \$2.299 million. This portion represents the notional amount of interest rate swaps that exceeds the notional amount of underlying variable debt.

The Association engaged an independent third party to calculate the fair values of contracts as of June 30, 2023. The results of the calculation correlate materially with the fair values provided by the Association's counterparties.

Credit risk: As of June 30, 2023, the Association is exposed to a negligible amount of counterparty credit risk on certain outstanding swaps due to their positive fair values. The Association's counterparty has a current rating of A+ (Fitch), A1 (Moody's), and A (S&P).

Basis risk: All but twenty-one of the Association's swaps have a dual basis: Securities Industry and Financial Markets Association (SIFMA) index plus 20 basis points when the one-month London Interbank Offered Rate (LIBOR) is less than either 3.5% or 4.0% (depending on the bond series) and 68% of LIBOR plus 20 basis points when LIBOR is 3.5% or greater. Four non-dual basis swaps have a basis of SIFMA plus 20 basis points, five have a basis of LIBOR plus 5 basis points, three have a basis of LIBOR plus 15 basis points, five have a basis of LIBOR plus 45 basis points, three have a basis of LIBOR plus 75 basis points, three has a basis of LIBOR plus 71 basis points and two has a basis of LIBOR plus 76 basis points. The Association is exposed to basis risk on dual basis swaps when variable payments received are based on LIBOR and do not offset the variable rate paid on bonds, which is based on SIFMA. On June 30, 2023, SIFMA is 3.565 percent and one-month LIBOR is 5.066 percent.

Rollover risk: Rollover risk relates to a mismatch in the amortization of the swaps with the amortization of the variable rate bonds. The Association has structured its debt such that not all variable debt is matched by interest rate swaps and calls certain variable rate bonds independent of the expiration of the associated interest rate swap. This exposes the Association to the risk of incurring a higher interest expense than it might otherwise incur. Swap notional amounts no longer associated with variable rate debt are reported as investment derivatives.

Termination risk: The Association or Barclays Capital may terminate an interest rate swap if the other party fails to perform under the terms of the contract. If any of the swaps are terminated, the associated variable rate bonds would no longer carry synthetic fixed interest rates and the Association would be exposed to changing interest rates and incurring interest rate risk. A termination event also results in the loss of hedge accounting, requiring all fair value deferrals to be recognized immediately. The economic risk also includes requiring making payments to the counter party to the extent of any negative fair value amounts. The risk may be offset by identifying a suitable counter party willing to enter into identical swap contracts at the termination date.

The swaps were entered into for the purpose of hedging the change in interest rates of specific series of variable rate bonds. From time to time, certain hedged bonds may be redeemed early, refinanced or reissued resulting in the termination of existing hedging relationships and the creation of new hedging relationships if permitted. The accounting rules provide that at the time such events occur, the swap's then fair value, or balance in the deferral account, for the related swap should be reduced to zero and offset by a new balance which shall be amortized on fixed rate interest expense basis over a period equal to the shorter of the remaining term of the refunding bonds, refunded bonds, or swap. In future periods reductions in the amortizing balances are recorded as interest expense, and to the extent a new hedging relationship can be established by the swap, it is a hedging swap and future changes in fair value are recorded as deferred inflows/outflows. If no new hedging relationship can be established, it is an investment swap and the change in fair value for the swap is recognized as investment earnings in the current period.

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Hedging Fair Values in the table below include the value of the amortizing balances.

Interest Rate Swap Agreements (in thousands) 2023							
Parity Indenture	Series	Outstanding Notional Amount		Fair Values		Change in Fair Values	
		Hedging	Investment	Hedging	Investment	Hedging	Investment
2014A	2001 Series D	-	-	-	-	2	-
2014A	2001 Series E	-	-	-	-	2	-
2014A	2002 Series D	-	-	-	-	1	-
2014A	2002 Series F	310	-	4	-	10	-
2014A	2002 Series G	310	-	4	-	11	-
2015A	2003 Series A	1,615	-	3	-	52	-
2015A	2003 Series B	630	-	8	-	17	-
2015A	2003 Series C	665	-	7	-	15	-
2014A	2003 Series D	1,330	-	5	-	46	-
2016A	2003 Series E	-	1,330	(16)	25	48	(7)
2016A	2004 Series A	1,445	-	12	-	39	-
2016A	2004 Series B	1,950	-	(7)	-	61	-
2016A	2004 Series C	-	1,435	(19)	30	48	(5)
2016A	2004 Series D	2,920	-	(12)	-	72	-
2016A	2005 Series A	3,180	-	(32)	-	78	-
2009A	2005 Series B	-	3,035	62	(108)	(15)	99
2009A	2005 Series C	-	3,090	59	(90)	(14)	91
2016A	2005 Series D	3,180	-	(25)	-	79	-
2016A	2005 Series E	3,290	-	(35)	-	83	-
2009A	2005 Series F	-	3,505	73	(145)	(18)	117
2009A	2006 Series A	3,530	-	(76)	-	100	-
2009A	2006 Series B	1,170	-	(6)	-	42	-
2009A	2006 Series C	1,030	-	(4)	-	38	-
2009A	2006 Series D	1,200	-	(5)	-	50	-
2012A	2007 Series D	2,600	-	70	-	88	-
2012A	2007 Series G	9,125	-	(156)	-	506	-
2012A	2007 Series H	-	13,485	(1,169)	1,190	443	223
2012A	2007 Series J	9,725	-	(134)	-	516	-
2012A	2007 Series K	-	9,510	(686)	474	39	474
2013A	2006 Series E	-	1,845	(5)	29	43	32
2013A	2006 Series F	-	1,865	(1)	28	39	32
2013A	2006 Series G	1,790	-	27	-	66	-

