NEW ISSUE – Book-Entry-Only

Ratings: Moody's Investors Service: "Aa3"
Fitch Ratings: "AA-"
See "RATINGS" herein

In the opinion of Bond Counsel to the Issuer, interest on the 2016 Series 1 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the 2016 Series 1 Bonds is exempt from State of Idaho personal income taxes. Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2016 Series 1 Bonds. See "LEGALITY AND TAX STATUS" herein.

Idaho Housing and Finance Association
www.idahohousing.com

$63,820,000
Idaho Housing and Finance Association
Single Family Mortgage Bonds
2016 Series 1

Interest from: Date of Delivery **Due: as shown below**

The Idaho Housing and Finance Association Single Family Mortgage Class I Bonds, 2016 Series 1 (Federally Taxable) (the "2016 Series 1 Bonds") are being issued under and pursuant to a General Indenture of Trust, dated as of September 1, 2006 (the "General Indenture"), between Idaho Housing and Finance Association (the "Issuer") and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and a 2016 Series 1 Indenture, dated as of July 1, 2016, between the Issuer and the Trustee.

The 2016 Series 1 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 ("DTC"), New York, New York. DTC will act as securities depository for such Bonds. Individual purchases will be made in book-entry form only in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in 2016 Series 1 Bonds.

Interest on the 2016 Series 1 Bonds is payable semiannually on January 1 and July 1 of each year, commencing January 1, 2017. Principal and interest on the 2016 Series 1 Bonds are payable by the Paying Agent to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of such Bonds, as described under the caption "Book-Entry Provisions" herein.

The 2016 Series 1 Bonds are subject to optional and mandatory redemption prior to maturity, including special redemption at par under certain circumstances, as described herein.

$63,820,000 2.014% Term Class I Bonds Due July 1, 2034—Price 100% CUSIP†: 45129Y J98

The 2016 Series 1 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 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 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 Bonds. The Issuer has no taxing power.

The 2016 Series 1 Bonds are offered when, as and if received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP and Skinner Fawcett LLP and certain other conditions. Certain legal matters will be passed upon for the Issuer by Richard A. Skinner, Esq. of Skinner Fawcett LLP, Boise, Idaho and for the Underwriter by its counsel, Ballard Spahr LLP. It is expected that definitive Bonds will be available for delivery in New York, New York, on or about July 1, 2016.

BARCLAYS

Dated: June 28, 2016

† CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the owners of the 2016 Series 1 Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2016 Series 1 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2016 Series 1 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2016 Series 1 Bonds.

No dealer, broker, salesperson or other person has been authorized by the Issuer or the Underwriter 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 2016 Series 1 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 Underwriter. 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 circumstances, create any implication that there has been no change in the affairs of the Issuer or any other parties described herein since the date as of which such information is presented.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the 2016 Series 1 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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OFFICIAL STATEMENT

of

IDAHO HOUSING AND FINANCE ASSOCIATION

Relating to its

$63,820,000

Single Family Mortgage Bonds, 2016 Series 1

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 $63,820,000 Single Family Mortgage Class I Bonds, 2016 Series 1 (Federally Taxable) (the "2016 Series 1 Bonds").

The 2016 Series 1 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"), dated as of September 1, 2006, between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and a 2016 Series 1 Indenture (the "2016 Series 1 Indenture"), dated as of July 1, 2016, between the Issuer and the Trustee. The 2016 Series 1 Bonds, collectively, constitute a "Series" under the General Indenture.

The Issuer is issuing the 2016 Series 1 Bonds in furtherance of its Single Family Mortgage Program (the "Program") to refund certain bonds of the Issuer originally issued under the General Indenture to provide financing for the purchase of housing by low income persons within the State of Idaho (the "State"). The Issuer has issued bonds under the General Indenture in additional to certain of the bonds being refunded. 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 of each Class issued under the General Indenture are equally and ratably secured by the pledges and covenants contained therein with other Bonds and Auxiliary Obligations of the same Class. The General Indenture and all supplemental indentures, including supplemental indentures providing for the issuance and remarketing of Bonds (such as the 2016 Series 1 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 entireties by references to the appropriate statute, instrument or document.

INTRODUCTION

In 1972 the Issuer was created by the Act, as a body politic and corporate, 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 2016 Series 1 Bonds are being issued to provide money for the Issuer to carry out its Program to refund certain bonds of the Issuer previously issued under the General Indenture to provide financing for the making or purchase of mortgage loans made to low income persons. See "FINANCING PLAN."

The mortgage loans presently held under the General Indenture (the "Existing Mortgage Loans") are secured by Mortgages constituting first liens on single family, owner-occupied housing and were, when purchased 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) or constituted PMI Insured/Uninsured Mortgage Loans. All Existing Mortgage Loans are neither securitized nor are to be securitized into a GNMA Certificate and, consequently, constitute Whole Loans. See "EXISTING MORTGAGE LOAN 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—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. The Existing Mortgage Loans and any Additional Mortgage Loans are referred to herein collectively as "Mortgage Loans."

The 2016 Series 1 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, the money received by the Issuer from the Mortgage Loans 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, except as provided by the Indenture, and provided that under the circumstances described herein, the interests of the holders of the Class II Bonds and Class II Auxiliary Obligations in revenues and assets pledged under the Indenture are subordinate to the interests of the holders of the Class I Bonds (including the 2016 Series 1 Bonds) and Class I Auxiliary Obligations, and the interests of the holders of the Class III Bonds and Class III Auxiliary Obligations in revenues and assets pledged under the Indenture are subordinate to the interests of the holders of the Class I Obligations and the Class II Obligations, and the interests of the holders of the Class IV Bonds and the Class IV Auxiliary Obligations in revenues and assets pledged under the Indenture are subordinate to the interests of the holders of the Class I Obligations, the Class II Obligations and the Class III Obligations.

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, multifamily and other 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 2016 Series 1 Bonds to provide certain financial information and operating data relating to the Issuer not later than six months following the end of the Issuer's fiscal year, commencing with a report for the Issuer's fiscal year ending June 30, 2016 (the "Annual Bond Disclosure Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Bond Disclosure Report will be filed with each Nationally Recognized Municipal Securities Information Repository. 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 a Repository 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 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 Underwriter 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: Single Family Bonds -- Issuer audited financial statements were not filed for the fiscal year ended June 30, 2012, and certain specific financial and operating data (including certain information regarding principal amounts of bonds on a maturity by maturity basis), for the fiscal years ended June 30, 2010, 2011, 2012, 2013, and 2014 was not filed or was filed but was not associated with all related CUSIP numbers. Unemployment Compensation Bonds -- Idaho State audited financial statements were not filed for the fiscal years ended June 30, 2011, 2012 and 2013 and not timely filed for the fiscal year ended June 30, 2014; and required financial and operating data was not filed for the fiscal year ended June 30, 2011 and 2012; and not timely filed for fiscal years ended June 30, 2013 and 2014. Federal Highway Trust Fund Bonds -- Idaho State audited financial statements and required financial and operating data were not filed for the fiscal years ended June 30, 2010, 2011, 2012, 2013 and not timely filed for fiscal years ended June 30, 2014 and 2015 (although Official Statements containing some of this information were filed for the fiscal years ended June 30, 2011, 2012 and 2013). IHFA TEMS 2015 Series A, 2015 Series B and 2015 Series C -- IHFA audited financial statements for the fiscal year ended June 30, 2015, which were to be filed by December 31, 2015, were filed on January 12, 2016. Additionally, during the past 5 years, Moody's changed the rating of certain Idaho Housing and Finance Association bond issuances. A corresponding event notice was not always filed when these ratings changes occurred.

IHFA has been participating in the U.S. Securities and Exchange Commission's (the "Commission") Municipalities Continuing Disclosure Cooperation Initiative (MCDC Initiative). In connection with the MCDC Initiative, IHFA has been contacted by the Commission, and IHFA has submitted to the Commission an Offer of Settlement (the "Offer") in anticipation of a cease-and-desist order (the "Order") to be entered into against IHFA by the Commission. IHFA expects to consent (without admitting or denying any findings contained therein, except as to the Commission's jurisdiction over it and the subject matter of such proceedings) to the entry of an Order by the Commission finding, among other things, that, in certain official statements for municipal securities, IHFA affirmatively misstated that it had materially complied with a prior agreement to provide continuing disclosure and also failed to disclose that it had not been in material compliance with a prior agreement to provide continuing disclosure. IHFA has undertaken to, among other things, establish appropriate written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance with the federal securities laws, and comply with its existing continuing disclosure undertakings, including updating past delinquent filings, as necessary. IHFA expects that any resulting Order will be finalized in the near future; however, no assurance can be given that the Offer will be accepted by the Commission or that the Order will be entered into by the Commission.

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:

Name	Position	Term Expires	Employment
Steven R. Keen	Chairman	July 1, 2018	Sr. Vice President, CFO and Treasurer, Idaho Power, and Vice President and Treasurer, IdaCorp., Boise, Idaho
Ralph G. Cottle	Vice Chairman	July 1, 2018	Retired President and CEO Citizens Community Bank, Pocatello, Idaho
R. John Insinger	Secretary/Treasurer	July 1, 2016*	Attorney, Boise, Idaho
Darlene M. Bramon	Commissioner	July 1, 2016*	Banking and Civic Leader, Hailey, Idaho
Mark P. Dunham	Commissioner	July 1, 2016*	Legislative Consultant, Risch-Pisca, Boise, Idaho
Jeffrey G. Nesset	Commissioner	July 1, 2018	Senior Vice President, Branch Manager, D.A. Davidson & Co., Lewiston, Idaho
Nancy Vannorsdel	Commissioner	July 1, 2016*	Finance/Community Leader, Boise, Idaho

* Commissioners shall continue to serve in such capacity until their replacements have been appointed.

The Act designates as advisors to the Issuer's Board of Commissioners the Governor, the Honorable C.L. "Butch" Otter; the State Treasurer, Ron Crane; the State Controller, Brandon B. Woolf; and the Administrator of the Division of Financial Management, Jani Revier. 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. Currently, Senator Dean Mortimer serves serve as majority party senator, Senator Cherie Buckner-Webb serves as the minority party senator, Representative Judy Boyle serves as the majority party representative and Representative Elaine Smith serves as the minority party representative.

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; and the Executive Vice President and Chief Financial Officer, John R. Sager.

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 R. Sager joined the Issuer in September 1996 as Vice President, Treasurer and in February 2002 was promoted to Chief Financial Officer and Vice President, Administration. Mr. Sager was promoted to Executive Vice President in March, 2011. Prior to joining the Issuer, Mr. Sager served as investment manager of a large public organization as well as Vice Chairman of the Utah Money Management Council. Mr. Sager has over thirty years of experience in financial management, bond issuance, banking and asset/liability management for public entities. Mr. Sager is a Chartered Financial Analyst, a Certified Cash Manager and holds a Bachelor of Arts and Master of Business Administration degrees from the University of Utah.

The Issuer's staff consists of 200 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 co-bond counsel to the Issuer.

Outstanding Indebtedness and Other Programs of the Issuer

The Issuer is active in various 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 Highway Department for the financing of Idaho highways.

As of April 30, 2016, Idaho Housing and Finance Association has issued bonds to provide permanent financing for approximately 4,356 dwelling units in 77 multifamily developments and has purchased approximately 117,144 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.

In connection with the issuance of the 2016 Series 1 Bonds, the Issuer expects to enter into a loan agreement with Barclays Bank PLC pursuant to which Barclays Bank PLC will make an approximately $43,000,000 floating rate loan to the Issuer. Proceeds of such loan are expected to be used by the Issuer to make certain termination payments required to be paid in connection with the termination of certain interest rate contracts of the Issuer and to redeem a portion of the 2012 Series A Bonds. 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.

The Issuer has under consideration the sale of additional bonds to finance its various programs. The Issuer expects to issue its Single Family Mortgage Bonds, 2016 Series A in an aggregate principal amount of approximately $89,130,000 on or about July 7, 2016. The 2016 Series A Bonds will be issued under a General Indenture of Trust, dated as of February 1, 2003 (the "2003 General Indenture"), between the Issuer and Wells Fargo Bank, National Association, as trustee thereunder. Proceeds of the 2016 Series A Bonds in the amount of approximately $64,130,000 will be used by the Issuer to refund certain bonds previously issued under the 2003 General Indenture. The remaining proceeds of the 2016 Series A Bonds will be used by the Issuer to finance the purchase of mortgage-backed certificates backed by pools of mortgage loans made to persons or families of low income to finance the purchase of single-family residential housing located in the State. The 2016 Series A Bonds will not be secured on a parity with any of the Bonds and are not being offered by this Official Statement.

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 May 20, 2016 substantially all of the funds available under each active single family program of the Issuer have been reserved for individual mortgage loan applicants.

From time to time, commitment reservations which have been made for individual loan applicants are canceled because the mortgage loans will not qualify under the program, the loan applicants have insufficient income or credit worthiness or other reasons. In other circumstances, commitment reservations expire from time to time because the mortgage lenders fail to comply with the reservation procedures. In either case, funds which may have been committed to mortgage lenders for individual mortgage loans may again become available for new reservations. The Issuer anticipates that it will make or purchase mortgage loans in an amount equal to the amount of reservations made prior to the date that bonds must be redeemed in order to comply with the Internal Revenue Code of 1986, as amended (the "Code").

Issuer Delinquency Experience

The delinquencies experienced with respect to the Issuer's Single Family Programs on average for each quarter, beginning in 2012, are as set forth in the table herein. The Issuer is currently servicing all new mortgage loans originated under its Single Family Programs within the Issuer's loan servicing department.

Idaho Housing and Finance Association
Delinquency Statistics[(1) (2)]

Quarter	Loans Outstanding	Loans Outstanding	60 Days Delinquent		90 Days Delinquent		Foreclosures	
			Loans	% of Total Outstanding	Loans	% of Total Outstanding	Loans	% of Total Outstanding
1st 2012	$2,226,206,000	23,759	250	1.05%	361	1.52%	361	1.52%
2nd 2012	$2,279,451,000	24,393	301	1.23%	330	1.35%	271	1.11%
3rd 2012	$2,359,316,000	25,228	314	1.24%	370	1.47%	255	1.01%
4th 2012	$2,439,942,000	26,056	351	1.35%	359	1.38%	237	0.91%
1st 2013	$2,481,116,000	26,491	268	0.99%	282	1.06%	201	0.76%
2nd 2013	$2,594,569,000	27,527	303	1.10%	306	1.11%	168	0.61%
3rd 2013	$2,776,790,000	29,184	322	1.10%	310	1.06%	135	0.46%
4th 2013	$2,874,957,000	30,185	375	1.24%	305	1.01%	179	0.59%
1st 2014	$2,971,682,000	31,139	231	0.74%	250	0.80%	151	0.48%
2nd 2014	$3,069,606,000	32,046	311	0.97%	212	0.66%	163	0.51%
3rd 2014	$3,302,868,000	34,137	399	1.17%	324	0.95%	137	0.40%
4th 2014	$3,504,726,000	35,988	438	1.22%	349	0.97%	145	0.40%
1st 2015	$3,649,802,000	37,218	261	0.70%	259	0.70%	90	0.43%
2nd 2015	$3,978,995,000	39,716	389	0.98%	278	0.70%	117	0.29%
3rd 2015	$4,460,074,000	43,481	422	0.97%	376	0.86%	126	0.29%
4th 2015	$4,899,435,000	46,952	531	1.13%	385	0.82%	155	0.33%
1st 2016	$5,265,120,000	49,915	310	0.62%	322	0.65%	150	0.30%

(1) Data includes statistics for mortgage loans purchased from the proceeds of prior single family bond issues and from proceeds of other single family programs of Idaho Housing and Finance Association and includes mortgage loans underlying investments of amounts in the debt service reserve funds in qualified mortgage loan mortgage backed securities.

(2) Any payment more than 30 days late is considered delinquent.

As of April 30, 2016 the Issuer had, since its inception and with respect to all of its single family mortgage programs, foreclosed on or accepted deeds in lieu of foreclosure on 5,183 mortgages.

FINANCING PLAN

Proceeds of the 2016 Series 1 Bonds, together with certain other funds, shall be used to pay and redeem the Outstanding 2012 Series A Bonds in part in a principal amount equal to $63,820,000 (the "Prior Bonds"). No new mortgage loans will be made in connection with the issuance and sale of the 2016 Series 1 Bonds; however, the principal and redemption price of, and interest on, the 2016 Series 1 Bonds will be payable from Revenues, including revenues derived from Existing Mortgage Loans, which would have been used to pay the principal and redemption price of, and interest on, the Prior Bonds. To achieve this result the Issuer has executed and delivered to the Trustee an Issuer Request directing the Trustee to allocate and apply Revenues made available because of the redemption and cancellation of the Prior Bonds to the payment of principal and redemption price of, and interest on, the corresponding 2016 Series 1 Bonds. See "SUMMARY OF ISSUER REQUEST."

In connection with the refunding, certain amounts held in the subaccounts of the Debt Service Reserve Fund Related to the Prior Bonds shall be allocated to the 2016 Series 1 subaccount of the Debt Service Reserve Fund.

Costs of issuance of the 2016 Series 1 Bonds will be paid by the Issuer from its general funds. See, "SOURCES AND USES OF FUNDS."

DESCRIPTION OF THE 2016 SERIES 1 BONDS

General Terms

2016 Series 1 Bonds. The 2016 Series 1 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 cover of this Official Statement. Interest on the 2016 Series 1 Bonds is payable on January 1, 2017 and thereafter semiannually on July 1 and January 1 of each year. The 2016 Series 1 Bonds will be issuable only as fully registered bonds in denominations of $5,000 or any integral multiple thereof. Interest on the 2016 Series 1 Bonds will be calculated on the basis of a 360-day year of twelve 30-day months.

Special Redemption

Available Prepayments. The 2016 Series 1 Bonds are subject to mandatory 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, on any January 1 or July 1 on or after January 1, 2017, from Available Prepayments (defined below) deposited in the 2016 Series 1 subaccount of the Redemption Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Revenue Fund,"

"Available Prepayments" means all Prepayments with respect to the Existing Mortgage Loans that are not otherwise allocated to pay principal on the Bonds.

Excess Revenues. The 2016 Series 1 Bonds are subject to redemption as directed by the Issuer 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, on any January 1 or July 1 on or after January 1, 2017, from other Revenues (not including Available Prepayments) deposited in the 2016 Series 1 subaccounts of the Redemption Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Revenue Fund."

Debt Service Reserve Fund Reduction. The 2016 Series 1 Bonds are subject to 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, on any January 1 or July 1 on or after January 1, 2017, from amounts in excess of the 2016 Series 1 Debt Service Reserve Fund Requirement transferred from the 2016 Series 1 subaccount of the Debt Service Reserve Fund to the 2016 Series 1 subaccounts of the Redemption Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Revenue Fund," "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Debt Service Reserve Fund" and "SUMMARY OF ISSUER REQUEST."

Cross Calls and Recycling. Available Prepayments on deposit in subaccounts of the Redemption Fund related to other Series of Bonds shall be transferred to the 2016 Series 1 subaccount of the Redemption Fund and applied to redeem 2016 Series 1 Bonds as provided in "Available Prepayments" above. In addition, upon satisfaction of the conditions set forth in the Indenture, the Issuer may instruct the Trustee to apply other moneys on deposit in subaccounts of the Redemption Fund related to other Series of Bonds to redeem 2016 Series 1 Bonds as provided in "Excess Revenues" herein and may instruct the Trustee to apply moneys on deposit in 2016 Series 1 subaccount of the Redemption Fund (other than Available Prepayments) to redeem Bonds of another Series. 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 (other than Available Prepayments) to purchase Mortgage Loans related to the 2016 Series 1 Bonds or another Series and may instruct the Trustee to apply money on deposit in 2016 Series 1 subaccount of the Redemption Fund (other than Available Prepayments) to make or purchase Mortgage Loans related to the 2016 Series 1 Bonds or another Series. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Redemption Fund."

Selection of 2016 Series 1 Bonds to be Redeemed. If less than all of the 2016 Series 1 Bonds are to be redeemed as described under "Prepayments," "Excess Revenues", "Debt Service Reserve Fund Reductions" and "Cross Calls and Recycling" herein, the 2016 Series 1 Bonds shall be redeemed on a pro rata by maturity basis unless otherwise instructed by the Issuer.

Estimated Weighted Average Life of the 2016 Series 1 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 life of the 2016 Series 1 Bonds will be influenced by, among other factors, the rate at which principal payments (including scheduled payments and principal prepayments) are made on the Existing Mortgage Loans.

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 Bond Market Association (formerly 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.

The following table assumes, among other assumptions, that (i) all of the Existing Mortgage Loans are prepaid at the indicated percentage of PSA Prepayment Benchmark, (ii) all scheduled principal and interest payments on Existing Mortgage Loans and Prepayments of Existing Mortgage Loans are timely received and the Issuer experiences no foreclosure losses on such Existing Mortgage Loans, (iii) amounts in the 2016 Series 1 subaccounts of the Class I Special Redemption Account consisting of Available Prepayments are used to redeem 2016 Series 1 Bonds, and any balance shall be retained in the 2016 Series 1 Class I Special Redemption Account and not used to redeem Bonds or to purchase Mortgage Loans and the Issuer does not direct the Trustee to apply such other amounts to redeem other Bonds, to make or purchase Mortgage Loans or to retain such amounts in the 2016 Series 1 Class I Special Redemption Accounts, and (iv) no 2016 Series 1 Bonds are redeemed pursuant to the optional redemption provisions of the Indenture. See "DESCRIPTION OF THE 2016 SERIES 1 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 2016 Series 1 Bonds.

The PSA Prepayment Benchmark does not purport to be a prediction of the anticipated rate of prepayments of the Existing Mortgage Loans, and there is no assurance that the Prepayments of the Existing Mortgage Loans 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 Existing Mortgage Loans. The Issuer makes no representation as to the percentage of the principal balance of the Existing Mortgage Loans that will be paid as of any date or as to the overall rate of prepayment.

ESTIMATED
PROJECTED WEIGHTED AVERAGE LIFE (IN YEARS)*
OF 2016 SERIES 1 BONDS

Payment Speed	Weighted Average Life
25% PSA	12.8
50% PSA	10.5
75% PSA	8.4
100% PSA	6.5
200% PSA	2.8
300% PSA	2.1
350% PSA	1.9
400% PSA	1.7
500% PSA	1.5

* 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.

Optional Redemption

The 2016 Series 1 Bonds subject to redemption at the option of the Issuer, on or after July 1, 2026, 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.

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

Sinking Fund Redemption—2016 Series 1 Bonds

The 2016 Series 1 Bonds are subject to redemption in part, by lot, at the principal amount thereof plus accrued interest thereon to the date of redemption, from mandatory Class I 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:

Date	Amount	Date	Amount
January 1, 2029	$2,540,000	January 1, 2032	$6,405,000
July 1, 2029	2,825,000	July 1, 2032	6,595,000
January 1, 2030	3,535,000	January 1, 2033	6,795,000
July 1, 2030	5,385,000	July 1, 2033	6,995,000
January 1, 2031	6,040,000	January 1, 2034	7,210,000
July 1, 2031	6,220,000	July 1, 2034**	3,275,000

** Final Maturity

The amounts accumulated for each Class I 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 2016 Series 1 Bonds from such Class I Sinking Fund Installment, to the purchase for cancellation of 2016 Series 1 Bonds for which such Class I 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 2016 Series 1 Bonds for which Class I Sinking Fund Installments shall have been established, other than by application of Class I 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 Class I Sinking Fund Installments, as directed by the Issuer in written instructions accompanied by a Cash Flow Statement with respect to the 2016 Series 1 Bonds, or in the absence of such direction, toward each such Class I Sinking Fund Installment in amounts bearing the same ratio as the total principal amount of such 2016 Series 1 Bonds so purchased or redeemed bears to the total amount of all such Class I Sinking Fund Installments to be credited.

Other Provisions Concerning Redemption

Notice of redemption is to be given not less than 30 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 2016 Series 1 Bonds or portions of 2016 Series 1 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 2016 Series 1 Bonds shall have actually received such notice. Receipt of such notice by the registered owner of any 2016 Series 1 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 2016 Series 1 Bond with respect to which no such failure or defect has occurred.

If DTC or its nominee is the registered owner of any 2016 Series 1 Bonds to be redeemed, notice of redemption will be given to DTC or its nominee as the registered owner of such 2016 Series 1 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 Participant or otherwise) to notify the Beneficial Owner of any 2016 Series 1 Bond to be redeemed shall not affect the validity of the redemption of such Bond. See "BOOK—ENTRY PROVISIONS."

If less than all the 2016 Series 1 Bonds are to be redeemed, the particular 2016 Series 1 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.

The portion of any 2016 Series 1 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 2016 Series 1 Bond of a denomination larger than the minimum denomination shall be considered to be that number of separate 2016 Series 1 Bonds of such minimum denomination which is obtained by dividing the principal amount of such 2016 Series 1 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 2016 Series 1 Bond, the Issuer shall execute and the Bond Registrar shall authenticate and deliver, upon the surrender of such 2016 Series 1 Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the 2016 Series 1 Bond so surrendered, 2016 Series 1 Bonds of like interest rate, tenor and maturity in any of the authorized denominations.

If, on the redemption date, moneys for the redemption of 2016 Series 1 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 2016 Series 1 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 2016 Series 1 Bonds, the Issuer may direct the Trustee or the Paying Agent to purchase such 2016 Series 1 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 2016 Series 1 Bonds.

SUMMARY OF ISSUER REQUEST

The Issuer Request, a form of which is available from the Issuer and the Trustee, contains various provisions some of which are summarized herein.

Allocation of Investments and Existing Mortgage Loans

An interest in the investments held in the 2012 Series A subaccount and 2013 A Subaccount of the Debt Service Reserve Fund shall be allocated on a continuing basis to the 2016 Series 1 subaccount of the Debt Service Reserve Fund in a proportional amount based on Aggregate Principal Amount of 2012 Series A Bonds Outstanding, 2013 Series A Bonds Outstanding and 2016 Series 1 Bonds Outstanding. Additionally, an interest in all of the Mortgage Loans shall be allocated on a continuing basis to the 2012 Series A Bonds, 2013 Series A Bonds and 2016 Series 1 Bonds in a proportional amount based on Aggregate Principal Amount of 2012 Series A Bonds Outstanding, 2013 Series A Bonds Outstanding and 2016 Series 1 Bonds Outstanding.

Allocation of Revenues

For purposes of the allocation of funds under the General Indenture, (i) Revenues shall be allocated on a continuing basis to the 2012 Series A Subaccount, 2013 Series A Subaccount and 2016 Series 1 Subaccount in a proportionate amount based on Aggregate Principal Amount of 2012 Series A Bonds Outstanding, 2013 Series A Bonds Outstanding and 2016 Series 1 Bonds Outstanding, and (ii) all Available Prepayments shall be deposited in the 2016 Series 1 Subaccount of the Redemption Fund.

BOOK-ENTRY PROVISIONS

The 2016 Series 1 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 2016 Series 1 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 2016 Series 1 Bonds under the Indenture.

The following information about the book-entry-only system applicable to the 2016 Series 1 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 2016 Series 1 Bonds. The 2016 Series 1 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 2016 Series 1 Bonds, as set forth on the cover page hereof, each in the aggregate principal amount of each maturity of the 2016 Series 1 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 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 Standard & Poor's rating of AA+. The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the 2016 Series 1 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Series 1 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 Series 1 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 2016 Series 1 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 2016 Series 1 Bonds, except in the event that use of the book-entry system for the 2016 Series 1 Bonds is discontinued.

To facilitate subsequent transfers, all 2016 Series 1 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 2016 Series 1 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 2016 Series 1 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Series 1 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 2016 Series 1 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Series 1 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016 Series 1 Bond documents. For example, Beneficial Owners of the 2016 Series 1 Bonds may wish to ascertain that the nominee holding the 2016 Series 1 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 2016 Series 1 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 2016 Series 1 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 2016 Series 1 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the 2016 Series 1 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 2016 Series 1 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, 2016 Series 1 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, 2016 Series 1 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 2016 SERIES 1 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 2016 SERIES 1 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 2016 SERIES 1 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 2016 Series 1 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 2016 Series 1 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 2016 Series 1 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.

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ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2016 Series 1 Bonds are set forth herein:

Sources

2016 Series 1 Bond Par	$63,820,000
Issuer Contribution	1,432,153
Total	$65,252,153

Uses

Current refunding of Prior Bonds	$63,820,000
For Costs of Issuance	243,000
Underwriter's Fee	1,189,153
Total	$65,252,153

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 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.

