



***Idaho Housing  
and Finance***  
*Association*

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

**Audit Report as of  
June 30, 2021 and 2020**

# Idaho Housing and Finance Association

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June 30, 2021 and 2020

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Idaho Housing and Finance Association (the Association), as of and for the years ended June 30, 2021 and 2020, 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.

### **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, 2021 and 2020, 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 through 8 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 55 through 58 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary financial information on pages 55 through 58 is the responsibility of management and was derived from and relates 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.



Boise, Idaho  
September 24, 2021

The Idaho Housing and Finance Association's (the Association) Management Discussion and Analysis presents readers of the Association's financial statements a narrative overview and analysis of the financial activities of the Association for the years ended June 30, 2021 and 2020.

### **Organizational Overview**

The Association is a self-supporting organization that must generate all revenue necessary to cover the cost of its operations. The Association services loans for single-family borrowers in Idaho, Connecticut, Iowa, New Mexico, South Dakota, Texas and Washington, and multifamily affordable housing projects in Idaho. The Association administers fourteen (14) Housing and Urban Development (HUD) programs---Emergency Shelter Grants Program, HOME Investment Partnerships Program, Housing Trust Fund, Housing Opportunities for Persons with AIDS, Neighborhood Stabilization Program, Continuum of Care Program, Comprehensive Housing and Counseling Program, Family Self-Sufficiency Program, Section 8 New Construction/Substantial Rehabilitation, Section 8 Performance Based Contract Administration, Housing Choice Voucher Program, Mainstream 5 Year Program, Federal Housing Administration Insured Mortgage Loans, and Public and Indian Housing Loan Guarantee program; two (2) U.S. Treasury programs---Tax Credit Assistance Program and Emergency Rental Assistance; one (1) Department of Veterans Affairs (VA) program---Guaranteed Mortgage Loans; and one (1) U.S. Department of Agriculture (USDA) program---USDA Rural Housing Services Insured Mortgage Loans. The Association also issues bonds to finance nonprofit facilities, economic development projects, and road improvements throughout the State of Idaho.

### **Financial Highlights**

The Association's net position increased during its fiscal year 2021 (FY21), reflecting stronger loan acquisition production, a larger servicing portfolio (as Loan Servicing Contracts (LSC) increased), higher servicing revenue, higher gains on loan sales, and cost containment. The rise in LSC brought a notable increase in Assets to the Cash and Cash Equivalents Held in Trust line item, representing funds that the Association will remit as part of fulfilling the loan servicing contracts. The increase in LSC along with market fluctuations also resulted in an increase to the Loan Servicing Contracts, Fair Value line item. Additionally, a new GARVEE bond issuance as well as investment activities with the Federal Home Loan Bank resulted in an increase in the Investments Held In Trust, Fair Value line item.

Liabilities increased overall, again driven by LSC increases, notably in the Investor Remittance Liability and Escrow and Project Reserve Deposits line items, mainly representing the Association's obligation to remit payment as part of fulfilling the loan servicing contracts. The Association refinanced its short-term maturity note payable with other borrowing and expanded its commercial paper financing facilities to support higher levels of loan acquisition and sales. The Association also increased short term borrowing activity with Federal Home Loan Bank. These activities resulted in an increase in the Short Term and Other Borrowings line item. Additionally, the refinancing of the Association's note payable and scheduled bond payments offset by a new GARVEE bond issuance resulted in a net increase in the Bonds and Notes line item.

The financial highlights of the Association as of June 30, 2021 compared to June 30, 2020, are as follows:

- Total net position, after fair market value and federal pass-through adjustments, increased \$119.9 million which is an increase of 26%.
- Operating Income increased from \$31.0 million to \$47.7 million which is an increase of 54%.
- Total assets increased \$286.0 million or 12%.
- Total liabilities increased \$157.4 million or 8%.

The Financial Analysis section of this Management's Discussion and Analysis includes a table that summarizes the changes in net position that occurred during the years ended June 30, 2021, 2020, and 2019, as well as the changes in net position.

The Association experienced a solid, productive FY21 amid a mixed year characterized by serious impacts due to the global COVID-19 pandemic. As a result of the crisis, many workers have lost jobs or experienced cuts to income. However, the Idaho real estate market has remained strong in spite of the crisis and interest rates have remained low. The following significant factors characterized and affected the Association's financial results:

1. Increased loan production and servicing portfolio value
2. Increased gains on loan sales

The Association continued to develop marketing and relationship channels in the State of Idaho. This effort along with maintaining servicing partnership relationships with six other state housing finance agencies (HFA) has led to a significant growth in its servicing portfolio and servicing income. The Association expects this trend to continue for the next few years as it continues to absorb each HFA's loan servicing potential. The Association has various joint-venture or subservicing relationships with Connecticut Housing Finance Authority (CHFA), Iowa Finance Authority (IFA), New Mexico Mortgage Finance Authority (MFA), South Dakota Housing Development Authority (SDHDA), Texas Department of Housing and Community Affairs (TDHCA), and Washington State Housing Finance Commission (WSHFC).

Overall, the Association has successfully managed its loan and financing programs during this period. Looking forward, the Association, along with the rest of the country, expects more uncertainty in the economic, legal, and mortgage-lending environments as the ongoing global COVID-19 pandemic continues.

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

## **Overview of the Financial Statements**

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

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

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

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

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

Idaho Housing and Finance Association  
Management's Discussion and Analysis  
June 30, 2021 and 2020

**Financial Analysis**

The following table summarizes the changes in net position that occurred during the years ended June 30, 2021, 2020, and 2019 as well as the changes in net position.

As of June 30, (in thousands)	2021		2020		2019
	Balance	% Change from prior period	Balance	% Change from prior period	Balance
Cash and cash equivalents	\$ 31,308	(12.37%)	\$ 35,729	82.44%	\$ 19,584
Cash and cash equivalents held in trust or as agent	324,193	21.59%	266,630	112.68%	125,369
Cash held in escrow	185,272	26.42%	146,547	22.66%	119,472
Investments, fair value	41,479	42.00%	29,211	(13.91%)	33,931
Investments, fair value held in trust	595,605	108.47%	285,701	30.04%	219,696
Loans held for investment, net	239,693	(12.19%)	272,958	(6.17%)	290,898
Loans available for sale	155,967	(11.89%)	177,016	8.59%	163,006
Loan servicing contracts, fair value	224,376	46.08%	153,593	31.83%	116,510
State of Idaho GARVEE Payable	517,843	0.96%	512,905	(4.53%)	537,242
Tax exempt mortgage securities asset	324,694	(36.21%)	509,000	(14.82%)	597,571
Loans pending modification	2,152	(40.07%)	3,591	(40.44%)	6,029
Property and equipment	10,970	12.28%	9,770	0.24%	9,747
Other assets	87,858	66.57%	52,746	5.55%	49,973
Interest rate swap contracts	23,264	(27.24%)	31,972	(11.31%)	36,048
<b>Total assets and deferred outflow</b>	<b>\$ 2,764,674</b>	<b>11.15%</b>	<b>\$ 2,487,369</b>	<b>6.98%</b>	<b>\$ 2,325,076</b>
Bonds	\$ 1,020,062	12.91%	\$ 903,447	(2.92%)	\$ 930,599
Short-term and other borrowing	309,977	87.86%	165,000	26.92%	130,000
Tax exempt mortgage securities liability	324,694	(36.21%)	509,000	(14.82%)	597,571
Swap contract fair value liability	15,291	(33.34%)	22,939	(5.91%)	24,381
Interest payable-swap contract	4,164	(17.98%)	5,077	(16.47%)	6,078
Escrow and project reserve deposits	175,906	23.87%	142,012	19.93%	118,411
Investor remittances	282,018	25.56%	224,601	133.29%	96,276
Other liabilities	52,726	(4.70%)	55,324	66.91%	33,146
Interest rate swap contracts	-		-	0.00%	259
<b>Total liabilities and deferred inflow</b>	<b>\$ 2,184,838</b>	<b>7.77%</b>	<b>\$ 2,027,400</b>	<b>4.68%</b>	<b>\$ 1,936,721</b>
Net investment in capital assets	\$ 10,970	12.28%	\$ 9,770	0.24%	\$ 9,747
Bond funds	185,750	3.99%	178,615	10.74%	161,299
Federal Programs	1,990	14.70%	1,735	785.20%	196
The HOME Partnership Foundation, Inc fund	1,756	(6.30%)	1,874	(6.67%)	2,008
Idaho Community Investment Holdings, LLC	1,144		-		-
Unrestricted	378,226	41.14%	267,975	24.58%	215,105
<b>Total net position</b>	<b>\$ 579,836</b>	<b>26.06%</b>	<b>\$ 459,969</b>	<b>18.44%</b>	<b>\$ 388,355</b>



Idaho Housing and Finance Association  
Management's Discussion and Analysis  
June 30, 2021 and 2020

For the years ended June 30, (in thousands)	2021		2020		2019
	Balance	% Change from prior period	Balance	% Change from prior period	Balance
Interest on loans and GARVEE pledged revenues	\$ 51,365	(14.17%)	\$ 59,842	(1.64%)	\$ 60,840
Government and multifamily trusts pledged revenues					
Interest on Investments	5,978	(22.92%)	7,756	12.93%	6,868
Loan servicing fees	47,939	4.81%	45,741	23.58%	37,013
Contract and grant administration fees	13,669	9.60%	12,472	4.25%	11,964
Gains on loan sales	82,569	46.21%	56,471	48.11%	38,128
Other	6,170	141.77%	2,552	(20.32%)	3,203
<b>Total revenues</b>	<b>207,690</b>	<b>12.37%</b>	<b>184,834</b>	<b>16.97%</b>	<b>158,016</b>
Interest	56,720	(10.43%)	63,327	7.17%	59,091
Salaries and benefits	24,947	27.97%	19,495	8.42%	17,981
Loan acquisition costs	59,763	14.62%	52,138	45.32%	35,877
General operating	15,978	14.04%	14,011	21.20%	11,560
Bond financing costs	515	577.63%	76	(87.07%)	588
Grants to others	655	(4.52%)	686	(33.72%)	1,035
Losses on real estate-owned property	10	(99.60%)	2,531	(20.91%)	3,200
Other	1,340	(12.30%)	1,528	(13.33%)	1,763
<b>Total expenses</b>	<b>159,928</b>	<b>3.99%</b>	<b>153,792</b>	<b>17.31%</b>	<b>131,095</b>
<b>Operating income/(loss)</b>	<b>47,762</b>	<b>53.86%</b>	<b>31,042</b>	<b>15.31%</b>	<b>26,921</b>
Net increase (decrease) in fair value of investments	3,017	(53.75%)	6,523	(3266.50%)	(206)
Net increase (decrease) in fair value of servicing rights	70,783	90.88%	37,083	819.95%	4,031
Derivative instruments, interest rate swap	(630)	(77.75%)	(2,831)	(181.70%)	3,465
Federal pass-through revenues	70,741	56.43%	45,221	(1.49%)	45,903
Federal pass-through expenses	(71,806)	58.08%	(45,424)	(0.78%)	(45,782)
<b>Total non-operating revenues and expenses</b>	<b>72,105</b>	<b>77.72%</b>	<b>40,572</b>	<b>447.46%</b>	<b>7,411</b>
<b>Increase/(decrease) in net position</b>	<b>\$ 119,867</b>	<b>67.38%</b>	<b>\$ 71,614</b>	<b>108.59%</b>	<b>\$ 34,332</b>
Loans serviced as agent (not reported on statement of net position)	\$ 22,373,187	15.43%	\$ 19,382,928	29.14%	\$ 15,008,892

The fair value adjustments reported in the Statement of Net Position on page 9 and the Statement of Revenues, Expenses, and Changes in Net Position on page 10 are required under GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and No. 72, *Fair Value Measurement and Application*.

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

Capital Assets: The Association's capital assets include land, buildings, office, and computer equipment. Capital assets are presented in the financial statements at \$10.970 million (net of accumulated depreciation), an increase of less than 1%, based on no significant additions. Typically, the change in capital assets in any given year is immaterial to the overall operation of the Association.