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Interest Rate Swap Agreements  
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2023

Parity ndenture	Series	Fixed Rate Paid by IHFA	Variable Rate		Interest Rate Contract Provider	Credit Rating	Scheduled Termination Date	Inception Date
			Received by IHFA from Interest Rate Contract Provider					
2014A	2001 Series D	4.730%	68% 1M (or SIFMA 1M<3.5%) +20		Barclays Capital	A/A1	7/1/2022	11/6/2008
2014A	2001 Series E	4.530%	68% 1M (or SIFMA 1M<3.5%) +20		Barclays Capital	A/A1	7/1/2022	11/6/2008
2014A	2002 Series D	4.710%	68% 1M (or SIFMA 1M<3.5%) +20		Barclays Capital	A/A1	7/1/2022	11/6/2008
2014A	2002 Series F	3.790%	68% 1M (or SIFMA 1M<3.5%) +20		Barclays Capital	A/A1	1/1/2024	11/6/2008
2014A	2002 Series G	4.140%	68% 1M (or SIFMA 1M<3.5%) +20		Barclays Capital	A/A1	1/1/2024	11/6/2008
2015A	2003 Series A	4.519%	68% 1M (or SIFMA 1M<3.5%) +20		Barclays Capital	A/A1	1/1/2026	11/6/2008
2015A	2003 Series B	4.036%	100% 1W SIFMA + 20 bp		Barclays Capital	A/A1	7/1/2024	11/6/2008
2015A	2003 Series C	3.780%	100% 1W SIFMA + 20 bp		Barclays Capital	A/A1	7/1/2025	11/6/2008
2014A	2003 Series D	4.840%	100% 1W SIFMA + 20 bp		Barclays Capital	A/A1	7/1/2025	11/6/2008
2016A	2003 Series E	4.530%	100% 1W SIFMA + 20 bp		Barclays Capital	A/A1	7/1/2025	7/6/2016
2016A	2004 Series A	4.029%	68% 1M (or SIFMA 1M<3.5%) +20		Barclays Capital	A/A1	1/1/2026	7/6/2016
2016A	2004 Series B	4.370%	68% 1M (or SIFMA 1M<3.5%) +20		Barclays Capital	A/A1	1/1/2027	7/6/2016
2016A	2004 Series C	4.330%	68% 1M (or SIFMA 1M<3.5%) +20		Barclays Capital	A/A1	7/1/2025	7/6/2016
2016A	2004 Series D	3.850%	68% 1M (or SIFMA 1M<3.5%) +20		Barclays Capital	A/A1	1/1/2028	7/6/2016
2016A	2005 Series A	3.900%	68% 1M (or SIFMA 1M<3.5%) +20		Barclays Capital	A/A1	1/1/2029	7/6/2016
2009A	2005 Series B	3.985%	68% 1M (or SIFMA 1M<3.5%) +20		Barclays Capital	A/A1	7/1/2028	11/7/2008
2009A	2005 Series C	3.730%	68% 1M (or SIFMA 1M<3.5%) +20		Barclays Capital	A/A1	7/1/2028	11/7/2008
2016A	2005 Series D	3.865%	68% 1M (or SIFMA 1M<4.0%) +20		Barclays Capital	A/A1	7/1/2028	7/6/2016
2016A	2005 Series E	3.930%	68% 1M (or SIFMA 1M<4.0%) +20		Barclays Capital	A/A1	1/1/2029	7/6/2016
2009A	2005 Series F	4.095%	68% 1M (or SIFMA 1M<4.0%) +20		Barclays Capital	A/A1	1/1/2029	11/7/2008
2009A	2006 Series A	4.100%	68% 1M (or SIFMA 1M<4.0%) +20		Barclays Capital	A/A1	1/1/2029	11/7/2008
2009A	2006 Series B	4.350%	68% 1M (or SIFMA 1M<4.0%) +20		Barclays Capital	A/A1	7/1/2025	11/7/2008
2009A	2006 Series C	4.360%	68% 1M (or SIFMA 1M<4.0%) +20		Barclays Capital	A/A1	1/1/2025	11/7/2008
2009A	2006 Series D	4.450%	68% 1M (or SIFMA 1M<4.0%) +20		Barclays Capital	A/A1	1/1/2025	11/7/2008
2012A	2007 Series D	4.893%	100% 1M LIBOR + 71 bp		Barclays Capital	A/A1	1/1/2026	7/1/2016
2012A	2007 Series G	4.691%	100% 1M LIBOR + 5 bp		Barclays Capital	A/A1	7/1/2028	1/1/2013
2012A	2007 Series H	5.198%	100% 1M LIBOR + 76 bp		Barclays Capital	A/A1	7/1/2030	7/1/2016
2012A	2007 Series J	4.415%	100% 1M LIBOR + 5 bp		Barclays Capital	A/A1	7/1/2028	7/3/2017
2012A	2007 Series K	4.231%	100% 1M LIBOR + 5 bp		Barclays Capital	A/A1	7/1/2030	7/3/2017
2013A	2006 Series E	5.518%	100% 1M LIBOR + 75 bp		Barclays Capital	A/A1	1/1/2026	7/3/2017
2013A	2006 Series F	5.290%	100% 1M LIBOR + 75 bp		Barclays Capital	A/A1	1/1/2026	7/3/2017
2013A	2006 Series G	5.167%	100% 1M LIBOR + 75 bp		Barclays Capital	A/A1	1/1/2026	7/3/2017