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

The term "Revenues" means (i) all Mortgage Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Mortgage Repayments, (ii) Investment Revenues, (iii) Interest Rate Contract Revenues, and (iv) all other payments and receipts received by the Issuer with respect to Mortgage Loans, but shall not include (A) Escrow Payments, (B) Servicing Fees, unless such fees are specifically pledged to the Trustee, (C) any commitment, reservation, extension or application fees charged by the Issuer in connection with a Mortgage Loan or Mortgage Purchase Agreement, (D) any commitment, reservation, extension or application fees charged by a Mortgage Lender in connection with a Mortgage Loan or (E) accrued interest received upon 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 with Bond proceeds and paying principal of and interest on the Bonds and certain payments with respect to Auxiliary Obligations with Revenues. The pledge and lien of the Indenture is created and established in the following order of priority: first, to secure the payment of the principal of and interest on the Class I Obligations in accordance with the terms and the provisions of the Indenture, second, to secure the payment of the principal of and interest on the Class II Obligations in accordance with the terms and the provisions of the Indenture, third, to secure the payment of the principal of and interest on the Class III Obligations in accordance with the terms and the provisions of the Indenture and fourth, to secure the payment of the principal of and interest on the Class IV Obligations in accordance with the provisions of the Indenture; provided, however, that 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 and Class 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 2016 Series 1 Bonds are not secured by amounts on deposit in the Issuer Payment Account.

Debt Service Reserve Fund

The Indenture establishes a Debt Service Reserve Fund for the Bonds and provides for the establishment of a Debt Service Reserve Fund Requirement with respect to each Series of Bonds. "Debt Service Reserve Fund Requirement" means, with respect to the 2016 Series 1 Bonds, an amount equal to three percent (3%) of the Aggregate Principal Amount of all 2016 Series 1 Bonds Outstanding. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Debt Service Reserve Fund".

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 does not at this time expect that it will issue Additional Bonds under the General Indenture other than Additional Bonds which may be issued to refund Bonds previously issued under the General Indenture. 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, together with Prepayments to be received by the Issuer with respect to Mortgage Loans 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 made or purchased by the Issuer are not paid on a timely basis in accordance with their terms, (ii) the rate of receipt of Prepayments is either more rapid or less rapid than that projected, (iii) interest payable on Variable Rate Bonds and amounts due under Related Auxiliary Obligations differs from Related Interest Rate Contract Revenues, or (iv) 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, 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. Existing Mortgage Loans are assumed to amortize based on their existing amortization schedules and to 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.

The Issuer has established a maturity and Sinking Fund Installment schedule for the 2016 Series 1 Bonds based on the assumption that there will be no Prepayments of the Existing Mortgage Loans Related to the Prior Bonds. If Prepayments of such Mortgage Loans occur, a portion of the 2016 Series 1 Bonds may be redeemed pursuant to the special redemption provisions of the Indenture. See "DESCRIPTION OF THE 2016 SERIES 1 BONDS—Special Redemption." The Issuer anticipates that a portion of such Mortgage Loans will be partially or completely prepaid or terminated prior to their respective final maturity and the 2016 Series 1 Bonds may have a substantially shorter life than the stated maturity of the 2016 Series 1 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 the Mortgage Loans. Factors affecting prepayment of Mortgage Loans 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 or the relative importance of such factors. Factors not identified by the Issuer or discussed herein may significantly affect the prepayment of Mortgage Loans.

Available Prepayments on deposit in subaccounts of the Redemption Fund related to other Series of Bonds shall be transferred to the 2016 Series 1 subaccount of the Redemption Fund and applied to redeem 2016 Series 1 Bonds as provided in "DESCRIPTION OF THE 2016 Series 1 BONDS—Special Redemption—Available Prepayments" herein. In addition, upon satisfaction of the conditions set forth in the Indenture, the Issuer may instruct the Trustee to apply other moneys on deposit in subaccounts of the Redemption Fund related to other Series of Bonds to redeem 2016 Series 1 Bonds and may instruct the Trustee to apply moneys on deposit in 2016 Series 1 subaccount of the Redemption Fund (other than Available Prepayments) 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 (other than Available Prepayments) to purchase Mortgage Loans related to the 2016 Series 1 Bonds or another Series and may instruct the Trustee to apply money on deposit in 2016 Series 1 subaccount of the Redemption Fund (other than Available Prepayments) to make or purchase Mortgage Loans related to the 2016 Series 1 Bonds or another Series. See "DESCRIPTION OF THE 2016 Series 1 BONDS—Special Redemption—Cross Calls." Such instruction may result in the 2016 Series 1 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, 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.

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OUTSTANDING BONDS AND AUXILIARY OBLIGATIONS

The following series of Bonds are expected to be issued and Outstanding under the General Indenture as of the dates set forth below:

	Principal Amount		
Series	Issued	Outstanding as of 6/30/2016	Outstanding as of 7/1/2016
2006 Series E	$35,000,000	–	–
2006 Series F	35,000,000	–	–
2006 Series G	35,000,000	–	–
2007 Series A	35,000,000	–	–
2007 Series B	40,000,000	–	–
2007 Series C	40,000,000	–	–
2007 Series D	50,000,000	–	–
2007 Series E	60,000,000	–	–
2007 Series F	75,000,000	–	–
2007 Series G	75,000,000	–	–
2007 Series H	75,000,000	–	–
2007 Series I	60,000,000	–	–
2007 Series J	75,000,000	–	–
2007 Series K	60,000,000	–	–
2008 Series A	60,000,000	–	–
2008 Series B	60,000,000	–	–
2008 Series C	60,000,000	–	–
2008 Series D	60,000,000	–	–
2009 Series B	96,660,000	–	–
2012 Series A	202,605,000	$178,440,000	$71,630,000
2013 Series A	142,145,000	116,685,000	111,200,000
2016 Series 1	63,820,000	–	63,820,000
Total	$1,495,230,000	$295,125,000	$246,650,000

The Bonds expected to be issued and outstanding by Class are as follows:

Class	Issued	Outstanding as of 6/30/2016	Outstanding as of 7/1/2016
Class I	$1,286,530,000	$295,125,000	$246,650,000
Class II	43,460,000	–	–
Class III	165,240,000	–	–
Total	$1,495,230,000	$295,125,000	$246,650,000

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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 with the following terms and party and with respect to the following Series of Bonds:

Interest Rate Contracts

Original Series Assoc.	Series Assoc. as of June 30, 2016	Series Assoc. as of July 1, 2016	7/1/2016 Notional Amount	Fixed Rate Paid by Issuer	Variable Rate Received by Issuer from Interest Rate Contract Provider	Interest Rate Contract Provider	Scheduled Termination Date
2006 Series E	2013 Series A	2013 Series A	7,215,000	5.55%	LIBOR + 0.80%(1)	Barclays Bank PLC	1/1/2026
2006 Series F	2013 Series A	2013 Series A	7,345,000	5.32%	LIBOR + 0.80%(1)	Barclays Bank PLC	1/1/2026
2006 Series G	2013 Series A	2013 Series A	7,230,000	5.20%	LIBOR + 0.80%(1)	Barclays Bank PLC	1/1/2026
2007 Series A	2013 Series A	2013 Series A	7,575,000	5.37%	LIBOR + 0.80%(1)	Barclays Bank PLC	7/1/2026
2007 Series B	2013 Series A	2013 Series A	8,610,000	5.22%	LIBOR + 0.80%(1)	Barclays Bank PLC	1/1/2027
2007 Series C	2013 Series A	2013 Series A	9,000,000	5.31%	LIBOR + 0.80%(1)	Barclays Bank PLC	1/1/2027
2007 Series D	2012 Series A	Issuer General Fund(2)	10,035,000	4.89%	LIBOR + 0.71%(1)	Barclays Bank PLC	1/1/2026
2007 Series E	2012 Series A	Terminated(3)	–	4.94%	LIBOR + 0.71%(1)	Barclays Bank PLC	7/1/2025
2007 Series F	2012 Series A	Terminated(3)	–	5.28%	LIBOR + 0.71%(1)	Barclays Bank PLC	1/1/2025
2007 Series G	2012 Series A	2012 Series A	23,180,000	5.39%	LIBOR + 0.76%(1)	Barclays Bank PLC	7/1/2028
2007 Series H	2012 Series A	Issuer General Fund(2)	28,830,000	5.20%	LIBOR + 0.76%(1)	Barclays Bank PLC	7/1/2030
2007 Series I	2012 Series A	Terminated(3)	–	5.14%	LIBOR + 0.76%(1)	Barclays Bank PLC	7/1/2028
2007 Series J	2012 Series A	2012 Series A	24,020,000	5.10%	LIBOR + 0.76%(1)	Barclays Bank PLC	7/1/2028
2007 Series K	2012 Series A	2012 Series A	20,750,000	4.93%	LIBOR + 0.76%(1)	Barclays Bank PLC	7/1/2030
2008 Series A	2013 Series A	2013 Series A	20,750,000	5.12%	LIBOR + 0.80%(1)	Barclays Bank PLC	7/1/2030
2008 Series B	2013 Series A	2013 Series A	17,900,000	4.98%	LIBOR + 0.80%(1)	Barclays Bank PLC	7/1/2029
2008 Series C	2013 Series A	2013 Series A	12,000,000	5.05%	LIBOR + 0.80%(1)	Barclays Bank PLC	7/1/2026
2008 Series D	2013 Series A	2013 Series A	4,500,000	4.77%	LIBOR + 0.80%(1)	Barclays Bank PLC	7/1/2026

(1) One-month USD-LIBOR
(2) As of July 1, 2016, Interest Rate Contract no longer expected to be an Auxiliary Obligation under the General Indenture
(3) Interest Rate Contract expected to terminate in full on July 1, 2016

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EXISTING MORTGAGE LOAN PORTFOLIO[1]

The following table sets forth information with respect to the Existing Mortgage Loans as of April 30, 2016:

Series	Mortgage Rate	Mortgage Loans Purchased	Principal Balance of Mortgage Loans Purchased	Mortgage Loans Outstanding[2]	Principal Balance of Mortgage Loans Outstanding
2006 Series E	4.89%-5.92%	259	$32,202,470	–	–
2006 Series F	4.70%-5.73%	248	32,111,223	–	–
2006 Series G	4.56%-5.73%	252	32,131,471	–	–
2007 Series A	4.56%-5.85%	235	32,061,008	–	–
2007 Series B	4.41%-5.85%	277	36,742,350	–	–
2007 Series C	4.76%-5.79%	266	36,889,235	–	–
2007 Series D	4.73%-5.91%	337	45,964,041	–	–
2007 Series E	4.83%-5.96%	396	55,120,162	–	–
2007 Series F	5.03%-6.36%	492	68,711,713	–	–
2007 Series G	5.14%-6.36%	489	68,667,548	–	–
2007 Series H	5.17%-6.06%	490	68,501,187	–	–
2007 Series I	5.15%-6.20%	391	55,425,212	–	–
2007 Series J	5.00%-6.04%	501	69,092,093	–	–
2007 Series K	4.84%-5.81%	408	55,518,027	–	–
2008 Series A	4.62%-5.39%	382	53,521,807	–	–
2008 Series B	4.74%-5.77%	396	55,094,486	–	–
2008 Series C	5.42%-6.45%	397	51,735,340	–	–
2008 Series D	5.31%-6.35%	296	39,324,255	–	–
2012 Series A	5.01%-6.62%	1,077	141,207,625	1,077	$120,980,226
2013 Series A	4.49%-7.26%	947	114,958,591	947	97,547,862

(1) See "IDAHO HOUSING AND FINANCE ASSOCIATION—Mortgage Loan Origination Experience" for a summary of the status of Mortgage Loan commitments and purchases with respect to Existing Mortgage Loans.

(2) In connection with the refunding, certain Existing Mortgage Loans and moneys held in funds and accounts related to the Prior Bonds shall be allocated to or deposited in accounts relating to the 2016 Series 1 Bonds.

LOAN INSURANCE

The following table sets forth information with respect to the mortgage insurance maintained with respect to the Existing Mortgage Loans held under the General Indenture as of April 30, 2016:

Insurance/Guaranty Provider	Number of Mortgage Loans	Outstanding Principal Balance	Percentage of Total (Number of Loans)	Percentage of Total (Amount)
FHA	560	$54,345,391	28%	27%
VA	34	4,323,246	2%	2%
Rural Housing	180	19,862,075	8%	8%
Conventional	1,250	139,997,376	62%	63%
Total	2,024	$218,528,088	100%	100%

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.

SINGLE FAMILY MORTGAGE PROGRAM

Mortgage Loans

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 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 Purchase Agreements

Purchases of Mortgage Loans from Mortgage Lenders are made pursuant to Mortgage Purchase Agreements, each of which incorporates by reference the terms and provisions of the Underwriting Guide, the Servicing Guide, the Issuer's rules and regulations and related documents. Each Mortgage Purchase Agreement provides for the sale of Mortgage Loans to be purchased with proceeds of Bonds. The Mortgage Purchase Agreement 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 Underwriting Guide also provides that an origination fee equal to one percent (1%) of each Mortgage Loan may be charged to a mortgagor and that a servicing fee equal to 33/100 of one percent (.33%) (16/100 of one percent (.16%) in the case of Mortgage Loans serviced by the Issuer) of the outstanding principal balance of a Mortgage Loan may be charged by a Mortgage Lender for servicing such Mortgage Loan, which servicing fee is included in the Mortgage Note rate.

All Mortgage Lenders who are not qualified under the 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 not to exceed 1.0% of the outstanding principal balance of each Mortgage Loan as of the date of purchase.

Each Mortgage Purchase Agreement (the "Mortgage Purchase Agreement") 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 that such Mortgage Loan will meet the conditions required by the Mortgage Purchase Agreement which will satisfy the Mortgage Loan requirements of the Indenture.

Prior to a purchase by the Issuer of each Mortgage Loan 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

Each Mortgage Purchase Agreement incorporates by reference the Underwriting Guide including all of the terms, conditions, representations and warranties therein. The Underwriting Guide 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; (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 PURCHASE AGREEMENTS."

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 Purchase Agreement, 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 Mortgage Lender who is qualified under the Servicing Guide; provided, however, that if the Servicing Fees to be paid to or retained by the Mortgage Lender assignee will exceed 16/100ths of one percent (.16%) of the outstanding principal balance of the Mortgage Loans to be serviced, the Issuer must first deliver a Cash Flow Statement to the Trustee, with respect to such transfer, taking into account such higher Servicing Fees.

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.

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).

"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.

"Authorized Officer" means the Chairman, Vice Chairman, Secretary-Treasurer, President and Executive Director, Vice President, Treasurer 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 Agreements" means Interest Rate Contracts and Liquidity Facilities.

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

"Available Prepayments" means all Prepayments with respect to the Existing Mortgage Loans that are not otherwise allocated to pay principal on the Bonds.

"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 2016 Series 1 Bonds, the twelve-month period ending on the date specified by the 2016 Series 1 Indenture.

"Borrower" means the maker of, and any other party obligated on, a Mortgage Loan in connection with the acquisition 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 Obligation Providers are located are not required or authorized by law to be closed and (b) on which the New York Stock Exchange is open. For purposes of this definition, the principal office of a Liquidity Facility Provider shall be the office to which demands for payment are delivered pursuant to the terms of the Liquidity Facility.

"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 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 (iv) the application, withdrawal or transfer of any moneys 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, together with Related Investment Revenues, Related Interest Rate Contract Revenues 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, 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.

"Class I Auxiliary Obligations" means Auxiliary Obligations which the Issuer designates as Class I Auxiliary Obligations in the Related Series Indenture.

"Class I Bonds" means the Idaho Housing and Finance Association Single Family Mortgage Class I Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class I Obligations" means the Class I Bonds and the Class I Auxiliary Obligations and, with respect to a Series of Bonds, the Related Class I Bonds and any Related Class I Auxiliary Obligations.

"Class I Sinking Fund Installment" means the amount designated for any particular due date in the Related Series Indenture for the retirement of Class I Bonds on an unconditional basis, less any amount credited pursuant to the General Indenture.

"Class II Auxiliary Obligations" means Auxiliary Obligations which the Issuer designates as Class II Auxiliary Obligations in the Related Series Indenture.

"Class II Bonds" means the Idaho Housing and Finance Association Single Family Mortgage Class II Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class II Obligations" means the Class II Bonds and the Class II Auxiliary Obligations and, with respect to a Series of Bonds, the Related Class II Bonds and any Related Class II Auxiliary Obligations.

"Class II Sinking Fund Installment" means the amount designated for any particular due date for the retirement of Class II Bonds, as set forth in the Related Series Indenture, which amount may be conditioned upon the transfer of sufficient moneys to the Class II Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the General Indenture.

"Class III Auxiliary Obligations" means Auxiliary Obligations which the Issuer designates as Class III Auxiliary Obligations in the Related Series Indenture.

"Class III Bonds" means the Idaho Housing and Finance Association Single Family Mortgage Class III Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class III Obligations" means the Class III Bonds and the Class III Auxiliary Obligations and, with respect to a Series of Bonds, the Related Class III Bonds and any Related Class III Auxiliary Obligations.

"Class III Sinking Fund Installment" means the amount designated for any particular due date for the retirement of Class III Bonds, as set forth in the Related Series Indenture, which amount may be conditioned upon the transfer of sufficient moneys to the Class III Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the General Indenture.

"Class IV Auxiliary Obligations" means Auxiliary Obligations which the Issuer designates as Class IV Auxiliary Obligations in the Related Series Indenture.

"Class IV Bonds" means the Idaho Housing and Finance Association Single Family Mortgage Class IV Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class IV Obligations" means the Class IV Bonds and the Class IV Auxiliary Obligations and, with respect to a Series of Bonds, the Related Class IV Bonds and any Related Class IV Auxiliary Obligations.

"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 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“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 (f) 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, and (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 Requirement” means, with respect to the 2016 Series 1 Bonds, an amount equal to 3% of the Aggregate Principal Amount of 2016 Series 1 Bonds Outstanding and, with respect to any other Series of Bonds, the amount set forth in the Related Series Indenture.

“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, Mortgage Loans or Investment Obligations held under the provisions of the Indenture, and its successor or successors.

“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.

“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.

“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.

“General Obligation Bonds” 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.

"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 or VA.

"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 Class I 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 full faith and credit of 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 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 three 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 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; (x) general obligations of an Investment Provider under investment agreements; and (xi) Mortgage Loans insured by the FHA. 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 Class I Bonds or Class II Bonds is sufficiently high to maintain the then current rating on the 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 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.

"Liquidity Facility" means a letter of credit, standby bond purchase agreement, security bond, reimbursement agreement or other agreement between the Issuer and a Liquidity Facility Provider with respect to specified Bonds.

"Liquidity Facility Provider" means a Person that is a party to a Liquidity Facility with the Issuer with respect to specified Bonds and whose credit rating by each nationally recognized rating agency then rating the Class I 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.

“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 Broker” means a partnership, corporation, limited liability company or sole proprietorship approved by the Issuer under the Single Family Underwriting Guide to assist the Issuer in the making of Mortgage Loans.

“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 by the Issuer to participate in 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 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, the amounts received by or for the account of the Issuer as scheduled payments of principal and interest on such Mortgage Loan by or on behalf of the 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.

"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.

"PMI Insured/Uninsured Mortgage Loans" means Mortgage Loans insured by a Qualified PMI Company and Mortgage Loans having a loan-to-value ratio of 80% or less.

"PMI Mortgage Insurance" means private mortgage insurance provided by a Qualified PMI Company.

"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 Mortgage Loan, but excluding any Servicing Fees with respect to the collection of such moneys) on any Mortgage Loan prior to the scheduled payments of principal called for by such Mortgage Loan, whether (a) by voluntary prepayment made by the 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 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 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 Class I, Class II, Class III, and Class IV 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 or purchase Mortgage Loans in accordance with the Act and the Rules and the Indenture.

"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 Bond Market Association (formerly the Public Securities 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 Mortgage Loan Fannie Mae Mortgage Backed Securities" means Investment Obligations which constitute collateralized mortgage obligations issued by the Federal National Mortgage Association, the underlying mortgages of which would constitute Mortgage Loans for purposes of the Indenture if acquired by the Trustee from money in the Acquisition Account.

"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 Class I Bonds.

“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 with respect to Variable Rate Bonds the Bond Registrar’s close of business on the Business Day immediately preceding such Payment Date; 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, Class, Series, Series Indenture, Supplemental Indenture, Cash Flow Statement, Fund, Account, Mortgage Loan, Auxiliary Agreement, Auxiliary Obligation, 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.

“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) Interest Rate Contract Revenues, and (d) all other payments and receipts received by the Issuer with respect to Mortgage Loans, 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 in Class, 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.

“Servicing Transfer Fees” means any fees payable by the Issuer to a Mortgage Lender or a Mortgage Broker upon purchase or funding of a Mortgage Loan by the Trustee, in an amount not in excess of 1% of the original principal amount of such Mortgage Loan, in consideration of the transfer to the Issuer of all rights to service such Mortgage Loan.

"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.

"Taxable Bonds" means Bonds the interest on which is intended to ***not*** be excluded from gross income of the owner thereof for federal income tax purposes. The 2016 Series 1 Bonds are Taxable Bonds.

"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.

"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.

"2016 Series 1 Class I Asset Requirement" means the requirement that, as of any date of calculation, the sum of (a) amounts held in the 2016 Series 1 subaccount of the Class I Debt Service Fund (to the extent such amounts are required to be used to pay principal of the 2016 Series 1 Bonds), the 2016 Series 1 subaccount of the Redemption Fund (to the extent such amounts are required to be used to redeem 2016 Series 1 Bonds) and the 2016 Series 1 subaccount of the Debt Service Reserve Fund (including the 2016 Series 1 subaccount of the Interest Reserve Account), and (b) the aggregate unpaid principal balance of Mortgage Loans Related to the 2016 Series 1 Bonds, be at least equal to 110% of the aggregate principal amount of 2016 Series 1 Bonds then Outstanding.

"2016 Series 1 Bonds" means the Idaho Housing and Finance Association Single Family Mortgage Class I Bonds, 2016 Series 1.

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; and
- (ii) the Rebate Account;

(c) the Debt Service Reserve Fund, which shall include the Interest Reserve Account;

(d) the Class I Debt Service Fund which may include an Issuer Payment Account;

(e) the Class II Debt Service Fund which may include an Issuer Payment Account;

(f) the Class III Debt Service Fund which may include an Issuer Payment Account;

(g) the Class IV Debt Service Fund which may include an Issuer Payment Account; and

(h) the Redemption Fund, consisting of:

(i) the Class I Special Redemption Account;

(ii) the Class II Special Redemption Account;

(iii) the Class III Special Redemption Account; and

(iv) the Class IV Special Redemption Account.

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 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 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 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 and/or Mortgage Loans (or portions thereof or interests therein) among subaccounts Related to each Series as requested. Mortgage Loans reallocated among Series are not required to meet the requirements of the Series Indenture Related to the Series to which such Mortgage Loans are being reallocated, if such 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 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

In accordance with Section 143 of the Code and unless otherwise approved by an opinion of Bond Counsel, amounts designated by each Series Indenture shall be made available solely for the making or purchase of Mortgage Loans on targeted area residences for a period of at least one year after the date on which the proceeds of the related Issue of Tax-exempt Bonds are first made available for the making or purchase by the Issuer of Mortgage Loans on targeted area residences. In furtherance of such purpose, the Issuer shall reserve from the amounts deposited in the Related subaccount of the Acquisition Account an aggregate amount equal to the foregoing requirement.

The Trustee shall withdraw moneys from the Acquisition Account pursuant to the General Indenture upon receipt of an Issuer Request stating (i) the name of the party to be paid, (ii) the amount (purchase price or funding amount) to be paid, including principal, premium, if any, unpaid accrued interest and prepaid discount fees, if any, and Servicing Transfer Fees, if any and (iii) that all conditions precedent to the making or purchase of the Mortgage Loans have been fulfilled. Any moneys deposited in the Acquisition Account that the Issuer certifies from time to time will not be used to make or purchase Mortgage Loans in accordance with the General Indenture and the Related Series Indenture shall be withdrawn by the Trustee on the date specified in the Related Series Indenture or such other date or dates on or after such date as may be specified by the Issuer, and transferred to the Related subaccount of the Redemption Fund for application in accordance with the Related Series Indenture; provided, however, that such transfer or transfers may be made on a later date as to all or any part of such moneys, if the Issuer shall have filed with the Trustee an Issuer Request specifying a later date or dates for such withdrawal, and certifying that such Issuer Request is consistent with the most recently filed Cash Flow Statement and the Related Series Indenture.

When no Bonds of a particular Series or Related Auxiliary Obligations remain Outstanding, upon receipt of an Issuer Request to withdraw all or any portion of the Related moneys, investments, GNMA Certificates and/or Mortgage Loans from the Related Funds, Accounts and subaccounts, the Trustee shall make such withdrawal and shall transfer such moneys, investments 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 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 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; and

(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, if any, of each Series.

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 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, the Trustee shall withdraw from each subaccount 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 Class I 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 Class I 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 Class I Bonds on such Payment Date; plus (z) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount becoming due and payable on Outstanding Related Class I 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 Class I Serial Bonds, such transfer shall include an amount equal to one-half the amount of Principal Installments becoming due and payable on Outstanding Related Class I Serial Bonds on the next following Payment Date;

(B) Into each Unrelated subaccount of the Class I 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 Class I Special Redemption Account, the amount, if any, needed to ensure that the Class I Asset Requirement of the Related Series of Bonds will be met on such Payment Date following such transfer;

(D) Into each Unrelated subaccount of the Class I Special Redemption Account, 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 (C) as of such date;

(E) Into the Related subaccount of the Class II 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 Class II 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 Outstanding Related Class II Bonds on such Payment Date; plus (z) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount becoming due and payable on Outstanding Related Class II 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 Class II Serial Bonds, such transfer shall include an amount equal to one-half the amount of Principal Installments becoming due and payable on Outstanding Related Class II Serial Bonds on the next following Payment Date;

(F) Into each Unrelated subaccount of the Class II 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 (E) as of such date;

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

(H) 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, any deficiency in such subaccount resulting from the lack of Related Revenues sufficient to make the deposit required by subsection (G) as of such date;

(I) Into the Related subaccount of the Class II Special Redemption Account, the amount, if any, needed to ensure that the Class II Asset Requirement of the Related Series of Bonds will be met on such Payment Date following such transfer;

(J) Into each Unrelated subaccount of the Class II Special Redemption Account, 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 (I) as of such date;

(K) 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 (K) in any Bond Year exceed any limitation set forth in the Related Series Indenture;

(L) 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 (K) as of such date;

(M) Into the Related subaccount of the Class III Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to the aggregate amount of interest becoming due and payable on such Payment Date upon all Class III 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 required to be paid for the Outstanding Related Class III Bonds on such Payment Date; plus (z) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount becoming due and payable on Outstanding Related Class III 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 Class III Serial Bonds, such transfer shall include an amount equal to one-half the amount of Principal Installments becoming due and payable on Outstanding Related Class III Serial Bonds on the next following Payment Date;

(N) Into each Unrelated subaccount of the Class III Debt Service Fund, after making any transfer required 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 (M) as of such date;

(O) 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 (K) and (L) 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;

(P) 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 (O) as of such date;

(Q) Into the Related subaccounts of the Redemption Fund, the amount, if any, necessary to satisfy the Class III Asset Requirement of the Related Series of Bonds, calculated as of such next succeeding Payment Date and giving effect to such transfer, which amount shall be allocated to the Related subaccounts of the Class I Special Redemption Account, the Class II Special Redemption Account and the Class III Special Redemption Account on the basis of the relative ratios represented by the Aggregate Principal Amounts Outstanding of the Related Class I Bonds, Class II Bonds and Class III Bonds, respectively, to the Aggregate Principal Amount of all Related Class I, Class II and Class III Bonds Outstanding;

(R) Into each Unrelated subaccount of the Redemption Fund, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Issuer Request, the additional amount, if any, necessary (after the deposits required by subsection (Q) for the Related Series of Bonds) to satisfy the Class III Asset Requirement of such Unrelated Series of Bonds, calculated as of such next succeeding Payment Date and giving effect to such transfer, which amount shall be allocated to the applicable subaccount of the Class I Special Redemption Account, the Class II Special Redemption Account and the Class III Special Redemption Account on the basis of the relative ratios represented by the Aggregate Principal Amount Outstanding of the applicable Class I Bonds, Class II Bonds and Class III Bonds, respectively, to the Aggregate Principal Amount of all applicable Class I, Class II, and Class III Bonds Outstanding (for purposes of this subsection (R), “applicable” means Related to such Unrelated Series);

(S) Into the Related subaccount of the Class IV Debt Service Fund (x) the amount, if any, needed to increase the amount in such subaccount to the aggregate amount of interest becoming due and payable on such Payment Date upon all Class IV 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 required to be paid for the Outstanding Related Class IV Bonds on such Payment Date; plus (z) the amount, if any, needed to increase the amount in such subaccount to include the aggregate amount becoming due and payable on Outstanding Related Class IV Auxiliary Obligations on such Payment Date; and

(T) Into each Unrelated subaccount of the Class IV Debt Service Fund, after making the 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 subaccounts resulting from the lack of moneys sufficient to make the deposit required by subsection (S) 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 of the Revenue Account, or such lesser amount thereof as shall be requested by the Issuer shall 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 Class I Special Redemption Account, the Class II Special Redemption Account and the Class III Special Redemption Account as provided in 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 Class I Debt Service Fund, the Class II Debt Service Fund, the Class III Debt Service Fund and the Class IV 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 Class I Bonds, Class II Bonds, Class III Bonds or Class IV 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 Related Class I Bonds, Class II Bonds, Class III Bonds and Class IV 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 Class I Debt Service Fund, the Class II Debt Service Fund, the Class III Debt Service Fund or the Class IV Debt Service Fund to pay accrued interest on such redemption date for such Class I Bonds, Class II Bonds, Class III Bonds and Class IV 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.