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

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

### **Economic Factors**

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

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

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

# Idaho Housing and Finance Association

## Statements of Net Position

June 30, 2021 and 2020

(in thousands)

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 31,308	\$ 35,729
Cash and cash equivalents held in trust or as agent	324,193	266,630
Cash held in escrow	185,272	146,547
Investments, fair value	41,479	29,211
Investments held in trust, fair value	595,605	285,701
Loans held for investment, net	239,693	272,958
Loans available for sale	155,967	177,016
Loan servicing contracts, fair value	224,376	153,593
Loans pending modification	2,152	3,591
Property and equipment	10,970	9,770
Other assets	87,858	52,746
Tax exempt mortgage securities asset	324,694	509,000
State of Idaho GARVEE receivable	517,843	512,905
Total assets	2,741,410	2,455,397
<b>Deferred Outflow of Resources</b>		
Interest rate swap contracts, amortized value	14,189	18,576
Interest rate swap contracts, fair value	9,075	13,396
Total deferred outflow of resources	23,264	31,972
Total assets and deferred outflow of resources	\$ 2,764,674	\$ 2,487,369
<b>Liabilities</b>		
Short-term and other borrowing	\$ 309,977	\$ 165,000
Bonds and notes	1,020,062	903,447
Tax exempt mortgage securities liability	324,694	509,000
Interest payable-swap contract	4,164	5,077
Investor remittance liability	282,018	224,601
Escrow and project reserve deposits	175,906	142,012
Swap contract fair value	15,291	22,939
Other liabilities	52,726	55,324
Total liabilities	2,184,838	2,027,400
<b>Net Position</b>		
Net investment in capital assets	10,970	9,770
Restricted		
Bond funds	185,750	178,615
Federal Programs	1,990	1,735
The Home Partnership Foundation, Inc fund	1,756	1,874
Idaho Community Investment Holdings, LLC	1,144	-
Unrestricted	378,226	267,975
Total net position	579,836	459,969
Total liabilities, deferred inflow of resources, and net position	\$ 2,764,674	\$ 2,487,369

Idaho Housing and Finance Association  
Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended June 30, 2021 and 2020  
(in thousands)

	2021	2020
Operating Revenues		
Gain on loan sales	\$ 82,569	\$ 56,471
Interest on loans and GARVEE pledged revenues	51,365	59,842
Interest on investments	5,978	7,756
Loan servicing fees	47,939	45,741
Grant and contract administration fees	13,669	12,472
Other	6,170	2,552
Total operating revenues	<u>207,690</u>	<u>184,834</u>
Operating Expenses		
Loan acquisition costs	59,763	52,138
Interest	56,720	63,327
Salaries and benefits	24,947	19,495
General operating	15,978	14,011
Bond financing costs	515	76
Grant to others	655	686
Losses on real estate-owned property	10	2,531
Other	1,340	1,528
Total operating expenses	<u>159,928</u>	<u>153,792</u>
Operating Income	<u>47,762</u>	<u>31,042</u>
Nonoperating Revenues and (Expenses)		
Net increase in fair value of investments	3,017	6,523
Net increase in fair value of servicing contracts	70,783	37,083
Derivative instruments, interest rate swap	(630)	(2,831)
Federal pass-through revenues	70,741	45,221
Federal pass-through expenses	(71,806)	(45,424)
Total nonoperating revenues and (expenses)	<u>72,105</u>	<u>40,572</u>
Increase in Net Position	119,867	71,614
Net Position, Beginning of Year	<u>459,969</u>	<u>388,355</u>
Net Position, End of Year	<u>\$ 579,836</u>	<u>\$ 459,969</u>

# Idaho Housing and Finance Association

Statements of Cash Flows  
Years Ended June 30, 2021 and 2020  
(in thousands)

	2021	2020
<b>Operating Activities</b>		
Receipts from customers, loan interest, and other	\$ 6,123,358	\$ 3,772,382
Loan principal payments	103,721	103,916
Principal and interest pass-through remittances as servicing agent	(5,712,829)	(3,399,497)
Escrow deposits	822,990	676,812
Escrow disbursements	(788,069)	(653,855)
Loan sales	7,994,360	7,120,313
Loan acquisition costs	(59,763)	(53,896)
Interest paid	(66,039)	(72,890)
Payments to suppliers	(19,486)	(14,539)
Payments for transportation program costs	(47,293)	(13,655)
Payments for loans available for sale	(8,053,716)	(7,133,268)
Payments to employees for services and benefits	(24,422)	(19,804)
Loan principal additions	(82,417)	(86,728)
<b>Net Cash from Operating Activities</b>	<b>190,395</b>	<b>225,291</b>
<b>Noncapital Financing Activities</b>		
Bond financing costs	(515)	(76)
Bond and short-term borrowings payments	(742,745)	(1,021,396)
Bond and short-term borrowings issued	964,367	1,029,310
Federal pass-through revenues	70,741	45,221
Federal pass-through expenses	(71,806)	(45,424)
<b>Net Cash from Noncapital Financing Activities</b>	<b>220,042</b>	<b>7,635</b>
<b>Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(2,376)	(1,439)
<b>Net Cash used for Capital and Related Financing Activities</b>	<b>(2,376)</b>	<b>(1,439)</b>
<b>Investing Activities</b>		
Investment purchases	(4,759,201)	(5,335,193)
Investment redemptions	4,436,872	5,279,681
Investment income	6,135	8,506
<b>Net Cash used for Investing Activities</b>	<b>(316,194)</b>	<b>(47,006)</b>
<b>Net Change in Cash</b>	<b>91,867</b>	<b>184,481</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>448,906</b>	<b>264,425</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 540,773</b>	<b>\$ 448,906</b>

Idaho Housing and Finance Association

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

(in thousands)

	2021	2020
Reconciliation of Net Operating Revenues/(Expenses) to Net Cash from Operating Activities		
Operating income	\$ 47,762	\$ 31,042
Adjustments to reconcile operating income to net cash from operating activities		
Loan principal received	103,721	103,916
Loans issued	(82,417)	(86,728)
Bond financing costs	515	76
Depreciation and other amortization	5,933	1,416
Changes in assets and liabilities		
Interest receivable	432	315
Interest payable	759	811
Interest on investments	(5,978)	(7,756)
Pledged revenues	(14,310)	32,377
Other assets	(54,310)	(12,695)
Accounts payable and other liabilities	188,288	162,517
	142,633	194,249
Net Cash from Operating Activities	\$ 190,395	\$ 225,291

**The Housing Company**  
 A Component Unit of Idaho Housing and Finance Association  
 Consolidated Statements of Financial Position  
 December 31, 2020 and 2019

	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 9,066,628	\$ 7,667,371
Investments	-	1,000,000
Investments in subsidiaries	979	-
Restricted cash	3,546,817	2,844,344
Receivables	1,520,267	180,478
Prepaid expenses	351,634	254,432
Land	7,159,913	5,688,138
Buildings and equipment (net of accumulated depreciation)	58,968,268	53,911,820
Tax credit fees and other (net of accumulated amortization)	2,502,885	1,623,364
	\$ 83,117,391	\$ 73,169,947
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 2,136,316	\$ 2,162,666
Interest payable	188,803	267,411
Real estate taxes payable	460,232	479,204
Long-term debt and Construction loans Payable (net of unamortized debt issuance costs)	41,320,669	38,480,124
Security deposits payable	414,506	397,462
	44,520,526	41,786,867
<b>Net Assets Without Donor Restrictions</b>		
Controlling interests	10,319,615	9,361,024
Non controlling interests	28,277,250	22,022,056
	\$ 83,117,391	\$ 73,169,947

**The Housing Company**  
 A Component Unit of Idaho Housing and Finance Association  
 Consolidated Statements of Activities  
 Years Ended December 31, 2020 and 2019

	2020	2019
<b>Revenues</b>		
Tenant rents	\$ 7,995,130	\$ 7,361,546
Housing assistance payments	2,897,103	2,853,354
Grants and other contributions	-	500,000
Interest and dividends	21,199	58,238
Developer Fees	494,600	-
Forgiveness of debt on tax credit exchange loan	310,605	310,605
Property management services	113,896	127,777
Other	741,388	549,410
	<b>12,573,921</b>	<b>11,760,930</b>
<b>Expenses</b>		
Administrative	3,579,358	3,922,710
Utilities and maintenance	3,623,629	3,347,650
Real estate taxes and insurance	1,367,526	1,306,789
Depreciation and amortization	4,591,728	3,589,038
Interest	1,440,616	988,678
	<b>14,602,857</b>	<b>13,154,865</b>
Net loss	<b>(2,028,936)</b>	<b>(1,393,935)</b>
Loss on Sale of Assets	(29,613)	-
Loss on Disposal of Assets	(578,649)	-
Gain on Involuntary Conversion of Assets	62,363	-
	<b>(2,574,835)</b>	<b>(1,393,935)</b>
Decrease in Net Assets Without Donor Restrictions Before Noncontrolling Interests		
	<b>(2,574,835)</b>	<b>(1,393,935)</b>
Non Controlling Interest in Partnership Losses	3,533,426	1,450,588
	<b>3,533,426</b>	<b>1,450,588</b>
Change in Net Assets Without Donor Restrictions	<b>\$ 958,591</b>	<b>\$ 56,653</b>



**Note 1 - Authorizing Legislation**

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

The enabling legislation, along with bond indentures and bond resolutions adopted by the Association, contains specific provisions pertaining to (a) the use of the proceeds from the sale of notes and bonds, (b) the application of pledged receipts and recoveries of principal from mortgages, and (c) the creation of certain accounts along with the accounting policies of such accounts. Association administrative obligations from bond and other housing programs extend to the year 2042.

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

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

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

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

**Reporting Entity**

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

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

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

### **Use of Estimates**

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

### **Program Accounting**

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

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

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

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

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

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

Grant and Revenue Anticipation Bonds (GARVEE), 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.

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

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

### **Cash and Cash Equivalents**

Cash and cash equivalents include General Operating Account cash, General Operating Account investments with maturities of less than three months at the date of purchase, Federally Assisted Program cash and Affordable Housing Investment Trust cash are held at Wells Fargo 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. The Association does not have a formal deposit policy for custodial credit risk. In the opinion of management, the Association is not exposed to this risk at June 30, 2021 and 2020. Restricted cash as of June 30, 2021 consists of \$26.378 million in Federal Programs, \$185.272 million in escrow deposits, and \$297.815 million in General Operating. Restricted cash as of June 30, 2020 consists of \$14.586 million in Federal Programs, \$146.547 million in escrow deposits, and \$252.044 million in General Operating.

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

Bond financing costs are expensed in the period incurred.

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

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

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

During the years ended June 30, 2021 and 2020, the Association has LSC fair valued on its statements of net position at \$224.376 million and \$153.593 million, respectively. During the years ended June 30, 2021 and 2020, the Association has unrealized LSC fair value increases of \$70.783 million and \$37.083 million, respectively. The Association holds these assets until maturity meaning that the value will ultimately be realized over a long-time horizon as loan servicing fees.

Risks considered in determination of LSC fair value include prepayment speeds, market discount rates, delinquency and foreclosure rates, and interest rate change shock rates. Assumptions included prepayment speeds, market interest rates, earnings rates, servicing costs, acquisition costs, ancillary income, and borrower rates. The average discount rate used in this analysis is 11.12%. The range of prepayment speeds used are from 97 to 403 PSA with an average of 278 PSA.

**Federally Assisted Program Advances and Fees**

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

**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, 2021 and 2020, was \$1.176 million and \$1.203 million, respectively. Property and equipment are presented in the Statement of Net Position, net of accumulated depreciation of \$10.970 million and \$9.770 million at June 30, 2021 and 2020, respectively.

**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 \$3.687 million as of June 30, 2021 and \$4.331 as of June 30, 2020. 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, 2021 and 2020, the Association estimates this amount to be \$0.804 million and \$0.734 million, 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 losses in the Affordable Housing Investment Trust for Association down payment assistance loans due to the forgivability on an Association-held primary loan. The Association has established an allowance for forgivable loans in the Affordable Housing Investment Trust for Association down payment assistance loans not recoverable due to borrowers meeting their obligation on the primary loan and therefore qualifying for loan forgiveness. The Association estimates that amount to be \$15.299 million and \$11.435 million as of June 30, 2021 and 2020, 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.

#### **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 Statements of Net Position.

#### **Investor Remittance Liability**

Investor Remittance Liability is composed of borrower principle and interest payment funds held by the Association pending remittance to the owners of the loans, primarily GNMA, FNMA, and FHLMC. These funds are remitted according to the loan owners’ contractual requirements, which vary, but in no case exceed 30 days. Investor Remittance liabilities payable were \$282.018 million and \$224.601 million at June 30, 2021 and 2020, respectively.

#### **Short-Term and Other Borrowings**

The Association has a commercial paper facility that provides funds to purchase single-family mortgage loans on an interim basis as well as financing for multifamily construction loans. This commercial paper facility was expanded to support higher levels of loan acquisition and sales in fiscal year 2021. The Association also refinanced its short-term maturity note payable with other borrowing. Additionally, the Association increased short-term borrowing activity with Federal Home Loan Bank during fiscal year 2021.

#### **Other Real Estate Owned**

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

**Net Position**

Net Position, the amount total assets plus deferred outflows of resources exceeding total liabilities plus deferred inflow of resources, is an aggregation of all Association bond trust and program accounts. Restricted net positions are those required to meet the various covenants as defined in bond indentures or other laws or regulations. Designated net position indicates that position set aside at the discretion of the Association to be used for a specific purpose and not for general operations. Net positions in the amount of \$193.503 million and \$182.177 million at June 30, 2021 and 2020, respectively, are restricted by bond indentures and programmatic requirements; approximately \$67.803 million and \$65.410 million at June 30, 2021 and 2020, respectively, are designated by the Board for programmatic uses in connection with the Affordable Housing Investment Trust; and the remaining balances of \$318.530 million and \$212.382 million held in the General Operating business unit at June 30, 2021 and 2020, include \$10.970 million and \$9.770 million, respectively, net invested in capital assets, and \$307.305 million and \$202.565 million, respectively, unrestricted and available for general operations of the Association.