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2013A	2007 Series A	2,385	-	32	-	97	-
2013A	2007 Series B	2,700	-	32	-	110	-
2013A	2007 Series C	-	2,970	(39)	67	59	67
2013A	2008 Series A	-	9,510	(695)	475	228	286
2013A	2008 Series B	-	7,635	(185)	237	84	256
2013A	2008 Series C	-	3,415	(8)	63	64	63
2013A	2008 Series D	-	1,280	-	24	17	27
		<u>\$ 56,080</u>	<u>\$ 63,910</u>	<u>\$ (2,917)</u>	<u>\$ 2,299</u>	<u>\$ 3,244</u>	<u>\$ 1,755</u>

Interest Rate Swap Agreements  
(in thousands)  
2023

2013A	2007 Series A	5.031%	100% 1M LIBOR + 45 bp	Barclays Capital	A/A1	7/1/2026	7/3/2017
2013A	2007 Series B	4.882%	100% 1M LIBOR + 45 bp	Barclays Capital	A/A1	1/1/2027	7/3/2017
2013A	2007 Series C	4.972%	100% 1M LIBOR + 45 bp	Barclays Capital	A/A1	1/1/2027	7/3/2017
2013A	2008 Series A	4.382%	100% 1M LIBOR + 5 bp	Barclays Capital	A/A1	7/1/2030	7/3/2017
2013A	2008 Series B	4.235%	100% 1M LIBOR + 5 bp	Barclays Capital	A/A1	7/1/2029	7/3/2017
2013A	2008 Series C	4.719%	100% 1M LIBOR + 45 bp	Barclays Capital	A/A1	7/1/2026	7/3/2017
2013A	2008 Series D	4.437%	100% 1M LIBOR + 45 bp	Barclays Capital	A/A1	7/1/2026	7/3/2017

At June 30, 2023, the Association had \$752.000 million in forward sales contracts (“To Be Announced” or “TBA” contracts) to issue GNMA securities in order to lock in the sales price for the securitization of single-family loans. These securities represent pools of qualified first mortgage loans originated by Association-approved lenders and brokers. Under this program, the Association periodically enters into forward contracts to sell GNMA Mortgage-Backed Securities to investors before the securities are ready for delivery. The Association enters into TBA mortgage-backed security Contracts to hedge the interest rate risk for loan commitments made to originating mortgage lenders. These contracts are considered investment derivatives and are not rated.

Idaho Housing and Finance Association  
Notes to Financial Statements  
June 30, 2023

TBA Forward Contracts (in thousands) 2023				
Contract	Coupon rate	Outstanding Notional Amount	Fair Values	Counterparty Credit Rating
July 20, 2023	6.00%	\$ 40,000	\$ 169	AAA/Aaa
July 13, 2023	4.50%	3,000	34	AAA/Aaa
August 14, 2023	5.00%	6,000	35	AAA/Aaa
September 14, 2023	5.50%	10,000	40	AAA/Aaa
July 20, 2023	3.50%	5,000	1	AAA/Aaa
August 14, 2023	4.50%	6,000	30	AAA/Aaa
July 20, 2023	6.00%	110,000	309	AAA/Aaa
August 21, 2023	6.00%	5,000	(19)	AAA/Aaa
July 20, 2023	5.00%	29,000	127	AAA/Aaa
August 14, 2023	5.00%	32,500	196	AAA/Aaa
July 20, 2023	6.00%	10,000	10	AAA/Aaa
July 13, 2023	6.00%	6,000	47	AAA/Aaa
August 21, 2023	5.00%	8,000	(60)	AAA/Aaa
July 20, 2023	5.50%	8,000	95	AAA/Aaa
July 20, 2023	6.00%	9,000	(1)	AAA/Aaa
July 20, 2023	5.50%	5,000	20	AAA/Aaa
August 14, 2023	4.50%	5,000	(26)	AAA/Aaa
August 14, 2023	6.00%	2,000	5	AAA/Aaa
July 20, 2023	6.00%	5,000	21	AAA/Aaa
July 20, 2023	5.50%	20,000	25	AAA/Aaa
July 20, 2023	5.00%	5,000	16	AAA/Aaa
July 20, 2023	4.00%	6,000	18	AAA/Aaa
August 14, 2023	5.50%	40,000	207	AAA/Aaa
July 20, 2023	4.50%	4,000	13	AAA/Aaa
August 14, 2023	6.00%	7,000	30	AAA/Aaa
July 13, 2023	5.00%	5,000	69	AAA/Aaa
July 13, 2023	5.50%	5,000	68	AAA/Aaa
August 14, 2023	5.50%	4,000	21	AAA/Aaa
July 13, 2023	4.50%	5,000	72	AAA/Aaa
July 20, 2023	5.00%	9,000	20	AAA/Aaa
August 14, 2023	5.50%	6,000	(7)	AAA/Aaa
August 14, 2023	5.00%	16,000	101	AAA/Aaa
August 14, 2023	5.00%	3,500	21	AAA/Aaa
July 20, 2023	6.00%	20,000	131	AAA/Aaa
August 21, 2023	5.00%	7,000	21	AAA/Aaa
August 14, 2023	4.50%	5,000	29	AAA/Aaa
August 14, 2023	4.50%	3,000	11	AAA/Aaa
July 13, 2023	5.00%	13,000	181	AAA/Aaa
July 13, 2023	5.00%	3,000	49	AAA/Aaa
September 14, 2023	4.50%	10,000	42	AAA/Aaa
July 13, 2023	5.50%	3,000	27	AAA/Aaa
July 20, 2023	4.50%	10,000	17	AAA/Aaa
September 14, 2023	5.50%	15,000	59	AAA/Aaa
July 13, 2023	5.50%	7,250	83	AAA/Aaa