Class I Debt Service Fund

Amounts in each subaccount of the Class I 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 Class I Bonds as the same shall become due and payable (including accrued interest on any Class I 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 Class I 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 Class I Bonds purchased in lieu of redemption by Related Class I Sinking Fund Installments.

Amounts remaining in each subaccount of the Class I Debt Service Fund after all the Related Class I 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 and in the Related subaccount of the Interest Reserve Account therein such amounts, if any, as shall be required by the provisions of the Related Series Indenture, which aggregate amount shall be at least sufficient to equal the Debt Service Reserve Fund Requirement relating to such Series of Bonds, calculated after giving effect to the issuance of such Bonds. Moneys on deposit in the Related subaccount of the Interest Reserve Account shall at all times be deemed to be a part of the Related subaccount of the Debt Service Reserve Fund. 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."

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, other than the Related subaccount of the Interest Reserve Account therein, to the Related subaccount of the Revenue Account, provided, however, that if such excess is attributable to amounts invested in Qualified Mortgage Loan Fannie Mae Mortgage Backed Securities, such excess may, at the option of the Issuer, be retained in the Debt Service Reserve Fund. The transfer of such amounts may result in the redemption of Bonds.

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 (including from the Interest Reserve Account as provided herein) 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:

In the event that the amount transferred to any subaccount of the Class I Debt Service Fund is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Class I Obligations on the next succeeding Payment Date, the Trustee shall transfer first from the Related subaccount of the Interest Reserve Account, and then if and to the extent necessary from the Related subaccount of the Debt Service Reserve Fund, to such subaccount of the Class I Debt Service Fund the amount of such insufficiency.

(a) In the event that the amount transferred to a subaccount of the Class I Debt Service Fund is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Class I 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, first from subaccounts of the Interest Reserve Account, and then if and to the extent necessary from subaccounts of the Debt Service Reserve Fund, to such subaccount of the Class I Debt Service Fund the amount of such insufficiency.

(b) In the event that the amount transferred to any subaccount of the Class II Debt Service Fund is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Class II Obligations on the next succeeding Payment Date, the Trustee shall transfer first from the Related subaccount of the Interest Reserve Account, and then if and to the extent necessary from the Related subaccount of the Debt Service Reserve Fund, to such subaccount of the Class II Debt Service Fund the amount of such insufficiency.

(c) In the event that the amount transferred to any subaccount of the Class II Debt Service Fund is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Class II 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, first from subaccounts of the Interest Reserve Account, and then if and to the extent necessary from subaccounts in the Debt Service Reserve Fund, to such subaccount of the Class II Debt Service Fund, the amount of such insufficiency.

(d) In the event that the amount transferred to any subaccount of the Class III Debt Service Fund is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Class III Obligations on the next succeeding Payment Date, the Trustee shall transfer first from the Related subaccount of the Interest Reserve Account and then if and to the extent necessary from the Related subaccount of the Debt Service Reserve Fund to such subaccount of the Class III Debt Service Fund the amount of such insufficiency; provided, however, that no such transfer may result in (A) the amount on deposit in the Related subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class II Asset Requirement.

(e) In the event that the amount transferred to any subaccount of the Class III Debt Service Fund is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Class III 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, first from subaccounts in the Interest Reserve Account, and then if and to the extent necessary from subaccounts in the Debt Service Reserve Fund, to such subaccount of the Class III Debt Service Fund the amount of such insufficiency; provided, however, that no such transfer may result in (A) the amount on deposit in a subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class II Asset Requirement.

(f) In the event that the amount transferred to any subaccount of the Class IV Debt Service Fund is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on Related Class IV Obligations on the next succeeding Payment Date, the Trustee shall transfer from first the Related subaccount of the Interest Reserve Account and then if and to the extent necessary the Related subaccount of the Debt Service Reserve Fund to such subaccount of the Class IV Debt Service Fund the amount of such insufficiency; provided, however, that no such transfer may result in (A) the amount on deposit in the Related subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class III Asset Requirement.

(g) In the event that the amount transferred to any subaccount of the Class IV Debt Service Fund is insufficient to pay the interest and Principal Installments, if any, and other amounts, if any, due on

Related Class IV 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, first from subaccounts in the Interest Reserve Account, and then if and to the extent necessary from subaccounts in the Debt Service Reserve Fund to such subaccount of the Class IV Debt Service Fund the amount of such insufficiency; provided, however, that no such transfer may result in (A) the amount on deposit in a subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class III Asset Requirement.

Class II Debt Service Fund

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

Amounts remaining in each subaccount of the Class II Debt Service Fund after all the Related Class II 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.

Class III Debt Service Fund

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

Amounts remaining in each subaccount of the Class III Debt Service Fund after all the Related Class III 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.

Class IV Debt Service Fund

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

Amounts remaining in each subaccount of the Class IV Debt Service Fund after all the Related Class IV 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.

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 Principal Installments 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 Bonds.

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 Class I Special Redemption Account pursuant to the General Indenture or pursuant to the Related Series Indenture, shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class I Bonds. Any amounts remaining in such Class I Special Redemption Account after all Class I Bonds of the Related Series have been paid shall be transferred to the Related subaccount of the Revenue Account.

Except as set forth in the General Indenture or in the Related Series Indenture, moneys deposited in a subaccount of the Class II Special Redemption Account pursuant to the General Indenture or pursuant to the Related Series Indenture shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class II Bonds. Any amounts remaining in such Class II Special Redemption Account after all Class II Bonds of the Related Series have been paid shall be transferred to the Related subaccount of the Revenue Account.

Except as set forth in the General Indenture or in the Related Series Indenture, moneys deposited in a subaccount of the Class III Special Redemption Account pursuant to the General Indenture or pursuant to the Related Series Indenture shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class III Bonds. Any amounts remaining in such Class III Special Redemption Account after all Class III Bonds of the Related Series have been paid shall be transferred to the Revenue Account.

Except as set forth in the General Indenture or in the Related Series Indenture, moneys deposited in a subaccount of the Class IV Special Redemption Account pursuant to the General Indenture or pursuant to the Related Series Indenture shall be applied to the extent practicable by the Paying Agent on the earliest practicable date to redeem Related Class IV Bonds. Any amounts remaining in such Class IV Special Redemption Account after all Class IV Bonds of the Related Series have been paid shall be transferred to the Revenue Account.

Notwithstanding anything contained in the General Indenture to the contrary, 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 same Class of 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 all Asset Requirements for the Related Series.

In addition, notwithstanding anything contained in the General Indenture to the contrary, 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. 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 all Asset Requirements for the Related Series.

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.

Program Covenants; Enforcement of Mortgage Loans

The Issuer covenants in the Indenture that:

(a) It shall use and apply the proceeds of the Bonds and other moneys deposited in the Acquisition Account, to the extent not reasonably required for other Program purposes of the Issuer, to make or purchase Mortgage Loans, and consistent with sound banking practices and principles shall do all such acts and things necessary to receive and collect Revenues and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Issuer for the enforcement of all terms, covenants and conditions of Mortgage Loans.

(b) It shall file with the Trustee with each direction to make or purchase Mortgage Loans, a schedule of Mortgage Loans to be made or purchased by the Trustee identifying the same by reference to the Issuer loan number, the party from whom the Mortgage Loan will be acquired, the principal amount due on the Mortgage Loan and the date through which the interest has been paid by the Borrower and the interest rate on the Mortgage Loan.

(c) It shall maintain an account for each Mortgage Lender having entered into a Mortgage Purchase Agreement with the Issuer and shall record therein a description of each Mortgage Loan acquired from such Mortgage Lender.

(d) The terms of each Mortgage Purchase Agreement shall be reasonably designed to assure that each Mortgage Loan made or purchased by the Issuer pursuant thereto or serviced thereunder meets applicable requirements, if any, under Section 143 of the Code as in effect or as otherwise applicable with respect to such Mortgage Loan.

(e) It shall enforce diligently and take or cause to be taken all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of all Mortgage Loans consistent with sound banking practices and principles and applicable requirements under Section 143 of the Code, including the prompt payment of all Mortgage Repayments and all other amounts due the Issuer thereunder. The Issuer shall not without good cause release the obligations of any Borrower under any Mortgage Loan and, to the extent permitted by law, at all times shall defend, enforce, preserve and protect the rights and privileges of the Issuer, the Trustee and the Bondholders under or with respect to all Mortgage Loans, the obligations evidencing such Mortgage Loans and the agreements securing such Mortgage Loans; provided, however, that nothing in this subparagraph (e) or in subparagraph (f) or (g) herein shall be construed to prevent the Issuer from (i) settling a default on any Mortgage Loan on such terms as the Issuer shall determine to be in the best interests of the Issuer and the Bondholders, or (ii) releasing any Borrower from, or waiving, any of such Borrower's obligations under the respective Mortgage Loan to the extent necessary to comply with the applicable provisions of the Code.

(f) Whenever it shall be necessary in order to protect and enforce the rights of the Issuer under a Mortgage Loan and to protect and enforce the rights and interests of the Trustee and Bondholders under the Indenture, the Issuer shall take necessary actions to realize on any applicable mortgage insurance on such Mortgage Loan and to collect, sell or otherwise dispose of the property secured by the Mortgage and, if the Issuer deems such to be advisable, shall bid for and purchase the property secured by the Mortgage at any sale thereof and take possession of such property. As an alternative to foreclosure proceedings, the Issuer may take such other action as may be appropriate to acquire and take possession of the mortgaged property, including, without limitation, acceptance of a conveyance in lieu of foreclosure.

(g) It shall not request payment from any governmental insurer in debentures of such insurer, or any other person, in any case where, under applicable government regulations, it is permitted to request such debentures as payment with respect to a defaulted Mortgage Loan.

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 Mortgage Loan in any manner materially adverse to the interests of the Bondholders, as determined in good faith by Issuer Certificate.

Tax Covenants

The Issuer shall not use or direct or permit the use of any proceeds of Bonds or any other moneys in its possession or control directly or indirectly, in any manner that, if such use reasonably had been expected on the date of delivery of the Tax-exempt Bonds, would cause such Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer covenants (a) to take all steps and actions necessary to assure the successful operation of the Program in a manner consistent with the preservation of the exclusion from gross income of the interest payable on Tax-exempt Bonds under the Code, (b) to take all steps and actions necessary to preserve the exclusion from gross income of the interest payable on Tax-exempt Bonds under the Code, and (c) to refrain from taking any steps or actions that would impair or call into question the exclusion from gross income of the interest payable on Tax-exempt Bonds under the Code.

The Issuer further covenants as follows:

(a) The Issuer will enforce, and will not waive or consent to the noncompliance by any Person of, any material provisions of the Rules, the Mortgages, the Mortgage Purchase Agreements and other documents related thereto and in connection with the making or purchase of 2016 Series 1 Mortgage Loans;

(b) The Issuer will not amend any material provision of the Mortgages or the Mortgage Purchase Agreements except upon filing with the Trustee a certified copy of any such amendment and an opinion of Bond Counsel to the effect that such amendment will not cause the interest on the Tax-exempt Bonds to be included in gross income under Section 103 of the Code and will not impair the security for the Tax-exempt Bonds;

(c) The Issuer will not make or purchase any Mortgage Loan with amounts credited to the 2016 Series 1 subaccount of the Acquisition Account unless it reasonably believes that the origination terms and procedures followed with respect to such Mortgage Loan and its origination are in conformity with the applicable provisions of the Mortgage Purchase Agreements and the Rules; and

(d) The Issuer will (i) accelerate the maturity of all 2016 Series 1 Mortgage Loans that the Issuer determines, in accordance with the Code, violate any of the requirements applicable to such Mortgage Loans under the Code and will claim all available benefits under any applicable policy of governmental or private mortgage insurance, or (ii) require Mortgage Lenders to repurchase such Mortgage Loans in accordance with the provisions of the applicable Mortgage Purchase Agreement.

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 Class I 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 Class I Bond or fail to pay any Class I Auxiliary Obligation when and as the same shall become due and payable, and such failure shall continue for a period of 5 days;

(c) The Issuer shall fail to pay any Principal Installment or interest on any Class II Bond or fail to pay any Class II Auxiliary Obligation when and as the same shall become due and payable, provided that sufficient moneys for such payment are available in the Class II Debt Service Fund;

(d) The Issuer shall fail to pay any Principal Installment or interest on any Class III Bond or fail to pay any Class III Auxiliary Obligation when and as the same shall become due and payable, provided that sufficient moneys for such payment are available in the Class III Debt Service Fund;

(e) The Issuer shall fail to pay any Principal Installment or interest on any Class IV Bond or fail to pay any Class IV Auxiliary Obligation when and as the same shall become due and payable, provided that sufficient moneys for such payment are available in the Class IV Debt Service Fund;

(f) 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

(g) 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), (c), (d), (e) and (g) 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 (f) 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 Auxiliary Agreement Providers.

During the continuance of an Event of Default, the Trustee shall apply, or cause the Paying Agent to apply, all moneys and securities held in any Fund or Account (except the Rebate Account, the Bond Purchase Fund, the Short Term Bond Account and, with respect to any Bonds or Auxiliary Obligations that are not General Obligations, any Issuer Payment Account) (moneys and securities in the Short Term Bond Account and any Issuer Payment Account are to be applied only to the payment of interest and Principal Installments on Bonds and payments on Auxiliary Obligations with respect to which such moneys and securities have been pledged), Revenues, payments and receipts and the income therefrom as follows and in the following order:

(i) To the payment of the reasonable and proper Fiduciary Expenses;

(ii) To the payment of the interest, Principal Installments and other amounts then due and payable on the Class I Obligations, subject to the provisions of the General Indenture; as follows:

(A) Unless the Aggregate Principal Amount of all of the Class I Bonds shall have become or have been declared due and payable.

First: To the payment to the persons entitled thereto of all installments of interest then due and payable on the Class I Obligations in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid Principal Installments of any Class I Obligations and any other required payment on the Class I Obligations which shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Class I Obligations due and payable on any date, then to the payment thereof ratably, according to the amounts of Principal Installments due on such date, to the persons entitled thereto, without any discrimination or preference.

(B) If the Aggregate Principal Amount of all of the Class I Obligations shall have become or have been declared due and payable, to the payment of the principal, interest and other amounts then due and unpaid upon the Class I Obligations without preference or priority of principal over interest or other amounts or of interest over principal or other amounts, or of other amounts over principal or interest or of any installment of interest over any other installment of interest, or of any Class I Obligation over any other Class I Obligation, ratably, according to the amounts due respectively for principal and interest and other amounts, to the persons entitled thereto without any discrimination or preference;

(iii) To the payment of the Principal Installments of and interest and other amounts then due on the Class II Obligations in accordance with the provisions of subsection (ii) above as if such subsection referred to the Class II Obligations rather than the Class I Obligations.

(iv) To the payment of the Principal Installments of and interest and other amounts then due on the Class III Obligations in accordance with the provisions of subsection (ii) above as if such subsection referred to the Class III Obligations rather than the Class I Obligations.

(v) To the payment of the Principal Installments of and interest and other amounts then due on the Class IV Obligations in accordance with the provisions of subsection (ii) above as if such subsection referred to the Class IV Obligations rather than the Class I Obligations.

(vi) To the payment of the amounts required for reasonable and necessary Program Expenses.

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 (in particular, those relating to the priority of the Class I Obligations over Class II, III and IV Obligations, Class II Obligations over Class III and IV Obligations and Class III Obligations over Class IV Obligations) 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; or (e) 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 materially adversely affect the rights of the Holders of Class II Bonds without the consent of the Holders of a majority in Aggregate Principal Amount of Class II Bonds Outstanding, or shall materially adversely affect the rights of the Holders of Class III Bonds without the consent of the Holders of a majority in Aggregate Principal Amount of Class III Bonds then Outstanding, or shall materially adversely affect the rights of the Holders of Class IV Bonds without the consent of the Holders of a majority in Aggregate Principal Amount of Class IV Bonds then Outstanding; or shall change or modify any of the rights or obligations of any Fiduciary 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, (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, and (iv) such Bonds are not Variable Rate 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 which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2016 Series 1 Bonds (including persons holding 2016 Series 1 Bonds through nominees, depositories or other intermediaries).

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

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

"Participating Underwriter" shall means the original Underwriter of the 2016 Series 1 Bonds required to comply with the Rule in connection with offering of the 2016 Series 1 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 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 six months after the end of each fiscal year, commencing with a report for the fiscal year ending June 30, 2016, 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 for 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 2016 Series 1 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 and Class 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 Debt Service Reserve Fund, the Class I Debt Service Fund, the Class II Debt Service Fund, the Class III 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.

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 2016 Series 1 Bonds.

(b) Non-payment related defaults with respect to the 2016 Series 1 Bonds, if material.

(c) Modifications to rights of holders of the 2016 Series 1 Bonds, if material.

(d) (a) 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 2016 Series 1 Bonds or other material events affecting the tax status of the 2016 Series 1 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 2016 Series 1 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.

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. If the Issuer determines that knowledge of the event would be material under applicable federal securities laws, it shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board.

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 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 2016 Series 1 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 2016 Series 1 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 2016 Series 1 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 2016 Series 1 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 2016 Series 1 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 2016 Series 1 Bonds, shall), or any Holder or Beneficial Owner 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 2016 Series 1 Bonds, and shall create no rights in any other person or entity.

LEGALITY FOR INVESTMENT

Pursuant to the Act, the 2016 Series 1 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 2016 Series 1 Bonds are subject to the approval of Orrick, Herrington & Sutcliffe LLP and Skinner Fawcett LLP, collectively, 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 Underwriter by Ballard Spahr Andrews & Ingersoll, LLP. 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.

In the opinion of Bond Counsel to the Issuer, interest on the 2016 Series 1 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the 2016 Series 1 Bonds is exempt from State of Idaho personal income taxes. Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2016 Series 1 Bonds.

The proposed form of opinion of Bond Counsel is attached as Appendix B.

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 2016 Series 1 Bonds, or in any way contesting or affecting the validity of the 2016 Series 1 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 2016 Series 1 Bonds, the existence or powers of the Issuer relating to the 2016 Series 1 Bonds or the title of any officers of the Issuer to their respective positions.

RATINGS

Moody's Investors Service ("Moody's") has assigned the 2016 Series 1 Bonds a rating of "Aa3."

Fitch Ratings ("Fitch") has assigned the 2016 Series 1 Bonds a rating of "AA-."

Each rating reflects only the views of the respective Rating Agency. Explanations of the significance of the ratings may be obtained from each Rating Agency as follows: Fitch Ratings, One State Street Plaza, New York, New York 10004 (212) 908-0500 and 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 2016 Series 1 Bonds, and there is no assurance that any rating will be maintained for any given period of time by a Rating Agency or that it will not be revised or withdrawn entirely by such Rating Agency, if in its judgment circumstances so warrant. Any such revision or withdrawal of a rating may have an adverse affect on the market price of the 2016 Series 1 Bonds.

UNDERWRITING

The 2016 Series 1 Bonds will be purchased from the Issuer by the Underwriter under a Purchase Contract dated June 28, 2016, pursuant to which the Underwriter agrees, subject to certain conditions, to purchase all of such Bonds.

The initial public offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2016 Series 1 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.

FINANCIAL STATEMENTS OF THE ISSUER

The audited financial statements of the Issuer for the fiscal year ending June 30, 2015 are included in Appendix C.

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 2016 Series 1 Bonds.

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

The execution and delivery of this Official Statement have been duly authorized by the Issuer. Concurrently with the delivery of the 2016 Series 1 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 2016 Series 1 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

By: /s/ Gerald M. Hunter
President and Executive Director

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APPENDIX A

INSURANCE, GUARANTEES AND FORECLOSURE

Federal Housing Administration Single Family Mortgage Insurance

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 thirty 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 a veteran (or in certain circumstances a veteran's spouse) to obtain a mortgage loan guarantee by the VA covering mortgage financing of the purchase of a one-to-four unit family dwelling at interest rates permitted by the VA.

The maximum funding fee that the Department of Veterans Affairs charges to borrowers is 3.00%.

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. A mortgagee intending to institute foreclosure proceedings cannot do so until 30 days after notifying the Administrator of Veteran Affairs of this intention by registered mail.

The maximum guaranty on a VA loan for the purchase or construction of a home or the purchase of a condominium unit is the lesser of (a) the veteran's available entitlement in an amount up to $36,000 (which can be increased to an amount equal to 25 percent of the Freddie Mac single family conventional conforming loan limit for certain loans over $144,000), or (b) the maximum potential guaranty amount in the following table:

Loan Amount ($)	Maximum Potential Guaranty
45,000 or less	50% of the loan amount
45,001 to 56,250	$22,500
56,251 to 144,000	40% of the loan amount, with a maximum of $36,000
Greater than 144,000	Up to an amount equal to 25% of the Freddie Mac single family conventional conforming loan limit

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 2016 Series 1 Bonds, Orrick, Herrington & Sutcliffe LLP and Skinner Fawcett LLP, collectively, Bond Counsel, propose 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
2016 Series 1
Final Opinion

Ladies and Gentlemen:

We have acted as bond counsel to the Idaho Housing and Finance Association (the "Issuer") in connection with the issuance by the Issuer of $63,820,000 aggregate principal amount of Idaho Housing and Finance Association Single Family Mortgage Class I Bonds, 2016 Series 1 (the "2016 Series 1 Bonds"). The 2016 Series 1 Bonds are issued pursuant to a General Indenture of Trust dated as of September 1, 2006 between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee") and a 2016 Series 1 Indenture dated as of July 1, 2016 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 2016 Series 1 Bonds and 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 2016 Series 1 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 a 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 2016 Series 1 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 Class I Obligations, and subordinate thereto, to secure the payment of the principal of and interest on Class II Obligations, and subordinate thereto, to secure the payment of the principal of and interest on Class III Obligations, and subordinate thereto, to secure the payment of principal of and interest on Class IV Obligations, 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 the Rebate Requirement to be deposited in the Rebate Account), and of the rights and interests of the Issuer in and to 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 2016 Series 1 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 2016 Series 1 Bonds constitute a debt or liability of the State of Idaho or any political subdivision thereof.

4. Interest on the 2016 Series 1 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 2016 Series 1 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 2016 Series 1 Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

SKINNER FAWCETT LLP

APPENDIX C

FINANCIAL STATEMENTS OF ISSUER

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Idaho Housing and Finance Association

www.ihfa.org

Audit Report as of
June 30, 2015 and 2014

EideBailly®

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Idaho Housing and Finance Association, as of and for the years ended June 30, 2015 and 2014, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions
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 Idaho Housing and Finance Association as of June 30, 2015 and 2014, 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.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 be presented to supplement the basic financial statements. Such information, 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.

Other 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 58 through 79 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary financial information on pages 58 through 79 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 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 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.

Eide Bailly LLP

Boise, Idaho
September 29, 2015

IDAHO HOUSING AND FINANCE ASSOCIATION
Management's Discussion and Analysis

June 30, 2015

The Idaho Housing and Finance Association's (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 years ended June 30, 2015 and 2014.

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, Iowa, New Mexico, South Dakota, and Connecticut and multifamily affordable housing projects in Idaho. The Association administers seventeen Housing and Urban Development (HUD) programs such as Section 8 Rental Assistance, Low Rent Public Housing, the HOME Program in rural Idaho, Neighborhood Stabilization, and Tax Credit assistance; and two U.S. Treasury programs. The Association also issues bonds to finance nonprofit facilities, economic development projects, and road improvements throughout the State of Idaho.

Financial Highlights

The Association's net position increased during its fiscal year 2015 (FY2015), reflecting a strong, positive net interest spread and recovery of an accrued liability related to the settlement of a derivative settlement claim. Net operating income increased, notwithstanding the recovery, by 368% in FY2015 from FY2014 due to increased loan servicing fee revenue, decreased bond financing costs, and improved net interest spread margins. Assets decreased reflecting a decrease in Association-owned loans. Deferred Outflow of Resources declined representing the amortization of previously hedged---now deemed terminated---interest swap contracts and the natural extinguishment of the notional amount of interest swap contracts. Liabilities decreased reflecting the continuing retirement of outstanding debt not offset by an increase in the issuance of a substantial amount of new debt and the decrease in the fair value of the Association's interest rate swap contract position. Deferred Inflow of Resources declined representing the change of the hedged fair value of deemed terminated swap positions and a general decrease in interest rates during the fiscal year.

The financial highlights of the Association as of June 30, 2015 compared to June 30, 2014 are as follows:

- Total net position, after fair market value and federal pass-through adjustments, increased $9.99 million or 4.78%
- Total net position, before fair market value and federal pass-through adjustments, increased $11.46 million or 4.8%
- Total assets decreased $117.85 million or 6.07%
- Total deferred outflow of resources decreased $11.91 million or 14.72%
- Total liabilities decreased $137.31 million or 7.58%
- Total deferred inflow of resources decreased $2.45 million or 97.84%
- Cash and investments decreased $35.38 million or 8.86%
- Loans held for investment decreased $114.35 million or 16.46%
- Bonds payable decreased $168.48 million or 10.37%
- Interest rate swap contracts' fair value decreased $.95 million or 7.27%
- Other liabilities increased $8.16 million or 26.27%
- Interest on loans increased $0.21 million or 0.50%
- Interest on investments decreased $1.27 million or 20.92%
- Gain on loan sales increased $9.66 million or 70.76%
- Other revenue increased $6.33 million or 312.48%
- Loan acquisition cost expense increased $9.39 million or 55.65%
- Fair value of investments increased $ 3.47 million or 304.21%
- Federal pass-through revenues decreased $6.95 million or 15.38%
- Federal pass-through expenses decreased $6.46 million or 14.10%

The Association experienced a solid, productive FY15 amid an improving economic environment, along with upward pressure on interest rates. The following significant factors characterize and affect the Association's financial results:

1) a master servicing agreement with South Dakota Housing Development Authority and Connecticut Housing Finance Authority
2) Increased loan production and servicing portfolio value
3) lower bond expense costs due to refinancing several bond issues
4) stable to declining interest rates
5) settlement of derivative termination claim
6) Real Estate Owned losses returning to pre-2008 levels

With the fallout of the financial crisis of 2008-2009 largely over, the Association's results for FY15 reflect a path of returning to market-driven conditions premised on the expiration of federal government financial market-support programs. These programs, implemented at the height of the financial crisis, were designed to improve distressed conditions and stabilize economic activity. This crisis, in part precipitated by poor underwriting standards of subprime and exotic loans during the 2004 to 2007 period, led to a severe disruption of the world and the United States financial markets.

While the Association never participated in the market for subprime or other exotic loans, failure of these loan products across the United States played a significant role in disrupting its economy and financial markets and, ultimately, the Association's traditional vehicle for financing its home loan products: tax-exempt single-family mortgage revenue bonds. As a means to maintain the vitality of its mission, the Association entered into relationships to sell, while retaining the servicing component, loans to the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), and other investors guaranteed by the Government National Mortgage Association (GNMA). This has led to a significant change in the composition of the Association's servicing portfolio from a practice of acquiring, owning, and servicing to acquiring, selling, and servicing loans. This has allowed the Association to avoid much of the fallout related to the financial crisis.

During approximately the same period that the Association entered into these relationships, the United States Federal Reserve System became a significant investor in securities issued by FNMA and FHLMC and guaranteed by GNMA. The Federal Reserve undertook this role with the stated intention of stabilizing stock and bond security prices. Because of competition between the Federal Reserve and other investors seeking high-quality yield, the Federal Reserve achieved its policy goal with resulting higher security prices and lower interest rate yields. Specific to the Association's situation, investors offered premium bids for those securities backed by loans acquired and sold by the Association, resulting in strong revenue classified as gains on loans sales.