**Classification of Revenues**

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) interest on loans and investments and (2) administration and loan servicing fees. Nonoperating revenues include activities that have the characteristics of nonexchange 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 nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

**New Accounting Principles**

GASB has issued the following standards initially effective for the fiscal years presented.

GASB Statement No. 84, *Fiduciary Activities* and Statement No. 90, *Majority Equity Interests*—an amendment of GASB Statements No. 14 and No. 61. In the opinion of the management, these standards do not have a material impact on the Association's financial position given current operations and obligations.

GASB has issued the following standards effective for Fiscal Year 2022:

GASB Statement No. 87, *Leases*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, GASB Statement No. 92, *Omnibus 2020*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. Management has not studied fully the other standards but is of the opinion that any impact will be minimal.

GASB has issued the following standards effective for Fiscal Year 2023:

GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 93, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Management elected to early adopt GASB Statement No. 91, *Conduit Debt Obligations* in FY21. Management elected to early adopt GASB Statement No. 93, *Replacement of Interbank Offered Rates*. In the opinion of the management, this standard does not have a material impact on the Association's financial position given current operations and obligations. Management has not studied fully the other standards but is of the opinion that any impact will be minimal.

### **Note 3 - Investments**

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application* require certain investments be reported at fair value in the Statements of Net Position. The Association reports all investments at fair value in the Statements of Net Position. The Association has entered into investing agreements with 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, 2021 and 2020, the Association has overnight investments of \$.337 million and \$3.595 million, respectively, in money market funds and \$19.404 million and \$31.093 million, respectively, in repurchase agreements held by Wells Fargo Bank. Repurchase agreements are collateralized by U.S. government and agency obligations held in the Association's trustee's name in the Association's account.



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

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

As of June 30, 2021, the Association categorizes the combined fair value of \$637.084 million of Investments and Investments held in trust within this hierarchy. Money market funds of \$129.311 million, U.S. Agency obligations of \$143.432 million, U.S. Treasury bonds of \$0.231 million, U.S. Government mortgage-backed securities of \$220.961 million, TBA Contracts of \$.115 million, Commercial Paper of \$145.769 million, Other of \$0.160 million and Accrued interest of \$.550 million are valued using quoted market prices (Level 1). Interest rate swaps of (\$3.445) million are valued using a propriety-pricing model (Level 2).

As of June 30, 2020, the Association categorizes the combined fair value of \$314.912 million of investments and investments held in trust within this hierarchy. Money market funds of \$98.830 million, U.S. Agency obligations of \$108.420 million, U.S. Treasury bonds of \$0.248 million, U.S. Government mortgage-backed securities of \$112.041 million, TBA Contracts of (\$2.221 million), and accrued interest of \$.706 million are valued using quoted market prices (Level 1). Interest rate swaps of (\$3.112) million are valued using a propriety-pricing model (Level 2).

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

June 30, 2021 and 2020

As of June 30, 2021, the Association had the following investments and maturities (in thousands):

June 30, 2021	Investment Type	Fair Value	Investment Maturities (in Years)							More Than 30	
			Less Than 1	1-5	6-10	11-15	16-20	21-25	26-30		
	Money market funds	\$ 129,311	\$ 129,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	U.S. Agency obligations	96,815	60,666	-	2,134	11,391	255	10,141	12,228	-	-
	U.S. Agency/Pooled obligations	46,617	-	-	-	-	-	-	46,617	-	-
	U.S. Treasury Bonds	231	-	31	200	-	-	-	-	-	-
	U.S. Government mortgage backed securities	220,961	220,961	-	-	-	-	-	-	-	-
	Interest rate swaps	(3,445)	-	(60)	(3,385)	-	-	-	-	-	-
	TBA Contracts	115	115	-	-	-	-	-	-	-	-
	Commercial Paper	145,769	145,769	-	-	-	-	-	-	-	-
	Other	160	160	-	-	-	-	-	-	-	-
		<u>636,534</u>	<u>\$ 556,982</u>	<u>\$ (29)</u>	<u>\$ (1,051)</u>	<u>\$ 11,391</u>	<u>\$ 255</u>	<u>\$ 10,141</u>	<u>\$ 58,845</u>	<u>\$ -</u>	<u>\$ -</u>
	Accrued interest	<u>550</u>									
	All Investments	<u>\$ 637,084</u>									

As of June 30, 2020, the Association had the following investments and maturities (in thousands):

June 30, 2020	Investment Type	Fair Value	Investment Maturities (in Years)							More Than 30	
			Less Than 1	1-5	6-10	11-15	16-20	21-25	26-30		
	Money market funds	\$ 98,830	\$ 98,830	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	U.S. Agency obligations	14,582	-	-	2,232	3,793	8,557	-	-	-	-
	U.S. Agency/Pooled obligations	93,838	-	-	-	-	-	-	93,838	-	-
	U.S. Treasury Bonds	248	-	33	215	-	-	-	-	-	-
	U.S. Government mortgage backed securities	112,041	112,041	-	-	-	-	-	-	-	-
	Interest rate swaps	(3,112)	-	(3,112)	-	-	-	-	-	-	-
	TBA Contracts	(2,221)	(2,221)	-	-	-	-	-	-	-	-
		<u>314,206</u>	<u>\$ 208,650</u>	<u>\$ (3,079)</u>	<u>\$ 2,447</u>	<u>\$ 3,793</u>	<u>\$ 8,557</u>	<u>\$ -</u>	<u>\$ 93,838</u>	<u>\$ -</u>	<u>\$ -</u>
	Accrued interest	<u>706</u>									
	All Investments	<u>\$ 314,912</u>									

At June 30, 2021, the Association's had 10 U.S. agency mortgage-backed security pools, which pay monthly principal and interest.

At June 30, 2020, the Association had 12 U.S agency mortgage-backed security pools, which pay monthly principal and interest.

At June 30, 2021, the Association had \$118.705 million in notional amount of fixed payer/variable receiver interest rate swap contracts outstanding in connection with its outstanding variable rate demand note mortgage revenue bond issues. The Association pays fixed-rate payments between 3.73% and 5.52% and receives variable rate payments based on SIFMA and LIBOR indices. The Association entered into the swap contracts in November 2008, which mature between 2021 and 2030. These contracts are not rated.

At June 30, 2020, the Association had \$182.685 million in notional amount of fixed payer/variable receiver interest rate swap contracts outstanding in connection with its outstanding variable rate demand note mortgage revenue bond issues. The Association pays fixed-rate payments between 3.73% and 5.25% and receives variable rate payments based on SIFMA and LIBOR indices. The Association entered into the swap contracts in November 2008, which mature between 2020 and 2030. These contracts are not rated.

At June 30, 2021 and 2020, the Association has \$600.000 million and \$419.844 million in forward sales contracts ("To Be Announced" or "TBA" contracts) or GNMA securities in order to lock in the sales price for the securitization of single-family loans. 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, 2021, 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, 2021 and 2020, the Association's remaining investments are rated by Moody's Investor Service as follows (in thousands):

Investment Type	Rating	2021	2020
U.S. Agency Obligations	Aaa	\$ 143,432	\$ 108,420

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

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

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

As of June 30, 2021, the Association had investments of five percent or more in Ginnie Mae obligations of \$46.617 million, Deutsch Bank AG obligations of \$76.252 million, and new for FY21, Federal Home Loan obligations of \$149.999 million, and Wells Fargo Commercial Paper of \$145.769 million.

As of June 30, 2020, the Association had investments of five percent or more in Ginnie Mae obligations of \$93.765 million and Deutsch Bank AG obligations of \$112.041 million.

During the years ended June 30, 2021 and 2020, the Association realized net losses of \$0.004 million and realized net gains of \$0.003 million, 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 change in the fair value of investments as of June 30, 2021 and 2020, was a \$5.022 million decrease and a \$5.304 million increase, 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 years ending June 30, 2021 and 2020, were decreases of \$0.332 million and \$1.218 million, respectively, related to derivative interest rate swap contracts fair market value considered investments. Also, included in the amount for the years ending June 30, 2021 and 2020, is \$(2.336) million and \$0.020 million, respectively, related to TBA contracts.

The unrealized gain on investments held at June 30, 2021 and 2020, was \$7.181 million and \$9.902 million, 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, 2021 and 2020, the Association's financial report uses GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, to report derivative interest rate swap and forward sale contracts.

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

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

## Idaho Housing and Finance Association

Notes to Financial Statements

June 30, 2021 and 2020

A summary of security for loans as of June 30, 2021, is as follows (in thousands):

	Non-Pool Insured	Pool Insured	Total
FHA Insurance	\$ 93,078	\$ -	\$ 93,078
VA Guaranteed	8,690	-	8,690
Commercially Insured	28,515	3,840	32,355
USDA Rural Development Insurance	15,399	-	15,399
Association Insured	14,623	-	14,623
	\$ 160,305	\$ 3,840	164,145
Other			
Multifamily Bond Financed			1,433
Single Family IHFA Capital Pool			2,622
Multifamily IHFA Capital Pool			63,901
Social Service and Development IHFA Capital Pool			20,314
State Small Business Credit Initiative			1,243
SRP			(15,299)
Loan Loss Provision on Forgivable Loans			(804)
Loan Loss Provision			2,138
Interest Receivable on Loans			2,138
Total loans held for investment, net			\$ 239,693

A summary of security for loans as of June 30, 2020, is as follows (in thousands):

	Non-Pool Insured	Pool Insured	Total
FHA Insurance	\$ 95,598	\$ -	\$ 95,598
VA Guaranteed	5,092	-	5,092
Commercially Insured	41,364	5,979	47,343
USDA Rural Development Insurance	20,644	-	20,644
Association Insured	17,760	-	17,760
	\$ 180,458	\$ 5,979	186,437
Other			
Single Family IHFA Capital Pool			1,281
Multifamily IHFA Capital Pool			2,497
Social Service and Development IHFA Capital Pool			62,666
Construction			9,564
State Small Business Credit Initiative			19,218
SRP			1,758
Loan Loss Provision on Forgivable Loans			(11,435)
Loan Loss Provision			(734)
Interest Receivable on Loans			1,706
Total loans held for investment, net			\$ 272,958

As of June 30, 2021 and 2020, the loans receivable includes \$3.383 million and \$11.142 million, respectively, in notes receivable from The Housing Company (THC), which require repayment within 16 and 17 years, respectively. The notes are secured by various multifamily housing projects and accrue interest at between 3.00 and 4.50 percent.

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

Interest charged on loans ranged from approximately 0 to 9.13 percent during fiscal years 2021 and 2020. 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 Statements 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 not exceed 1.125 percent, the maximum allowed by Section 143 of the Internal Revenue Code.

Loans originated and intended for sale to FNMA or FHLMC, or securitized through GNMA are carried at the lower of aggregate cost or fair value, 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. 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 Statements of Revenues, Expenses and Changes in Net Position. Loans available for 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, 2021 and 2020, the Association realized \$82.569 million and \$56.471 million, respectively, in gains on the sale of loans to FNMA FHMLC, and GNMA. As of June 30, 2021 and 2020, the Association had commitments to sell or secure \$104.393 million and \$128.922 million, respectively, of single-family mortgages to FNMA and FHMLC or through GNMA. As of June 30, 2021 and 2020, the Association had commitments to sell or secure \$26.749 million and \$29.761 million, respectively, of single-family mortgages on behalf of Connecticut Housing Finance Authority. As of June 30, 2021 and 2020, the Association had commitments to sell or secure \$47.019 million and \$69.433 million, respectively, of single-family mortgages on behalf of South Dakota Housing Development Authority. As of June 30, 2021 and 2020, the Association had commitments to sell or secure \$30.524 million and \$16.378 million, respectively, of single-family mortgages on behalf of Iowa Finance Authority. As of June 30, 2021 and 2020, the Association had commitments to sell or secure \$41.993 million and \$36.318 million, respectively, on behalf of New Mexico Mortgage Finance Authority. As of June 30, 2021 and 2020, the Association had commitments to sell or secure \$104.329 million and \$152.695 million, respectively, on behalf of Texas Department of Housing and Community Affairs. As of June 30, 2021 and 2020, the Association had commitments to sell or secure \$97.865 million and \$35.457 million, respectively, on behalf of Washington State Housing Finance Commission.

As of June 30, 2021 and 2020, the Association estimates \$92.650 million and \$66.035 million, 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 \$1,189.858 million and \$1,235.580 million, respectively, of single-family mortgages, which had not yet been funded as of June 30, 2021 and 2020.