Idaho Housing and Finance Association  
Notes to Financial Statements  
June 30, 2023

TBA Forward Contracts (in thousands) 2023				
July 20, 2023	5.50%	20,000	148	AAA/Aaa
July 20, 2023	5.50%	20,000	38	AAA/Aaa
July 13, 2023	5.50%	6,000	69	AAA/Aaa
July 13, 2023	5.50%	8,000	96	AAA/Aaa
August 14, 2023	5.50%	5,000	28	AAA/Aaa
August 14, 2023	4.00%	750	3	AAA/Aaa
July 20, 2023	3.50%	55,000	(204)	AAA/Aaa
July 20, 2023	6.00%	15,000	49	AAA/Aaa
August 14, 2023	4.50%	5,000	22	AAA/Aaa
August 14, 2023	5.50%	6,000	22	AAA/Aaa
July 20, 2023	5.00%	30,000	52	AAA/Aaa
August 14, 2023	5.50%	6,000	32	AAA/Aaa
July 13, 2023	4.50%	6,000	78	AAA/Aaa
August 21, 2023	6.00%	10,000	(58)	AAA/Aaa
September 14, 2023	4.50%	10,000	6	AAA/Aaa
July 13, 2023	4.50%	13,000	117	AAA/Aaa
		<u>\$ 752,000</u>	<u>\$ 2,855</u>	

### Note 13 - Retirement Plans

The Idaho Housing and Finance Association Defined Contribution Retirement Plan covers substantially all Association employees. The Association contributes eight percent of annual compensation for each eligible permanent employee to a segregated account held in trust by Principle Insurance. Employees are eligible to participate in the retirement plan after completion of 1,040 hours (6 months) of continuous employment, and 100 percent vesting is achieved ratably over a period of five years. Plan provisions and contribution requirements are established, and may be amended, by the Association. The Association's retirement plan expense for the year ending June 30, 2023, was \$1.863 million. Employees do not contribute to this Plan.

The Association also offers a deferred compensation plan qualified under Section 457 of the Internal Revenue Code. All employees who have completed 30 days of continuous employment with the Association are eligible to participate. The plan permits employees to defer up to 99 percent per year (or a maximum of \$22,500 for those under 50 and \$30,000 for those 50 and older), of salary before taxes. The Association will match up to two percent of the employee's deferral to be deposited into the employee's account and immediately vested. The Association's deferred compensation plan expense for the year ending June 30, 2023 was \$320,000. Investment choices for all contributions are employee-directed. The assets for these retirement plans are not included in the Association's financial statements as they are substantially the property of employees and are held in segregated trust accounts.



#### **Note 14 - Conduit Debt Obligations**

GASB Statement No. 91 requires disclosure of conduit debt obligations. Conduit debt obligations are certain limited obligation debt instruments issued for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. From time to time, the Association has issued bonds to provide financial assistance to entities for the construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying investments. Upon repayment of the bonds, ownership of the constructed facilities transfers to the entity served by the bond issuance. The Association is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2023, there were sixty-eight series of bonds outstanding that meet the description of conduit debt obligations not included in the Association's financial statements. They had aggregate principal amounts payable of \$645.908 million.

The Association services conduit debt obligations for housing and transportation-related bond issuances. The Association is not obligated in any manner for repayment of these housing and transportation related conduit debt obligations. The Association has determined that this series of bonds outstanding meet the description of conduit debt obligations. The total outstanding indebtedness and accrued interest as of June 30, 2023 is \$1.262 billion.

#### **Note 15 - Risk Management**

The Association maintains commercial insurance coverage for officer errors and omissions, tort claims, and property loss and other casualties. WCF National Insurance Company writes the Association's worker's compensation coverage. The Association's premiums and loss experience modifications are based on the loss experience of the Association.

#### **Note 16 - Component Units**

THC was formed to develop, acquire and operate real estate for the benefit of elderly, disadvantaged, limited income or otherwise needy persons throughout the state of Idaho. As of December 31, 2022, THC had acquired and was operating fifteen multifamily housing complexes; had constructed and was operating twenty multifamily housing complexes; had constructed two additional phases of housing to existing developments; had completed renovations of two hotels and turned them into a new multifamily complex; had built a single family home known as The Cottage with HOME funds; had purchased a single family home in Canyon County with federal NSP funds and turned it into special needs housing as intended by the program; had purchased three

duplexes in Canyon County with federal NSP funds to rent as affordable housing; had constructed and sold three homes in Nez Perce County with HOME funds; had completed construction on three duplexes in Kuna with HOME and Housing Trust Fund moneys; had started construction on two multi-family complexes in Nampa, Idaho, and Caldwell, Idaho and had purchased land in Meridian, Nampa, and Twin Falls, Idaho, with the intent of constructing three other multi-family complexes. Certain personnel of the Association provide services to THC and an equal number of Association Commissioners serve on THC's Board. As of December 31, 2021, three Association Commissioners and the Association's President serve on THC's Board of Directors. As of June 30, 2023, THC paid the Association \$1.612 million for expenses associated with THC operations. THC owed \$0.154 million for the year ended June 30, 2023. As of June 30, 2023, ICIH had notes receivable of \$4.560 million with THC. IHFA is holding a bond for the construction of the Sunset Landing multi-family project in Caldwell, Idaho, of \$13.740 million as of June 30, 2023. Complete financial statements for THC can be obtained from THC at P.O. Box 7899, Boise, ID 83707.

