

**IDAHO HOUSING AND FINANCE ASSOCIATION
STATEMENT OF POLICY AND RULES CONCERNING ISSUANCE OF BONDS
FOR MULTIFAMILY HOUSING PROJECTS**

The Idaho Housing and Finance Association (“IHFA”) has the legislative authority pursuant to Title 67, Chapter 62, Idaho Code, as amended (the “Act”) to issue bonds and make loans for qualified Multifamily Housing Projects. This Statement of Policy and Rules (this “Policy”) sets forth general guidelines and standards for such financings.

I. Legislative Intent. It is the intent of the Act that IHFA utilize its bond financing and administration expertise to facilitate access to tax-exempt financing currently permitted under U.S. Treasury regulations and federally taxable financings to provide affordable multifamily housing for low income persons in Idaho.

II. Definitions. For purposes of this Policy:

“Authorized Officer” is defined as the President and Executive Director of IHFA (the “Executive Director”), the Executive Vice President of Lending of IHFA, the Vice President, Project Finance of IHFA, or any other office designated in writing by the Executive Director.

“Multifamily Housing Project” (a) for purposes tax-exempt bonds issued under this Policy is defined as a multi-unit residential rental project in which (i) at least 20% of the residential units are occupied by persons whose incomes are not more than 50% of Area Median Income (“AMI”) as determined by the U.S. Department of Housing and Urban Development (“HUD”) or (ii) at least 40% of the residential units are occupied by persons whose incomes are not more than 60% of AMI; or (b) for purposes of taxable bonds issued under this Policy has the same meaning as Acts definition of “housing project.” A Multifamily Housing Project may include buildings, land, equipment, facilities, and other real or personal property.

III. Public Purpose Review. IHFA will conduct an informal review of each Multifamily Housing Project proposed for financing to determine that such project will serve the objectives provided for in the Act.

For all tax-exempt bonds issued under this Policy, a public hearing (a “TEFRA Hearing”) will be held as required under the Internal Revenue Code of 1986, as amended (the “Code”), to receive public testimony regarding the proposed financing, and the proposal will be submitted to the Governor for approval as required under the Code. After the TEFRA Hearing, IHFA will submit the proposed tax-exempt bond issuance to the Governor for approval as required under the Code. IHFA must receive the Governor’s approval prior to IHFA’s issuance of its tax-exempt bonds. For taxable bonds, IHFA may require a public hearing upon the recommendation of an Authorized Officer.

IV. Application. Prior to obtaining a Statement of Intent under section V. below or an approval under section VI. below, each sponsoring entity seeking financing must have submitted an application to IHFA on such form as it may require describing the Multifamily Housing Project to be financed, the organization, the public purpose and benefit, the amount of the financing, and such other matters as staff may deem relevant.

If an issuance of tax-exempt bonds and 4% Low Income Housing Tax Credits are sought, then the application must also include matters to comply with IHFA's then applicable Qualified Allocation Plan for such credits and apply for and receive an allocation of private activity volume cap ("Volume Cap") pursuant to IHFA's Multifamily Volume Cap Allocation Plan established by section X hereof and attached as Exhibit A hereto.

The sponsoring entity must also pay the applicable application fee prior to obtaining a Statement of Intent. A qualified applicant shall be a legal entity qualified to do business under Idaho law.

V. Statement of Official Intent. After reviewing the application for financing, an Authorized Officer, may issue a Statement of Intent meeting the requirements of the Code and related regulations, which allows certain expenses for the Project to be reimbursed from tax exempt IHFA bond proceeds, if such bonds are issued, for purposes of the Code, and shall retain such statement in the Multifamily Housing Project file. Issuance of the bonds which are the subject of a Statement of Intent shall be subject to the final approval of the IHFA Board of Commissioners.

VI. Financing Approvals. All Multifamily Housing Project financings shall be approved by an Authorized Officer and the Board of Commissioners pursuant to the process provided below. Authorized Officers for signing and executing related documents shall be designated in applicable authorizing resolutions.