# Idaho Housing and Finance Association

Notes to Financial Statements

June 30, 2021 and 2020

As of June 30, 2021 and 2020, the Association was an agent for the following loans (in thousands):

Loans serviced as agent	2021	2020
Federal Home Loan Mortgage Corporation	\$ 1,694,137	\$ 1,629,797
Federal National Mortgage Association	6,626,685	6,715,874
Government National Mortgage Association	13,226,566	10,315,971
Iowa Finance Authority	38,761	20,846
Connecticut Housing Finance Authority	41,842	42,358
South Dakota Housing Development Authority	68,013	83,863
New Mexico Mortgage Finance Authority	40,922	37,976
Texas Department of Housing and Community Affairs	332,472	306,629
Washington State Housing Finance Commission	160,620	88,790
Idaho Community Reinvestment Corporation	12,837	12,577
Neighborhood Housing Services	2,314	2,999
Boise Valley Habitat	886	1,011
Lewiston-Clarkston Habitat for Humanity	1,080	-
HOME Loan Balances	85,212	82,575
Neighborhood Stabilization Program	11,834	11,978
Housing Trust Fund	8,166	7,019
Tax Credit Assistance Program	10,051	10,051
TCEP Loan Program	10,432	12,126
Other	357	488
	<u>\$ 22,373,187</u>	<u>\$ 19,382,928</u>



Idaho Housing and Finance Association

Notes to Financial Statements

June 30, 2021 and 2020

**Note 5 - Capital Assets**

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

(in thousands)	Balance at June 30,2020	Additions	Reclass	Retirements	Balance at June 30,2021
<b>Capital assets</b>					
Land	\$ 2,070	\$ 113	\$ -	\$ -	\$ 2,183
Buildings and improvements	8,163	1,636	-	-	9,799
Furniture and equipment	5,981	557	-	-	6,538
Leasehold improvements	872	-	-	-	872
Computer software	2,657	69	-	-	2,726
Total capital assets	<u>19,743</u>	<u>2,375</u>	<u>-</u>	<u>-</u>	<u>22,118</u>
<b>Less accumulated depreciation for</b>					
Land					
Buildings and improvements	(3,398)	(197)	-	-	(3,595)
Furniture and equipment	(4,010)	(695)	-	-	(4,705)
Leasehold improvements	(273)	(36)	-	-	(309)
Computer software	(2,292)	(247)	-	-	(2,539)
Total accumulated depreciation	<u>(9,973)</u>	<u>(1,175)</u>	<u>-</u>	<u>-</u>	<u>(11,148)</u>
Total capital assets, net	<u>\$ 9,770</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,970</u>
(in thousands)	Balance at June 30,2019	Additions	Reclass	Retirements	Balance at June 30,2020
<b>Capital assets</b>					
Land	\$ 2,065	\$ 5	\$ -	\$ -	\$ 2,070
Buildings and improvements	7,702	466	-	(5)	8,163
Furniture and equipment	5,421	634	-	(74)	5,981
Leasehold improvements	844	28	-	-	872
Computer software	2,559	144	-	(46)	2,657
Total capital assets	<u>18,591</u>	<u>1,277</u>	<u>-</u>	<u>(125)</u>	<u>19,743</u>
<b>Less accumulated depreciation for</b>					
Land					
Buildings and improvements	(3,213)	(185)	-	-	(3,398)
Furniture and equipment	(3,314)	(731)	-	35	(4,010)
Leasehold improvements	(237)	(36)	-	-	(273)
Computer software	(2,080)	(251)	-	39	(2,292)
Total accumulated depreciation	<u>(8,844)</u>	<u>(1,203)</u>	<u>-</u>	<u>74</u>	<u>(9,973)</u>
Total capital assets, net	<u>\$ 9,747</u>	<u>\$ 74</u>	<u>\$ -</u>	<u>\$ (51)</u>	<u>\$ 9,770</u>

**Note 6 - Other Assets and Liabilities**

Other Assets and Other Liabilities as of June 30, 2021 and 2020, are composed of the accounts and balances as follows (in thousands):

	<u>2021</u>	<u>2020</u>
Other Assets		
Accounts receivable	\$ 76,860	\$ 32,237
Multifamily trusts' pledged revenues receivable		
Prepaid expenses	299	161
Insurance receivable	4,676	13,878
Loans Pending Foreclosure	-	586
Nonconforming loans-held for sale	-	434
REO mortgages receivable	6,023	5,450
	<u>\$ 87,858</u>	<u>\$ 52,746</u>
	<u>2021</u>	<u>2020</u>
Other Liabilities		
Accounts payable	\$ 1,534	\$ 839
Accrued vacation and other payroll related liabilities	1,520	995
Federal programs advances and unapplied program income	23,514	12,971
Unapplied payments	14,136	27,872
Reserve on loans serviced	3,687	4,331
Other accrued liability	8,335	8,316
	<u>\$ 52,726</u>	<u>\$ 55,324</u>

**Note 7 - Short-Term and Other Borrowings**

The commercial paper facility provides funds to purchase single-family mortgage loans on an interim basis as well as financing for multifamily construction loans. Commercial paper activity is recorded in the General Operating business unit. The Association transfers mortgage loans purchased with proceeds from commercial paper to bond accounts or to sell to FNMA or FHLMC or to securitize through GNMA. Mortgage acquisition monies from bond accounts or from FNMA or FHLMC sale proceeds or GNMA securitization proceeds, respectively, reimburse the commercial paper facility. Transfers associated with bond accounts will be made prior to the end of the acquisition period as specified in the applicable bond indentures. The commercial paper borrowing is not backed by collateral. As of June 30, 2021, the Association had \$170.000 million of commercial paper outstanding maturing in 91 to 92 days from date of issue, with weighted average interest rates of 0.173%. As of June 30, 2020, the Association had \$165.000 million of commercial paper outstanding maturing in 35 to 93 days from date of issue, with weighted average interest rates of 0.447%.

The Association refinanced its direct placement note payable with borrowings with PNC Bank and Zions Bank during fiscal year 2021. The borrowings at PNC Bank and Zions Bank are not backed by collateral. As of June 30, 2021, the Association had \$8.634 million of borrowings outstanding with PNC Bank maturing in May 2023 with a variable interest rate equal to the sum of the Daily LIBOR rate (base LIBOR rate of twenty-five basis points) and sixty-five hundredths of a percent. As of June 30, 2021, the Association had \$7.313 million of borrowings outstanding with Zions Bank maturing in June 2023, with a variable interest rate of the sum of the AMERIBOR 30-Day Index and sixty-five hundredths of a percent.

The outstanding direct placement note payable had a balance of \$0 and \$21,426,000 as of June 30, 2021 and 2020, respectively. The note matured July 21, 2021.

The Association also increased short-term borrowing activity with Federal Home Loan Bank. The borrowings with the Federal Home Loan Bank are collateralized with pledged securities. As of June 30, 2021, the Association had \$124.030 million of short-term borrowing outstanding with Federal Home Loan Bank maturing in 182 to 183 days from date of issue, with weighted average interest rates of 0.288%.

Idaho Housing and Finance Association

Notes to Financial Statements

June 30, 2021 and 2020

**Note 8 - Bonds**

Description and Due Date	Average Bond Yield	2021	2020
Single-Family Mortgage Bonds			
2000 Indenture			
Variable Rate Class 1	0.841%	\$ 17,296	\$ 22,355
	0.841%	17,296	22,355
2003 Indenture			
Class I Bonds	3.490%	28,915	36,520
Variable Rate Class I	0.062%	35,905	41,975
Variable Rate Class II	0.080%	9,810	9,910
	1.392%	74,630	88,405
2006 Indenture			
Variable Rate Class I	0.272%	47,880	62,405
	0.272%	47,880	62,405
2009 Indenture			
Class I Bonds	0.000%	-	510
Class II Bonds	0.000%	-	740
Class III Bonds	0.000%	-	215
	0.000%	-	1,465
2019 Indenture			
Variable Rate Class I	0.104%	8,345	10,110
Class I Bonds	3.197%	57,730	61,405
	2.806%	66,075	71,515
Total single-family mortgage bonds		205,881	246,145
Direct Placement Note Payable	3.377%	-	21,426
Grant and Revenue Anticipation Bonds			
2010 Series A	6.286%	65,335	67,620
2011 Series A	4.874%	60,770	62,285
2012 Series A	4.090%	22,285	24,075
2014 Series A	4.939%	53,705	57,280
2015 Series A	5.000%	135,595	146,235
2017 Series A	5.000%	84,585	91,265
2019 Series A	5.000%	114,090	122,130
2021 Series A	4.539%	172,860	
	4.962%	709,225	570,890
Total bonds and notes		915,106	838,461
Interest Payable		15,310	16,068
Net Unamortized (Discount)/Premium		89,646	48,918
Total bonds and notes		\$ 1,020,062	\$ 903,447

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

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

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 104 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.

On July 1, 2019, the Association issued the 2019AB Single Family Mortgage Bonds to currently refund the 2009C and a portion of 2013A Single Family Mortgage Bonds. The 2019AB 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. The economic gain/loss was \$0, as the refunding moved from one variable rate index to another.

# Idaho Housing and Finance Association

Notes to Financial Statements

June 30, 2021 and 2020

The scheduled principal debt service, including July 1, 2021 special redemptions, for the periods subsequent to, and as of June 30, 2021, is as follows (in thousands):

	2022	2023	2024	2025	2026	2027 2031
<b>Single-Family Mortgage Bonds</b>						
2000 Indenture	\$ 3,765	\$ 1,850	\$ 1,772	\$ 1,694	\$ 1,503	\$ 6,712
2003 Indenture	16,325	3,935	3,865	3,905	2,620	15,580
2006 Indenture	13,565	2,050	1,975	2,095	1,090	3,560
2019 Indenture	11,720	4,925	4,660	4,360	4,110	14,145
	<u>45,375</u>	<u>12,760</u>	<u>12,272</u>	<u>12,054</u>	<u>9,323</u>	<u>39,997</u>
<b>Grant Revenue and Revenue Anticipation Bonds</b>						
2010 Series A	2,410	2,545	2,700	2,875	3,060	51,745
2011 Series A	60,770	-	-	-	-	-
2012 Series A	1,860	1,940	2,010	2,100	2,190	12,185
2014 Series A	3,760	3,955	4,155	4,370	4,595	26,700
2015 Series A	19,060	19,680	20,765	22,405	22,620	31,065
2017 Series A	7,705	8,455	8,810	8,680	10,075	40,860
2019 Series A	-	-	-	-	-	4,930
2021 Series A	-	-	-	-	-	53,275
	<u>95,565</u>	<u>36,575</u>	<u>38,440</u>	<u>40,430</u>	<u>42,540</u>	<u>220,760</u>
<b>Total GARVEE</b>	<u>95,565</u>	<u>36,575</u>	<u>38,440</u>	<u>40,430</u>	<u>42,540</u>	<u>220,760</u>
<b>Total principal</b>	<u>\$ 140,940</u>	<u>\$ 49,335</u>	<u>\$ 50,712</u>	<u>\$ 52,484</u>	<u>\$ 51,863</u>	<u>\$ 260,757</u>
<b>Variable rate principal</b>	28,105	5,575	5,622	5,699	4,393	23,372
<b>Interest</b>						
Fixed	\$ 33,081	\$ 31,832	\$ 29,687	\$ 27,467	\$ 25,162	\$ 87,338
Variable	279	220	188	155	122	377
<b>Total interest</b>	<u>\$ 33,360</u>	<u>\$ 32,052</u>	<u>\$ 29,875</u>	<u>\$ 27,622</u>	<u>\$ 25,284</u>	<u>\$ 87,715</u>

# Idaho Housing and Finance Association

Notes to Financial Statements

June 30, 2021 and 2020

The scheduled principal debt service, including July 1, 2021 special redemptions, for the periods subsequent to, and as of, June 30, 2021, is as follows (in thousands):

	2032 <u>2036</u>	2037 <u>2041</u>	2041 <u>2043</u>	<u>TOTAL</u>
<b>Single-Family Mortgage Bonds</b>				
2000 Indenture	\$ -	\$ -	\$ -	\$ 17,296
2003 Indenture	26,090	2,310	-	74,630
2006 Indenture	15,045	8,500	-	47,880
2019 Indenture	<u>9,090</u>	<u>9,535</u>	<u>3,530</u>	<u>66,075</u>
	<u>50,225</u>	<u>20,345</u>	<u>3,530</u>	<u>205,881</u>
<b>Grant Revenue and Revenue Anticipation Bonds</b>				
2010 Series A	-	-	-	65,335
2011 Series A	-	-	-	60,770
2012 Series A	-	-	-	22,285
2014 Series A	6,170	-	-	53,705
2015 Series A	-	-	-	135,595
2017 Series A	-	-	-	84,585
2019 Series A	72,000	37,160	-	114,090
2021 Series A	<u>39,845</u>	<u>79,740</u>	<u>-</u>	<u>172,860</u>
Total GARVEE	<u>118,015</u>	<u>116,900</u>	<u>-</u>	<u>709,225</u>
Total principal	<u>\$ 168,240</u>	<u>\$ 137,245</u>	<u>\$ 3,530</u>	<u>\$ 915,106</u>
Variable rate principal	34,560	11,910	-	119,236
<b>Interest</b>				
Fixed	\$ 43,782	\$ 11,238	\$ 136	\$ 289,723
Variable	<u>139</u>	<u>17</u>	<u>-</u>	<u>1,497</u>
Total interest	<u>\$ 43,921</u>	<u>\$ 11,255</u>	<u>\$ 136</u>	<u>\$ 291,220</u>