The Association continued to develop marketing and relationship channels in the State of Idaho. This effort along with developing additional servicing partnership relationships with four other state housing finance agencies (HFA) has led a significant growth in its servicing portfolio and servicing income. The Association expects this trend to continue for the next few years as it absorbs each HFAs' loan servicing potential and the addition of at least one HFA to its partnership relationship.

The Association added to its joint-venture master servicing agreement with New Mexico Mortgage Finance Authority and Iowa Finance Authority by entering into and implementing a master servicing agreement with South Dakota Housing Development Authority (SDHDA) and Connecticut Housing Finance Authority (CHFA) in FY2015. The Association provides servicing to South Dakota borrowers who use SDHDA single- family loan products and provides servicing to Connecticut borrowers who use CHFA single- family loan products.

The Association has successfully managed its loan and financing programs during this period. Looking forward, the Association expects continued uncertainty in the economic, legal, and mortgage-lending environments but continued loan portfolio stability. The Association has provisioned for non-loan losses on certain legacy transactions associated with its administration of its loans held for investment. Additionally, the Association has developed an economic development bond program to enhance its offering of products providing financing opportunities to promote economic growth in Idaho.

Refinancing played a smaller role in loan production during the year with interest rates varying between favorable and unfavorable conditions. The increase in interest rates (or the expectation of higher interest rates) typically leads to a higher number of refinanced loans as borrowers took advantage of the still historically low current rate environment. Even in this historically low rate environment, interest rates declined at times to provide opportunities to refinance to a lower rate. This can and has resulted in depressed net interest spreads in several Association bond trusts as higher interest rate loans pay off with proceeds invested at lower current-market rates without a contemporaneous decrease in fixed interest costs.

To remedy and improve the bond trusts' depressed net interest spread, the Association has (over the past three years) refinanced several bond trusts to eliminate variable interest expense contract conditions, which became uneconomical due to market dynamics caused by the 2008-2009 financial crisis. The Association negotiated the 2015A Single Family Bond issue during FY2015 to further these efforts. This bond was issued in July 2015 and is expected to have a positive effect in ensuring a strong foundation in the Association's Single Family Bond program.

The Association continues to administer legacy federal "stimulus" programs introduced in fiscal years 2009 and 2010, albeit with a marked decrease in federal pass-through revenues and expenses as the initial funding for the these programs have been awarded and distributed. The Association expects federal pass-through revenues and expenses to decrease as federal funding reverts to funding levels prior to fiscal year 2010.

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 and the Home Partnership Foundation 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 basic financial statements have been blended with the Association's basic financial statements.

Financial Analysis

The following table summarizes the changes in net position that occurred during the years ended June 30, 2015, 2014, and 2013 as well as the changes in net income.

As of June 30, (in thousands)	2015 Balance	2015 % Change from prior period	2014 Balance	2014 % Change from prior period	2013 Balance
Cash and Cash Equivalents	$ 81,880	44.77%	$ 56,560	(60.35%)	$ 142,652
Investments, fair value	282,165	(17.70%)	342,865	6.42%	322,180
Loans held for investment, net	580,542	(16.46%)	694,888	(12.70%)	795,972
Loans available for sale	146,924	55.35%	94,575	(3.29%)	97,796
GARVEE highway project cost receivable, net	647,866	4.78%	618,304	7.32%	576,142
Employment security fund receivable	50,928	(50.51%)	102,896	(32.72%)	152,940
Property and Equipment	5,787	0.16%	5,778	(5.71%)	6,128
Other Assets	27,583	7.49%	25,662	28.19%	20,019
Interest rate swap contracts	69,007	(14.72%)	80,915	(7.74%)	87,705
Total Assets and Deferred Outflow	$ 1,892,682	(6.42%)	$ 2,022,443	(8.13%)	$ 2,201,534
Bonds	$ 1,455,621	(10.37%)	$ 1,624,103	(9.75%)	$ 1,799,601
Commercial Paper	75,000	50.00%	50,000	0.00%	50,000
Swap contract fair value liability	73,824	(8.39%)	80,589	(4.07%)	84,010
Interest payable-swap contract	12,082	(7.27%)	13,029	(1.09%)	13,172
Escrow and Project Reserve Deposits	17,961	46.78%	12,237	46.13%	8,374
Other Liabilities	39,235	26.27%	31,072	(0.10%)	31,102
Interest rate swap contracts	54	(97.84%)	2,501	(49.85%)	4,987
Total Liabilities and Deferred Inflow	$ 1,673,777	(7.71%)	$ 1,813,531	(8.92%)	$ 1,991,246
Net investment in capital assets	$ 5,787	0.16%	$ 5,778	(5.71%)	$ 6,128
Bond funds	138,226	1.75%	135,850	(0.02%)	135,879
Section 8 voucher HAP fund	119	(87.08%)	921	(40.04%)	1,536
The Home Partnership Foundation, Inc. fund	1,741	(4.13%)	1,816	#DIV/0!	-
Unrestricted	73,032	13.15%	64,547	(3.29%)	66,745
Total Net Position	$ 218,905	4.78%	$ 208,912	(0.65%)	$ 210,288
Interest on Loans	$ 42,268	0.50%	$ 42,058	(16.23%)	$ 50,206
Government and multifamily trusts' pledged revenues	29,334	(2.98%)	30,235	3.36%	29,252
Interest on Investments	4,785	(20.92%)	6,051	(16.88%)	7,280
Loan servicing fees	12,859	17.36%	10,957	7.77%	10,167
Contract and grant administration fees	6,847	11.42%	6,145	(5.59%)	6,509
Gains on loan sales	23,304	70.76%	13,647	(52.67%)	28,831
Other	8,361	312.48%	2,027	(81.91%)	11,203
Total Revenues	$ 127,758	14.97%	$ 111,120	(22.54%)	$ 143,448
Interest	$ 70,576	(3.50%)	$ 73,138	(11.59%)	$ 82,730
Salaries and benefits	11,659	9.28%	10,669	3.72%	10,286
Loan acquisition costs	26,267	55.65%	16,876	(33.04%)	25,202
General operating	6,370	9.73%	5,805	(1.96%)	5,921
Bond financing costs	20	(98.78%)	1,640	365.91%	352
Grants to others	543	(41.42%)	927	(9.21%)	1,021
Losses on real estate-owned property	-	-	-	(100.00%)	91
Provision for loan loss	267	-	-	(100.00%)	19
Other	592	(27.00%)	811	23.63%	656
Total Expenses	116,294	5.85%	109,866	(13.00%)	126,278
Operating income/(loss)	11,464	814.19%	1,254	(92.70%)	17,170
Net increase (decrease) in Fair value of investments	2,328	(304.21%)	(1,140)	(79.05%)	(5,442)
Derivative instruments, interest rate swap	(2,696)	205.32%	(883)	(27.92%)	(1,225)
Federal pass-through revenues	38,248	(15.38%)	45,201	(2.77%)	46,490
Federal pass-through expenses	(39,351)	(14.10%)	(45,808)	(1.41%)	(46,465)
Total non-operating revenues and expenses	(1,471)	(44.07%)	(2,630)	(60.40%)	(6,642)
Increase/(decrease) in net position	$ 9,993	826.24%	$ (1,376)	(113.07%)	$ 10,528

The Association’s total Net Position at June 30, 2015 included $5,787,000 Net Investment Capital Assets; $140,086,000 in Restricted Net Position; and $73,032,000 in Unrestricted Net Position, of which $19,295,000 is available for business operations of the Association.

The fair value adjustments reported in the Statements of Net Position on page 8 and the Statements of Revenues, Expenses, and Changes in Net Position on page 9 are required under GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

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 $5.79 million (net of accumulated depreciation), a decrease of 0.16%. Typically, the change in capital assets in any given year is immaterial to the overall operation of the Association.

Debt: The Association sells bonds to investors to raise capital. Bonds are marketable securities backed by mortgage loans on residential and multifamily properties and GARVEE transportation projects. 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. The Association's bond portfolio decreased by $168.48 million or 10.37% during the last year to $1,455.62 million.

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 long-term, tax-exempt financing on favorable terms and the availability of FNMA, FHMLC, and GNMA to purchase or guarantee loans are a key element in providing the funding 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 Chief Financial Officer at Idaho Housing and Finance Association, P.O. Box 7899, Boise, ID 83707-1899, or contact our website at www.idahohousing.com.

IDAHO HOUSING AND FINANCE ASSOCIATION
Statements of Net Position

As of June 30,	2015	2014
	(in thousands)	
Assets		
Cash and cash equivalents	$ 81,880	$ 56,560
Investments, fair value	282,165	342,865
Loans held for investment, net	580,542	694,888
Loans available for sale	146,924	94,575
GARVEE highway project costs receivable, net	647,866	618,304
Employment security reserve fund receivable	50,928	102,896
Property and equipment	5,787	5,778
Other assets	27,583	25,662
Total Assets	1,823,675	1,941,528
Deferred Outflow of Resources		
Interest rate swap contracts amortized value	43,098	50,822
Interest rate swap contracts fair value	25,909	30,093
Total Deferred Outflow of Resources	69,007	80,915
Total Assets and Deferred Outflow of Resources	$ 1,892,682	$ 2,022,443
Liabilities		
Bonds	$ 1,455,621	$ 1,624,103
Commercial paper	75,000	50,000
Swap contract fair value	73,824	80,589
Interest payable-swap contract	12,082	13,029
Escrow and project reserve deposits	17,961	12,237
Other liabilities	39,235	31,072
Total Liabilities	1,673,723	1,811,030
Deferred Inflow of Resources		
Interest rate swap contracts fair value	54	2,501
Total Deferred Inflow of Resources	54	2,501
Net Position		
Net investment in capital assets	5,787	5,778
Restricted:		
Bond funds	138,226	135,850
Section 8 voucher HAP fund	119	921
The Home Partnership Foundtion, Inc fund	1,741	1,816
Unrestricted	73,032	64,547
Total Net Position	218,905	208,912
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 1,892,682	$ 2,022,443

The accompanying notes are an integral part of these financial statements.

IDAHO HOUSING AND FINANCE ASSOCIATION
Statements of Revenues, Expenses, and Changes in Net Position

For the fiscal years ended June 30,	2015	2014
	(in thousands)	
Operating Revenues		
Interest on loans	$ 42,268	$ 42,058
Government and multifamily trusts' pledged revenues	29,334	30,235
Interest on investments	4,785	6,051
Loan servicing fees	12,859	10,957
Contract and grant administration fees	6,847	6,145
Gains on loan sales	23,304	13,647
Other	8,361	2,027
Total operating revenues	127,758	111,120
Operating Expenses		
Interest	70,576	73,138
Salaries and benefits	11,659	10,669
Loan acquisition costs	26,267	16,876
General operating	6,370	5,805
Bond financing costs	20	1,640
Grant to others	543	927
Provision for loan loss	267	-
Other	592	811
Total operating expenses	116,294	109,866
Operating income	11,464	1,254
Nonoperating Revenues and Expenses		
Net increase (decrease) in fair value of investments	2,328	(1,140)
Derivative instruments, interest rate swap	(2,696)	(883)
Federal pass-through revenues	38,248	45,201
Federal pass-through expenses	(39,351)	(45,808)
Total nonoperating revenues and expenses	(1,471)	(2,630)
Increase (Decrease) in Net Position	9,993	(1,376)
Net Position		
Net Position-beginning of year	208,912	210,288
Net Position-end of year	$ 218,905	$ 208,912

The accompanying notes are an integral part of these financial statements.

IDAHO HOUSING AND FINANCE ASSOCIATION
Statements of Cash Flows

For the Fiscal Years Ended June 30	2015	2014
	(in thousands)	
Cash Flows from Operating Activities		
Receipts from customers, loan interest, and fees	$ 667,389	$ 487,213
Loan principal payments	119,384	104,039
Principal and interest pass-through remittances as servicing agent	(427,965)	(286,336)
Loan sales	1,162,702	859,278
Loan acquisition costs	(26,267)	(16,876)
Interest paid	(73,490)	(81,496)
Payments to suppliers	(13,145)	(4,925)
Payments for transportation program costs	(59,129)	(66,681)
Payments for loans available for sale	(1,209,266)	(857,114)
Payments to employees for services and benefits	(11,326)	(10,692)
Loan principal additions	(32,504)	(19,103)
Net cash provided by operating activities	96,383	107,307
Cash Flows from Noncapital Financing Activities		
Bond financing costs	(20)	(1,640)
Bond and commercial paper payments	(477,036)	(542,559)
Bond and commercial paper issued	340,999	367,061
Federal pass-through revenues	38,248	45,201
Federal pass-through expenses	(39,351)	(45,808)
Net cash used for noncapital financing activities	(137,160)	(177,745)
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(702)	(297)
Net cash used for capital and related financing activities	(702)	(297)
Cash Flows from Investing Activities		
Investment purchases	(1,700,314)	(2,144,925)
Investment redemptions	1,763,046	2,122,639
Investment income	4,067	6,929
Net cash provided/(used) by investing activities	66,799	(15,357)
Net Increase/(Decrease) in Cash	25,320	(86,092)
Cash and cash equivalents, beginning of year	56,560	142,652
Cash and cash equivalents, end of year	$ 81,880	$ 56,560

The accompanying notes are an integral part of these financial statements.

IDAHO HOUSING AND FINANCE ASSOCIATION
Statements of Cash Flows

For the Fiscal Years Ended June 30	2015	2014
Reconciliation of net operating revenues/(expenses) to net cash provided by operating activities:		
Operating income	$ 11,464	$ 1,254
Adjustments to reconcile operating income to net cash provided by operating activities		
Loan principal received	119,384	104,039
Loans issued	(32,504)	(19,103)
Bond financing costs	20	1,640
Decrease (increase) in interest receivable	678	760
Depreciation and other amortization	(4,359)	(4,704)
Increase (decrease) in interest payable	(2,145)	(2,655)
Interest on investments	(4,785)	(6,051)
Decrease (increase) in GARVEE highway project costs receivable, net and pledged revenues	(29,562)	(13,069)
Decrease (increase) in employment security reserve fund receivable	51,968	51,534
Decrease (increase) in other assets	(35,789)	(15,456)
Increase (decrease) in accounts payable and other liabilities	22,012	9,118
Increase (decrease) in deposits	1	-
Total adjustments	84,919	106,053
Net cash provided by operating activities	$ 96,383	$ 107,307

The accompanying notes are an integral part of these financial statements.

THE HOUSING COMPANY
A Component Unit of Idaho Housing and Finance Association
Consolidated Statements of Financial Position

As of December 31,	2014	2013
ASSETS		
Cash	$ 1,920,278	$ 2,447,271
Investments	1,750,000	1,300,504
Escrow and Reserve Deposits	1,534,434	1,421,078
Receivables	289,597	464,938
Prepaid Expenses	175,475	184,314
HOME Funded Homes Held for Sale	719,619	902,832
Land	5,710,653	5,384,531
Buildings and Equipment (net of accumulated depreciation)	27,666,004	28,474,752
Financing Costs and Other (net of accumulated amortization)	270,411	277,782
	$ 40,036,471	$ 40,858,002
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 384,208	$ 462,594
HOME Funds Liability	642,514	1,097,303
Interest Payable	162,502	134,413
Real Estate Taxes Payable	388,874	389,717
Mortgages and Notes Payable	23,614,103	23,442,434
Security Deposits Payable	391,010	345,205
	25,583,211	25,871,666
NET ASSETS, UNRESTRICTED		
Controlling Interests	6,381,151	6,359,392
Non Controlling Interests	8,072,109	8,626,944
LIABILITIES AND NET ASSETS	$ 40,036,471	$ 40,858,002

THE HOUSING COMPANY
A Component Unit of Idaho Housing and Finance Association
Consolidated Statements of Activities

For the Years ended December 31,		2014		2013
REVENUES				
Tenant Rents	$	4,868,920	$	4,749,767
Housing Assistance Payments		2,611,926		2,651,602
Grants and Other Contributions		41,404		
Interest and Dividends		15,238		12,764
Developer Fees		131,856		217,856
Forgiveness of Debt on Tax Credit Exchange Loan				310,605
Property Management Services		215,768		85,199
Other		484,593		305,635
TOTAL REVENUES	$	8,369,705	$	8,333,428
EXPENSES				
Administrative	$	2,276,179	$	2,266,728
Utilities and Maintenance		2,303,643		2,273,062
Real Estate Taxes and Insurance		1,042,259		1,072,703
Depreciation and Amortization		2,373,049		2,366,727
Interest		907,651		954,523
TOTAL EXPENSES	$	8,902,781	$	8,933,743
SUBTOTAL		(533,076)		(600,315)
DECREASE IN NET ASSETS BEFORE NONCONTROLLING INTERESTS	$	(533,076)	$	(600,315)
Minority Interest in Partnership Losses		554,835		657,065
INCREASE IN NET ASSETS	$	21,759	$	56,750

THE HOUSING COMPANY
A Component Unit of Idaho Housing and Finance Association
Consolidated Statements of Cash Flows

For the Years ended December 31,	2014	2013
Cash Flows from Operating Activities:		
Increase in Net Assets	$ 21,759	$ 56,750
Adjustments for Non-cash Items:		
Depreciation and Amortization	2,373,049	2,366,727
Non-Controlling Interest in Partnership Losses	(554,835)	(657,065)
Loss on Disposal of Assets	26,281	13,422
Forgiveness on Tax Credit Exchange Funds		(310,605)
Note Modification of HOME loan	(44,697)	
Changes in Assets and Liabilities:		
(Increase) in Receivables	175,341	(271,402)
Decrease in Prepaid Expenses	8,839	21,985
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(533,175)	1,087,332
Increase (Decrease) in Interest Payable	28,089	(6,257)
Decrease in Real Estate Taxes Payable	(843)	(1,323)
Increase in Security Deposits Payable	45,805	47,052
CASH PROVIDED FROM OPERATING ACTIVITIES	1,545,613	2,346,616
Cash Flows from Investing Activities:		
Purchase of Land	(326,122)	(8,256)
Purchases of Building and Equipment	(1,575,560)	(694,974)
Proceeds from Sale of Homes Purchased with HOME funds	183,213	-
Costs to Rehabilitate Homes Purchased with HOME funds	-	(483,310)
Payment of Financing Costs and Pre-Development Costs	(7,651)	
Purchase of Investments	(1,249,496)	(499,732)
Sales of Investments	800,000	500,000
Net Increase (Decrease) in Escrow and Reserve Deposits	(113,356)	(128,486)
CASH USED FOR INVESTING ACTIVITIES	(2,288,972)	(1,314,758)
Cash Flows from Financing Activities:		
Principal Payments on Mortgages Payable	(954,862)	(890,546)
Additions to Mortgages or Notes Payable	1,171,228	
Equity Distributions		(37,000)
CASH PROVIDED FROM (USED FOR) FINANCING ACTIVITIES	216,366	(927,546)
INCREASE (DECRASE) IN CASH	(526,993)	104,312
CASH, BEGINNING OF PERIOD	2,447,271	2,342,959
CASH, END OF PERIOD	$ 1,920,278	$ 2,447,271

THE HOUSING COMPANY
A Component Unit of Idaho Housing and Finance Association
Consolidated Statements of Changes in Net Assets

	Non-Controlling Interests	Controlling Interests
NET ASSETS, UNRESTRICTED, December 31, 2012	$ 9,321,009	$ 6,302,642
Distributions	(37,000)	-
Increase (Decrease) in Net Assets	(657,065)	56,750
NET ASSETS, UNRESTRICTED, December 31, 2013	8,626,944	6,359,392
Increase (Decrease) in Net Assets	(554,835)	21,759
NET ASSETS, UNRESTRICTED, December 31, 2014	$ 8,072,109	$ 6,381,151

1. Authorizing Legislation

The Idaho Housing and Finance Association (Association) was 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 2042.

2. Summary of Significant Accounting Policies

A. 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.

B. 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) and The Housing Company (THC) 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 presentation has been blended and THC's presentation has been discretely presented.

HPF reports under GASB standards in the same manner as the Association. HPF uses a calendar year basis as its fiscal year and the most recent audited financial statements of HPF have been blended.

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.

2. Summary of Significant Accounting Policies, continued

C. 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 determining bond yield arbitrage liability. It is at least reasonably possible that the significant estimates used will change within the next year.

D. Program Accounting
Financial activities of the Association are recorded in accounts established under various bond indentures and bond resolutions and in accounts established for the administration of the various programs empowered by the Act.

Business Operations includes the General Operating Account 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 account 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 account consists primarily of investments and loans receivable and the earnings thereon, as well as the residual income generated through Business Operations each year.

The Bond Rating Compliance and Loan Guaranty Trust was established to account for activities intended to meet bond rating agency requirements for asset security and bond debt service liquidity. This account 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 accounts 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.

Multifamily Housing Bonds, established under separate trust indentures, account for the proceeds from the sale of Multifamily Mortgage Bonds and the debt service requirements of these bonds. Bond proceeds for multifamily programs are used to finance affordable multifamily developments that house limited-income households throughout Idaho.

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

2. Summary of Significant Accounting Policies, continued

E. 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, which are held at Wells Fargo Bank and Key Bank. Cash and cash equivalents deposited at Wells Fargo Bank are collateralized with U.S. Treasury obligations and U.S. Agency obligations and are held by Wells Fargo 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. In the opinion of management, the Association is not exposed to this risk at June 30, 2015. Restricted cash as of June 30, 2014 consists of $2,500,000 in the Bond Funds, $1,560,000 in Section 8 Housing Choice Voucher Program, $9,737,000 in escrow deposits, and $1,503,000 in General Operating. The Association does not have a formal deposit policy for custodial credit risk. Restricted cash as of June 30, 2015 consists of $680,000 in the Bond Funds, $6,174,000 in Loan Guaranty, $869,000 in Section 8 Housing Choice Voucher Program, $16,474,000 in escrow deposits, and $1,737,000 in General Operating.

F. Bond Financing Costs/Bond Financing Cost Expense

Bond financing costs are expensed in the period incurred.

G. Loan Acquisition Costs

In the Association's mortgage purchase programs, excluding home improvement loan programs, mortgage loans are purchased primarily at par, or at a discount, from participating lenders. Loan acquisition costs are expensed at the time a loan is acquired.

H. 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.

I. Property and Equipment

Property and equipment 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 years ending June 30, 2015 and 2014 was $614,000 and $590,000, respectively. Property and equipment are presented in the Statement of Net Position, net of accumulated depreciation of $5,787,000 and $5,778,000 at June 30, 2015 and 2014, respectively.

J. 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 $1,731,000 as of June 30, 2015 and $2,102,000 as of June 30, 2014. 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, 2015 and 2014 the Association estimates this

2. Summary of Significant Accounting Policies, continued

J. Provisions for Loan Losses, continued

amount to be $3,919,000 and $4,666,000, respectively. 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 loss and REO activity in the Affordable Housing Investment Trust for Association down-payment assistance loans not recoverable due to the loss on an Association-held primary loan. The Association estimates that amount to be $204,000 and $306,000 as of June 30, 2015 and 2014, respectively.

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.

K. 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. Earnings on single-family escrow balances accrue to the benefit of the Association. All escrow and project reserve deposits are included in Cash and Cash Equivalents in the Statement of Net Position.

L. Commercial Paper

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 Account. 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. As of June 30, 2015, the Association had $75,000,000 of commercial paper outstanding maturing in 22 to 181 days from date of issue, with weighted average interest rates of .53501%. As of June 30, 2014, the Association had $50,000,000 of commercial paper outstanding maturing in 90 to 181 days from date of issue, with weighted average interest rates of .46052%.

M. Net Position

Net Position, the amount total assets plus deferred outflows of resources exceed 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 $140,086,000 and $138,587,000 at June 30, 2015 and 2014, respectively, are restricted by bond indentures and programmatic requirements; approximately $35,714,000 and $35,255,000 at June 30, 2015 and 2014, respectively, are designated by the Board for programmatic uses in connection with the Affordable Housing Investment Trust; and the remaining balances of $43,105,000 and $35,070,000 held in the General Operating Account at June 30, 2015 and 2014, include $5,787,000 and $5,778,000, respectively, net invested in capital assets, and $37,318,000 and $29,292,000, respectively, unrestricted and available for general operations of the Association.

2. Summary of Significant Accounting Policies, continued

N. 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.*

O. Reclassification

Certain reclassifications have been made, none of which affected the results of activities and changes in Net Position, to present the financial statements on a consistent basis.

P. New Accounting Principles and Restatement of Net Position

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans,* effective for fiscal year 2014 and Statement No. 68, *Accounting and Financial Reporting for Pensions,* effective for fiscal year 2015. In early 2013, GASB issued Statement Nos. 69, *Government Combinations and Disposals of Government Operations*, and 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*, both effective for fiscal year 2014. In the opinion of the management, these standards do not and will not have an impact on the Association's financial position given current operations and obligations.

3. Investments

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* requires certain investments be reported at fair value in the Statement 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 Wells Fargo 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, 2015 and 2014, the Association has overnight investments of $2,400,000 and $2,700,000 in money market funds and $8,400,000 and $12,000,000 in repurchase agreements held by Wells Fargo Bank, respectively. Repurchase agreements are collateralized by U.S. government and agency obligations held in the Association's trustee's name in the Association's account.

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.

IDAHO HOUSING AND FINANCE ASSOCIATION
Notes to Financial Statements

3. Investments, continued

As of June 30, 2015 and 2014, the Association had the following investments and maturities (in thousands):

2015

		Investment Maturities (in Years)					
	Fair Value	Less Than 1	1-5	6-10	11-15	16-20	21-25
Investment Type							
Money market funds	$ 172,447	$ 172,447					
Investment agreements	29,010	18,608			$ 2,275	$ 4,205	$ 3,922
U.S. Government obligations	9,621		$ 6,010	$ 1,285	2,326		
U.S. Agency obligations	66,019		19,942	5,341	8,389	24,288	8,059
Interest rate swaps	(870)		(870)				
TBA Contracts	1,059	1,059					
Land and townhomes	4,052		4,052				
	281,338	$ 192,114	$ 29,134	$ 6,626	$ 12,990	$ 28,493	$ 11,981
Accrued interest and premiums and discounts	827						
Total Investments	$ 282,165						

2014

		Investment Maturities (in Years)					
	Fair Value	Less Than 1	1-5	6-10	11-15	16-20	21-25
Investment Type							
Money market funds	$ 145,693	$ 145,693					
Investment agreements	84,037	10,217	$ 65,624		$ 419	$ 3,298	$ 4,479
U.S. Government obligations	9,975		5,942	$ 1,412	2,621		
U.S. Agency obligations	99,664		30,028	25,177	5,826	9,604	29,029
Corporate obligations	1,019	1,019					
Interest rate swaps	(893)		(893)				
TBA Contracts	(1,179)	(1,179)					
Land and townhomes	3,552		3,552				
	341,868	$ 155,750	$ 104,253	$ 26,589	$ 8,866	$ 12,902	$ 33,508
Accrued interest and premiums and discounts	997						
Total Investments	$ 342,865						

At June 30, 2015 the Association's marketable investments included 23 U.S. agency mortgage-backed security pools, which pay monthly principal and interest. In addition, the Association held four U.S. agency securities with an outstanding principal amount of $25,000,000 that are subject to call provisions. Of the $25,000,000 callable amount $20,000,000 is exercisable in 2015 and $5,000,000 is exercisable in 2016. Of the Association's U.S. Government obligations, $370,000 is held by JPMorgan as collateral in connection with the Association's participation in the Fannie Mae Affordable Advantage mortgage program.

Among the Association's marketable investments at June 30, 2014, are 23 U.S. agency mortgage-backed security pools that pay monthly principal and interest. In addition, the Association holds seven U.S. agency securities with an outstanding principal amount of $50,000,000 that are subject to call provisions. Of the

3. Investments, continued

$50,000,000 callable amount, $30,000,000 is exercisable in 2014, $15,000,000 is exercisable in 2015 and $5,000,000 is exercisable in 2016. Of the Association's U.S. Government obligations, $1,521,000 is held by JPMorgan as collateral in connection with the Association's participation in the Fannie Mae Affordable Advantage mortgage program.

At June 30, 2015, the Association has $496,875,000 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. Of this amount, $5,865,000 does not have associated variable rate debt and is considered an investment derivative with negative fair value. The Association pays fixed-rate payments between 3.730% and 5.548% and receives variable rate payments based on SIFMA and LIBOR indices. The Association entered the swap contracts in November 2008, which mature between 2018 and 2030. These contracts are not rated.

At June 30, 2014, the Association has $540,195,000 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. Of this amount, $6,050,000 does not have associated variable rate debt and is considered an investment derivative with negative fair value. The Association pays fixed-rate payments between 3.730% and 5.548% and receives variable rate payments based on SIFMA and LIBOR indices. The Association entered the swap contracts in November 2008, which mature between 2018 and 2030. These contracts are not rated.