A. Initial Review. Prior to submitting the financing to the Board of Commissioners for approval, the following shall occur:

1. IHFA must receive the completed application;
2. An Authorized Officer must approve such application;
3. IHFA must receive a financing plan for the project, a letter of intent to provide financing from a bond purchaser, underwriter, letter of credit bank, bank or other financial institution or other similar evidence of available financing acceptable to IHFA, and near final drafts of financing documents; and
4. IHFA staff shall complete due diligence as to the public purpose and public benefit of the proposed project and confirm that there is no recourse or liability to IHFA.

B. Board Approval and Bond Issuance.

1. Upon satisfaction of the requirements set forth in section VI.A. above, a resolution shall be submitted to the Board of Commissioners for consideration to approve the issuance of the bonds and the execution of the various bond documents. The resolution can approve the specific financial terms of the bonds or approve certain parameters for such terms (such as limitation on interest rate, amounts, maturity, etc.). In addition, the resolution and/or related bond regulatory agreement shall provide the limitations on distributions of income and other requirements consistent with the Act.

2. Prior to the issuance and delivery of the bonds, the following shall occur:

(a) related to the issuance of tax-exempt bonds, IHFA shall hold a TEFRA Hearing and obtain the Governor's approval, as required by the Code; and

(b) an Indemnification and Compensation Agreement prepared by counsel to IHFA shall be entered between IHFA and the sponsoring entity.

VII. Nonrecourse Financing. IHFA may only engage in multifamily housing bond financing as long as the bond or note provides that the financing is nonrecourse to IHFA, that there is to be no liability to, and no claims against, IHFA, its commissioners, officers or employees and its assets are not at risk as a result of the transaction and as long as all costs of the transaction are paid for by the parties benefiting from the financing. The initial purchaser or underwriter of the Bonds shall acknowledge language in the bond documents to this effect.

There shall be indemnification of IHFA by the borrower/sponsoring entity organization against any losses or expenses that IHFA may incur arising out of the transactions and indemnification by the underwriter or purchaser to the extent deemed necessary and practicable by an Authorized Officer. An Indemnification and Compensation Agreement is to be prepared by counsel to IHFA memorializing such indemnification and shall include a covenant requiring payment of all transaction expenses and the payment of an origination fee and an annual servicing/compliance fee to IHFA based on a minimum and sliding scale depending on the transaction size which shall be determined and approved by an Authorized Officer, subject to any limitations of the Code, on a transaction-by-transaction basis.

VIII. Financing Alternatives. There shall be at least the following alternative permitted methods of financing:

A. Public Retail Issuance. Bonds may be issued by IHFA and sold to the public through the retail bond market or other placement provided the above policy issues have been met. Such bonds must be rated at least as high as the general obligation rating of IHFA either on a standalone basis or through an unconditional and irrevocable letter of credit or other credit enhancement acceptable to IHFA (with a trustee selected by IHFA rated at least as high as the general obligation rating of IHFA, with all parties and documents subject to the approval of IHFA. IHFA must approve all parties to the transaction. IHFA, in its discretion, may impose additional requirements for such a transaction or may require that the transaction proceed as a Limited Offering (below) upon the recommendation of an Authorized Officer.

B. Limited Offering.

1. Transactions Rated at Least BBB. IHFA shall permit an issuance of its bonds to be sold to qualified institutional buyers or other accredited investors under the federal securities laws and without a letter of credit or other credit enhancement, provided that the requirements of this Policy have been met and provided further that (i) the bonds are rated at least BBB; (ii) the bonds are issued in minimum denominations of at least \$25,000; and (iii) the underwriter or purchaser of the bonds certifies that all bonds have been sold to qualified institutional buyers or other accredited investors as defined by the federal securities laws. If bonds are

rated at least as high as a rating on the general obligation bonds of IHFA, the authorized denominations may be \$5,000.