## Idaho Housing and Finance Association

Notes to Financial Statements

June 30, 2021 and 2020

Long-term bond liability and short-term borrowing activity for the years ended June 30, 2021 and 2020, was as follows (in thousands):

June 30, 2021	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One year
Par Bonds Payable	\$ 817,035	\$ 172,860	\$ (74,789)	\$ 915,106	\$ 140,940
Note Payable	21,426	-	(21,426)	-	-
Interest Payable	16,068	32,108	(32,866)	15,310	33,359
Net Unamortized (Discount)/Premium	<u>48,918</u>	<u>81,534</u>	<u>(40,806)</u>	<u>89,646</u>	<u>7,404</u>
Total bonds payable at June 30, 2021	<u>\$ 903,447</u>	<u>\$ 286,502</u>	<u>\$ (169,887)</u>	<u>\$ 1,020,062</u>	<u>\$ 181,703</u>
June 30, 2020					
Par Bonds Payable	\$ 830,830	\$ 73,265	\$ (87,060)	\$ 817,035	\$ 66,650
Note Payable	26,676	-	(5,250)	21,426	5,000
Interest Payable	15,257	35,534	(34,723)	16,068	15,295
Net Unamortized (Discount)/Premium	<u>57,836</u>	<u>2,658</u>	<u>(11,576)</u>	<u>48,918</u>	<u>6,149</u>
Total bonds payable at June 30, 2020	<u>\$ 930,599</u>	<u>\$ 111,457</u>	<u>\$ (138,609)</u>	<u>\$ 903,447</u>	<u>\$ 93,094</u>
Short-Term and Other Borrowing at June 30,2021	\$ 165,000	\$ 791,507	\$ (646,530)	\$ 309,977	\$ 309,977
Short-Term and Other Borrowing at June 30,2020	\$ 130,000	\$ 956,045	\$ (921,045)	\$ 165,000	\$ 165,000



**Note 9 - Redemption of Bonds**

Special redemptions were made in the following bond issues for the years ended June 30, 2021 and 2020 (in thousands):

Bond Series Redeemed	Par Value of Bonds Redeemed		
	July 1, 2021	For the Year Ended June 30, 2021	For the Year Ended June 30, 2020
Single-Family Mortgage Bonds			
Prior			
2000 Indenture	\$ 1,800	\$ 2,710	\$ 2,180
2003 Indenture	12,565	9,920	14,250
2006 Indenture	11,250	14,110	19,855
2009 Indenture	-	1,405	2,590
2019 Indenture	7,035	1,835	-
	32,650	29,980	38,875
Grant Revenue and Revenue Anticipation Bonds			
2011 Series A	59,225	-	-
Special redeem all bonds	\$ 91,875	\$ 29,980	\$ 38,875

**Note 10 - Tax Exempt Mortgage Backed Securities**

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

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

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Series	Maturity Date	Security Rate	2021	2020
IHFA HOMES 2014 A	May 2044	3.50%	\$ 3,605	\$ 6,625
IHFA HOMES 2014 B	August 2044	3.50%	4,122	5,992
IHFA HOMES 2014 C	December 2044	3.50%	2,612	3,553
IHFA HOMES 2015 A	April 2045	3.00%	2,171	3,560
IHFA HOMES 2015 B	May 2045	3.00%	3,841	7,684
IHFA HOMES 2015 C	July 2045	3.00%	9,794	13,884
IHFA TEMS 2015A	October 2045	3.50%	7,780	12,779
IHFA TEMS 2015B	November 2045	3.00%	5,676	7,385
IHFA TEMS 2015C	December 2045	3.00%	7,498	11,183
IHFA TEMS 2016A	February 2046	3.00%	15,911	24,228
IHFA TEMS 2016B	March 2046	3.00%	4,909	8,253
IHFA TEMS 2016C	April 2046	3.00%	6,013	8,789
IHFA TEMS 2016D	May 2046	3.00%	8,908	12,950
IHFA TEMS 2016E	June 2046	3.00%	7,554	10,973
IHFA TEMS 2016F	July 2046	3.00%	7,701	11,306
IHFA TEMS 2016G	August 2046	3.00%	13,264	18,554
IHFA TEMS 2016H	September 2046	3.00%	5,517	8,029
IHFA TEMS 2016I	December 2046	3.00%	5,391	7,924
IHFA TEMS 2017A	January 2047	3.00%	9,564	12,520
IHFA TEMS 2017B	February 2047	3.00%	5,207	9,284
IHFA TEMS 2017C	April 2047	3.50%	8,988	13,246
IHFA TEMS 2017D	May 2047	3.50%	8,372	13,823
IHFA TEMS 2017E	July 2047	3.50%	5,099	8,159
IHFA TEMS 2017F	August 2048	3.00%	10,707	16,897
IHFA TEMS 2017G	September 2047	3.00%	7,589	10,972
IHFA TEMS 2017H	October 2047	3.00%	8,591	15,009
IHFA TEMS 2017I	November 2047	3.00%	8,650	13,755
IHFA TEMS 2017J	December 2047	3.00%	11,029	18,498
IHFA TEMS 2018A	January 2048	3.00%	8,022	11,325
IHFA TEMS 2018B	April 2048	3.50%	5,816	10,808
IHFA TEMS 2018C	July 2048	4.00%	5,749	9,479
IHFA TEMS 2018D	August 2048	4.00%	8,635	13,381
IHFA TEMS 2018E	October 2048	4.00%	13,063	21,919
IHFA TEMS 2018F	December 2048	4.00%	14,311	22,932
IHFA TEMS 2019A	January 2049	4.50%	10,151	19,038
IHFA TEMS 2019B	April 2049	4.00%	14,943	25,185
IHFA TEMS 2019C	June 2049	3.50%	13,647	20,776
IHFA TEMS 2019D	July 2019	4.00%	11,088	18,830
IHFA TEMS 2019E	August 2049	3.50%	13,206	19,513
Total Tax-Exempt Mortgage-back Securities (TEMS)			\$ 324,694	\$ 509,000

Idaho Housing and Finance Association

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

	Beginning Balance as of June 30, 2020	Additions	Reductions	Ending Balance as of June 30, 2021
Tax Exempt Mortgage Securities	\$ 509,000	\$ -	\$ (184,306)	\$ 324,694
	Beginning Balance as of June 30, 2019	Additions	Reductions	Ending Balance as of June 30, 2020
Tax Exempt Mortgage Securities	\$ 597,571	\$ 40,337	\$ (128,908)	\$ 509,000

The scheduled principal payments for the periods subsequent to, and as of, June 30, 2021, is as follows (in thousands):

Year	Principal Payments (in thousands)	Interest Payments (in thousands)
2022	\$ 7,662	\$ 12,122
2023	7,957	11,828
2024	8,262	11,523
2025	8,579	11,205
2026	8,909	10,876
2027-2031	39,190	48,977
2032-2036	58,070	38,623
2037-2041	70,110	26,121
2021-2046	84,645	11,028
Thereafter	31,310	169
Total	\$ 324,694	\$ 182,472

**Note 11 - Derivatives**

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

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

The fair values of swap agreements were estimated as the approximate amount the Association's would pay a market participant to terminate the contractual positions as of June 30, 2021. 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, 2021) 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, 2021 and 2020. The fair value is reported in the Statements of Net Position at \$15.291 million and \$22.939 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 \$23.264 million and \$31.972 million as of June 30, 2021 and 2020, respectively. The Association reported no deferred inflows of resources of as of both June 30, 2021 and 2020. 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, 2021 and 2020 at \$3.445 million and \$3.112 million, respectively. This portion represents the notional amount of interest rate swaps that exceeds the notional amount of underlying variable debt.

The Association engaged an independent third party to calculate the fair values of contracts as of June 30, 2021 and 2020. The results of the calculation correlate materially with the fair values provided by the Association's counterparties.

Credit risk: As of June 30, 2021, 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), A1 (Moody's), and A (S&P).

Basis risk: All but nineteen of the Association's swaps have a dual basis: Securities Industry and Financial Markets Association (SIFMA) index plus 20 basis points when the one-month London Interbank Offered Rate (LIBOR) is less than either 3.5% or 4.0% (depending on the bond series) and 68% of LIBOR plus 20 basis points when LIBOR is 3.5% or greater. Four non-dual basis swaps have a basis of SIFMA plus 20 basis points, five have a basis of LIBOR plus 5 basis points, five have a basis of LIBOR plus 45 basis points, three have a basis of LIBOR plus 75 basis points, one has a basis of LIBOR plus 71 basis points and one has a basis of LIBOR plus 76 basis points. The Association is exposed to basis risk on dual basis swaps when variable payments received are based on LIBOR and do not offset the variable rate paid on bonds, which is based on SIFMA. On June 30, 2021 SIFMA is 0.03 percent and one-month LIBOR is 0.10 percent.

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

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

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

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

Interest Rate Swap Agreements  
(in thousands)  
2021

Parity Indenture	Series	Outstanding Notional Amount		Fair Values		Change in Fair Values	
		Hedging	Investment	Hedging	Investment	Hedging	Investment
2014A	2000 Series G	\$ 445	\$ -	\$ 9	\$ -	\$ 47	\$ -
2014A	2001 Series D	1,055	-	(2)	-	64	-
2014A	2001 Series E	1,055	-	(3)	-	61	-
2014A	2001 Series F	-	-	-	-	5	-
2014A	2002 Series A	-	-	-	-	12	-
2014A	2002 Series B	-	-	-	-	13	-
2014A	2002 Series C	-	-	-	-	10	-
2014A	2002 Series D	1,100	-	-	-	65	-
2014A	2002 Series E	100	-	2	-	16	-
2014A	2002 Series F	1,300	-	(35)	-	51	-
2014A	2002 Series G	1,300	-	(38)	-	56	-
2015A	2003 Series A	2,820	-	(197)	-	132	(1)
2015A	2003 Series B	1,925	-	(61)	-	79	-
2019B-2	2003 Series C	1,345	-	(62)	-	52	-
2015A	2003 Series D	2,500	-	(167)	-	123	(1)
2016A4	2003 Series E	-	2,500	(120)	(29)	91	(25)
2016A4	2004 Series A	2,565	-	(149)	-	104	(1)
2019B-2	2004 Series B	3,080	-	(249)	-	132	(1)
2016A4	2004 Series C	-	2,615	(124)	(31)	89	(27)
2016A3	2004 Series D	4,115	-	(352)	-	173	(1)
2016A3	2005 Series A	4,425	-	(413)	-	193	(1)
2009A	2005 Series B	-	4,240	85	(514)	(6)	(210)
2009A	2005 Series C	-	4,315	81	(486)	(6)	(202)
2016A3	2005 Series D	4,410	-	(404)	-	190	(1)
2016A3	2005 Series E	4,530	-	(434)	-	200	(1)
2009A	2005 Series F	-	4,765	98	(629)	(7)	(248)
2009A	2006 Series A	4,795	-	(541)	-	243	(1)
2009A	2006 Series B	2,345	-	(159)	-	115	(1)
2009A	2006 Series C	2,215	-	(141)	-	109	(1)
2009A	2006 Series D	2,585	-	(168)	-	136	(1)
2016	2007 Series D	4,730	-	(285)	-	247	(1)
2017A	2007 Series G	13,100	-	(1,799)	-	449	(4)

# Idaho Housing and Finance Association

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June 30, 2021 and 2020

## Interest Rate Swap Agreements (in thousands) 2021

Parity Indenture	Series	Fixed Rate Paid by IHFA	Variable Rate		Interest Rate Contract Provider	Credit Rating	Scheduled Termination Date	Inception Date
			Received by IHFA from Interest Rate Contract Provider					
2014A	2000 Series G	5.2500%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2021	11/6/2008
2014A	2001 Series D	4.7300%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2022	11/6/2008
2014A	2001 Series E	4.5300%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2022	11/6/2008
2014A	2001 Series F	4.7000%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2021	11/6/2008
2014A	2002 Series A	5.0200%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2021	11/6/2008
2014A	2002 Series B	4.9500%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2021	11/6/2008
2014A	2002 Series C	4.8900%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2021	11/6/2008
2014A	2002 Series D	4.7100%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2022	11/6/2008
2014A	2002 Series E	4.4800%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2021	11/6/2008
2014A	2002 Series F	3.7900%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2024	11/6/2008
2014A	2002 Series G	4.1400%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2024	11/6/2008
2015A	2003 Series A	4.5190%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2026	11/6/2008
2015A	2003 Series B	4.0360%	SIFMA+.20%		Barclays Capital	A/A2	7/1/2024	11/6/2008
2019B-2	2003 Series C	3.7800%	SIFMA+.20%		Barclays Capital	A/A2	7/1/2025	11/6/2008
2015A	2003 Series D	4.8400%	SIFMA+.20%		Barclays Capital	A/A2	7/1/2025	11/6/2008
2016A4	2003 Series E	4.5300%	SIFMA+.20%		Barclays Capital	A/A2	7/1/2025	7/6/2016
2016A4	2004 Series A	4.0290%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2026	7/6/2016
2019B-2	2004 Series B	4.3700%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2027	7/6/2016
2016A4	2004 Series C	4.3300%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2025	7/6/2016
2016A3	2004 Series D	3.8500%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2028	7/6/2016
2016A3	2005 Series A	3.9000%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2029	7/6/2016
2009A	2005 Series B	3.9850%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2028	11/7/2008
2009A	2005 Series C	3.7300%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2028	11/7/2008
2016A3	2005 Series D	3.8650%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR		Barclays Capital	A/A2	7/1/2028	7/6/2016
2016A3	2005 Series E	3.9300%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR		Barclays Capital	A/A2	1/1/2029	7/6/2016
2009A	2005 Series F	4.0950%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR		Barclays Capital	A/A2	1/1/2029	11/7/2008
2009A	2006 Series A	4.1000%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR		Barclays Capital	A/A2	1/1/2029	11/7/2008
2009A	2006 Series B	4.3500%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR		Barclays Capital	A/A2	7/1/2025	11/7/2008
2009A	2006 Series C	4.3600%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR		Barclays Capital	A/A2	1/1/2025	11/7/2008
2009A	2006 Series D	4.4500%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR		Barclays Capital	A/A2	1/1/2025	11/7/2008
2016	2007 Series D	4.8930%	LIBOR+.71%		Barclays Capital	A/A2	1/1/2026	7/1/2016
2017A	2007 Series G	4.6910%	LIBOR+.76%		Barclays Capital	A/A2	7/1/2028	12/20/2012