THC processes and pays vendor invoices for one IHFA owned REO rental property. The Association reimburses THC for amounts paid on a quarterly basis.

HPF helps people build a strong foundation for their lives through stable, safe, and affordable housing by making available financial resources they would not be able to obtain elsewhere. The Foundation supports shelters and shelter services for Idaho's homeless and most disadvantaged, encourages financial independence by educating individuals and families, invests in workforce housing, and facilitates tax-advantaged land donations for housing development. HPF's Board of Directors, consists primarily of Association Commissioners plus one non-Association Commission member. Certain general, administrative and fundraising expenses of the Foundation are paid by the Association. The Association also provides occupancy, accounting, gift receipting and cash management services to the Foundation. The value of these services is not reflected in the accompanying financial statements since they are not susceptible to objective measurement or valuation. Complete financial statements for HPF can be obtained from HPF at P.O. Box 7899, Boise, ID 83707.

ICIH was formed to own and hold the real property associated with projects created to support IHFA's mission. ICIH is an Idaho limited liability company with IHFA being the sole member. ICIH has an agreement with THC related to the Teton Mesa 4 and Canyon Terrace multifamily projects. ICIH has a receivable from THC of \$4.560 million in relation to these projects as of June 30, 2023.



Supplementary Information  
June 30, 2023

## Idaho Housing and Finance Association

Idaho Housing and Finance Association  
Combined Statement of Net Position – Association Accounts  
June 30, 2023  
(in thousands)

	Business Operations				Rating							
	General			Affordable	Compliance							
	Operating and	Federally		Housing	and Loan	Combined		All	The Home	Idaho	Inter-	All
	Custodial	Assisted		Investment	Guarantee	Bondholder	Interfund	Association	Partnership	Community	Component	Reporting
	Accounts	Program	Combined	Trust	Trust	Trusts (1)	Eliminations	Accounts	Foundation	Investment	Unit	Entity
										Holdings, LLC	Eliminations	Accounts
Statement of Net Position												
Assets and Deferred Outflow of Resources												
Cash and cash equivalents	\$ 45,708	\$ -	\$ 45,708	\$ 1,199	\$ -	\$ -	\$ -	\$ 46,907	\$ 181	\$ -	\$ -	\$ 47,088
Cash and cash equivalents held in trust or as agent	127,352	100,678	228,030	-	-	-	-	228,030	4,830	265	-	233,125
Cash held in escrow	211,223	-	211,223	-	-	-	-	211,223	-	-	-	211,223
Investments, fair value	19,536	-	19,536	2,848	-	-	-	22,384	-	-	-	22,384
Investments held in trust, fair value	236,707	-	236,707	-	8,635	1,100,667	-	1,346,009	522	-	-	1,346,531
Loans held for investment, net	85,951	1,756	87,707	75,796	4,129	87,065	-	254,697	29	6,036	-	260,762
Loans available for sale	98,566	-	98,566	-	-	-	-	98,566	-	-	-	98,566
Loan servicing contracts	237,912	-	237,912	-	-	-	-	237,912	-	-	-	237,912
Loans pending modification	3,144	-	3,144	-	-	-	-	3,144	-	-	-	3,144
Property and equipment	7,122	-	7,122	43	-	-	-	7,165	-	5,614	-	12,779
Right-of-use Lease Asset	1,177	-	1,177	-	-	-	-	1,177	-	-	-	1,177
Derivative Assets	2,855	-	2,855	-	-	-	-	2,855	-	-	-	2,855
Other assets	119,417	(260)	119,157	46,103	109,442	12,802	(182,256)	105,248	-	(40)	-	105,208
Tax exempt mortgage securities asset	183,999	-	183,999	-	-	-	-	183,999	-	-	-	183,999
State of Idaho GARVEE and TECM Assets	-	-	-	-	-	654,360	-	654,360	-	-	-	654,360
Deferred outflow----interest rate swap contracts, amortized	-	-	-	-	-	7,095	-	7,095	-	-	-	7,095
Deferred outflow----interest rate swap contracts, fair value	-	-	-	-	-	816	-	816	-	-	-	816
Total assets and deferred outflow of resources	<u>\$ 1,380,669</u>	<u>\$ 102,174</u>	<u>\$ 1,482,843</u>	<u>\$ 125,989</u>	<u>\$ 122,206</u>	<u>\$ 1,862,805</u>	<u>\$ (182,256)</u>	<u>\$ 3,411,587</u>	<u>\$ 5,562</u>	<u>\$ 11,875</u>	<u>\$ -</u>	<u>\$ 3,429,024</u>
Liabilities, Deferred Inflow of Resources, and Net Position												
Short-Term and Other Borrowings	\$ 388,370	\$ -	\$ 388,370	\$ -	\$ -	\$ -	\$ -	\$ 388,370	\$ -	\$ -	\$ -	\$ 388,370
Bonds	-	-	-	-	-	1,798,204	-	1,798,204	-	-	-	1,798,204
Tax exempt mortgage securities liability	183,999	-	183,999	-	-	-	-	183,999	-	-	-	183,999
Interest payable-swap contract	-	-	-	-	-	2,709	-	2,709	-	-	-	2,709
Investor remittance liability	108,700	-	108,700	-	-	-	-	108,700	-	-	-	108,700
Escrow and project reserve deposits	203,467	328	203,795	-	-	-	-	203,795	-	-	-	203,795
Swap contract fair value liability	-	-	-	-	-	2,917	-	2,917	-	-	-	2,917
Derivative Liabilities	14,965	-	14,965	-	-	-	-	14,965	-	-	-	14,965
Other liabilities	223,516	100,684	324,200	15	-	324	(182,256)	142,283	101	-	-	142,384
Net Inv in capital assets	7,122	-	7,122	43	-	-	-	7,165	-	5,614	-	12,779
Bond Funds	-	-	-	-	-	58,651	-	58,651	-	-	-	58,651
Federal Programs	-	1,162	1,162	-	-	-	-	1,162	-	-	-	1,162
The Home Partnership Fndn, Inc	-	-	-	-	-	-	-	-	5,461	-	-	5,461
Idaho Comm Invst Holdings, LLC	-	-	-	-	-	-	-	-	-	6,261	-	6,261
Unrestricted	250,530	-	250,530	125,931	122,206	-	-	498,667	-	-	-	498,667
Total liabilities, deferred inflow of resources, and net position	<u>\$ 1,380,669</u>	<u>\$ 102,174</u>	<u>\$ 1,482,843</u>	<u>\$ 125,989</u>	<u>\$ 122,206</u>	<u>\$ 1,862,805</u>	<u>\$ (182,256)</u>	<u>\$ 3,411,587</u>	<u>\$ 5,562</u>	<u>\$ 11,875</u>	<u>\$ -</u>	<u>\$ 3,429,024</u>