At June 30, 2015 and 2014, the Association has $195,000,000 and $100,000,000 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. These contracts are considered investment derivatives and are not rated.

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, 2015, 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, 2015 and 2014, the Association's remaining investments are rated by Moody's Investor Service as follows (in thousands):

Investment Type	Rating	2015	2014
U.S. Agency Obligations	Aaa	$ 66,019	$ 99,664
U.S. Government Obligations	Aaa	9,621	9,975
Corporate Obligations	Baa	-	1,019

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.

3. Investments, continued

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, 2015, the Association had investments of five percent or more in Bayerische Landesbank guaranteed investment contracts (GICS) of $18,628,000, Federal Farm Credit Bank obligations of $23,202,000, Federal Home Loan Bank obligations of $19,752,000, and Fannie Mae obligations of $15,174,000.

As of June 30, 2014, the Association had investments of five percent or more in Bayerische Landesbank guaranteed investment contracts (GICS) of $76,883,000, Federal Farm Credit Bank obligations of $41,064,000, Federal Home Loan Bank obligations of $20,022,000, Federal Home Loan Mortgage obligations of $18,162,000, and Fannie Mae obligations of $20,393,000.

During the years ended June 30, 2015 and 2014, the Association realized net gains/(losses) of $660,000 and $828,000 respectively, 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 increase/(decrease) in the fair value of investments as of June 30, 2015 and 2014 is $432,000 and $(1,140,000), respectively. 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, 2015 and 2014, is $23,000 and $2,866,000, respectively related to derivative interest rate swap contracts fair market value considered investments. Also, included in the amount for the year ending June 30, 2015 and 2014, is $2,238,000 and $(5,092,000), respectively related to TBA contracts.

The unrealized gain/(loss) on investments held at June 30, 2015 and 2014 is $7,379,000 and $7,811,000, respectively. 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 years ending June 30, 2015 and 2014, 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.

4. Loans

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.

4. Loans, continued

A summary of security for loans as of June 30, 2015 and 2014 is as follows (in thousands):

2015

	Non-Pool Insured	Pool Insured	Total
FHA Insurance	$ 222,234		$ 222,234
VA Guaranteed	20,768		20,768
Commercially Insured	215,008	$ 27,788	242,796
USDA Rural Development Insurance	51,592		51,592
Association Insured	3,755		3,755
	$ 513,357	$ 27,788	541,145
Other			
Multifamily Bond Financed			11,334
Single Family IHFA Capital Pool			217
Multifamily IHFA Capital Pool			3,586
Social Service and Development IHFA Capital Pool			6,750
Construction			2,323
State Small Business Credit Initiative			16,597
Loan Loss Provision			(4,390)
Interest Receivable on Loans			2,980
Total Loans			$ 580,542

2014

	Non-Pool Insured	Pool Insured	Total
FHA Insurance	$ 264,866		$ 264,866
VA Guaranteed	26,616		26,616
Commercially Insured	257,222	$ 35,377	292,599
USDA Rural Development Insurance	62,178		62,178
Association Insured	4,166		4,166
	$ 615,048	$ 35,377	650,425
Other			
Multifamily Bond Financed			16,628
Single Family IHFA Capital Pool			33
Multifamily IHFA Capital Pool			3,765
Social Service and Development IHFA Capital Pool			6,569
Construction			3,783
State Small Business Credit Initiative			15,000
Loan Loss Provision			(4,972)
Interest Receivable on Loans			3,657
Total Loans			$ 694,888

4. Loans, continued

As of June 30, 2015 and 2014 the loans receivable includes $9,023,000 and $9,104,000, respectively, in notes receivable from The Housing Company (THC), which require repayment within 26 and 27 years, respectively. The notes are secured by various multifamily housing projects and accrue interest at between 3.00 and 9.125 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 years 2015 and 2014. 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 as designated by the bond indenture or bond resolution. Beginning with the 1983 Series B Single-Family Mortgage purchase program, a master servicing arrangement was implemented. The mortgage servicer may, but need not, be a lending institution and a program participant.

Loan servicing fees depicted in the Statement of Revenues, Expenses and Changes in Net Position relate to an internally assessed charge of between thirty-three and eighty-three one hundredths of one percent per annum of the outstanding mortgage balance for Association-held loans. The Association records the loan servicing fee income by reducing interest income within each of the related bond funds. In addition to the internal reclassification of interest income to loan servicing income, the General Operating Account charges the bond funds sixteen-hundredths of one percent per annum of the outstanding mortgage balance for actual Association servicing costs. The fee paid to the General Operating Account is eliminated in the financial statements. Loans held by non-Association typically generate between twenty-five and seventy-five one hundredths of one percent per annum of the outstanding mortgage balance. The Association records the loan service by reducing interest income, collecting the fees in the General Operating Account, and remitting principal and remaining interest 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. The 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. Mortgage rates on loans originated from bond proceeds are based directly upon the bond rates established at the time of issuance. The Association establishes the yield spread between the interest rate on the mortgages and related bonds to approximate 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, as determined by hedge coverage and the difference in the loan yield and the 60-day commitment rate yield offered by FNMA, FHLMC or GNMA MBS rate on June 30, 2015. 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

4. Loans, continued

sale to FNMA or FHLMC or secured by GNMA have different characteristics and fewer restrictions than loans financed by the issuance of debt and owned and serviced in the Association's loan portfolio.

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 years ending June 30, 2015 and 2014, the Association realized $23,303,000 and $13,647,000, respectively, in gains on the sale of loans to FNMA FHMLC, and GNMA. As of June 30, 2015 and 2014, the Association had commitments to sell or secure $303,791,000 and $139,277,000 of single-family mortgages to FNMA and FHMLC or through GNMA. As of June 30, 2015, the Association had commitments to sell or secure $77,204,000 of single-family mortgages on behalf of Connecticut Housing Finance Authority. As of June 30, 2015, the Association had commitments to sell or secure $80,040,000 of single-family mortgages on behalf of South Dakota Housing Development Authority. As of June 30, 2015 and 2014 the Association had commitments to sell or secure $17,578,000 and $50,993,000, respectively, of single-family mortgages on behalf of Iowa Finance Authority. As of June 30, 2015 and 2014 the Association had commitments to sell or secure $69,694,000 and $34,511,000 on behalf of New Mexico Mortgage Finance Authority.

As of June 30, 2015 and 2014, the Association estimates $106,283,000 and $93,814,000, respectively, 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 $627,551,000 and $186,661,000, respectively, of single-family mortgages, which had not yet been funded. As of June 30, 2015 and 2014, the Association serviced $3,323,000,000 and $2,428,000,000, respectively, in loans of other lenders and not included in the Association's financial statements.

IDAHO HOUSING AND FINANCE ASSOCIATION
Notes to Financial Statements

5. Bonds (dollars in thousands)

Description and Due Date	Average Bond Yield	Delivery Date	2015	2014
Single-Family Mortgage Bonds:				
1995 Series E	6.44%	7/95		$ 110
Senior Bonds 1998 -- 2028	6.44%		-	110
1996 Series F	6.28%	9/96		145
Senior Bonds 1998 -- 2028	6.25%	9/96		5
Mezzanine Bonds 2014	6.28%		-	150
1996 Series H				
Senior Bonds 1998 -- 2028	6.14%	12/96		310
	6.14%		-	310
1997 Series A				
Senior Bonds 1999 -- 2028	6.19%	2/97	$ 180	425
Mezzanine Bonds 2014	6.10%	2/97		10
	6.19%		180	435
1997 Series B				
Senior Bonds 1999 -- 2028	5.94%	3/97		180
	5.94%		-	180
1997 Series C				
Senior Bonds 1999 -- 2028	6.10%	4/97	305	545
Mezzanine Bonds 2014	6.10%	4/97		5
	6.10%		305	550
1997 Series D				
Senior Bonds 1999 -- 2028	6.22%	5/97		75
	6.22%		-	75
1997 Series E				
Senior Bonds 2000 -- 2028	6.05%	6/97	190	360
Mezzanine Bonds 2014	5.95%	6/97		20
	6.05%		190	380
1997 Series F				
Senior Bonds 2006 -- 2029	5.89%	7/97	400	690
Mezzanine Bonds 2015	5.85%	7/97	10	35
	5.89%		410	725
1997 Series G				
Senior Bonds 2004 -- 2029	5.79%	9/97	315	2,045
	5.79%		315	2,045
1997 Series H				
Senior Bonds 1999 -- 2029	5.65%	10/97	125	250
Mezzanine Bonds 2015	5.63%	10/97	5	15
	5.64%		130	265

5. Bonds, continued

Description and Due Date	Average Bond Yield	Delivery Date	2015	2014
1997 Series I				
Senior Bonds 1999 -- 2029	5.75%	12/97		25
	5.75%		-	25
1998 Series A				
Senior Bonds 2000 -- 2029	5.48%	1/98		280
Mezzanine Bonds 2016	5.45%	1/98		15
	5.48%		-	295
1998 Series B				
Senior Bonds 2000 -- 2029	5.32%	3/98		245
Mezzanine Bonds 2016	5.20%	3/98		20
	5.32%		-	265
1998 Series C				
Senior Bonds 2008 -- 2029	5.15%	4/98	755	900
Mezzanine Bonds 2016	5.30%	4/98	40	75
	5.16%		795	975
1998 Series D				
Senior Bonds 2000 -- 2029	5.54%	5/98	450	635
Mezzanine Bonds 2018	5.50%	5/98	35	55
	5.54%		485	690
1998 Series E				
Senior Bonds 2001 -- 2029	5.44%	6/98	645	815
Mezzanine Bonds 2018	5.45%	6/98	50	80
	5.44%		695	895
1998 Series F				
Senior Bonds 2008 -- 2030	5.39%	7/98	1,180	1,420
Mezzanine Bonds 2020	5.40%	7/98	120	150
	5.39%		1,300	1,570
1998 Series G				
Senior Bonds 2008 -- 2030	5.37%	9/98	580	770
Mezzanine Bonds 2020	5.40%	9/98	60	75
	5.37%		640	845
1998 Series H				
Senior Bonds 2000 -- 2030	5.13%	11/98	965	1,070
Mezzanine Bonds 2020	5.10%	11/98	90	120
	5.13%		1,055	1,190
1998 Series I				
Senior Bonds 2000 -- 2030	5.19%	1/99	825	1,100
Mezzanine Bonds 2020	5.20%	1/99	80	125
	5.19%		905	1,225

IDAHO HOUSING AND FINANCE ASSOCIATION
Notes to Financial Statements

5. Bonds, continued

Description and Due Date	Average Bond Yield	Delivery Date	2015	2014
1999 Series A				
Senior Bonds 2006 -- 2030	5.18%	2/99	1,240	1,570
Mezzanine Bonds 2020	5.15%	2/99	150	210
	5.18%		1,390	1,780
1999 Series B				
Senior Bonds 2001 -- 2030	5.23%	4/99	600	830
Mezzanine Bonds 2020	5.20%	4/99	90	130
	5.22%		690	960
1999 Series C				
Senior Bonds 2001 -- 2030	5.23%	5/99	1,015	1,110
Mezzanine Bonds 2020	5.25%	5/99	130	150
	5.23%		1,145	1,260
1999 Series D				
Senior Bonds 2001 -- 2030	5.39%	6/99	1,320	1,470
Mezzanine Bonds 2020	5.40%	6/99	200	240
	5.39%		1,520	1,710
1999 Series E				
Senior Bonds 2001 -- 2031	5.74%	7/99	625	680
Mezzanine Bonds 2021	5.75%	7/99	95	120
	5.74%		720	800
1999 Series F				
Senior Bonds 2001 -- 2031	5.83%	8/99	1,050	1,135
Mezzanine Bonds 2021	5.80%	8/99	160	185
	5.83%		1,210	1,320
1999 Series G				
Senior Bonds 2001 -- 2031	5.98%	10/99	1,020	1,115
Mezzanine Bonds 2021	5.95%	10/99	110	135
	5.98%		1,130	1,250
1999 Series H				
Senior Bonds 2001 -- 2031	6.15%	11/99	635	810
Mezzanine Bonds 2021	6.15%	11/99	35	50
	6.15%		670	860
2000 Series A				
Senior Bonds 2002 -- 2031	6.43%	3/00	775	835
Mezzanine Bonds 2022	6.45%	3/00	70	75
Subordinate Bonds 2014	6.20%	3/00		20
	6.43%		845	930

5. Bonds, continued

Description and Due Date	Average Bond Yield	Delivery Date	2015	2014
2000 Series B				
Senior Bonds 2002 -- 2031	6.23%	4/00	810	860
Mezzanine Bonds 2022	6.25%	4/00	100	105
Subordinate Bonds 2014	6.00%	4/00		30
	6.23%		910	995
2000 Series C				
Senior Bonds 2002 -- 2031	6.13%	5/00	1,060	1,100
Mezzanine Bonds 2022	6.15%	5/00	105	110
Subordinate Bonds 2014	6.05%	5/00		45
	6.13%		1,165	1,255
2000 Series D				
Senior Bonds 2002 -- 2031	6.31%	6/00	870	910
Mezzanine Bonds 2022	6.35%	6/00	110	115
Subordinate Bonds 2014	6.20%	6/00		45
	6.31%		980	1,070
2000 Series E				
Senior Bonds 2002 -- 2032	5.99%	8/00	845	900
Mezzanine Bonds 2023	6.10%	8/00	115	120
Subordinate Bonds 2015	5.90%	8/00		85
	6.00%		960	1,105
2003 Series A				
Variable Rate Class I	0.09%	2/03	7,070	7,970
Class II Bonds 2026	5.20%	2/03	435	435
Class III Bonds 2020	5.15%	2/03	970	1,090
	0.92%		8,475	9,495
2003 Series B				
Variable Rate Class I	0.09%	5/03	6,695	7,050
Class II Bonds 2026	5.05%	5/03	370	370
Class III Bonds 2020	5.10%	5/03	925	1,015
	0.90%		7,990	8,435
2003 Series C				
Variable Rate Class I	0.09%	7/03	4,050	4,915
Class II Bonds 2033	4.60%	7/03	310	310
Class III Bonds 2023	4.50%	7/03	715	795
	0.94%		5,075	6,020
2003 Series D				
Variable Rate Class I	0.09%	9/03	5,245	5,510
	0.09%		5,245	5,510
2003 Series E				
Variable Rate Class I	0.09%	10/03	5,830	6,725
Class II Bonds 2033	5.20%	10/03	410	410
Class III Bonds 2023	5.15%	10/03	1,575	1,720
	1.30%		7,815	8,855

IDAHO HOUSING AND FINANCE ASSOCIATION
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5. Bonds, continued

Description and Due Date	Average Bond Yield	Delivery Date	2015	2014
2004 Series A				
Variable Rate Class I	0.09%	4/04	5,735	6,590
Class II Bonds 2034	5.30%	4/04	375	375
Class III Bonds 2024	5.40%	4/04	1,305	1,385
	0.71%		7,415	8,350
2004 Series B				
Variable Rate Class I	0.092%	7/04	6,755	7,150
Class II Bonds 2034	5.20%	7/04	260	260
Class III Bonds 2024	5.35%	7/04	665	705
	1.13%		7,680	8,115
2004 Series C				
Variable Rate Class I	0.092%	9/04	8,430	9,060
Class II Bonds 2035	5.30%	9/04	360	360
Class III Bonds 2025	5.40%	9/04	1,775	1,875
	1.13%		10,565	11,295
2004 Series D				
Variable Rate Class I	0.09%	11/04	7,825	8,330
Class III Bonds 2027	5.00%	11/04	1,555	1,820
	0.92%		9,380	10,150
2005 Series A				
Variable Rate Class I	0.09%	3/05	9,605	10,420
Class II Bonds 2027	4.60%	3/05	610	610
Class III Bonds 2022	4.55%	3/05	1,490	1,580
	0.89%		11,705	12,610
2005 Series B				
Class II Bonds 2035	5.00%	5/05	660	660
Class III Bonds 2025	5.00%	5/05	1,425	1,495
	5.00%		2,085	2,155
2005 Series C				
Class II Bonds 2036	4.80%	6/05	585	585
Class III Bonds 2026	4.80%	6/05	2,595	2,715
	4.80%		3,180	3,300
2005 Series D				
Variable Rate Class I	0.09%	8/05	9,715	10,295
Class II Bonds 2036	4.90%	8/05	420	420
Class III Bonds 2026	4.90%	8/05	1,640	1,740
	0.92%		11,775	12,455

5. Bonds, continued

Description and Due Date	Average Bond Yield	Delivery Date	2015	2014
2005 Series E				
Variable Rate Class I	0.09%	10/05	9,920	10,495
Class II Bonds 2036	4.88%	10/05	625	625
Class III Bonds 2026	4.88%	10/05	1,855	1,955
	1.04%		12,400	13,075
2005 Series F				
Class II Bonds 2036	5.00%	1/06	705	705
Class III Bonds 2026	5.00%	1/06	2,180	2,280
	5.00%		2,885	2,985
2006 Series A				
Class II Bonds 2036	4.88%	3/06	680	680
Class III Bonds 2026	4.88%	3/06	3,000	3,140
	4.88%		3,680	3,820
2006 Series B				
Class I Bonds 2008 -- 2037	4.92%	5/06	2,600	3,140
Class II Bonds 2036	5.05%	5/06	925	925
Class III Bonds 2026	5.00%	5/06	1,730	2,015
	4.92%		5,255	6,080
2006 Series C				
Class II Bonds 2037	5.10%	6/06	485	485
Class III Bonds 2027	5.10%	6/06	1,765	1,950
	5.10%		2,250	2,435
2006 Series D				
Class II Bonds 2037	5.20%	7/06	545	545
Class III Bonds 2027	5.20%	7/06	965	1,035
	5.20%		1,510	1,580
2006 Series E				
Class I Bonds 2008 -- 2038	4.48%	9/06	210	350
Class II Bonds 2037	5.00%	9/06	540	695
Class III Bonds 2028	5.00%	9/06	1,735	2,450
	4.96%		2,485	3,495
2006 Series F				
Class I Bonds 2008 -- 2038	4.35%	11/06	1,170	1,625
Class II Bonds 2037	4.80%	11/06	650	650
Class III Bonds 2028	4.80%	11/06	2,340	2,520
	4.68%		4,160	4,795
2006 Series G				
Class I Bonds 2009-- 2038	4.10%	1/07	5	10
Class II Bonds 2037	4.65%	1/07	625	625
Class III Bonds 2028	4.60%	1/07	745	910
	4.62%		1,375	1,545

5. Bonds, continued

Description and Due Date	Average Bond Yield	Delivery Date	2015	2014
2007 Series A				
Class I Bonds 2009 -- 2038	4.37%	3/07		305
Class II Bonds 2037	4.85%	3/07		425
Class III Bonds 2028	4.85%	3/07		155
	4.72%		-	885
2007 Series B				
Class I Bonds 2009 -- 2038	4.36%	4/07	2,635	3,160
Class II Bonds 2037	4.75%	4/07	360	360
Class III Bonds 2028	4.60%	4/07	1,400	1,450
	4.49%		4,395	4,970
2007 Series C				
Class I Bonds 2009-- 2038	4.54%	5/07	2,980	3,535
Class II Bonds 2037	4.90%	5/07	1,090	1,090
Class III Bonds 2028	4.75%	5/07	1,785	2,270
	4.68%		5,855	6,895
2007 Series D				
Class I Bonds 2009 -- 2038	4.41%	5/07		1,250
Class II Bonds 2037	4.90%	5/07		140
Class III Bonds 2028	4.85%	5/07		1,285
	4.69%		-	2,675
2007 Series E				
Class I Bonds 2009 -- 2038	4.71%	6/07	2,675	3,075
Class II Bonds 2037	4.95%	6/07	545	690
Class III Bonds 2028	4.85%	6/07	550	1,250
	4.79%		3,770	5,015
2007 Series F				
Class I Bonds 2009 -- 2039	4.91%	7/07	4,800	5,730
Class II Bonds 2038	5.25%	7/07	170	170
Class III Bonds 2029	5.13%	7/07	2,480	2,650
	4.99%		7,450	8,550
2007 Series H				
Class I Bonds 2027 -- 2039	5.42%	11/07		1,460
Class II Bonds 2036	5.25%	11/07		630
Class III Bonds 2028	5.00%	11/07		940
	5.26%		-	3,030
2007 Series I				
Class I Bonds 2027 -- 2039	5.44%	9/07	80	1,420
Class II Bonds 2036	5.50%	9/07	25	385
Class III Bonds 2028	5.38%	9/07	1,245	1,475
	5.42%		1,350	3,280

5. Bonds, continued

Description and Due Date	Average Bond Yield	Delivery Date	2015	2014
2007 Series J				
Class I Bonds 2027 -- 2039	5.14%	10/07		725
Class II Bonds 2036	5.20%	10/07		930
Class III Bonds 2028	5.00%	10/07		1,200
	5.10%		-	2,855
2007 Series K				
Class I Bonds 2027 -- 2039	5.30%	12/07		400
Class II Bonds 2036	5.38%	12/07		510
	5.29%		-	910
2008 Series A				
Class I Bonds 2010 -- 2039	5.25%	5/08	165	850
Class II Bonds 2036	5.85%	5/08	1,165	1,305
Class III Bonds 2028	5.70%	5/08	755	2,280
	5.67%		2,085	4,435
2008 Series B				
Class I Bonds 2010 -- 2039	5.02%	6/08	1,705	2,010
Class II Bonds 2036	5.55%	6/08	1,365	1,365
Class III Bonds 2028	5.40%	6/08	1,505	2,205
	5.32%		4,575	5,580
2008 Series C				
Class I Bonds 2010 -- 2039	5.19%	8/08	515	515
Class II Bonds 2036	5.85%	8/08	705	705
Class III Bonds 2028	5.80%	8/08	880	1,615
	5.70%		2,100	2,835
2008 Series D				
Class I Bonds 2010 -- 2039	4.99%	10/08	6,000	7,210
Class II Bonds 2036	5.45%	10/08	390	475
Class III Bonds 2028	5.35%	10/08	1,780	2,195
	5.09%		8,170	9,880
2009 Series A				
Variable Rate Class I	4.26%	7/09	63,455	67,630
Class I Bonds 2010 -- 2039	0.30%	7/09	200	230
Class III Bonds 2028	5.25%	7/09	2,970	3,130
	0.53%		66,625	70,990
2009 Series B				
Class I Bonds 2010 -- 2039	4.46%	7/09	1,690	2,070
Class II Bonds 2036	5.55%	7/09	460	490
Class III Bonds 2028	5.65%	7/09	2,790	4,020
	5.28%		4,940	6,580

IDAHO HOUSING AND FINANCE ASSOCIATION
Notes to Financial Statements

5. Bonds, continued

Description and Due Date	Average Bond Yield	Delivery Date	2015	2014
2009 Series C				
Class I Bonds 2010 -- 2039	3.89%	12/09	27,715	28,215
Class II Bonds 2036	4.95%	12/09	2,670	2,670
Class III Bonds 2028	4.50%	12/09	1,840	2,010
	4.01%	12/09	32,225	32,895
2010 Series A				
Class I Bonds 2012 -- 2041	3.10%	10/10	23,970	24,335
Class II Bonds 2032	4.38%	10/10	2,240	2,240
Class III Bonds 2024	4.00%	10/10	2,005	2,175
	3.27%		28,215	28,750
2012 Series A				
Variable Rate Class I	0.92%	11/12	188,305	193,860
	0.92%		188,305	193,860
2013 Series A				
Variable Rate Class 1	0.98%	10/13	128,005	137,480
	0.98%		128,005	137,480
2014 Series A	0.85%	2/14	72,938	89,665
Variable Rate Class 1	0.85%		72,938	89,665
Total Single-Family Mortgage Bonds:			716,128	797,065
FHA Insured Housing Revenue Bonds:				
2000 Series 2032	0.10%	5/00		4,950
2000 Series 2033	0.10%	10/01	3,870	3,990
2007 Series	5.90%	4/07	8,163	8,233
			12,033	17,173
Grant and Revenue Anticipation Bonds:				
2006 Series 2007-2024	4.92%	5/06	112,545	118,900
2008 Series A 2008-2026	5.08%	4/08	138,140	146,155
2009 Series A 2008-2026	4.89%	2/09	130,575	136,765
2010 Series A 2008-2026	6.02%	1/10	77,515	79,280
2011 Series A 2011-2029	4.81%	7/11	69,250	70,505
2012 Series A 2012-2030	3.97%	10/12	32,045	33,485
2014 Series A	2.31%	1/14	73,145	75,145
	4.99%		633,215	660,235
Revenue Bonds:				
2011 Series Unemployment Compensation	4.65%	8/12	50,075	98,015
Interest Payable			21,454	23,600
Net Original (Discount)/Premium			22,716	28,015
TOTAL BONDS			$ 1,455,621	$ 1,624,103

5. Bonds, continued

* The Association periodically issues bonds to finance various multifamily housing developments in Idaho. As part of these bond financings, the Association acts as mortgagee in the creation of a mortgage loan that is pledged to the bond Trustee to secure repayment of the outstanding bonds. The bonds are limited obligations of the Association, and are secured by the respective mortgages on each development as well as a lien on all revenues as defined in each respective bond indenture. The Association does not have a financial stake in these bond transactions, other than the collection of fees related to its service as bond issuer, and does not guarantee the repayment of principal and interest on the outstanding bonds.

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.

Serial bonds and term bonds are subject to redemption at the option of the Association and subject to the terms of the respective bond indenture or bond resolution, in whole or in part, on various dates at prescribed redemption prices ranging from 100 to 103 percent. The bonds are also subject to special redemption from (i) unexpended proceeds of the bonds not committed to purchase mortgage loans, (ii) forfeited commitment fees, and (iii) early recoveries of principal and pledged receipts at any time.

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.

GARVEE bonds and any interest due thereon are payable solely and only from federal highway funds received from the Federal Highway Administration through a continuous appropriation by the Idaho legislature. The Association assumes no liability if federal highway funds are not available for payment. The Idaho legislature has continuously appropriated amounts projected to be sufficient to meet principal and interest requirements on the Bonds. Such payments are provided for under a Master Financing Agreement dated as of October 13, 2005, as supplemented, among the Association, the Idaho Transportation Board, and the Idaho Transportation Department. The supplemental information to the financial statements provides additional disclosure.

The Association accumulates GARVEE project costs in a designated account and are reported, net of any pledged debt service receipts received, as the GARVEE highway project costs receivable, net on the Statement of Net Position. The reported amount represents actual program costs incurred and a claim to those highway funds committed through the continuous appropriation. As costs incur, investments are drawn upon for payment, resulting in an increase in the receivable and a decrease in Investments. Subsequently, as bonds mature, or otherwise, are retired or redeemed, the receivable and bonds decrease, representing a reduction in that claim. The Association anticipates the receivable initially increasing in subsequent years as further project costs are incurred and declining later as outstanding bonds mature, or otherwise, are retired or redeemed.

During FY2014, the Association redeemed and reissued as the 2013A bonds the remaining 2006E through 2006G, 2007A through 2007C, and 2009B (originally from the 2008A and 2008B) indenture variable rate demand obligations. The Association redeemed and reissued as the 2014A bonds the 2000F through 2002G indenture variable rate demand obligations. These current refundings exchanged variable rate demand obligations with indexed floating rate obligations, eliminating liquidity and remarketing risks associated with the refunded bonds.

On July 8, 2015, the Association issued the 2015A Single Family Mortgage Bonds to currently refund the 1997A through 2000E and 2003A through 2003D Single Family Mortgage Bonds. The 2015A Bond is intended as a restructuring to provide an adequate asset base and meet indenture parity requirements to maintain the investment grade quality of IHFA’s Single Family Mortgage Bond Program. No economic savings are intended to be achieved by this restructuring.

On July 21, 2015, the Association issued the 2015A Grant and Revenue Anticipation (GARVEE) Bonds to advance refund $97,665,000 of GARVEE 2006A Bonds and $84,505,000 of GARVEE 2008A Bonds, resulting in

IDAHO HOUSING AND FINANCE ASSOCIATION
Notes to Financial Statements

5. Bonds, continued

an economic gain to the State of Idaho of $12,694,000 (the present values of the debt service payments on the old and new debt of $9,630,000).