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(in thousands)  
2021

Parity Indenture	Series	Outstanding Notional Amount		Fair Values		Change in Fair Values	
		Hedging	Investment	Hedging	Investment	Hedging	Investment
2012A	2007 Series H	-	17,845	(2,217)	(12)	1,235	6
2017A	2007 Series J	13,735	-	(1,837)	-	436	(4)
2017A	2007 Series K	12,625	-	(1,912)	-	360	(3)
2012A	2006 Series E	-	3,350	(92)	(158)	85	(101)
2013A	2006 Series F	-	3,405	(78)	(160)	78	(102)
2013A	2006 Series G	3,295	-	(226)	-	169	(1)
2019B-2	2007 Series A	3,920	-	(320)	-	161	(1)
2013A	2007 Series B	4,395	-	(369)	-	180	(1)
2013A	2007 Series C	4,720	-	(424)	-	198	(1)
2017A	2008 Series A	-	12,625	(1,220)	(675)	1,052	671
2017A	2008 Series B	-	10,560	(389)	(751)	146	(64)
2013A	2008 Series C	5,945	-	(430)	-	231	(2)
2013A	2008 Series D	2,230	-	(149)	-	80	(1)
		<u>\$ 118,705</u>	<u>\$ 66,220</u>	<u>\$ (15,291)</u>	<u>\$ (3,445)</u>	<u>\$ 7,649</u>	<u>\$ (333)</u>

Interest Rate Swap Agreements  
(in thousands)  
2021

Parity Indenture	Series	Fixed Rate Paid by IHFA	Variable Rate		Interest Rate Contract Provider	Credit Rating	Scheduled Termination Date	Inception Date
			Received by IHFA from Interest Rate Contract	Provider				
2012A	2007 Series H	5.1980%	LIBOR+.76%		Barclays Capital	A/A2	7/1/2030	7/1/2016
2017A	2007 Series J	4.4150%	LIBOR+.76%		Barclays Capital	A/A2	7/1/2028	7/1/2017
2017A	2007 Series K	4.2310%	LIBOR+.76%		Barclays Capital	A/A2	7/1/2030	7/1/2017
2012A	2006 Series E	5.5180%	One-month LIBOR + .75%		Barclays Capital	A/A2	1/1/2026	7/1/2017
2013A	2006 Series F	5.2900%	One-month LIBOR + .80%		Barclays Capital	A/A2	1/1/2026	7/1/2017
2013A	2006 Series G	5.1670%	One-month LIBOR + .80%		Barclays Capital	A/A2	1/1/2026	7/1/2017
2019B-2	2007 Series A	5.0310%	One-month LIBOR + .80%		Barclays Capital	A/A2	7/1/2026	7/1/2017
2013A	2007 Series B	4.8820%	One-month LIBOR + .80%		Barclays Capital	A/A2	1/1/2027	7/1/2017
2013A	2007 Series C	4.9720%	One-month LIBOR + .80%		Barclays Capital	A/A2	1/1/2027	7/1/2017
2017A	2008 Series A	4.3820%	One-month LIBOR + .80%		Barclays Capital	A/A2	7/1/2030	7/1/2017
2017A	2008 Series B	4.2350%	One-month LIBOR + .80%		Barclays Capital	A/A2	7/1/2029	7/1/2017
2013A	2008 Series C	4.7190%	One-month LIBOR + .80%		Barclays Capital	A/A2	7/1/2026	7/1/2017
2013A	2008 Series D	4.4370%	One-month LIBOR + .80%		Barclays Capital	A/A2	7/1/2026	7/1/2017



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## Interest Rate Swap Agreements (in thousands) 2020

Parity Indenture	Series	Outstanding Notional Amount		Fair Values		Change in Fair Values	
		Hedging	Investment	Hedging	Investment	Hedging	Investment
2014A	2000 Series G	\$ 1,615	\$ -	\$ (8)	\$ -	\$ 43	\$ -
2014A	2001 Series A	-	-	0	-	2	-
2014A	2001 Series B	85	-	3	-	10	-
2014A	2001 Series C	20	-	1	-	6	-
2014A	2001 Series D	2,025	-	(45)	-	19	-
2014A	2001 Series E	2,025	-	(44)	-	16	-
2014A	2001 Series F	510	-	7	-	20	-
2014A	2002 Series A	685	-	5	-	24	-
2014A	2002 Series B	690	-	5	-	24	-
2014A	2002 Series C	630	-	6	-	23	-
2014A	2002 Series D	2,035	-	(45)	-	19	-
2014A	2002 Series E	795	-	1	-	21	-
2014A	2002 Series F	1,790	-	(78)	-	(24)	-
2014A	2002 Series G	1,790	-	(86)	-	59	-
2015A	2003 Series A	3,380	-	(322)	-	7	-
2015A	2003 Series B	2,620	-	(130)	-	19	-
2015A	2003 Series C	1,705	-	(109)	-	(16)	15
2015A	2003 Series D	3,090	-	(280)	-	25	-
2016A	2003 Series E	-	3,090	(216)	(38)	85	(65)
2016A	2004 Series A	3,145	-	(245)	-	(1)	-
2016A	2004 Series B	3,665	-	(373)	-	31	(37)
2016A	2004 Series C	-	3,235	(219)	(41)	82	(69)
2016A	2004 Series D	4,735	-	(519)	-	(57)	-
2016A	2005 Series A	5,070	-	(599)	-	(70)	-
2009A	2005 Series B	-	4,895	-	(625)	(111)	50
2009A	2005 Series C	-	4,970	-	(594)	(106)	29
2016A	2005 Series D	5,075	-	(587)	-	(69)	-
2016A	2005 Series E	5,195	-	(627)	-	(72)	-
2009A	2005 Series F	-	5,445	-	(764)	686	(764)
2009A	2006 Series A	5,470	-	(777)	-	(80)	-
2009A	2006 Series B	2,995	-	(264)	-	19	-
2009A	2006 Series C	2,870	-	(239)	-	24	-
2009A	2006 Series D	3,350	-	(291)	-	30	-
2012A	2007 Series D	5,890	-	(511)	-	65	-
2012A	2007 Series G	15,185	-	(2,221)	-	8	-

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## Notes to Financial Statements

June 30, 2021 and 2020

### Interest Rate Swap Agreements (in thousands) 2020

Parity Indenture	Series	Fixed Rate Paid by IHFA	Variable Rate		Interest Rate Contract Provider	Credit Rating	Scheduled Termination Date	Inception Date
			Received by IHFA from Interest Rate Contract Provider					
2014A	2000 Series G	5.2500%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2021	11/6/2008
2014A	2001 Series A	4.7600%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2020	11/6/2008
2014A	2001 Series B	4.8660%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2020	11/6/2008
2014A	2001 Series C	4.8600%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2020	11/6/2008
2014A	2001 Series D	4.7300%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2022	11/6/2008
2014A	2001 Series E	4.5300%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2022	11/6/2008
2014A	2001 Series F	4.7000%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2021	11/6/2008
2014A	2002 Series A	5.0200%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2021	11/6/2008
2014A	2002 Series B	4.9500%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2021	11/6/2008
2014A	2002 Series C	4.8900%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2021	11/6/2008
2014A	2002 Series D	4.7100%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2022	11/6/2008
2014A	2002 Series E	4.4800%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2021	11/6/2008
2014A	2002 Series F	3.7900%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2024	11/6/2008
2014A	2002 Series G	4.1400%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2024	11/6/2008
2015A	2003 Series A	4.5190%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2026	11/6/2008
2015A	2003 Series B	4.0360%	SIFMA+.20%		Barclays Capital	A/A2	7/1/2024	11/6/2008
2015A	2003 Series C	3.7800%	SIFMA+.20%		Barclays Capital	A/A2	7/1/2025	11/6/2008
2015A	2003 Series D	4.8400%	SIFMA+.20%		Barclays Capital	A/A2	7/1/2025	11/6/2008
2016A	2003 Series E	4.5300%	SIFMA+.20%		Barclays Capital	A/A2	7/1/2025	7/6/2016
2016A	2004 Series A	4.0290%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2026	7/6/2016
2016A	2004 Series B	4.3700%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2027	7/6/2016
2016A	2004 Series C	4.3300%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2025	7/6/2016
2016A	2004 Series D	3.8500%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2028	7/6/2016
2016A	2005 Series A	3.9000%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	1/1/2029	7/6/2016
2009A	2005 Series B	3.9850%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2028	11/7/2008
2009A	2005 Series C	3.7300%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR		Barclays Capital	A/A2	7/1/2028	11/7/2008
2016A	2005 Series D	3.8650%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR		Barclays Capital	A/A2	7/1/2028	7/6/2016
2016A	2005 Series E	3.9300%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR		Barclays Capital	A/A2	1/1/2029	7/6/2016
2009A	2005 Series F	4.0950%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR		Barclays Capital	A/A2	1/1/2029	11/7/2008
2009A	2006 Series A	4.1000%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR		Barclays Capital	A/A2	1/1/2029	11/7/2008
2009A	2006 Series B	4.3500%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR		Barclays Capital	A/A2	7/1/2025	11/7/2008
2009A	2006 Series C	4.3600%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR		Barclays Capital	A/A2	1/1/2025	11/7/2008
2009A	2006 Series D	4.4500%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR		Barclays Capital	A/A2	1/1/2025	11/7/2008
2012A	2007 Series D	4.8930%	LIBOR+.71%		Barclays Capital	A/A2	1/1/2026	7/1/2016
2012A	2007 Series G	4.6910%	LIBOR+.76%		Barclays Capital	A/A2	7/1/2028	12/20/2012

Idaho Housing and Finance Association

Notes to Financial Statements

June 30, 2021 and 2020

Interest Rate Swap Agreements  
(in thousands)  
2020

Parity Indenture	Series	Outstanding Notional Amount		Fair Values		Change in Fair Values	
		Hedging	Investment	Hedging	Investment	Hedging	Investment
2012A	2007 Series H	20,125	-	(3,426)	-	204	-
2012A	2007 Series J	15,865	-	(2,248)	-	(54)	-
2012A	2007 Series K	14,295	-	(2,256)	-	(145)	-
2013A	2006 Series E	-	4,150	(222)	(197)	167	(197)
2013A	2006 Series F	-	4,230	(203)	(199)	161	(199)
2013A	2006 Series G	4,105	-	(380)	-	(43)	-
2013A	2007 Series A	4,740	-	(468)	-	(4)	-
2013A	2007 Series B	5,340	-	(533)	-	(32)	-
2013A	2007 Series C	5,695	-	(606)	-	(36)	-
2013A	2008 Series A	14,295	-	(2,255)	-	531	-
2013A	2008 Series B	-	12,140	(676)	(654)	(12)	19
2013A	2008 Series C	7,340	-	(638)	-	(34)	-
2013A	2008 Series D	2,750	-	(220)	-	(21)	-
		<u>\$ 182,685</u>	<u>\$ 42,155</u>	<u>\$ (22,939)</u>	<u>\$ (3,112)</u>	<u>\$ 1,442</u>	<u>\$ (1,218)</u>