Idaho Housing and Finance Association  
Combined Statement of Revenues, Expenses, and Changes in Net Position – Association Accounts  
Year Ended June 30, 2023  
(in thousands)

	Business Operations				Rating							
	General Operating and Custodial Accounts	Federally Assisted Program	Combined	Affordable Housing Investment Trust	Compliance and Loan Guarantee Trust	Combined Bondholder Trusts (1)	Interfund Eliminations	All Association Accounts	The Home Partnership Foundation	Idaho Community Investment Holdings, LLC	Inter- Component Unit Eliminations	All Reporting Entity Accounts
Statement of Revenues, Expenses and Changes in Net Position												
Operating Revenues												
Gains on loan sales	\$ 12,733	\$ -	\$ 12,733	\$ -	\$ -	\$ -	\$ -	\$ 12,733	\$ -	\$ -	\$ -	\$ 12,733
Interest on loans and GARVEE pledged revenues	15,506	1	15,507	2,940	1,521	29,722	-	49,690	-	-	-	49,690
Interest on investments	2,848	293	3,141	105	193	20,018	-	23,457	18	4	-	23,479
Loan servicing fees	62,687	-	62,687	2	6	108	-	62,803	-	-	-	62,803
Contract and grant administration fees	17,901	-	17,901	-	-	-	-	17,901	780	-	(780)	17,901
Other operating revenues	2,320	40	2,360	-	-	14	-	2,374	2,224	307	-	4,905
Total operating revenues	113,995	334	114,329	3,047	1,720	49,862	-	168,958	3,022	311	(780)	171,511
Operating Expenses												
Loan acquisition costs	24,277	-	24,277	-	-	-	-	24,277	-	-	-	24,277
Interest	20,991	-	20,991	-	-	50,274	-	71,265	-	-	-	71,265
Salaries and benefits	32,822	-	32,822	-	-	-	-	32,822	134	-	-	32,956
General operating	21,779	307	22,086	6	6	514	-	22,612	253	28	-	22,893
Bond financing costs	-	-	-	-	-	108	-	108	-	-	-	108
Grants to others	-	-	-	780	-	-	-	780	1,361	97	(780)	1,458
Loss on real estate owned properties	4,085	66	4,151	41	-	(38)	-	4,154	-	-	-	4,154
Other operating expenses	1,532	-	1,532	-	-	-	-	1,532	-	59	-	1,591
Total operating expenses	105,486	373	105,859	827	6	50,858	-	157,550	1,748	184	(780)	158,702
Operating Income (Loss)	8,509	(39)	8,470	2,220	1,714	(996)	-	11,408	1,274	127	-	12,809
Nonoperating Revenues and (Expenses)												
Net increase (decrease) in fair value of investments	(12,784)	-	(12,784)	-	(22)	(3,444)	-	(16,250)	-	-	-	(16,250)
Net increase (decrease) in fair value of derivatives	(13,482)	-	(13,482)	-	-	1,106	-	(12,376)	-	-	-	(12,376)
Net increase (decrease) in fair value of servicing contracts	(114,371)	-	(114,371)	-	-	-	-	(114,371)	-	-	-	(114,371)
Federal pass-through revenues	-	114,918	114,918	-	-	-	-	114,918	-	-	-	114,918
Federal pass-through expenses	-	(114,633)	(114,633)	-	-	-	-	(114,633)	-	-	-	(114,633)
Total nonoperating revenues and (expenses)	(140,637)	285	(140,352)	-	(22)	(2,338)	-	(142,712)	-	-	-	(142,712)
Change in Net Position	(132,128)	246	(131,882)	2,220	1,692	(3,334)	-	(131,304)	1,274	127	-	(129,903)
Net Position, Beginning of Period	405,409	1,255	406,664	134,367	103,257	55,974	-	700,262	4,187	8,435	-	712,884
Transfers	(15,629)	(339)	(15,968)	(10,613)	17,257	6,011	-	(3,313)	-	3,313	-	-
Net Position, End of Period	\$ 257,652	\$ 1,162	\$ 258,814	\$ 125,974	\$ 122,206	\$ 58,651	\$ -	\$ 565,645	\$ 5,461	\$ 11,875	\$ -	\$ 582,981

(1) The detail of the Combined Bondholder Trusts is presented on pages 51-54.