The scheduled principal debt service, including July 1, 2015 special redemptions, for the periods subsequent to, and as of, June 30, 2015, is as follows (in thousands):

	2016	2017	2018	2019	2020	2021 2025	2026 2030
Single-Family Mortgage Bonds:							
1997 Series A	$ 180						
1997 Series C	305						
1997 Series E	190						
1997 Series F	410						
1997 Series G	315						
1997 Series H	130						
1998 Series C	795						
1998 Series D	485						
1998 Series E	695						
1998 Series F	1,300						
1998 Series G	640						
1998 Series H	1,055						
1998 Series I	905						
1999 Series A	1,390						
1999 Series B	690						
1999 Series C	1,145						
1999 Series D	1,520						
1999 Series E	720						
1999 Series F	1,210						
1999 Series G	1,130						
1999 Series H	670						
2000 Series A	845						
2000 Series B	910						
2000 Series C	1,165						
2000 Series D	980						
2000 Series E	960						
2003 Series A	8,475						
2003 Series B	7,990						
2003 Series C	5,075						
2003 Series D	5,245						
2003 Series E	440	$ 390	$ 420	$ 405	$ 440	$ 2,035	$ 1,810
2004 Series A	470	300	310	325	335	1,810	1,660
2004 Series B	355	305	310	320	320	1,720	1,870
2004 Series C	750	430	440	450	460	2,560	2,225
2004 Series D	515	330	330	345	340	1,955	2,220

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Notes to Financial Statements

5. Bonds, continued

The scheduled principal debt service, including July 1, 2015 special redemptions, for the periods subsequent to, and as of, June 30, 2015, is as follows (in thousands):

	2031 2035	2036 2040	2041 2045	TOTAL
Single-Family Mortgage Bonds:				
1997 Series A				$ 180
1997 Series C				305
1997 Series E				190
1997 Series F				410
1997 Series G				315
1997 Series H				130
1998 Series C				795
1998 Series D				485
1998 Series E				695
1998 Series F				1,300
1998 Series G				640
1998 Series H				1,055
1998 Series I				905
1999 Series A				1,390
1999 Series B				690
1999 Series C				1,145
1999 Series D				1,520
1999 Series E				720
1999 Series F				1,210
1999 Series G				1,130
1999 Series H				670
2000 Series A				845
2000 Series B				910
2000 Series C				1,165
2000 Series D				980
2000 Series E				960
2003 Series A				8,475
2003 Series B				7,990
2003 Series C				5,075
2003 Series D				5,245
2003 Series E	$ 1,875			7,815
2004 Series A	2,005	$ 200		7,415
2004 Series B	2,255	225		7,680
2004 Series C	2,425	825		10,565
2004 Series D	2,745	600		9,380

IDAHO HOUSING AND FINANCE ASSOCIATION
Notes to Financial Statements

5. Bonds, continued

(Dollars in thousands)

	2016	2017	2018	2019	2020	2021 2025	2026 2030
Single-Family Mortgage Bonds:							
2005 Series A	585	405	430	450	470	2,585	2,520
2005 Series B	395	120	120	120	130	665	260
2005 Series C	185	200	210	220	220	1,365	420
2005 Series D	615	405	410	425	450	2,385	2,585
2005 Series E	640	410	425	430	450	2,605	2,690
2005 Series F	130	180	185	190	190	1,145	440
2006 Series A	135	240	250	260	260	1,500	580
2006 Series B	820	705	180	170	170	920	905
2006 Series C	265	235	115	120	120	635	410
2006 Series D	300	120	60	60	60	330	245
2006 Series E	520	85	95	115	110	625	545
2006 Series F	635	640	150	165	180	980	820
2006 Series G	600	20	20	25	30	175	210
2007 Series B	670	650	695	80	100	590	645
2007 Series C	1,395	690	750	120	145	730	800
2007 Series E	1,020	25	25	30	35	235	530
2007 Series F	1,325	1,180	1,220	140	160	920	1,130
2007 Series I	1,350						
2008 Series A	275	40	30	30	30	215	410
2008 Series B	1,560	370	330	360	70	430	520
2008 Series C	740	110	80	165	40	240	265
2008 Series D	870	585	615	690	190	1,180	1,290
2009 Series A	3,145	1,545	1,820	1,915	2,050	11,775	14,765
2009 Series B	410	160	200	665	775	1,520	835
2009 Series C	690	715	740	775	1,110	4,740	5,970
2010 Series A	555	570	590	630	650	4,015	4,825
2012 Series A	9,865	16,810	17,425	17,335	16,610	73,685	36,330
2013 Series A	11,320	11,025	11,540	11,810	11,725	50,775	19,565
2014 Series A	8,284	6,218	6,277	6,327	6,381	32,715	6,736
2015 Series A						12,305	8,065

IDAHO HOUSING AND FINANCE ASSOCIATION
Notes to Financial Statements

5. Bonds, continued

(Dollars in thousands)

	2031 2035	2036 2040	2041 2045	TOTAL
Single-Family Mortgage Bonds:				
2005 Series A	3,185	1,075		11,705
2005 Series B	250	25		2,085
2005 Series C	300	60		3,180
2005 Series D	3,085	1,415		11,775
2005 Series E	3,270	1,480		12,400
2005 Series F	350	75		2,885
2006 Series A	350	105		3,680
2006 Series B	970	415		5,255
2006 Series C	250	100		2,250
2006 Series D	235	100		1,510
2006 Series E	270	120		2,485
2006 Series F	400	190		4,160
2006 Series G	200	95		1,375
2007 Series B	545	420		4,395
2007 Series C	730	495		5,855
2007 Series E	1,050	820		3,770
2007 Series F	690	685		7,450
2007 Series I				1,350
2008 Series A	775	280		2,085
2008 Series B	660	275		4,575
2008 Series C	330	130		2,100
2008 Series D	1,270	1,480		8,170
2009 Series A	18,975	10,635		66,625
2009 Series B	250	125		4,940
2009 Series C	7,395	9,080	$ 1,010	32,225
2010 Series A	6,110	7,630	2,640	28,215
2012 Series A	245			188,305
2013 Series A	245			128,005
2014 Series A				72,938
2015 Series A	41,980	1,195		63,545

IDAHO HOUSING AND FINANCE ASSOCIATION
Notes to Financial Statements

5. Bonds, continued

(Dollars in thousands)

	2016	2017	2018	2019	2020	2021 2025	2026 2030
FHA Insured Housing Revenue Bonds:							
2000 Series							
2002 Series							
2007 Series							
Grant Revenue and Revenue Anticipation Bonds:							
2006 Series	104,725	7,820					
2008 Series A	92,495	7,950	7,930	7,905	7,815	9,085	4,960
2009 Series A	6,460	6,720	7,035	7,385	7,745	45,035	50,195
2010 Series A	1,820	1,890	1,965	2,055	2,165	7,240	60,380
2011 Series A	1,295	1,345	1,400	1,445	1,480	7,850	54,435
2012 Series A	4,475	1,530	1,585	1,650	1,720	9,700	11,735
2014 Series A		3,065	3,145	3,260	3,405	19,815	31,590
2015 Series A			7,895	8,750	9,660	92,550	53,685
Revenue Bonds;							
2011 Series Unemployment Compensation	50,075						
TOTAL	$ 360,699	$ 76,533	$ 77,752	$ 78,117	$ 78,796	$ 413,340	$ 392,076
TOTAL excludes 2015A Series	$ 360,699	$ 76,533	$ 69,857	$ 69,367	$ 69,136	$ 308,485	$ 330,326
Variable rate principal	$ 57,999	$ 37,053	$ 38,772	$ 39,137	$ 38,536	$ 179,145	$ 93,426
Interest:							
Fixed	$ 33,668	$ 37,156	$ 35,246	$ 33,406	$ 31,536	$ 125,511	$ 58,347
Variable	3,818	3,708	3,376	3,034	2,691	8,675	2,705
TOTAL	$ 37,486	$ 40,864	$ 38,622	$ 36,440	$ 34,227	$ 134,186	$ 61,052

5. Bonds, continued

(Dollars in thousands)

	2031 2035	2036 2040	2041 2045	TOTAL
FHA Insured Housing Revenue Bonds:				
2000 Series				-
2002 Series	3,870			3,870
2007 Series			8,163	8,163
Grant Revenue and Revenue Anticipation Bonds:				
2006 Series				112,545
2008 Series A				138,140
2009 Series A				130,575
2010 Series A				77,515
2011 Series A				69,250
2012 Series A	2,640			35,035
2014 Series A	5,875			70,155
2015 Series A				172,540
Revenue Bonds;				
2011 Series Unemployment Compensation				50,075
TOTAL	$ 118,055	$ 40,355	$ 11,813	$ 1,647,536
TOTAL excludes 2015A Series	$ 76,075	$ 39,160	$ 11,813	$ 1,411,451
Variable rate principal	$ 61,695	$ 16,335	$ -	$ 562,098
Interest:				
Fixed	$ 12,899	$ 5,296	$ 340	$ 373,405
Variable	1,185	20	-	29,212
TOTAL	$ 14,084	$ 5,316	$ 340	$ 402,617

5. Bonds, continued,

Long-term bond liability and short-term commercial paper activity for the years ended June 30, 2015 and 2014 was as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One year
Par Bonds Payable	$ 1,572,488	$ -	$ (161,037)	$ 1,411,451	$ 134,784
Interest Payable	23,600	47,329	(49,475)	21,454	21,454
Net Original (Discount)/Premium	28,015	-	(5,299)	22,716	1,843
Total Bonds payable at June 30, 2015	$ 1,624,103	$ 47,329	$ (215,811)	$ 1,455,621	$ 158,081
Par Bonds Payable	$ 1,746,763	$ 306,955	$ (481,230)	$ 1,572,488	$ 123,968
Interest Payable	26,255	53,351	(56,006)	23,600	23,600
Net Original (Discount)/Premium	26,583	6,755	(5,323)	28,015	5,085
Total Bonds payable at June 30, 2014	$ 1,799,601	$ 367,061	$ (542,559)	$ 1,624,103	$ 152,653
Commercial Paper at June 30,2015	$ 50,000	$ 340,999	$ (315,999)	$ 75,000	$ 75,000
Commercial Paper at June 30,2014	$ 50,000	$ 242,087	$ (242,087)	$ 50,000	$ 50,000

6. Redemption of Bonds

Special redemptions were made in the following bond issues (in thousands):

BOND SERIES REDEEMED	PAR VALUE OF BONDS REDEEMED		
	July 1, 2015	For the Year Ended June 30, 2015	For the Year Ended June 30, 2014
Single-Family Mortgage Bonds			
1994 Series A			$ 210
1994 Series F			35
1995 Series C			80
1995 Series E		$ 110	155
1995 Series H			375
1996 Series A			80
1996 Series D			220
1996 Series E			235
1996 Series F		140	165
1996 Series G			175
1996 Series H		300	245
1997 Series A		235	145
1997 Series B		175	420
1997 Series C	$ 120	225	290
1997 Series D		70	255
1997 Series E	10	160	540
1997 Series F	55	290	485
1997 Series G	115	1,715	
1997 Series H	120	125	520
1997 Series I		25	510
1998 Series A		285	320
1998 Series B		255	495
1998 Series C	40	140	375
1998 Series D	170	185	475
1998 Series E	95	170	285
1998 Series F	65	225	410
1998 Series G	5	180	445
1998 Series H	145	105	545
1998 Series I	40	290	665
1999 Series A	75	345	425
1999 Series B		245	500
1999 Series C	5	80	610
1999 Series D	195	145	430
1999 Series E		55	295
1999 Series F	20	80	315
1999 Series G	20	85	255
1999 Series H		170	330

6. Redemption of Bonds, continued

(Dollars in thousands):

BOND SERIES REDEEMED	July 1, 2015	For the Year Ended June 30, 2015	For the Year Ended June 30, 2014
2000 Series A	15	45	420
2000 Series B	30	30	550
2000 Series C		20	345
2000 Series D		20	465
2000 Series E	20	90	575
2000 Series F			380
2001 Series A			430
2001 Series B			25
2001 Series C			845
2001 Series D			2,970
2001 Series E			1,125
2001 Series F			740
2002 Series A			790
2002 Series B			180
2002 Series C			865
2002 Series D			925
2002 Series E			960
2002 Series F			1,000
2002 Series G			10
2003 Series A	295	785	345
2003 Series B	365	300	80
2003 Series C	465	820	690
2003 Series D	-	135	2,075
2003 Series E	35	855	730
2004 Series A	155	770	1,095
2004 Series B	65	315	535
2004 Series C	285	540	435
2004 Series D	110	540	1,860
2005 Series A	285	860	500
2005 Series B	300	35	55
2005 Series C		60	
2005 Series D	260	630	185
2005 Series E	245	625	830
2005 Series F		50	
2006 Series A		70	45
2006 Series B		145	
2006 Series C		90	160
2006 Series D	200	35	1,120

IDAHO HOUSING AND FINANCE ASSOCIATION
Notes to Financial Statements

6. Redemption of Bonds, continued

(Dollars in thousands):

BOND SERIES REDEEMED	PAR VALUE OF BONDS REDEEMED		
	July 1, 2015	For the Year Ended June 30, 2015	For the Year Ended June 30, 2014
2006 Series E	325	845	1,790
2006 Series F		90	2,700
2006 Series G	560	140	2,940
2007 Series A		840	1,920
2007 Series B		20	
2007 Series C	705	420	3,580
2007 Series D		2,385	4,055
2007 Series E	720	940	2,920
2007 Series F	190	85	7,265
2007 Series G			7,485
2007 Series H		3,000	10,415
2007 Series I	1,305	1,885	7,880
2007 Series J		2,835	6,695
2007 Series K		910	6,420
2008 Series A	230	2,215	7,190
2008 Series B	1,170	655	10,390
2008 Series C	670	690	8,970
2008 Series D	310	1,220	5,870
2009 Series A	2,425	4,215	4,680
2009 Series B	45	1,430	10,690
2009 Series C		85	
2010 Series A		85	
2014 Series A	2,057	9,500	
	$ 15,137	$ 48,965	$ 150,510
2000 Series		4,775	
Special Redeem All Bonds	$ 15,137	$ 53,740	$ 150,510

7. 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 by the Association's counterparties to the swaps and approximate the termination payments that would have been due had the swaps been terminated as of June 30, 2015. 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, 2015) 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. Due to historically low interest rates, all of the Association's interest rate swaps had negative value as of June 30, 2015 and 2014. The fair value is reported in the Statements of Net Position at of $73.82 million and $80.59 million, respectively.

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 Statements of Net Position of $69.01 million as of June 30, 2015 and $80.92 million as of June 30, 2014. A portion of the interest rate swaps are considered non-effective for hedging purposes and are reported in the Statements of Net Position in Investments at June 30, 2015 and 2014 $(.87 million) and $(.89 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 verify the reasonableness of fair values of contracts as of June 30, 2015 and 2014. The results from the verification correlated materially with the fair values provided by the Association's counterparties.

Credit risk: As of June 30, 2014, the Association is not exposed to credit risk on any outstanding swaps due to their negative fair values. If interest rates rise such that the variable rate the Association receives exceeds the fixed rate the Association pays, the Association will post a positive fair value. The Association would be exposed to credit risk to the extent of the positive fair value. The Association's counterparty has a current rating of A (Fitch), A2 (Moody's), and A (S&P).

Basis risk: All but twenty-two 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 when LIBOR is 3.5% or greater. Four non-dual basis swaps have a basis of SIFMA plus 20 basis points and one has a basis of LIBOR plus 71 or 76 basis points, depending on maturation date. 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, 2015 SIFMA is 7 basis points and one-month LIBOR is 16 basis points.

7. Derivatives, continued

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.

During FY2014, the Association redeemed and reissued as the 2013A bonds, the remaining 2006 indenture variable rate demand obligations. The refunding exchanged variable rate demand obligations with indexed floating rate obligations, eliminating liquidity and remarketing risks associated with the refunded bonds. Statement No. 53 deems this event a terminating event, such that the fair value presented in the Deferred Outflow of Resources at the time of termination be amortized over the life of the new issue. The manner of the restructuring resulted in a present value gain to the Association of $77,000 and did not substantively change the Association’s position with its counter party.

The Association redeemed and reissued as the 2014A bonds the 2000 indenture variable rate demand obligations. Though the terms of the swap contracts were not modified, the redemption and reissue did create a deemed terminating event of the swap contracts, which requires that the value of the Deferred Outflow of Resources at the date of reissuance be amortized to interest expense.

The accounting treatment also provides that deemed borrowings being created, the result of higher off-market fixed rate being paid over the market requirements at the time of modification. These borrowings are amortized and credited to interest expense over the life the of the swap contracts.

The requirements of the accounting standard result in a dual presentation of the Deferred Outflow resources at both amortized and fair values and the presentation in the Deferred Inflow of Resources of an amount that reflect the change in the fair value of the modified contracts during the fiscal years. Interest rate swap contracts fair value defers the fair value of effectively hedged swap contracts at June 30, 2015. The fair value of effectively hedged swap positions are fully matched and deferred with this offsetting position.

Interest rate swap contracts amortized value defers the amortizing value of an implicit borrowing position created upon the refunding of variable rate debt associated with swap contracts. At the time of refunding, the swap contracts’ fair value became the historical cost basis, which is amortized over the life of the swap contracts. The amortized borrowing value is fully matched and deferred with this offsetting position.

Since the current fair value of the swap contracts differs from the amortized value of the borrowing at June 30, 2015, the Association has elected to report the swap contracts’ current fair value to demonstrate the full economic liability to its counterparty. The difference between current fair and amortized value is reported as a gain or loss in the non-operating revenues and expense section of the Statement of Revenues, Expenses, and Changes in Net Position. This effectively results in an historical cost position being reported at current fair value. The Association matches the duration of its swap contracts with the variable debt maturity, and therefore, does not anticipate this difference ever to be realized as a loss.

IDAHO HOUSING AND FINANCE ASSOCIATION
Notes to Financial Statements

7. Derivatives, continued

(Dollars in thousands):

Interest Rate Swap Agreements

		Outstanding Notional Amount		Fair Values		Change in Fair Values	
Fund	Series	Hedging	Investment	Hedging	Investment	Hedging	Investment
	2003 Series A	$ 6,720	$ 350	$ (1,117)	$ (56)	$ 81	$ 7
	2003 Series B	5,595	1,105	(806)	(133)	(34)	20
	2003 Series C	3,845	-	(442)	-	45	-
	2003 Series D	4,935	1,460	(1,097)	(250)	(151)	27
	2003 Series E	5,830	565	(999)	(88)	28	(9)
	2004 Series A	5,735	770	(872)	(103)	27	(35)
	2004 Series B	6,480	610	(1,124)	(98)	(1)	9
	2004 Series C	6,750	-	(999)	-	121	-
	2004 Series D	7,705	655	(1,166)	(92)	(48)	3
	2005 Series A	8,745	-	(1,282)	-	31	-
	2005 Series D	8,460	350	(1,263)	(50)	(33)	1
	2005 Series E	8,960	-	(1,328)	-	19	-
2009A	2005 Series B	8,550	-	(1,283)	-	45	-
2009A	2005 Series C	8,675	-	(1,171)	-	24	-
2009A	2005 Series F	9,295	-	(1,484)	-	28	-
2009A	2006 Series A	8,960	-	(1,479)	-	13	-
2009A	2006 Series B	6,365	-	(962)	-	106	-
2009A	2006 Series C	6,150	-	(927)	-	107	-
2009A	2006 Series D	7,175	-	(1,113)	-	131	-
2012A	2007 Series D	11,755	-	(1,558)	-	177	-
2012A	2007 Series E	14,255	-	(1,891)	-	238	-
2012A	2007 Series F	17,775	-	(2,635)	-	370	-
2012A	2007 Series G	25,000	-	(4,450)	-	192	-
2012A	2007 Series H	30,000	-	(5,369)	-	-	-
2012A	2007 Series I	21,000	-	(3,403)	-	111	-
2012A	2007 Series J	26,250	-	(4,188)	-	131	-
2012A	2007 Series K	23,785	-	(3,520)	-	53	-
2013A	2006 Series E	8,255	-	(1,344)	-	165	-
2013A	2006 Series F	8,405	-	(1,269)	-	150	-
2013A	2006 Series G	8,300	-	(1,194)	-	141	-
2013A	2007 Series A	8,650	-	(1,386)	-	135	-
2013A	2007 Series B	9,860	-	(1,495)	-	141	-
2013A	2007 Series C	10,390	-	(1,639)	-	152	-
2013A	2008 Series A	23,785	-	(3,759)	-	84	-
2013A	2008 Series B	20,590	-	(3,000)	-	145	-
2013A	2008 Series C	14,125	-	(1,953)	-	212	-
2013A	2008 Series D	5,295	-	(654)	-	65	-

IDAHO HOUSING AND FINANCE ASSOCIATION
Notes to Financial Statements

7. Derivatives, continued

Interest Rate Swap Agreements

Fund	Series	Fixed Rate Paid by IHFA	Variable Rate Received by IHFA from Interest Rate Contract Provider	Interest Rate Contract Provider	Credit Rating	Scheduled Termination Date	Inception Date
	2003 Series A	4.52%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	1/1/2026	11/6/2008
	2003 Series B	4.04%	SIFMA+.20%	Barclays Capital	A/A2	7/1/2024	11/6/2008
	2003 Series C	3.78%	SIFMA+.20%	Barclays Capital	A/A2	1/1/2025	11/6/2008
	2003 Series D	4.84%	SIFMA+.20%	Barclays Capital	A/A2	7/1/2025	11/6/2008
	2003 Series E	4.53%	SIFMA+.20%	Barclays Capital	A/A2	7/1/2025	11/6/2008
	2004 Series A	4.03%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	1/1/2026	11/7/2008
	2004 Series B	4.37%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	1/1/2027	11/7/2008
	2004 Series C	4.33%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	7/1/2025	11/7/2008
	2004 Series D	3.85%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	1/1/2028	11/7/2008
	2005 Series A	3.90%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	1/1/2029	11/7/2008
	2005 Series D	3.87%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR	Barclays Capital	A/A2	7/1/2028	11/7/2008
	2005 Series E	3.93%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR	Barclays Capital	A/A2	1/1/2029	11/7/2008
2009A	2005 Series B	3.99%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	7/1/2028	11/7/2008
2009A	2005 Series C	3.73%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	7/1/2028	11/7/2008
2009A	2005 Series F	4.10%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR	Barclays Capital	A/A2	1/1/2029	11/7/2008
2009A	2006 Series A	4.10%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR	Barclays Capital	A/A2	1/1/2029	11/7/2008
2009A	2006 Series B	4.35%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR	Barclays Capital	A/A2	7/1/2025	11/7/2008
2009A	2006 Series C	4.36%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR	Barclays Capital	A/A2	1/1/2025	11/7/2008
2009A	2006 Series D	4.45%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR	Barclays Capital	A/A2	1/1/2025	11/7/2008
2012A	2007 Series D	4.89%	LIBOR+.71%	Barclays Capital	A/A2	1/1/2026	12/20/2012
2012A	2007 Series E	4.94%	LIBOR+.71%	Barclays Capital	A/A2	7/1/2025	12/20/2012
2012A	2007 Series F	5.28%	LIBOR+.71%	Barclays Capital	A/A2	1/1/2025	12/20/2012
2012A	2007 Series G	5.39%	LIBOR+.76%	Barclays Capital	A/A2	7/1/2028	12/20/2012
2012A	2007 Series H	5.20%	LIBOR+.76%	Barclays Capital	A/A2	7/1/2030	12/20/2012
2012A	2007 Series I	5.14%	LIBOR+.76%	Barclays Capital	A/A2	7/1/2028	12/20/2012
2012A	2007 Series J	5.10%	LIBOR+.76%	Barclays Capital	A/A2	7/1/2028	12/20/2012
2012A	2007 Series K	4.93%	LIBOR+.76%	Barclays Capital	A/A2	7/1/2030	12/20/2012
2013A	2006 Series E	5.55%	One-month LIBOR + .80%	Barclays Capital	A/A2	1/1/2026	11/22/2013
2013A	2006 Series F	5.32%	One-month LIBOR + .80%	Barclays Capital	A/A2	1/1/2026	11/22/2013
2013A	2006 Series G	5.20%	One-month LIBOR + .80%	Barclays Capital	A/A2	7/1/2026	11/22/2013
2013A	2007 Series A	5.37%	One-month LIBOR + .80%	Barclays Capital	A/A2	7/1/2026	11/22/2013
2013A	2007 Series B	5.22%	One-month LIBOR + .80%	Barclays Capital	A/A2	1/1/2027	11/22/2013
2013A	2007 Series C	5.31%	One-month LIBOR + .80%	Barclays Capital	A/A2	1/1/2027	11/22/2013
2013A	2008 Series A	5.12%	One-month LIBOR + .80%	Barclays Capital	A/A2	7/1/2030	11/22/2013
2013A	2008 Series B	4.98%	One-month LIBOR + .80%	Barclays Capital	A/A2	7/1/2029	11/22/2013
2013A	2008 Series C	5.05%	One-month LIBOR + .80%	Barclays Capital	A/A2	7/1/2026	11/22/2013
2013A	2008 Series D	4.77%	One-month LIBOR + .80%	Barclays Capital	A/A2	7/1/2026	11/22/2013

7. Derivatives, continued

(Dollars in thousands):

Interest Rate Swap Agreements

Fund	Series	Outstanding Notional Amount Hedging	Outstanding Notional Amount Investment	Fair Values Hedging	Fair Values Investment	Change in Fair Values Hedging	Change in Fair Values Investment
2014A	2000 Series F	2,345	-	(182)	-	139	-
2014A	2000 Series G	6,775	-	(1,007)	-	266	-
2014A	2001 Series A	3,960	-	(404)	-	167	-
2014A	2001 Series B	4,380	-	(490)	-	182	-
2014A	2001 Series C	4,250	-	(465)	-	179	-
2014A	2001 Series D	6,605	-	(896)	-	217	-
2014A	2001 Series E	6,605	-	(847)	-	203	-
2014A	2001 Series F	4,515	-	(511)	-	172	-
2014A	2002 Series A	4,680	-	(591)	-	193	-
2014A	2002 Series B	4,720	-	(586)	-	190	-
2014A	2002 Series C	4,750	-	(575)	-	189	-
2014A	2002 Series D	6,925	-	(922)	-	231	-
2014A	2002 Series E	4,730	-	(526)	-	164	-
2014A	2002 Series F	4,615	-	(502)	-	90	-
2014A	2002 Series G	4,615	-	(570)	-	111	-
		$ 496,875	$ 5,865	$ (74,695)	$ (870)	$ 5,894	$ 23

7. Derivatives, continued

Interest Rate Swap Agreements

	Series	Fixed Rate Paid by IHFA	Variable Rate Received by IHFA from Interest Rate Contract Provider	Interest Rate Contract Provider	Credit Rating	Scheduled Termination Date	Inception Date
2014A	2000 Series F	5.30%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	1/1/2018	11/6/2008
2014A	2000 Series G	5.25%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	7/1/2021	11/6/2008
2014A	2001 Series A	4.76%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	1/1/2020	11/6/2008
2014A	2001 Series B	4.87%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	7/1/2020	11/6/2008
2014A	2001 Series C	4.86%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	7/1/2020	11/6/2008
2014A	2001 Series D	4.73%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	7/1/2022	11/6/2008
2014A	2001 Series E	4.53%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	7/1/2022	11/6/2008
2014A	2001 Series F	4.70%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	1/1/2021	11/6/2008
2014A	2002 Series A	5.02%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	1/1/2021	11/6/2008
2014A	2002 Series B	4.95%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	1/1/2021	11/6/2008
2014A	2002 Series C	4.89%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	1/1/2021	11/6/2008
2014A	2002 Series D	4.71%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	7/1/2022	11/6/2008
2014A	2002 Series E	4.48%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	7/1/2021	11/6/2008
2014A	2002 Series F	3.79%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	1/1/2024	11/6/2008
2014A	2002 Series G	4.14%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR	Barclays Capital	A/A2	1/1/2024	11/6/2008

7. Derivatives, continued

At June 30, 2015, the Association has $195,000,000 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.