Interest Rate Swap Agreements  
(in thousands)  
2020

Parity Indenture	Series	Fixed Rate Paid by IHFA	Variable Rate		Interest Rate Contract Provider	Credit Rating	Scheduled Termination Date	Inception Date
			Received by IHFA from Interest Rate Contract Provider					
2012A	2007 Series H	5.1980%	LIBOR+.76%		Barclays Capital	A/A2	7/1/2030	7/1/2016
2012A	2007 Series J	4.4150%	LIBOR+.76%		Barclays Capital	A/A2	7/1/2028	7/1/2017
2012A	2007 Series K	4.2310%	LIBOR+.76%		Barclays Capital	A/A2	7/1/2030	7/1/2017
2013A	2006 Series E	5.5180%	One-month LIBOR + .80%		Barclays Capital	A/A2	1/1/2026	7/1/2017
2013A	2006 Series F	5.2900%	One-month LIBOR + .80%		Barclays Capital	A/A2	1/1/2026	7/1/2017
2013A	2006 Series G	5.1670%	One-month LIBOR + .80%		Barclays Capital	A/A2	1/1/2026	7/1/2017
2013A	2007 Series A	5.0310%	One-month LIBOR + .80%		Barclays Capital	A/A2	7/1/2026	7/1/2017
2013A	2007 Series B	4.8820%	One-month LIBOR + .80%		Barclays Capital	A/A2	1/1/2027	7/1/2017
2013A	2007 Series C	4.9720%	One-month LIBOR + .80%		Barclays Capital	A/A2	1/1/2027	7/1/2017
2013A	2008 Series A	4.3820%	One-month LIBOR + .80%		Barclays Capital	A/A2	7/1/2030	7/1/2017
2013A	2008 Series B	4.2350%	One-month LIBOR + .80%		Barclays Capital	A/A2	7/1/2029	7/1/2017
2013A	2008 Series C	4.7190%	One-month LIBOR + .80%		Barclays Capital	A/A2	7/1/2026	7/1/2017
2013A	2008 Series D	4.4370%	One-month LIBOR + .80%		Barclays Capital	A/A2	7/1/2026	7/1/2017

# Idaho Housing and Finance Association

Notes to Financial Statements

June 30, 2021 and 2020

At June 30, 2021 and 2020, the Association had \$600.000 million and \$419.844 million, respectively, 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  
(in thousands)  
2021

Contract	Coupon rate	Outstanding Notional Amount	Fair Values	Counterparty Credit Rating
July, 2021	2.50%	\$ (85,000)	\$ 312	AAA/Aaa
August, 2021	2.50%	(49,000)	15	AAA/Aaa
August, 2021	2.50%	(40,000)	12	AAA/Aaa
August, 2021	2.50%	(30,000)	(5)	AAA/Aaa
July, 2021	2.50%	(22,000)	58	AAA/Aaa
July, 2021	2.00%	(21,000)	31	AAA/Aaa
August, 2021	2.50%	(20,000)	(9)	AAA/Aaa
August, 2021	2.00%	(20,000)	(34)	AAA/Aaa
July, 2021	3.00%	(20,000)	31	AAA/Aaa
July, 2021	2.50%	(20,000)	-	AAA/Aaa
August, 2021	2.50%	(15,000)	(19)	AAA/Aaa
July, 2021	2.50%	(15,000)	(49)	AAA/Aaa
August, 2021	2.50%	(15,000)	(9)	AAA/Aaa
July, 2021	2.00%	(15,000)	-	AAA/Aaa
July, 2021	2.00%	(15,000)	-	AAA/Aaa
July, 2021	2.00%	(14,000)	(61)	AAA/Aaa
July, 2021	3.00%	(13,000)	55	AAA/Aaa
August, 2021	3.00%	(12,000)	(9)	AAA/Aaa
September, 2021	2.00%	(12,000)	(38)	AAA/Aaa
July, 2021	2.50%	(12,000)	(2)	AAA/Aaa
July, 2021	2.50%	(12,000)	4	AAA/Aaa
July, 2021	2.00%	(12,000)	(81)	AAA/Aaa
August, 2021	2.00%	(11,000)	(16)	AAA/Aaa
August, 2021	2.00%	(10,000)	(17)	AAA/Aaa
August, 2021	2.50%	(10,000)	(17)	AAA/Aaa
August, 2021	2.50%	(10,000)	19	AAA/Aaa
August, 2021	2.50%	(10,000)	(9)	AAA/Aaa
July, 2021	2.50%	(10,000)	(8)	AAA/Aaa
July, 2021	2.00%	(10,000)	(50)	AAA/Aaa
July, 2021	2.50%	(10,000)	19	AAA/Aaa
July, 2021	2.00%	(10,000)	(25)	AAA/Aaa
July, 2021	2.50%	(10,000)	39	AAA/Aaa
September, 2021	2.00%	(10,000)	(22)	AAA/Aaa
		<u>\$ (600,000)</u>	<u>\$ 115</u>	

Idaho Housing and Finance Association

Notes to Financial Statements

June 30, 2021 and 2020

TBA Forward Contracts  
(in thousands)  
2020

Contract	Coupon rate	Outstanding Notional Amount	Fair Values	Counterparty Credit Rating
July, 2020	2.50%	\$ 40,000	\$ (241)	AAA/Aaa
July, 2020	3.00%	28,000	(33)	AAA/Aaa
August, 2020	3.00%	28,000	(74)	AAA/Aaa
August, 2020	3.00%	25,000	(90)	AAA/Aaa
July, 2020	2.50%	22,000	(191)	AAA/Aaa
August, 2020	2.50%	22,000	(232)	AAA/Aaa
August, 2020	2.50%	20,000	(171)	AAA/Aaa
August, 2020	2.50%	18,000	(141)	AAA/Aaa
August, 2020	3.50%	17,000	21	AAA/Aaa
July, 2020	2.50%	15,000	(110)	AAA/Aaa
July, 2020	3.00%	13,000	(18)	AAA/Aaa
July, 2020	2.50%	10,000	(59)	AAA/Aaa
July, 2020	2.50%	10,000	(69)	AAA/Aaa
July, 2020	2.50%	10,000	(92)	AAA/Aaa
July, 2020	2.50%	10,000	(78)	AAA/Aaa
July, 2020	3.00%	10,000	(53)	AAA/Aaa
July, 2020	3.00%	10,000	(53)	AAA/Aaa
July, 2020	3.00%	10,000	(52)	AAA/Aaa
July, 2020	3.00%	10,000	(53)	AAA/Aaa
August, 2020	2.50%	10,000	(87)	AAA/Aaa
August, 2020	2.50%	10,000	(91)	AAA/Aaa
August, 2020	2.50%	10,000	(91)	AAA/Aaa
August, 2020	3.00%	10,000	(33)	AAA/Aaa
August, 2020	3.50%	10,000	36	AAA/Aaa
September, 2020	2.50%	10,000	(58)	AAA/Aaa
July, 2020	2.50%	7,000	(41)	AAA/Aaa
July, 2020	2.50%	5,000	(38)	AAA/Aaa
July, 2020	3.00%	5,000	(27)	AAA/Aaa
July, 2020	3.00%	5,000	(26)	AAA/Aaa
August, 2020	3.50%	5,000	17	AAA/Aaa
July, 2020	2.50%	3,000	(16)	AAA/Aaa
July, 2020	3.50%	1,115	13	AAA/Aaa
June, 2020	3.50%	445	6	AAA/Aaa
July, 2020	4.00%	284	4	AAA/Aaa
		<u>\$ 419,844</u>	<u>\$ (2,221)</u>	

**Note 12 - 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, 2021 and 2020, were \$1.362 million and \$1.083 million, 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 \$19,500 for those under 50 and \$26,000 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, 2021 and 2020 was \$257,000 and \$219,000, 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.

### **Note 13 - Conduit Debt Obligations**

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

As of June 30, 2021 and 2020, there were fifty-two and forty-six, 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 \$438.006 million and \$391.130 million, respectively.

The Association services conduit debt obligations for housing and transportation-related bond issuances. The Association is not obligated in any manner for repayment of these housing and transportation related conduit debt obligations. The Association has determined that this series of bonds outstanding meet the description of conduit debt obligations not included in the Association's financial statements. The total outstanding indebtedness and accrued interest as of June 30, 2021 and 2020 is \$811.120 million and \$621.579 million, respectively.

**Note 14 - 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.

**Note 15 - Component Units**

The Housing Company (THC), The Home Partnership Foundation (HPF), and IHFA Community Investment Holdings LLC (ICIH) are legally separate component units of the Association. Both THC and HPF are 501(c)3 legal entities while ICIH is an Idaho limited liability company.

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, 2020, THC had acquired and was operating fifteen multifamily housing complexes; had constructed and was operating fifteen multifamily housing complexes; had constructed two additional phases of housing to existing developments; had completed renovation of two hotels and turned into a new multifamily complex; had built a single family home known as The Cottage with HOME funds; had purchased land in Montpelier for the purpose of developing and selling workforce housing units; had purchased a single family home in Canyon County with federal NSP funds and turned it into special needs housing as intended by the program; had purchased three duplexes in Canyon County with federal NSP funds to rent as affordable housing; and had constructed and sold three homes in Nez Perce with HOME funds; and had completed construction on five duplexes in Kuna with HOME and Housing Trust Fund moneys and started construction on five duplexes in Kuna with HOME and Housing Trust Fund moneys; had started construction on five multi-family complexes in Dillon, Montana; Hailey, Idaho; and Idaho Falls, Idaho and had purchased land in Nampa, Idaho with the intent of construction another multi-family complex. Certain personnel of the Association provide services to THC and an equal number of Association Commissioners serve on THC's Board. As of December 31, 2020, 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, 2021 and 2020, THC paid the Association \$1.486 million and \$1.118 million, respectively. THC owed \$0.125 million and \$0.206 million for the years ended June 30, 2021 and 2020, respectively. 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 two 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.

ICIH was formed to own and hold the real property associated with projects created to support IHFA's mission. ICIH is an Idaho limited liability company with IHFA being the sole member. ICIH has an agreement with THC related to the Teton Mesa 4 and Canyon Terrace multifamily projects. ICIH has a receivable from THC of \$2.600 million in relation to these projects as of June 30, 2021.





Supplementary Information  
June 30, 2021

# Idaho Housing and Finance Association

Idaho Housing and Finance Association  
 Combined Statement of Net Position – Association Accounts  
 June 30, 2021  
 (in thousands)

	Business Operations			Affordable Housing Investment Trust	Rating Compliance and Loan Guarantee Trust	Combined Bondholder Trusts (1)	Interfund Eliminations	All Association Accounts	The Home Partnership Foundation	Idaho Community Investment Holdings, LLC	Inter-Component Unit Eliminations	All Reporting Entity Accounts
	General Operating and Custodial Accounts	Federally Assisted Program	Combined									
<b>Statement of Net Position</b>												
<b>Assets and Deferred Outflow of Resources</b>												
All cash and cash equivalents	\$ 510,451	\$ 26,378	\$ 536,829	\$ 14	\$ -	\$ 3,211	\$ -	\$ 540,054	\$ 719	\$ -	\$ -	\$ 540,773
All investments, fair value	176,661	-	176,661	5,956	26,197	427,606	-	636,420	504	160	-	637,084
Loans held for investment, net	49,950	231	50,181	52,591	5,263	127,563	-	235,598	20	4,075	-	239,693
Loans available for sale	155,967	-	155,967	-	-	-	-	155,967	-	-	-	155,967
Loan servicing contracts	224,376	-	224,376	-	-	-	-	224,376	-	-	-	224,376
Loans pending modification	2,152	-	2,152	-	-	-	-	2,152	-	-	-	2,152
Property and equipment	8,804	-	8,804	43	-	-	-	8,847	-	2,123	-	10,970
Other assets	139,247	(155)	139,092	9,901	92,617	1,945	(156,957)	86,598	633	627	-	87,858
Tax exempt mortgage securities asset	324,694	-	324,694	-	-	-	-	324,694	-	-	-	324,694
State of Idaho GARVEE payable	-	-	-	-	-	517,843	-	517,843	-	-	-	517,843
Deferred outflow---interest rate swap contracts	-	-	-	-	-	23,264	-	23,264	-	-	-	23,264
<b>Total assets and deferred outflow of resources</b>	<b>\$ 1,592,302</b>	<b>\$ 26,454</b>	<b>\$ 1,618,756</b>	<b>\$ 68,505</b>	<b>\$ 124,077</b>	<b>\$ 1,101,432</b>	<b>\$ (156,957)</b>	<b>\$ 2,755,813</b>	<b>\$ 1,876</b>	<b>\$ 6,985</b>	<b>\$ -</b>	<b>\$ 2,764,674</b>
<b>Liabilities, Deferred Inflow of Resources, and Net Position</b>												
Short Term and Other Borrowing	\$ 309,977	\$ -	\$ 309,977	\$ -	\$ -	\$ -	\$ -	\$ 309,977	\$ -	\$ -	\$ -	\$ 309,977
Bonds	-	-	-	-	-	1,020,062	-	1,020,062	-	-	-	1,020,062
Tax exempt mortgage securities liability	324,694	-	324,694	-	-	-	-	324,694	-	-	-	324,694
Interest payable-swap contract	-	-	-	-	-	4,164	-	4,164	-	-	-	4,164
Investor remittance liability	282,018	-	282,018	-	-	-	-	282,018	-	-	-	282,018
Escrow and project reserve deposits	175,499	407	175,906	-	-	-	-	175,906	-	-	-	175,906
Swap contract fair value liability	-	-	-	-	-	15,291	-	15,291	-	-	-	15,291
Other liabilities	184,005	24,057	208,062	659	-	192	(156,957)	51,956	120	650	-	52,726
<b>Net position</b>	<b>316,109</b>	<b>1,990</b>	<b>318,099</b>	<b>67,846</b>	<b>124,077</b>	<b>61,723</b>	<b>-</b>	<b>571,745</b>	<b>1,756</b>	<b>6,335</b>	<b>-</b>	<b>579,836</b>
<b>Total liabilities, deferred inflow of resources, and net position</b>	<b>\$ 1,592,302</b>	<b>\$ 26,454</b>	<b>\$ 1,618,756</b>	<b>\$ 68,505</b>	<b>\$ 124,077</b>	<b>\$ 1,101,432</b>	<b>\$ (156,957)</b>	<b>\$ 2,755,813</b>	<b>\$ 1,876</b>	<b>\$ 6,985</b>	<b>\$ -</b>	<b>\$ 2,764,674</b>