Idaho Housing and Finance Association  
Combined Statement of Net Position – Combined Bondholder Trusts  
June 30, 2023  
(in thousands)

	2000 Indenture	2003 Indenture	2006 Indenture	2009 Indenture	2019 Indenture	Multi- Family Bond	2010A Grant and Revenue Anticipation Bond	2011 Grant and Revenue Anticipation Bond	2012A Grant and Revenue Anticipation Bond
Statement of Net Position									
Assets and Deferred Outflow of Resources									
Cash and cash equivalents held in trust	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments, fair value held in trust	3,222	27,595	11,852	-	448,262	2,367	5,558	-	-
Loans held for investment, net	10,721	26,277	18,926	-	31,141	-	-	-	-
Other assets	142	228	572	9	110	11,741	-	-	-
State of Idaho GARVEE and TECM Assets	-	-	-	-	-	-	56,757	-	-
Deferred outflow---interest rate swap contracts, amortized value	4	1,289	5,597	-	205	-	-	-	-
Deferred outflow---interest rate swap contracts, fair value	2	(461)	1,395	-	(120)	-	-	-	-
Total assets and deferred outflow of resources	<u>\$ 14,091</u>	<u>\$ 54,928</u>	<u>\$ 38,342</u>	<u>\$ 9</u>	<u>\$ 479,598</u>	<u>\$ 14,108</u>	<u>\$ 62,315</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities, Deferred Inflow of Resources and net position									
Bonds	\$ 7,343	\$ 42,029	\$ 17,539	\$ -	\$ 455,685	\$ 13,879	\$ 62,315	\$ -	\$ -
Interest payable-swap contract	13	770	1,809	-	117	-	-	-	-
Swap contract fair value liability	(7)	58	2,898	-	(32)	-	-	-	-
Other liabilities	11	148	19	-	146	-	-	-	-
Deferred inflow--interest rate swap contracts	-	-	-	-	-	-	-	-	-
Net position	<u>6,731</u>	<u>11,923</u>	<u>16,077</u>	<u>9</u>	<u>23,682</u>	<u>229</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 14,091</u>	<u>\$ 54,928</u>	<u>\$ 38,342</u>	<u>\$ 9</u>	<u>\$ 479,598</u>	<u>\$ 14,108</u>	<u>\$ 62,315</u>	<u>\$ -</u>	<u>\$ -</u>

Idaho Housing and Finance Association  
Combined Statement of Net Position – Combined Bondholder Trusts  
June 30, 2023  
(in thousands)

	2014A Grant and Revenue Anticipation Bond	2015A Grant and Revenue Anticipation Bond	2017A Grant and Revenue Anticipation Bond	2019A Grant and Revenue Anticipation Bond	2021A Grant and Revenue Anticipation Bond	Transportation Expansion and Congestion Mitigation Bond	Combined Bonds
Statement of Net Position							
Assets and Deferred Outflow of Resources							
Cash and cash equivalents held in trust	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments, fair value held in trust	5,353	23,323	10,588	3,248	47,793	511,506	1,100,667
Loans held for investment, net	-	-	-	-	-	-	87,065
Other assets	-	-	-	-	-	-	12,802
State of Idaho GARVEE and TECM Assets	44,412	78,818	64,562	132,589	169,444	107,778	654,360
Deferred outflow---interest rate swap contracts, amortized value	-	-	-	-	-	-	7,095
Deferred outflow---interest rate swap contracts, fair value	-	-	-	-	-	-	816
Total assets and deferred outflow of resources	<u>\$ 49,765</u>	<u>\$ 102,141</u>	<u>\$ 75,150</u>	<u>\$ 135,837</u>	<u>\$ 217,237</u>	<u>\$ 619,284</u>	<u>\$ 1,862,805</u>
Liabilities, Deferred Inflow of Resources and Net Position							
Bonds	\$ 49,765	\$ 102,141	\$ 75,150	\$ 135,837	\$ 217,237	\$ 619,284	\$ 1,798,204
Interest payable-swap contract	-	-	-	-	-	-	2,709
Swap contract fair value liability	-	-	-	-	-	-	2,917
Other liabilities	-	-	-	-	-	-	324
Deferred inflow--interest rate swap contracts	-	-	-	-	-	-	-
Net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,651</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 49,765</u>	<u>\$ 102,141</u>	<u>\$ 75,150</u>	<u>\$ 135,837</u>	<u>\$ 217,237</u>	<u>\$ 619,284</u>	<u>\$ 1,862,805</u>

Idaho Housing and Finance Association  
Combined Statement of Revenues, Expenses, and Changes in Net Position – Combined Bondholder Trusts  
Year Ended June 30, 2023  
(in thousands)