TBA Forward Contracts

Contract	Coupon rate	Outstanding Notional Amount	Fair Values	Counterparty Credit Rating
April 2015	3.00%	$ 5,000,000	$ 111,719	AAA/Aaa
April 2015	3.50%	5,000,000	64,648	AAA/Aaa
April 2015	3.00%	5,000,000	94,531	AAA/Aaa
April 2015	3.00%	5,000,000	94,531	AAA/Aaa
April 2015	3.50%	5,000,000	64,648	AAA/Aaa
April 2015	3.00%	5,000,000	68,750	AAA/Aaa
April 2015	3.00%	5,000,000	63,281	AAA/Aaa
April 2015	3.50%	5,000,000	53,711	AAA/Aaa
April 2015	3.00%	5,000,000	64,063	AAA/Aaa
May 2015	3.00%	5,000,000	35,938	AAA/Aaa
May 2015	3.00%	5,000,000	18,750	AAA/Aaa
May 2015	3.00%	10,000,000	75,000	AAA/Aaa
May 2015	3.50%	5,000,000	34,961	AAA/Aaa
May 2015	3.00%	5,000,000	35,938	AAA/Aaa
May 2015	3.50%	5,000,000	47,461	AAA/Aaa
May 2015	4.00%	5,000,000	18,359	AAA/Aaa
June 2015	3.00%	5,003,000	(18,762)	AAA/Aaa
June 2015	3.00%	10,000,000	40,625	AAA/Aaa
May 2015	3.00%	10,000,000	77,344	AAA/Aaa
May 2015	3.00%	10,000,000	114,844	AAA/Aaa
May 2015	3.50%	5,000,000	42,578	AAA/Aaa
June 2015	3.50%	5,000,000	(9,766)	AAA/Aaa
June 2015	4.00%	5,000,000	(15,234)	AAA/Aaa
June 2015	3.00%	5,000,000	(5,859)	AAA/Aaa
June 2015	3.00%	5,000,000	(13,672)	AAA/Aaa
June 2015	3.50%	5,000,000	(14,453)	AAA/Aaa
June 2015	3.50%	5,000,000	(37,109)	AAA/Aaa
June 2015	4.00%	5,000,000	(21,485)	AAA/Aaa
June 2015	3.50%	5,000,000	(11,328)	AAA/Aaa
June 2015	3.50%	5,000,000	(4,688)	AAA/Aaa
June 2015	3.50%	5,000,000	(8,984)	AAA/Aaa
June 2015	4.00%	5,000,000	(9,570)	AAA/Aaa
June 2015	3.50%	10,000,000	14,844	AAA/Aaa
June 2015	3.00%	5,000,000	(6,250)	AAA/Aaa
		$ 195,003,000	$ 1,059,364	

8. 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 Wells Fargo Bank. Employees are eligible to participate in the retirement plan after completion of 1,040 hours 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 years ending June 30, 2015 and 2014 were $688,000 and $654,000, respectively. 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 100 percent per year (or a maximum of $16,500 for those under 50 and $22,000 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 years ending June 30, 2015 and 2014 was $149,000 and $140,000, respectively. 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.

9. Conduit Debt Obligations

Interpretation No. 2 of the GASB 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, 2015 and 2014 there were forty and thirty-four, respectively, 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 $219,767,000 and $212,990,000, respectively.

The Association has included within the financial statements conduit debt obligations for housing and transportation-related bond issuances. The Association has determined that including these conduit debt obligations and related assets presents a more informed perspective of housing-related and relationship-significant debt obligations issued by the Association. The Association is not obligated in any manner for repayment of these housing and transportation related conduit debt obligations. The total outstanding indebtedness and accrued interest as of June 30, 2015 and 2014 is $733,492,000 and $819,868,000, respectively.

Since conduit debt by definition does not create net position to the Association, those issuances included within the financial statements with a net position have their net position reclassed to either an asset or a liability depending on the initial net position. To facilitate this reclass, a reporting classification titled "*Government and multifamily trusts' pledged revenues*" appears on the Statements of Revenues, Expenses, and Changes in Net Position. These amounts represent changes in net claims/(advance receipt(s)) to/(of) revenue sufficient to cover obligations and expenses of the issuance. Asset and liability amounts are reported in Other Assets and Other Liabilities in the Statements of Net Position, the Supplemental Financial Information Section (Bondholder Trusts, combined and detailed), and Footnote 11 (Multifamily and GARVEE bonds pledged revenues adjustment). Asset balances represent claims to future receipts sufficient to cover a shortfall between total receipts and total current obligations; liability balances represent receipt of total revenues that exceed what is sufficient and required for total current obligations.

10. Capital Assets (in thousands)

A summary of activity in the Capital Assets is as follows:

	Balance at June 30,2014	Additions	Reclass	Retirements	Balance at June 30,2015
Capital assets:					
Land	$ 1,008			$ (20)	$ 988
Buildings and improvements	9,449	$ 229	$ (25)	(210)	9,443
Furniture and equipment	3,298	202	25	(45)	3,480
Leasehold improvements	263	39			302
Computer software	1,476	232		(1)	1,707
Total capital assets	15,494	702	-	(276)	15,920
Less accumulated depreciation for:					
Land					
Buildings and improvements	(5,377)	(231)		154	(5,454)
Furniture and equipment	(2,704)	(292)		42	(2,954)
Leasehold improvements	(225)	(7)			(232)
Computer software	(1,410)	(84)		1	(1,493)
Total accumulated depreciation	(9,716)	(614)	-	197	(10,133)
Total capital assets, net	$ 5,778	$ 88	$ -	$ (79)	$ 5,787

IDAHO HOUSING AND FINANCE ASSOCIATION
Notes to Financial Statements

11. Other Assets and Liabilities

Other Assets and Other Liabilities as of June 30, 2015 and 2014 are composed of the Accounts and Balances as follows (in thousands):

	2015	2014
Other Assets		
Accounts Receivable	$ 7,000	$ 3,848
Multifamily trusts' pledged revenues receivable	638	649
Prepaid expenses	582	685
REO mortgages receivable	19,363	20,480
	$ 27,583	$ 25,662
Other Liabilities		
Accounts Payable	$ 191	$ 373
Accrued vacation and other payroll related liabilities	960	627
Arbitrage rebate	1,183	2,197
Federal programs advances and unapplied program income	3,716	6,370
Multifamily trusts' pledged revenues payable		166
Security deposits	15	14
Investor Remittances Due	27,665	9,907
Unapplied payments	2,864	1,299
Other accrued liability	2,641	10,119
	$ 39,235	$ 31,072

12. Risk Management

The Association maintains commercial insurance coverage for officer errors and omissions, tort claims, and property loss and other casualties. The State Fund of Idaho, a competitive state fund, writes the Association’s worker compensation coverage. The Association’s premiums and loss experience modifications are based on the loss experience of the Association.

13. Component Units

The Housing Company (THC) and The Home Partnership Foundation (HPF) are legally separate 501(c)3 component units of the Association.

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, 2014, THC had acquired and was operating sixteen multifamily housing complexes; had constructed and was operating ten multifamily housing complexes; had constructed two additional phases of housing to existing developments; had completed renovation of a hotel and turned into a new multifamily complex; had built a single family home known as The Cottage with HOME funds; had purchased land in Coeur d'Alene, Montpelier, and Twin Falls for the purpose of developing and selling workforce housing units; had purchased a single family home in Canyon County with federal NSP funds with intentions of turning 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; and had been given three lots and started construction on three homes in Nez Perce with HOME funds. Certain personnel of the Association provide services to THC and an equal number of Association Commissioners serve on THC's Board. As of June 30, 2015, three Association Commissioners and the Association's President serve on THC's Board of Directors. THC pays all expenses associated with THC operations. As of June 30, 2015 and 2014 THC paid the Association $971,000 and $883,000, respectively. THC owed $111,000 and $74,000 for the years ended June 30, 2014 and 2013. 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 a townhome project, Valley Centre Townhomes, owned by the Association and 113 IHFA owned REO rental properties. 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.

IDAHO HOUSING AND FINANCE ASSOCIATION

Supplemental Financial Information

The following schedules present the separate financial accounts of the Association as required by bond resolutions, bond indentures, and federal program regulations. After considering certain interfund and inter-component unit eliminations, the accounts combine to the Association's Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position for the Year Ended June 30, 2015

Association Accounts (in thousands)

	Business Operations			
	General Operating Account	Federally Assisted Program	Combined	Affordable Housing Investment Trust
Statement of Net Position				
ASSETS AND DEFERRED OUTFLOW OF RESOURCES				
Cash and Cash Equivalents	$ 65,824	$ 7,438	$ 73,262	$ 1
Investments, fair value	1,066		1,066	4,917
Loans Held for Investment, net	2,587	16,689	19,276	34,634
Loans available for sale	146,924		146,924	
GARVEE highway project costs receivable, net			-	
Employment Security Reserve Fund receivable			-	
Property and Equipment	4,728	1,015	5,743	44
Other Assets	468,741	253	468,994	409
Deferred Outflow---Interest Rate Swap Contracts				
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 689,870	$ 25,395	$ 715,265	$ 40,005
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION				
Bonds				
Commercial Paper	$ 75,000		$ 75,000	
Swap Contract Fair Value Liability			-	
Interest Payable-Swap Contract			-	
Escrow and Project Reserve Deposits	17,663	$ 298	17,961	
Other Liabilities	573,184	6,070	579,254	$ 4,247
Deferred Inflow---Interest Rate Swap Contracts			-	
Net Position	24,023	19,027	43,050	35,758
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	$ 689,870	$ 25,395	$ 715,265	$ 40,005
Statement of Revenues, Expenses and Changes in Net Position				
OPERATING REVENUES				
Interest on Loans	$ 3,978	$ 17	$ 3,995	$ 1,659
Interest on Investments	-		-	2
Contract and Grant Administration Fees	9,543		9,543	
Gains on Loan Sales	23,304		23,304	
Loan Servicing Fees	12,103		12,103	75
Multifamily and GARVEE bonds pledged revenues			-	
Other	2,001	562	2,563	2
TOTAL OPERATING REVENUES	50,929	579	51,508	1,738
OPERATING EXPENSES				
Interest	339		339	
Salaries and Benefits	11,282	266	11,548	
Loan acquisition costs	26,267		26,267	
General Operating	4,796	1,288	6,084	566
Bond financing costs			-	
Grants to Others			-	710
Loss on Real Estate Owned Properties			-	
Provision for loan loss			-	
Other	578	14	592	-
TOTAL OPERATING EXPENSES	43,262	1,568	44,830	1,276
OPERATING INCOME (LOSS)	7,667	(989)	6,678	462
NONOPERATING REVENUES AND EXPENSES				
Net Increase (Decrease) in Fair Value of Investments	2,238		2,238	499
Derivative instruments, interest rate swap			-	
Federal Pass-Through Revenues		38,248	38,248	
Federal Pass-Through Expenses		(39,351)	(39,351)	
TOTAL NONOPERATING REVENUES AND EXPENSES	2,238	(1,103)	1,135	499
CHANGE IN NET POSITION	9,905	(2,092)	7,813	961
NET POSITION, Beginning of Period	17,486	18,340	35,826	35,298
TRANSFERS	(3,368)	2,779	(589)	(501)
NET POSITION, End of Period	$ 24,023	$ 19,027	$ 43,050	$ 35,758

(1) The detail of the Combined Bondholder Trusts is presented on pages 61-79.

IDAHO HOUSING AND FINANCE ASSOCIATION
Supplemental Financial Information

Association Accounts (in thousands)

	Bond Rating Compliance and Loan Guarantee Trust	Combined Bondholder Trusts (1)	Interfund Eliminations	All Association Accounts
Statement of Net Position				
ASSETS AND DEFERRED OUTFLOW OF RESOURCES				
Cash and Cash Equivalents	$ 6,174	$ 680		$ 80,117
Investments, fair value	33,344	242,838		282,165
Loans Held for Investment, net	14,238	512,271		580,419
Loans available for sale		-		146,924
GARVEE highway project costs receivable, net		647,866		647,866
Employment Security Reserve Fund receivable		50,928		50,928
Property and Equipment		-		5,787
Other Assets	81,056	398,521	$ (921,432)	27,548
Deferred Outflow---Interest Rate Swap Contracts		69,007		69,007
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 134,812	$ 1,922,111	$ (921,432)	$ 1,890,761
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION				
Bonds		$ 1,455,621		$ 1,455,621
Commercial Paper		-		75,000
Swap Contract Fair Value Liability		73,824		73,824
Interest Payable-Swap Contract		12,082		12,082
Escrow and Project Reserve Deposits		-		17,961
Other Liabilities	$ 74	377,042	$ (921,432)	39,185
Deferred Inflow---Interest Rate Swap Contracts		54		54
Net Position	134,738	3,488	-	217,034
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	$ 134,812	$ 1,922,111	$ (921,432)	$ 1,890,761
Statement of Revenues, Expenses and Changes in Net Position				
OPERATING REVENUES				
Interest on Loans	$ 967	$ 35,647		$ 42,268
Interest on Investments	1,018	3,765		4,785
Contract and Grant Administration Fees		-	$ (2,696)	6,847
Gains on Loan Sales		-		23,304
Loan Servicing Fees	8	2,602	(1,929)	12,859
Multifamily and GARVEE bonds pledged revenues		29,334		29,334
Other	5,600	10		8,175
TOTAL OPERATING REVENUES	7,593	71,358	(4,625)	127,572
OPERATING EXPENSES				
Interest	-	70,237		70,576
Salaries and Benefits		-		11,548
Loan acquisition costs		-		26,267
General Operating	1,776	2,527	(4,625)	6,328
Bond financing costs		20		20
Grants to Others		-		710
Loss on Real Estate Owned Properties		-		-
Provision for loan loss		-		-
Other		-		592
TOTAL OPERATING EXPENSES	1,776	72,784	(4,625)	116,041
OPERATING INCOME (LOSS)	5,817	(1,426)	-	11,531
NONOPERATING REVENUES AND EXPENSES				
Net Increase (Decrease) in Fair Value of Investments	127	(536)		2,328
Derivative instruments, interest rate swap	-	(2,696)		(2,696)
Federal Pass-Through Revenues		-		38,248
Federal Pass-Through Expenses		-		(39,351)
TOTAL NONOPERATING REVENUES AND EXPENSES	127	(3,232)	-	(1,471)
CHANGE IN NET POSITION	5,944	(4,658)	-	10,060
NET POSITION, Beginning of Period	138,839	(2,989)		206,974
TRANSFERS	(10,045)	11,135		-
NET POSITION, End of Period	$ 134,738	$ 3,488	$ -	$ 217,034

(1) The detail of the Combined Bondholder Trusts is presented on pages 61-79.

IDAHO HOUSING AND FINANCE ASSOCIATION

Supplemental Financial Information

Association Accounts (in thousands)

	The Home Partnership Foundation	Inter-Component Unit Eliminations	All Reporting Entity Accounts
Statement of Net Position			
ASSETS AND DEFERRED OUTFLOW OF RESOURCES			
Cash and Cash Equivalents	$ 1,763		$ 81,880
Investments, fair value			282,165
Loans Held for Investment, net	123		580,542
Loans available for sale			146,924
GARVEE highway project costs receivable, net			647,866
Employment Security Reserve Fund receivable			50,928
Property and Equipment			5,787
Other Assets	35		27,583
Deferred Outflow---Interest Rate Swap Contracts			69,007
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 1,921	$ -	$ 1,892,682
LIABILITIES, DEFERRED INFLOW OF RESOURCES,			
AND NET POSITION			
Bonds			$ 1,455,621
Commercial Paper			75,000
Swap Contract Fair Value Liability			73,824
Interest Payable-Swap Contract			12,082
Escrow and Project Reserve Deposits			17,961
Other Liabilities	$ 50		39,235
Deferred Inflow---Interest Rate Swap Contracts			54
Net Position	1,871	-	218,905
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	$ 1,921	$ -	$ 1,892,682
Statement of Revenues, Expenses and			
Changes in Net Position			
OPERATING REVENUES			
Interest on Loans			$ 42,268
Interest on Investments			4,785
Contract and Grant Administration Fees			6,847
Gains on Loan Sales			23,304
Loan Servicing Fees			12,859
Multifamily and GARVEE bonds pledged revenues			29,334
Other	$ 896	$ (710)	8,361
TOTAL OPERATING REVENUES	896	(710)	127,758
OPERATING EXPENSES			
Interest			70,576
Salaries and Benefits	111		11,659
Loan acquisition costs			26,267
General Operating	42		6,370
Bond financing costs			20
Grants to Others	543	(710)	543
Loss on Real Estate Owned Properties			-
Provision for loan loss	267		267
Other			592
TOTAL OPERATING EXPENSES	963	(710)	116,294
OPERATING INCOME (LOSS)	(67)	-	11,464
NONOPERATING REVENUES AND EXPENSES			
Net Increase (Decrease) in Fair Value of Investments			2,328
Derivative instruments, interest rate swap			(2,696)
Federal Pass-Through Revenues			38,248
Federal Pass-Through Expenses			(39,351)
TOTAL NONOPERATING REVENUES AND EXPENSES	-	-	(1,471)
CHANGE IN NET POSITION	(67)	-	9,993
NET POSITION, Beginning of Period	1,938	-	208,912
TRANSFERS	-		-
NET POSITION, End of Period	$ 1,871	$ -	$ 218,905

(1) The detail of the Combined Bondholder Trusts is presented on pages 61-79.

IDAHO HOUSING AND FINANCE ASSOCIATION
Supplemental Financial Information

Combined Bondholder Trusts (in thousands)

	1994A Single-Family Mortgage Bond	1994F Single-Family Mortgage Bond	1995C Single-Family Mortgage Bond	1995E Single-Family Mortgage Bond	1995H Single-Family Mortgage Bond	1996A Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents						
Investments, fair value						
Loans Held for Investment, net						
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets						
Deferred Outflow--Interest Rate Swap Contracts						
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ -	$ -	$ -	$ -	$ -	$ -
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds						
Swap Contract Fair Value Liability						
Interest Payable-Swap Contract						
Other Liabilities						
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	-	-	-	-	-	-
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ -	$ -	$ -	$ -	$ -	$ -
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans				$ 32		
Interest on Investments				7		
Loan Servicing Fees				2		
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	-	-	-	41	-	-
OPERATING EXPENSES						
Interest				4		
General Operating				3		
Bond Financing Costs						
Other						
TOTAL OPERATING EXPENSES	-	-	-	7	-	-
OPERATING INCOME (LOSS)	-	-	-	34	-	-
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments				(2)		
Derivative instruments, interest rate swap						
TOTAL NONOPERATING REVENUES AND EXPENSES	-	-	-	(2)	-	-
CHANGE IN NET POSITION	-	-	-	32	-	-
NET POSITION, Beginning of Period	1,048	618	688	764	925	757
TRANSFERS	(1,048)	(618)	(688)	(796)	(925)	(757)
NET POSITION, End of Period	$ -	$ -	$ -	$ -	$ -	$ -

(2) The combined totals for Bondholder Trusts are presented on page 59.

Combined Bondholder Trusts, continued (in thousands)

	1996D Single-Family Mortgage Bond	1996E Single-Family Mortgage Bond	1996F Single-Family Mortgage Bond	1996G Single-Family Mortgage Bond	1996H Single-Family Mortgage Bond	1997A Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents						
Investments, fair value						$ 110
Loans Held for Investment, net						874
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets						3
Deferred Outflow--Interest Rate Swap Contracts						
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ -	$ -	$ -	$ -	$ -	$ 987
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds						$ 186
Swap Contract Fair Value Liability						
Interest Payable-Swap Contract						
Other Liabilities						11
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	-	-	-	-	-	790
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ -	$ -	$ -	$ -	$ -	$ 987
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans			$ 32		$ 32	$ 59
Interest on Investments			4		7	9
Loan Servicing Fees			2		2	3
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	-	-	38	-	41	71
OPERATING EXPENSES						
Interest			3		6	19
General Operating			3		3	5
Bond Financing Costs						
Other						-
TOTAL OPERATING EXPENSES	-	-	6	-	9	24
OPERATING INCOME (LOSS)	-	-	32	-	32	47
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments			(2)		(4)	(4)
Derivative instruments, interest rate swap						
TOTAL NONOPERATING REVENUES AND EXPENSES	-	-	(2)	-	(4)	(4)
CHANGE IN NET POSITION	-	-	30	-	28	43
NET POSITION, Beginning of Period	692	612	812	792	737	741
TRANSFERS	(692)	(612)	(842)	(792)	(765)	6
NET POSITION, End of Period	$ -	$ -	$ -	$ -	$ -	$ 790

(2) The combined totals for Bondholder Trusts are presented on page 59.

IDAHO HOUSING AND FINANCE ASSOCIATION
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Combined Bondholder Trusts, continued (in thousands)

	1997B Single-Family Mortgage Bond	1997C Single-Family Mortgage Bond	1997D Single-Family Mortgage Bond	1997E Single-Family Mortgage Bond	1997F Single-Family Mortgage Bond	1997G Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents		$ 1			$ 56	
Investments, fair value		286		$ 204	265	$ 369
Loans Held for Investment, net		840		907	1,211	981
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets		3		4	7	72
Deferred Outflow--Interest Rate Swap Contracts						
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ -	$ 1,130	$ -	$ 1,115	$ 1,539	$ 1,422
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds		$ 314		$ 196	$ 422	$ 324
Swap Contract Fair Value Liability						
Interest Payable-Swap Contract						
Other Liabilities		23		22	25	31
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	-	793	-	897	1,092	1,067
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ -	$ 1,130	$ -	$ 1,115	$ 1,539	$ 1,422
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans	$ 32	$ 61	$ 24	$ 63	$ 85	$ 70
Interest on Investments	6	13	6	10	18	4
Loan Servicing Fees	2	2	1	3	4	4
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	40	76	31	76	107	78
OPERATING EXPENSES						
Interest	6	23	2	17	34	23
General Operating	3	6	3	5	5	5
Bond Financing Costs						
Other			-			
TOTAL OPERATING EXPENSES	9	29	5	22	39	28
OPERATING INCOME (LOSS)	31	47	26	54	68	50
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments	(3)	(5)	(1)	(4)	(7)	(13)
Derivative instruments, interest rate swap						
TOTAL NONOPERATING REVENUES AND EXPENSES	(3)	(5)	(1)	(4)	(7)	(13)
CHANGE IN NET POSITION	28	42	25	50	61	37
NET POSITION, Beginning of Period	775	740	735	836	1,019	1,018
TRANSFERS	(803)	11	(760)	11	12	12
NET POSITION, End of Period	$ -	$ 793	$ -	$ 897	$ 1,092	$ 1,067

(2) The combined totals for Bondholder Trusts are presented on page 59.

Combined Bondholder Trusts, continued (in thousands)

	1997H Single-Family Mortgage Bond	1997I Single-Family Mortgage Bond	1998A Single-Family Mortgage Bond	1998B Single-Family Mortgage Bond	1998C Single-Family Mortgage Bond	1998D Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents	$ 7				$ 4	
Investments, fair value	265				321	$ 304
Loans Held for Investment, net	1,078				1,574	1,093
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets	6				6	5
Deferred Outflow--Interest Rate Swap Contracts						
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 1,356	$ -	$ -	$ -	$ 1,905	$ 1,402
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds	$ 134				$ 816	$ 498
Swap Contract Fair Value Liability						
Interest Payable-Swap Contract						
Other Liabilities	20				46	17
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	1,202	-	-	-	1,043	887
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 1,356	$ -	$ -	$ -	$ 1,905	$ 1,402
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans	$ 75	$ 34	$ 42	$ 40	$ 98	$ 70
Interest on Investments	6	11	6	8	10	16
Loan Servicing Fees	4	2	3	3	6	4
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	85	47	51	51	114	90
OPERATING EXPENSES						
Interest	13	1	8	6	46	30
General Operating	5	3		3	5	5
Bond Financing Costs			10			
Other			-			
TOTAL OPERATING EXPENSES	18	4	18	9	51	35
OPERATING INCOME (LOSS)	67	43	33	42	63	55
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments	(4)		(5)	(3)	(4)	(4)
Derivative instruments, interest rate swap						
TOTAL NONOPERATING REVENUES AND EXPENSES	(4)	-	(5)	(3)	(4)	(4)
CHANGE IN NET POSITION	63	43	28	39	59	51
NET POSITION, Beginning of Period	1,127	1,067	1,142	1,204	974	851
TRANSFERS	12	(1,110)	(1,170)	(1,243)	10	(15)
NET POSITION, End of Period	$ 1,202	$ -	$ -	$ -	$ 1,043	$ 887

(2) The combined totals for Bondholder Trusts are presented on page 59.

Combined Bondholder Trusts, continued (in thousands)

	1998E Single-Family Mortgage Bond	1998F Single-Family Mortgage Bond	1998G Single-Family Mortgage Bond	1998H Single-Family Mortgage Bond	1998I Single-Family Mortgage Bond	1999A Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents			$ 5			
Investments, fair value	$ 350	$ 307	265	$ 583	$ 283	$ 550
Loans Held for Investment, net	1,172	1,661	1,264	1,581	1,807	1,698
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets	8	7	6	6	44	6
Deferred Outflow--Interest Rate Swap Contracts						
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 1,530	$ 1,975	$ 1,540	$ 2,170	$ 2,134	$ 2,254
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds	$ 714	$ 1,335	$ 657	$ 1,082	$ 928	$ 1,426
Swap Contract Fair Value Liability						
Interest Payable-Swap Contract						
Other Liabilities	17	10	14	1	13	8
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	799	630	869	1,087	1,193	820
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 1,530	$ 1,975	$ 1,540	$ 2,170	$ 2,134	$ 2,254
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans	$ 77	$ 103	$ 83	$ 99	$ 108	$ 109
Interest on Investments	15	18	7	19	13	29
Loan Servicing Fees	5	6	5	6	7	6
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	97	127	95	124	128	144
OPERATING EXPENSES						
Interest	43	77	38	58	55	80
General Operating	5	6	5	5	6	6
Bond Financing Costs						
Other						
TOTAL OPERATING EXPENSES	48	83	43	63	61	86
OPERATING INCOME (LOSS)	49	44	52	61	67	58
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments	(5)	(4)	(2)	(2)	(4)	(5)
Derivative instruments, interest rate swap						
TOTAL NONOPERATING REVENUES AND EXPENSES	(5)	(4)	(2)	(2)	(4)	(5)
CHANGE IN NET POSITION	44	40	50	59	63	53
NET POSITION, Beginning of Period	746	580	809	1,018	1,123	758
TRANSFERS	9	10	10	10	7	9
NET POSITION, End of Period	$ 799	$ 630	$ 869	$ 1,087	$ 1,193	$ 820

(2) The combined totals for Bondholder Trusts are presented on page 59.

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Combined Bondholder Trusts, continued (in thousands)

	1999B Single-Family Mortgage Bond	1999C Single-Family Mortgage Bond	1999D Single-Family Mortgage Bond	1999E Single-Family Mortgage Bond	1999F Single-Family Mortgage Bond	1999G Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents		$ 2	$ 200	$ 1	$ 22	
Investments, fair value	$ 167	256	411	127	250	$ 262
Loans Held for Investment, net	1,387	1,642	1,953	875	1,553	1,170
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets	7	54	7	66	7	4
Deferred Outflow--Interest Rate Swap Contracts						
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 1,561	$ 1,954	$ 2,571	$ 1,069	$ 1,832	$ 1,436
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds	$ 708	$ 1,175	$ 1,561	$ 741	$ 1,245	$ 1,164
Swap Contract Fair Value Liability						
Interest Payable-Swap Contract						
Other Liabilities	6	4	15	11	8	10
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	847	775	995	317	579	262
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 1,561	$ 1,954	$ 2,571	$ 1,069	$ 1,832	$ 1,436
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans	$ 82	$ 103	$ 125	$ 61	$ 102	$ 79
Interest on Investments	8	10	26	-	4	4
Loan Servicing Fees	5	6	7	3	5	4
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	95	119	158	64	111	87
OPERATING EXPENSES						
Interest	41	63	87	44	73	71
General Operating	5	6	7	4	6	4
Bond Financing Costs						
Other						
TOTAL OPERATING EXPENSES	46	69	94	48	79	75
OPERATING INCOME (LOSS)	49	50	64	16	32	12
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments	(2)	(1)	(5)	(1)	(1)	(2)
Derivative instruments, interest rate swap						
TOTAL NONOPERATING REVENUES AND EXPENSES	(2)	(1)	(5)	(1)	(1)	(2)
CHANGE IN NET POSITION	47	49	59	15	31	10
NET POSITION, Beginning of Period	792	719	925	294	537	175
TRANSFERS	8	7	11	8	11	77
NET POSITION, End of Period	$ 847	$ 775	$ 995	$ 317	$ 579	$ 262

(2) The combined totals for Bondholder Trusts are presented on page 59.