Idaho Housing and Finance Association  
 Combined Statement of Revenues, Expenses, and Changes in Net Position – Association Accounts  
 Year Ended June 30, 2021  
 (in thousands)

	Business Operations			Affordable Housing Investment Trust	Rating Compliance and Loan Guarantee Trust	Combined Bondholder Trusts (1)	Interfund Eliminations	All Association Accounts	The Home Partnership Foundation	Idaho Community Investment Holdings, LLC	Inter-Component Unit Eliminations	All Reporting Entity Accounts
	General Operating and Custodial Accounts	Federally Assisted Program	Combined									
Statement of Revenues, Expenses and Changes in Net Position												
Operating Revenues												
Gains on loan sales	\$ 82,569	\$ -	\$ 82,569	\$ -	\$ -	\$ -	\$ -	\$ 82,569	\$ -	\$ -	\$ -	\$ 82,569
Interest on loans and GARVEE pledged revenues	20,089	-	20,089	2,327	250	28,699	-	51,365	-	-	-	51,365
Interest on investments	21	-	21	-	5	5,949	-	5,975	3	-	-	5,978
Loan servicing fees	47,755	-	47,755	7	2	175	-	47,939	-	-	-	47,939
Contract and grant administration fees	16,024	-	16,024	-	-	-	-	16,024	780	-	(3,135)	13,669
Other operating revenues	2,536	118	2,654	60	4	-	-	2,718	1,637	1,815	-	6,170
<b>Total operating revenues</b>	<b>168,994</b>	<b>118</b>	<b>169,112</b>	<b>2,394</b>	<b>261</b>	<b>34,823</b>	<b>-</b>	<b>206,590</b>	<b>2,420</b>	<b>1,815</b>	<b>(3,135)</b>	<b>207,690</b>
Operating Expenses												
Loan acquisition costs	59,265	-	59,265	498	-	-	-	59,763	-	-	-	59,763
Interest	20,630	-	20,630	-	201	35,889	-	56,720	-	-	-	56,720
Salaries and benefits	24,848	-	24,848	-	-	-	-	24,848	98	1	-	24,947
General operating	14,399	1,080	15,479	8	8	391	-	15,886	80	12	-	15,978
Bond financing costs	-	-	-	-	-	515	-	515	-	-	-	515
Grants to others	-	-	-	780	-	-	-	780	2,360	650	(3,135)	655
Loss on real estate owned properties	2	-	2	8	-	-	-	10	-	-	-	10
Other operating expenses	1,340	-	1,340	-	-	-	-	1,340	-	-	-	1,340
<b>Total operating expenses</b>	<b>120,484</b>	<b>1,080</b>	<b>121,564</b>	<b>1,294</b>	<b>209</b>	<b>36,795</b>	<b>-</b>	<b>159,862</b>	<b>2,538</b>	<b>663</b>	<b>(3,135)</b>	<b>159,928</b>
<b>Operating Income (Loss)</b>	<b>48,510</b>	<b>(962)</b>	<b>47,548</b>	<b>1,100</b>	<b>52</b>	<b>(1,972)</b>	<b>-</b>	<b>46,728</b>	<b>(118)</b>	<b>1,152</b>	<b>-</b>	<b>47,762</b>
Nonoperating Revenues and Expenses												
Net increase (decrease) in fair value of investments	5,861	-	5,861	-	(1)	(2,843)	-	3,017	-	-	-	3,017
Net increase (decrease) in fair value of servicing contracts	70,783	-	70,783	-	-	-	-	70,783	-	-	-	70,783
Derivative instruments, interest rate swap	-	-	-	-	-	(630)	-	(630)	-	-	-	(630)
Federal pass-through revenues	-	70,741	70,741	-	-	-	-	70,741	-	-	-	70,741
Federal pass-through expenses	-	(71,806)	(71,806)	-	-	-	-	(71,806)	-	-	-	(71,806)
<b>Total nonoperating revenues and expenses</b>	<b>76,644</b>	<b>(1,065)</b>	<b>75,579</b>	<b>-</b>	<b>(1)</b>	<b>(3,473)</b>	<b>-</b>	<b>72,105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,105</b>
<b>Change in Net Position</b>	<b>125,154</b>	<b>(2,027)</b>	<b>123,127</b>	<b>1,100</b>	<b>51</b>	<b>(5,445)</b>	<b>-</b>	<b>118,833</b>	<b>(118)</b>	<b>1,152</b>	<b>-</b>	<b>119,867</b>
<b>Net Position, Beginning of Period</b>	<b>211,934</b>	<b>1,735</b>	<b>213,669</b>	<b>65,453</b>	<b>117,803</b>	<b>60,812</b>	<b>-</b>	<b>457,737</b>	<b>1,874</b>	<b>358</b>	<b>-</b>	<b>459,969</b>
<b>Transfers</b>	<b>(20,979)</b>	<b>2,282</b>	<b>(18,697)</b>	<b>1,293</b>	<b>6,223</b>	<b>6,356</b>	<b>-</b>	<b>(4,825)</b>	<b>-</b>	<b>4,825</b>	<b>-</b>	<b>-</b>
<b>Net Position, End of Period</b>	<b>\$ 316,109</b>	<b>\$ 1,990</b>	<b>\$ 318,099</b>	<b>\$ 67,846</b>	<b>\$ 124,077</b>	<b>\$ 61,723</b>	<b>\$ -</b>	<b>\$ 571,745</b>	<b>\$ 1,756</b>	<b>\$ 6,335</b>	<b>\$ -</b>	<b>\$ 579,836</b>

(1) The detail of the Combined Bondholder Trusts is presented on pages 58-59.

Idaho Housing and Finance Association  
 Combined Statement of Net Position – Combined Bondholder Trusts  
 June 30, 2021  
 (in thousands)

	2000	2003	2006	2009	2019	2010A	2011	2012A	2014A	2015A	2017A	2019A	2021A	Combined
	Indenture	Indenture	Indenture	Indenture	Indenture	Grant and Anticipation Bond	Grant and Anticipation Bond	Grant and Anticipation Bond	Grant and Anticipation Bond	Grant and Anticipation Bond	Grant and Anticipation Bond	Grant and Anticipation Bond	Grant and Anticipation Bond	Bonds
<b>Statement of Net Position</b>														
<b>Assets and Deferred Outflow of Resources</b>														
Cash and cash equivalents held in trust	\$ -	\$ -	\$ -	\$ -	\$ 3,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,211
Investments, fair value held in trust	6,192	44,275	23,600	-	61,356	1,778	60,854	172	399	1,615	703	76,722	149,940	427,606
Loans held for investment, net	17,073	39,645	51,324	-	19,521	-	-	-	-	-	-	-	-	127,563
Other assets	196	371	1,320	9	49	-	-	-	-	-	-	-	-	1,945
State of Idaho GARVEE payable	-	-	-	-	-	65,696	2,433	24,371	58,009	142,116	93,381	61,873	69,964	517,843
Deferred outflow--interest rate swap contracts	210	4,357	17,874	-	823	-	-	-	-	-	-	-	-	23,264
<b>Total assets and deferred outflow of resources</b>	<b>23,671</b>	<b>88,648</b>	<b>94,118</b>	<b>9</b>	<b>84,960</b>	<b>67,474</b>	<b>63,287</b>	<b>24,543</b>	<b>58,408</b>	<b>143,731</b>	<b>94,084</b>	<b>138,595</b>	<b>219,904</b>	<b>1,101,432</b>
<b>Liabilities, Deferred Inflow of Resources and net position</b>														
Bonds	17,369	75,935	47,945	-	68,787	67,474	63,287	24,543	58,408	143,731	94,084	138,595	219,904	1,020,062
Interest payable-swap contract	143	1,191	2,639	-	191	-	-	-	-	-	-	-	-	4,164
Swap contract fair value liability	67	3,167	11,425	-	632	-	-	-	-	-	-	-	-	15,291
Other liabilities	7	102	60	-	23	-	-	-	-	-	-	-	-	192
Deferred inflow--interest rate swap contracts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net position</b>	<b>6,085</b>	<b>8,253</b>	<b>32,049</b>	<b>9</b>	<b>15,327</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,723</b>
<b>Total liabilities, deferred inflow of resources and net position</b>	<b>23,671</b>	<b>88,648</b>	<b>94,118</b>	<b>9</b>	<b>84,960</b>	<b>67,474</b>	<b>63,287</b>	<b>24,543</b>	<b>58,408</b>	<b>143,731</b>	<b>94,084</b>	<b>138,595</b>	<b>219,904</b>	<b>1,101,432</b>
<b>Statement of Revenues, Expenses and Changes in Net Position</b>														
<b>Operating Revenues</b>														
Interest on loans and GARVEE pledged revenues	1,115	2,414	3,168	64	624	4,085	2,829	722	2,294	5,838	3,049	1,791	706	28,699
Interest on investments	78	903	298	5	1,895	-	-	-	-	-	-	2,766	4	5,949
Loan servicing fees	-	47	106	5	17	-	-	-	-	-	-	-	-	175
Other operating revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating revenues</b>	<b>1,193</b>	<b>3,364</b>	<b>3,572</b>	<b>74</b>	<b>2,536</b>	<b>4,085</b>	<b>2,829</b>	<b>722</b>	<b>2,294</b>	<b>5,838</b>	<b>3,049</b>	<b>4,557</b>	<b>710</b>	<b>34,823</b>

Idaho Housing and Finance Association  
 Combined Statements of Revenues, Expenses, and Changes in Net Position – Combined Bondholder Trusts  
 Year Ended June 30, 2021  
 (in thousands)

	2000	2003	2006	2009	2019	2010A	2011	2012A	2014A	2015A	2017A	2019A	2019A	Combined
	Indenture	Indenture	Indenture	Indenture	Indenture	Grant and Anticipation Bond	Grant and Revenue Anticipation Bond	Grant and Revenue Anticipation Bond	Grant and Revenue Anticipation Bond	Grant and Revenue Anticipation Bond	Grant and Revenue Anticipation Bond	Grant and Revenue Anticipation Bond	Grant and Revenue Anticipation Bond	Bonds
Operating Expenses														
Interest	521	3,667	6,089	23	1,557	4,064	2,814	714	2,279	5,806	3,029	4,527	799	35,889
General operating	16	113	70	10	36	21	15	8	15	32	20	30	5	391
Bond financing costs	-	-	-	-	515	-	-	-	-	-	-	-	-	515
Losses on real estate-owned property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	<u>537</u>	<u>3,780</u>	<u>6,159</u>	<u>33</u>	<u>2,108</u>	<u>4,085</u>	<u>2,829</u>	<u>722</u>	<u>2,294</u>	<u>5,838</u>	<u>3,049</u>	<u>4,557</u>	<u>804</u>	<u>36,795</u>
Operating Income (Loss)	<u>656</u>	<u>(416)</u>	<u>(2,587)</u>	<u>41</u>	<u>428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94)</u>	<u>(1,972)</u>
Nonoperating Revenues and (Expenses)														
Net increase (decrease) in fair value of investments	(80)	(1,272)	(444)	(12)	(1,129)	-	-	-	-	-	-	-	94	(2,843)
Derivative instruments, interest rate swap	(202)	478	(867)	-	(39)	-	-	-	-	-	-	-	-	(630)
Total nonoperating revenues and (expenses)	<u>(282)</u>	<u>(794)</u>	<u>(1,311)</u>	<u>(12)</u>	<u>(1,168)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94</u>	<u>(3,473)</u>
Change in Net Position	374	(1,210)	(3,898)	29	(740)	-	-	-	-	-	-	-	-	(5,445)
Net Position, Beginning of Period	5,728	9,463	35,448	3,596	6,577	-	-	-	-	-	-	-	-	60,812
Transfers	(17)	-	499	(3,616)	9,490	-	-	-	-	-	-	-	-	6,356
Net Position, End of Period	<u>\$ 6,085</u>	<u>\$ 8,253</u>	<u>\$ 32,049</u>	<u>\$ 9</u>	<u>\$ 15,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,723</u>