	2000	2003	2006	2009	2019	Multi-Family	2010A	2011	2012A
	Indenture	Indenture	Indenture	Indenture	Indenture	Bond	Grant and Anticipation Bond	Grant and Revenue Anticipation Bond	Grant and Revenue Anticipation Bond
Statement of Revenues, Expenses and Changes in Net Position									
Operating Revenues									
Interest on loans and GARVEE pledged revenues	\$ 665	\$ 1,497	\$ 1,287	\$ -	\$ 1,060	\$ -	\$ 3,771	\$ -	\$ 27
Interest on investments	209	809	516	-	10,880	467	46	-	7
Loan servicing fees	-	31	52	-	25	-	-	-	-
Other operating revenues	-	-	14	-	-	-	-	-	-
Total operating revenues	<u>874</u>	<u>2,337</u>	<u>1,869</u>	<u>-</u>	<u>11,965</u>	<u>467</u>	<u>3,817</u>	<u>-</u>	<u>34</u>
Operating Expenses									
Interest	363	1,913	1,973	-	13,569	278	3,800	-	34
General operating	7	128	26	-	180	-	17	-	-
Bond financing costs	-	-	-	-	108	-	-	-	-
Losses on real estate-owned property	-	-	(38)	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-	-	-
Total operating expenses	<u>370</u>	<u>2,041</u>	<u>1,961</u>	<u>-</u>	<u>13,857</u>	<u>278</u>	<u>3,817</u>	<u>-</u>	<u>34</u>
Operating Income (Loss)	<u>504</u>	<u>296</u>	<u>(92)</u>	<u>-</u>	<u>(1,892)</u>	<u>189</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating Revenues and (Expenses)									
Net increase (decrease) in fair value of investments	(176)	(1,503)	(662)	-	(1,104)	-	-	-	-
Net increase (decrease) in fair of derivatives	(31)	115	1,057	-	(35)	-	-	-	-
Total nonoperating revenues and (expenses)	<u>(207)</u>	<u>(1,388)</u>	<u>395</u>	<u>-</u>	<u>(1,139)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	297	(1,092)	303	-	(3,031)	189	-	-	-
Net Position, Beginning of Period	6,433	5,785	31,378	9	12,329	40	-	-	-
Transfers	1	7,230	(15,604)	-	14,384	-	-	-	-
Net Position, End of Period	<u>\$ 6,731</u>	<u>\$ 11,923</u>	<u>\$ 16,077</u>	<u>\$ 9</u>	<u>\$ 23,682</u>	<u>\$ 229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Idaho Housing and Finance Association  
Combined Statement of Revenues, Expenses, and Changes in Net Position – Combined Bondholder Trusts  
Year Ended June 30, 2023  
(in thousands)

	2014A Grant and Revenue Anticipation Bond	2015A Grant and Revenue Anticipation Bond	2017A Grant and Revenue Anticipation Bond	2019A Grant and Revenue Anticipation Bond	2021A Grant and Revenue Anticipation Bond	Transportation Expansion and Congestion Mitigation Bond	Combined Bonds
Statement of Revenues, Expenses and Changes in Net Position							
Operating Revenues							
Interest on loans and GARVEE pledged revenues	\$ 1,894	\$ 3,853	\$ 2,221	\$ 4,330	\$ 3,672	\$ 5,446	\$ 29,723
Interest on investments	18	72	33	24	1,671	5,266	20,018
Loan servicing fees	-	-	-	-	-	-	108
Other operating revenues	-	-	-	-	-	-	14
Total operating revenues	<u>1,912</u>	<u>3,925</u>	<u>2,254</u>	<u>4,354</u>	<u>5,343</u>	<u>10,712</u>	<u>49,863</u>
Operating Expenses							
Interest	1,900	3,903	2,237	4,326	5,305	10,673	50,274
General operating	12	22	17	28	38	39	514
Bond financing costs	-	-	-	-	-	-	108
Losses on real estate-owned property	-	-	-	-	-	-	(38)
Other operating expenses	-	-	-	-	-	-	-
Total operating expenses	<u>1,912</u>	<u>3,925</u>	<u>2,254</u>	<u>4,354</u>	<u>5,343</u>	<u>10,712</u>	<u>50,858</u>
Operating Income (Loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(995)</u>
Nonoperating Revenues and (Expenses)							
Net increase (decrease) in fair value of investments	-	-	-	-	-	-	(3,445)
Net increase (decrease) in fair of derivatives	-	-	-	-	-	-	1,106
Total nonoperating revenues and (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,339)</u>
Change in Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,334)</u>
Net Position, Beginning of Period	-	-	-	-	-	-	55,974
Transfers	-	-	-	-	-	-	6,011
Net Position, End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,651</u>

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**APPENDIX G**  
**2023 SERIES E MBS**

<b>2023 SERIES E MBS</b>															
CUSIP <sup>(1)</sup>	Pool # <sup>(1)</sup>	Issue Type <sup>(1)</sup>	Pool Type <sup>(1)</sup>	Security Interest Rate (%) <sup>(1)</sup>	Pool Current Weighted Average Loan Interest Rate (%) <sup>(1)</sup>	Pool Current # of Loans <sup>(1)</sup>	Pool Current Weighted Average Loan Remaining Maturity (Months) <sup>(1)</sup>	Security Issue Date <sup>(1)</sup>	Security Maturity Date <sup>(1)</sup>	Security Original Balance (\$) <sup>(1)</sup>	Security Current Balance (\$) <sup>(1)</sup>	IHFA 2023 E Current Principal Participation Amount (\$) <sup>(1)</sup>	IHFA 2023 E Principal Participation % Of Current Balance <sup>(1)</sup>	IHFA 2023 E Current # of Loans <sup>(1)</sup>	IHFA 2023 E Current % of Loans <sup>(1)</sup>
<b>Total/Wtd. Avg.</b>															

<sup>(1)</sup> Source: The Issuer and Ginniemae.gov. Except as set forth in this table, the information on such website is not incorporated by reference and is not a part of this Official Statement. Information in this table is as of \_\_\_\_\_ 2023.

<sup>(2)</sup> Source: The Issuer.

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