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Combined Bondholder Trusts, continued (in thousands)

	1999H Single-Family Mortgage Bond	2000A Single-Family Mortgage Bond	2000B Single-Family Mortgage Bond	2000C Single-Family Mortgage Bond	2000D Single-Family Mortgage Bond	2000E Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents						
Investments, fair value	$ 209	$ 128	$ 206	$ 355	$ 256	$ 249
Loans Held for Investment, net	958	879	953	870	962	920
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets	4	4	88	4	5	3
Deferred Outflow--Interest Rate Swap Contracts						
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 1,171	$ 1,011	$ 1,247	$ 1,229	$ 1,223	$ 1,172
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds	$ 691	$ 872	$ 938	$ 1,201	$ 1,011	$ 989
Swap Contract Fair Value Liability						
Interest Payable-Swap Contract						
Other Liabilities	2	1	1	2	1	1
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	478	138	308	26	211	182
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 1,171	$ 1,011	$ 1,247	$ 1,229	$ 1,223	$ 1,172
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans	$ 69	$ 61	$ 75	$ 65	$ 72	$ 66
Interest on Investments	6	2	4	13	9	8
Loan Servicing Fees	3	4	4	3	3	3
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	78	67	83	81	84	77
OPERATING EXPENSES						
Interest	44	56	59	74	64	61
General Operating	6	6	5	6	5	5
Bond Financing Costs					10	
Other						
TOTAL OPERATING EXPENSES	50	62	64	80	79	66
OPERATING INCOME (LOSS)	28	5	19	1	5	11
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments				1	(1)	1
Derivative instruments, interest rate swap						
TOTAL NONOPERATING REVENUES AND EXPENSES	-	-	-	1	(1)	1
CHANGE IN NET POSITION	28	5	19	2	4	12
NET POSITION, Beginning of Period	439	(131)	(178)	(218)	(402)	(356)
TRANSFERS	11	264	467	242	609	526
NET POSITION, End of Period	$ 478	$ 138	$ 308	$ 26	$ 211	$ 182

(2) The combined totals for Bondholder Trusts are presented on page 59.

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Combined Bondholder Trusts, continued (in thousands)

	2000F Single-Family Mortgage Bond	2000G Single-Family Mortgage Bond	2001A Single-Family Mortgage Bond	2001B Single-Family Mortgage Bond	2001C Single-Family Mortgage Bond	2001D Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents						
Investments, fair value						
Loans Held for Investment, net						
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets						
Deferred Outflow--Interest Rate Swap Contracts						
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ -	$ -	$ -	$ -	$ -	$ -
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds						
Swap Contract Fair Value Liability						
Interest Payable-Swap Contract						
Other Liabilities						
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	-	-	-	-	-	-
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ -	$ -	$ -	$ -	$ -	$ -
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans						
Interest on Investments						
Loan Servicing Fees						
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	-	-	-	-	-	-
OPERATING EXPENSES						
Interest						
General Operating						
Bond Financing Costs						
Other						
TOTAL OPERATING EXPENSES	-	-	-	-	-	-
OPERATING INCOME (LOSS)	-	-	-	-	-	-
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments						
Derivative instruments, interest rate swap						
TOTAL NONOPERATING REVENUES AND EXPENSES	-	-	-	-	-	-
CHANGE IN NET POSITION	-	-	-	-	-	-
NET POSITION, Beginning of Period	(908)	(2,077)	(51)	(925)	628	15
TRANSFERS	908	2,077	51	925	(628)	(15)
NET POSITION, End of Period	$ -	$ -	$ -	$ -	$ -	$ -

(2) The combined totals for Bondholder Trusts are presented on page 59.

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Combined Bondholder Trusts, continued (in thousands)

	2001E Single-Family Mortgage Bond	2001F Single-Family Mortgage Bond	2002A Single-Family Mortgage Bond	2002B Single-Family Mortgage Bond	2002C Single-Family Mortgage Bond	2002D Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents						
Investments, fair value						
Loans Held for Investment, net						
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets						
Deferred Outflow--Interest Rate Swap Contracts						
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ -	$ -	$ -	$ -	$ -	$ -
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds						
Swap Contract Fair Value Liability						
Interest Payable-Swap Contract						
Other Liabilities						
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	-	-	-	-	-	-
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ -	$ -	$ -	$ -	$ -	$ -
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans						
Interest on Investments						
Loan Servicing Fees						
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	-	-	-	-	-	-
OPERATING EXPENSES						
Interest						
General Operating						
Bond Financing Costs						
Other						
TOTAL OPERATING EXPENSES	-	-	-	-	-	-
OPERATING INCOME (LOSS)	-	-	-	-	-	-
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments						
Derivative instruments, interest rate swap						
TOTAL NONOPERATING REVENUES AND EXPENSES	-	-	-	-	-	-
CHANGE IN NET POSITION	-	-	-	-	-	-
NET POSITION, Beginning of Period	(150)	420	(66)	(356)	309	35
TRANSFERS	150	(420)	66	356	(309)	(35)
NET POSITION, End of Period	$ -	$ -	$ -	$ -	$ -	$ -

(2) The combined totals for Bondholder Trusts are presented on page 59.

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Combined Bondholder Trusts, continued (in thousands)

	2002E Single-Family Mortgage Bond	2002F Single-Family Mortgage Bond	2002G Single-Family Mortgage Bond	2003A Single-Family Mortgage Bond	2003B Single-Family Mortgage Bond	2003C Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents				$ 355		
Investments, fair value				4,033	$ 3,900	$ 1,500
Loans Held for Investment, net				3,867	3,370	3,785
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets				11	113	14
Deferred Outflow--Interest Rate Swap Contracts				1,062	673	442
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ -	$ -	$ -	$ 9,328	$ 8,056	$ 5,741
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds				$ 8,513	$ 8,025	$ 5,099
Swap Contract Fair Value Liability				1,062	673	442
Interest Payable-Swap Contract				160	136	73
Other Liabilities				8	6	4
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	-	-	-	(415)	(784)	123
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ -	$ -	$ -	$ 9,328	$ 8,056	$ 5,741
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans				$ 212	$ 186	$ 182
Interest on Investments				167	25	23
Loan Servicing Fees				15	12	14
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	-	-	-	394	223	219
OPERATING EXPENSES						
Interest				405	348	202
General Operating				21	18	15
Bond Financing Costs						
Other						
TOTAL OPERATING EXPENSES	-	-	-	426	366	217
OPERATING INCOME (LOSS)	-	-	-	(32)	(143)	2
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments				5	30	(7)
Derivative instruments, interest rate swap				62	152	
TOTAL NONOPERATING REVENUES AND EXPENSES	-	-	-	67	182	(7)
CHANGE IN NET POSITION	-	-	-	35	39	(5)
NET POSITION, Beginning of Period	832	249	(579)	(483)	(854)	89
TRANSFERS	(832)	(249)	579	33	31	39
NET POSITION, End of Period	$ -	$ -	$ -	$ (415)	$ (784)	$ 123

(2) The combined totals for Bondholder Trusts are presented on page 59.

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Combined Bondholder Trusts, continued (in thousands)

	2003D Single-Family Mortgage Bond	2003E Single-Family Mortgage Bond	2004A Single-Family Mortgage Bond	2004B Single-Family Mortgage Bond	2004C Single-Family Mortgage Bond	2004D Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents	$ 4					
Investments, fair value	1,225	$ 2,930	$ 2,593	$ 4,027	$ 5,135	$ 1,705
Loans Held for Investment, net	3,577	4,422	4,877	4,848	5,298	7,955
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets	81	83	215	16	17	21
Deferred Outflow--Interest Rate Swap Contracts	847	911	769	1,025	999	1,075
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 5,734	$ 8,346	$ 8,454	$ 9,916	$ 11,449	$ 10,756
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds	$ 5,247	$ 7,868	$ 7,457	$ 7,707	$ 10,624	$ 9,421
Swap Contract Fair Value Liability	847	911	769	1,026	999	1,074
Interest Payable-Swap Contract	155	145	131	155	146	161
Other Liabilities	5	23	9	293	20	9
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	(520)	(601)	88	735	(340)	91
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 5,734	$ 8,346	$ 8,454	$ 9,916	$ 11,449	$ 10,756
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans	$ 221	$ 257	$ 264	$ 287	$ 297	$ 396
Interest on Investments	35	39	36	40	43	32
Loan Servicing Fees	14	16	19	18	19	34
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	270	312	319	345	359	462
OPERATING EXPENSES						
Interest	319	405	352	370	421	481
General Operating	16	21	21	20	25	31
Bond Financing Costs						
Other	-					-
TOTAL OPERATING EXPENSES	335	426	373	390	446	512
OPERATING INCOME (LOSS)	(65)	(114)	(54)	(45)	(87)	(50)
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments	34	(14)	(44)	(25)	9	14
Derivative instruments, interest rate swap	277	79	65	104		94
TOTAL NONOPERATING REVENUES AND EXPENSES	311	65	21	79	9	108
CHANGE IN NET POSITION	246	(49)	(33)	34	(78)	58
NET POSITION, Beginning of Period	(803)	(577)	84	(146)	(283)	18
TRANSFERS	37	25	37	847	21	15
NET POSITION, End of Period	$ (520)	$ (601)	$ 88	$ 735	$ (340)	$ 91

(2) The combined totals for Bondholder Trusts are presented on page 59.

IDAHO HOUSING AND FINANCE ASSOCIATION
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Combined Bondholder Trusts, continued (in thousands)

	2005A Single-Family Mortgage Bond	2005B Single-Family Mortgage Bond	2005C Single-Family Mortgage Bond	2005D Single-Family Mortgage Bond	2005E Single-Family Mortgage Bond	2005F Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents						
Investments, fair value	$ 5,517	$ 5,120	$ 6,352	$ 6,279	$ 6,173	$ 6,323
Loans Held for Investment, net	6,180	6,531	4,620	5,851	6,110	4,848
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets	85	17	15	18	193	109
Deferred Outflow--Interest Rate Swap Contracts	1,282	1,283	1,171	1,214	1,328	1,484
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 13,064	$ 12,951	$ 12,158	$ 13,362	$ 13,804	$ 12,764
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds	$ 11,756	$ 2,137	$ 3,256	$ 11,828	$ 12,464	$ 2,957
Swap Contract Fair Value Liability	1,282	1,283	1,171	1,213	1,328	1,484
Interest Payable-Swap Contract	171	171	162	170	176	190
Other Liabilities	8	8,668	9,170	131	272	10,388
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	(153)	692	(1,601)	20	(436)	(2,255)
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 13,064	$ 12,951	$ 12,158	$ 13,362	$ 13,804	$ 12,764
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans	$ 312	$ 349	$ 262	$ 326	$ 344	$ 285
Interest on Investments	35	42	37	34	33	36
Loan Servicing Fees	24	29	25	27	28	26
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	371	420	324	387	405	347
OPERATING EXPENSES						
Interest	519	502	537	451	487	590
General Operating	29	35	23	34	35	20
Bond Financing Costs						
Other						
TOTAL OPERATING EXPENSES	548	537	560	485	522	610
OPERATING INCOME (LOSS)	(177)	(117)	(236)	(98)	(117)	(263)
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments	4	(6)	5	4	5	5
Derivative instruments, interest rate swap	-			50		
TOTAL NONOPERATING REVENUES AND EXPENSES	4	(6)	5	54	5	5
CHANGE IN NET POSITION	(173)	(123)	(231)	(44)	(112)	(258)
NET POSITION, Beginning of Period	(94)	355	186	(716)	(864)	(499)
TRANSFERS	114	460	(1,556)	780	540	(1,498)
NET POSITION, End of Period	$ (153)	$ 692	$ (1,601)	$ 20	$ (436)	$ (2,255)

(2) The combined totals for Bondholder Trusts are presented on page 59.

IDAHO HOUSING AND FINANCE ASSOCIATION
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Combined Bondholder Trusts, continued (in thousands)

	2006A Single-Family Mortgage Bond	2006B Single-Family Mortgage Bond	2006C Single-Family Mortgage Bond	2006D Single-Family Mortgage Bond	2006E Single-Family Mortgage Bond	2006F Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents		$ 23				
Investments, fair value	$ 4,449	5,938	$ 2,405	$ 3,909	$ 2,228	$ 1,285
Loans Held for Investment, net	6,825	6,477	6,214	7,314	8,262	9,379
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets	21	135	453	303	804	796
Deferred Outflow--Interest Rate Swap Contracts	1,479	962	927	1,113	1,239	1,172
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 12,774	$ 13,535	$ 9,999	$ 12,639	$ 12,533	$ 12,632
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds	$ 3,770	$ 5,384	$ 2,307	$ 1,549	$ 2,547	$ 4,257
Swap Contract Fair Value Liability	1,479	962	927	1,113	1,344	1,269
Interest Payable-Swap Contract	184	139	134	160	229	224
Other Liabilities	9,723	9,934	6,861	8,682	9,137	8,165
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	(2,382)	(2,884)	(230)	1,135	(724)	(1,283)
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 12,774	$ 13,535	$ 9,999	$ 12,639	$ 12,533	$ 12,632
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans	$ 386	$ 381	$ 361	$ 451	$ 502	$ 515
Interest on Investments	40	242	29	38	42	34
Loan Servicing Fees	34	38	33	35	46	62
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	460	661	423	524	590	611
OPERATING EXPENSES						
Interest	611	602	433	457	513	570
General Operating	44	41	17	28	24	28
Bond Financing Costs					-	
Other						
TOTAL OPERATING EXPENSES	655	643	450	485	537	598
OPERATING INCOME (LOSS)	(195)	18	(27)	39	53	13
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments	5	(31)	(21)	(31)	(34)	(27)
Derivative instruments, interest rate swap					(105)	(96)
TOTAL NONOPERATING REVENUES AND EXPENSES	5	(31)	(21)	(31)	(139)	(123)
CHANGE IN NET POSITION	(190)	(13)	(48)	8	(86)	(110)
NET POSITION, Beginning of Period	(688)	322	(113)	(122)	(555)	(1,120)
TRANSFERS	(1,504)	(3,193)	(69)	1,249	(83)	(53)
NET POSITION, End of Period	$ (2,382)	$ (2,884)	$ (230)	$ 1,135	$ (724)	$ (1,283)

(2) The combined totals for Bondholder Trusts are presented on page 59.

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Combined Bondholder Trusts, continued (in thousands)

	2006G Single-Family Mortgage Bond	2007A Single-Family Mortgage Bond	2007B Single-Family Mortgage Bond	2007C Single-Family Mortgage Bond	2007D Single-Family Mortgage Bond	2007E Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents						
Investments, fair value	$ 1,594	$ 3,277	$ 2,026	$ 3,395	$ 2,523	$ 4,489
Loans Held for Investment, net	10,817	10,238	10,884	10,614	14,800	14,740
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets	704	617	969	714	1,892	2,344
Deferred Outflow--Interest Rate Swap Contracts	1,105	1,293	1,326	1,529	1,482	1,791
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 14,220	$ 15,425	$ 15,205	$ 16,252	$ 20,697	$ 23,364
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds	$ 1,407		$ 4,494	$ 5,992		$ 3,860
Swap Contract Fair Value Liability	1,194	$ 1,386	1,495	1,639	$ 1,558	1,891
Interest Payable-Swap Contract	216	232	257	276	288	674
Other Liabilities	9,316	8,750	11,743	10,008	12,364	15,872
Deferred Inflow--Interest Rate Swap Contracts					17	18
Net Position	2,087	5,057	(2,784)	(1,663)	6,470	1,049
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 14,220	$ 15,425	$ 15,205	$ 16,252	$ 20,697	$ 23,364
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans	$ 579	$ 589	$ 620	$ 635	$ 863	$ 947
Interest on Investments	36	39	47	65	64	76
Loan Servicing Fees	69	74	64	76	103	109
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	684	702	731	776	1,030	1,132
OPERATING EXPENSES						
Interest	428	372	629	747	516	1,315
General Operating	46	44	56	54	66	49
Bond Financing Costs		-				
Other						
TOTAL OPERATING EXPENSES	474	416	685	801	582	1,364
OPERATING INCOME (LOSS)	210	286	46	(25)	448	(232)
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments	(23)	(29)	(34)	(44)	(42)	(59)
Derivative instruments, interest rate swap	(89)	(93)	(169)	(110)	49	60
TOTAL NONOPERATING REVENUES AND EXPENSES	(112)	(122)	(203)	(154)	7	1
CHANGE IN NET POSITION	98	164	(157)	(179)	455	(231)
NET POSITION, Beginning of Period	(314)	(331)	(808)	(1,294)	(395)	(1,981)
TRANSFERS	2,303	5,224	(1,819)	(190)	6,410	3,261
NET POSITION, End of Period	$ 2,087	$ 5,057	$ (2,784)	$ (1,663)	$ 6,470	$ 1,049

(2) The combined totals for Bondholder Trusts are presented on page 59.

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Combined Bondholder Trusts, continued (in thousands)

	2007F Single-Family Mortgage Bond	2007G Single-Family Mortgage Bond	2007H Single-Family Mortgage Bond	2007I Single-Family Mortgage Bond	2007J Single-Family Mortgage Bond	2007K Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents						
Investments, fair value	$ 4,931	$ 8,699	$ 6,971	$ 6,306	$ 7,493	$ 8,082
Loans Held for Investment, net	21,986	19,640	20,602	17,851	20,931	19,313
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets	1,454	1,478	2,457	1,428	1,138	1,026
Deferred Outflow--Interest Rate Swap Contracts	2,492	4,335	5,279	3,306	4,067	3,410
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 30,863	$ 34,152	$ 35,309	$ 28,891	$ 33,629	$ 31,831
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds	$ 7,636			$ 1,386		
Swap Contract Fair Value Liability	2,635	$ 4,450	$ 5,369	3,403	$ 4,188	$ 3,520
Interest Payable-Swap Contract	540	780	470	352	670	586
Other Liabilities	19,035	28,877	29,363	24,007	31,497	25,546
Deferred Inflow--Interest Rate Swap Contracts	19					
Net Position	998	45	107	(257)	(2,726)	2,179
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 30,863	$ 34,152	$ 35,309	$ 28,891	$ 33,629	$ 31,831
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans	$ 1,344	$ 402	$ 1,273	$ 1,142	$ 1,295	$ 1,154
Interest on Investments	89	85	101	89	182	70
Loan Servicing Fees	153	29	129	122	125	125
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	1,586	516	1,503	1,353	1,602	1,349
OPERATING EXPENSES						
Interest	1,260	1,279	857	711	1,136	956
General Operating	153	62	93	123	74	97
Bond Financing Costs			-			
Other						
TOTAL OPERATING EXPENSES	1,413	1,341	950	834	1,210	1,053
OPERATING INCOME (LOSS)	173	(825)	553	519	392	296
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments	(84)	(42)	(57)	(62)	(55)	(35)
Derivative instruments, interest rate swap	99	53	40	33	39	12
TOTAL NONOPERATING REVENUES AND EXPENSES	15	11	(17)	(29)	(16)	(23)
CHANGE IN NET POSITION	188	(814)	536	490	376	273
NET POSITION, Beginning of Period	880	152	(654)	(197)	336	19
TRANSFERS	(70)	707	225	(550)	(3,438)	1,887
NET POSITION, End of Period	$ 998	$ 45	$ 107	$ (257)	$ (2,726)	$ 2,179

(2) The combined totals for Bondholder Trusts are presented on page 59.

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Combined Bondholder Trusts, continued (in thousands)

	2008A Single-Family Mortgage Bond	2008B Single-Family Mortgage Bond	2008C Single-Family Mortgage Bond	2008D Single-Family Mortgage Bond	2009A Single-Family Mortgage Bond	2009B Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents						
Investments, fair value	$ 4,630	$ 5,092	$ 3,016	$ 2,962	$ 2,791	$ 459
Loans Held for Investment, net	13,013	16,963	14,720	12,637		
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets	396	597	921	338	63,834	4,481
Deferred Outflow--Interest Rate Swap Contracts	3,554	2,827	1,814	500		
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 21,593	$ 25,479	$ 20,471	$ 16,437	$ 66,625	$ 4,940
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds	$ 2,146	$ 4,696	$ 2,160	$ 8,377	$ 66,801	$ 5,069
Swap Contract Fair Value Liability	3,759	3,000	1,952	653		
Interest Payable-Swap Contract	609	512	357	126		
Other Liabilities	25,564	21,805	15,311	5,009	13	5
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	(10,485)	(4,534)	691	2,272	(189)	(134)
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 21,593	$ 25,479	$ 20,471	$ 16,437	$ 66,625	$ 4,940
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans	$ 822	$ 1,007	$ 927	$ 771		
Interest on Investments	87	91	71	40	-	
Loan Servicing Fees	60	92	54	48		
Multifamily and GARVEE bonds pledged revenues						
Other						10
TOTAL OPERATING REVENUES	969	1,190	1,052	859	-	10
OPERATING EXPENSES						
Interest	961	1,104	734	647	360	276
General Operating	59	80	31	39	-	-
Bond Financing Costs	-					
Other						
TOTAL OPERATING EXPENSES	1,020	1,184	765	686	360	276
OPERATING INCOME (LOSS)	(51)	6	287	173	(360)	(266)
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments	32	17	4	12		
Derivative instruments, interest rate swap	(204)	(172)	(139)	(154)		
TOTAL NONOPERATING REVENUES AND EXPENSES	(172)	(155)	(135)	(142)	-	-
CHANGE IN NET POSITION	(223)	(149)	152	31	(360)	(266)
NET POSITION, Beginning of Period	272	(707)	(1,074)	(3,005)	(4,396)	(6,251)
TRANSFERS	(10,534)	(3,678)	1,613	5,246	4,567	6,383
NET POSITION, End of Period	$ (10,485)	$ (4,534)	$ 691	$ 2,272	$ (189)	$ (134)

(2) The combined totals for Bondholder Trusts are presented on page 59.

IDAHO HOUSING AND FINANCE ASSOCIATION
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Combined Bondholder Trusts, continued (in thousands)

	2009C Single-Family Mortgage Bond	2009 1 Single-Family Mortgage Bond	2010A Single-Family Mortgage Bond	2012A Single-Family Mortgage Bond	2013A Single-Family Mortgage Bond	2014A Single-Family Mortgage Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents						
Investments, fair value	15,244	-	9,652	4,509	6,283	15,318
Loans Held for Investment, net	16,773		18,695			63,248
GARVEE highway project costs receivable, net						
Employment Security Reserve Fund receivable						
Other Assets	409		297	184,248	121,722	462
Deferred Outflow--Interest Rate Swap Contracts						6,440
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 32,426	$ -	$ 28,644	$ 188,757	$ 128,005	$ 85,468
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds	32,871		28,676	189,179	128,633	73,245
Swap Contract Fair Value Liability						9,074
Interest Payable-Swap Contract						1,765
Other Liabilities	27		18	2	3	1,066
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	(472)	-	(50)	(424)	(631)	318
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 32,426	$ -	$ 28,644	$ 188,757	$ 128,005	$ 85,468
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans	$ 899		$ 724	$ 810		$ 4,022
Interest on Investments	78		54			200
Loan Servicing Fees	65		80	97		228
Multifamily and GARVEE bonds pledged revenues						
Other						
TOTAL OPERATING REVENUES	1,042	-	858	907	-	4,450
OPERATING EXPENSES						
Interest	1,295		925	1,754	1,276	4,211
General Operating	73		69	57	2	302
Bond Financing Costs						
Other						
TOTAL OPERATING EXPENSES	1,368	-	994	1,811	1,278	4,513
OPERATING INCOME (LOSS)	(326)	-	(136)	(904)	(1,278)	(63)
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments	24		28			131
Derivative instruments, interest rate swap						(2,633)
TOTAL NONOPERATING REVENUES AND EXPENSES	24	-	28	-	-	(2,502)
CHANGE IN NET POSITION	(302)	-	(108)	(904)	(1,278)	(2,565)
NET POSITION, Beginning of Period	(244)	(371)	(323)	(2,506)	(1,076)	2,460
TRANSFERS	74	371	381	2,986	1,723	423
NET POSITION, End of Period	$ (472)	$ -	$ (50)	$ (424)	$ (631)	$ 318

(2) The combined totals for Bondholder Trusts are presented on page 59.

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Combined Bondholder Trusts, continued (in thousands)

	Balmoral Variable Rate Insured Housing Revenue Bond	Balmoral II Variable Rate Demand Housing Revenue Bond	Falls Creek Variable Rate Demand Housing Revenue Bond	2006 Grand and Revenue Anticipation Bond	2008A Grant and Revenue Anticipation Bond	2009A Grant and Revenue Anticipation Bond
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents						
Investments, fair value		$ 3	$ 103	$ 716	$ 844	$ 687
Loans Held for Investment, net		3,542	7,791			
GARVEE highway project costs receivable, net				117,170	144,735	137,276
Employment Security Reserve Fund receivable						
Other Assets		329	309	1	-	-
Deferred Outflow--Interest Rate Swap Contracts						
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ -	$ 3,874	$ 8,203	$ 117,887	$ 145,579	$ 137,963
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds		$ 3,870	$ 8,203	$ 117,887	$ 145,579	$ 137,963
Swap Contract Fair Value Liability						
Interest Payable-Swap Contract						
Other Liabilities		3	-	-	-	-
Deferred Inflow--Interest Rate Swap Contracts						
Net Position	-	1	-	-	-	-
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ -	$ 3,874	$ 8,203	$ 117,887	$ 145,579	$ 137,963
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans	$ 4,963	$ 126	$ 569			
Interest on Investments						
Loan Servicing Fees						
Multifamily and GARVEE bonds pledged revenues	165	60	(72)	$ 5,259	$ 6,673	$ 6,049
Other	-	-	-	-	-	-
TOTAL OPERATING REVENUES	5,128	186	497	5,259	6,673	6,049
OPERATING EXPENSES						
Interest	5,119	181	484	5,234	6,645	6,020
General Operating	9	5	13	25	28	29
Bond Financing Costs				-	-	-
Other						
TOTAL OPERATING EXPENSES	5,128	186	497	5,259	6,673	6,049
OPERATING INCOME (LOSS)	-	-	-	-	-	-
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments						
Derivative instruments, interest rate swap						
0 TOTAL NONOPERATING REVENUES AND EXPENSES	-	-	-	-	-	-
CHANGE IN NET POSITION	-	-	-	-	-	-
NET POSITION, Beginning of Period	-	1	-	-	-	-
TRANSFERS						
NET POSITION, End of Period	$ -	$ 1	$ -	$ -	$ -	$ -

(2) The combined totals for Bondholder Trusts are presented on page 59.

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Combined Bondholder Trusts (in thousands)

	2010A Grant and Revenue Anticipation Bond	2011 Unemployment Compensation Revenue Bond	2011 Grant and Revenue Anticipation Bond	2012A Grant and Revenue Anticipation Bond	2014A Grant and Revenue Anticipation Bond	Combined Bondholder Trusts (2)
Statement of Net Position						
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
Cash and Cash Equivalents						$ 680
Investments, fair value	$ 997		$ 238	$ 185	$ 18,959	242,838
Loans Held for Investment, net						512,271
GARVEE highway project costs receivable, net	79,163		72,574	35,475	61,473	647,866
Employment Security Reserve Fund receivable		$ 50,928				50,928
Other Assets	-	-	-	-	-	398,521
Deferred Outflow--Interest Rate Swap Contracts						69,007
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 80,160	$ 50,928	$ 72,812	$ 35,660	$ 80,432	$ 1,922,111
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION						
Bonds	$ 80,160	$ 50,928	$ 72,811	$ 35,660	$ 80,431	$ 1,455,621
Swap Contract Fair Value Liability						73,824
Interest Payable-Swap Contract						12,082
Other Liabilities	-	-	1	-	1	377,042
Deferred Inflow--Interest Rate Swap Contracts						54
Net Position	-	-	-	-	-	3,488
TOTAL LIABILITIES ,DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 80,160	$ 50,928	$ 72,812	$ 35,660	$ 80,432	$ 1,922,111
Statement of Revenues, Expenses and Changes in Net Position						
OPERATING REVENUES						
Interest on Loans						$ 35,647
Interest on Investments		$ 630		$ 26	$ 127	3,765
Loan Servicing Fees						2,602
Multifamily and GARVEE bonds pledged revenues	$ 4,652	(618)	$ 3,208	1,061	2,897	29,334
Other	-	-	-	-	-	10
TOTAL OPERATING REVENUES	4,652	12	3,208	1,087	3,024	71,358
OPERATING EXPENSES						
Interest	4,631	-	3,189	1,076	3,005	70,237
General Operating	21	12	19	12	19	2,527
Bond Financing Costs	-	-	-	-	-	20
Other						-
TOTAL OPERATING EXPENSES	4,652	12	3,208	1,088	3,024	72,784
OPERATING INCOME (LOSS)	-	-	-	(1)	-	(1,426)
NONOPERATING REVENUES AND EXPENSES						
Net Increase (Decrease) in Fair Value of Investments						(536)
Derivative instruments, interest rate swap						(2,696)
TOTAL NONOPERATING REVENUES AND EXPENSES	-	-	-	-	-	(3,232)
CHANGE IN NET POSITION	-	-	-	(1)	-	(4,658)
NET POSITION, Beginning of Period	-	-	-	1	-	(2,989)
TRANSFERS						11,135
NET POSITION, End of Period	$ -	$ -	$ -	$ -	$ -	$ 3,488

(2) The combined totals for Bondholder Trusts are presented on page 59.