2. Transactions Rated below BBB or Unrated Transactions. IHFA shall permit an issuance of its bonds to be sold to qualified institutional buyers or other accredited investors and without a letter of credit or other credit enhancement, provided that the requirements of this Policy have been met and provided further that (i) the bonds are only placed with qualified institutional buyers or accredited investors within the provisions of the federal securities laws; (ii) are in minimum denominations of at least \$100,000 or \$25,000 if the bonds are purchased by an investment manager or similar entity and placed in accounts of accredited investors or qualified institutional buyers that the entity actively manages, and if such bonds are sold outside of such account system, the denominations are increased to at least \$100,000 or to \$250,000 if no future qualified investor restrictions are to be imposed; and (ii) the bonds will be subject to transfer only to qualified institutional buyers or accredited investors as provided in the investor letter, mentioned below. Transfer shall only occur upon certification by the bond transferor or transferee that all such conditions have been met and/or acceptance of a bond containing language to that effect. Each purchaser of bonds or its investment manager or similar representative at bond closing shall provide an investor letter representing and acknowledging that said purchaser meets all requirements as a “qualified institutional buyer” or an “accredited investor” under applicable federal security laws, that none of the assets or revenues secure the bonds, that the bonds are payable solely from the revenues and assets of the sponsoring entity borrower, that the purchaser has reviewed all the information regarding such assets and revenues it needs to decide to purchase the bonds and that IHFA is to incur no liability or claim for liability arising out of the bond transaction. The bond shall contain similar provisions which shall bind all future bond purchasers. IHFA must approve all parties to the initial transaction which may be by adoption of the initial or final bond resolution. Alternatively, in bond transactions where the minimum denomination is at least \$250,000, there is no requirement that future bond purchasers be bound by those provisions applicable to purchasers of bonds at initial closing.

IX. Exempt Securities. In any event, all bonds must be exempt from registration with the Securities and Exchange Commission under applicable securities laws.

X. Multifamily Volume Cap Allocation Plan. This Policy hereby establishes the IHFA Multifamily Private Activity Bond Volume Cap Allocation Plan (the “Volume Cap Allocation Plan”) in the form attached hereto as Exhibit A, which is incorporated herein by reference. The Volume Cap Allocation Plan may be amended from time to time by an Authorized Officer, in consultation with legal counsel to IHFA, provided that any such amendment is subject to a minimum twenty-one (21) day public notice and comment period prior to its effective date.

XI. Waivers and Severability. In order to better implement the intent of this Policy, an Authorized Officer on a case by case may waive any of the above requirements as long as it is determined that such waiver will not prevent substantial compliance with this Policy. Further, if any portion of this Policy becomes, waived, unenforceable or otherwise void, the remainder of this Policy is still in effect.

Adopted: September 19, 2025

EXHIBIT A

IDAHO HOUSING AND FINANCE ASSOCIATION MULTIFAMILY PRIVATE ACTIVITY BOND VOLUME CAP ALLOCATION PLAN

I. Purpose. To equitably allocate private activity bond volume cap (“Volume Cap”) received by Idaho Housing and Finance Association (“IHFA”) for its multifamily program, IHFA hereby sets forth its Multifamily Private Activity Bond Volume Cap Allocation Plan (this “Volume Cap Allocation Plan”) as may be amended time to time pursuant to section X. of the IHFA Statement of Policy and Rules Concerning Issuance of Bonds for Multifamily Housing Projects (the “Policy”).

II. Allocation Process. Applicants requesting tax-exempt bond financing through IHFA shall also apply to IHFA for an allocation of Volume Cap at any time from January 1 through October 31 of each calendar year provided that the proposed Multifamily Housing Project and applicant are eligible to apply for 4% Low Income Housing Tax Credits (4% Tax Credits”) pursuant to the then applicable IHFA Qualified Allocation Plan (the “QAP”).

a. In accordance with Section 42 of the Internal Revenue Code of 1986, as amended (the “Code”), for a Multifamily Housing Project to qualify for 4% tax credits, through December 31, 2025, at least 50% of the aggregate basis of the building and land, as determined under Section 42 of the Code, must be financed with the proceeds of tax-exempt bonds issued under Section 142 of the Code. Effective January 1, 2026, this requirement is reduced to 25% of the Multifamily Housing Project’s aggregate basis.

Through December 31, 2025, IHFA will not issue tax-exempt bonds in an amount exceeding 55% of a Multifamily Housing Project’s aggregate basis, as determined under Section 42 of the Code. Commencing January 1, 2026, IHFA will not issue tax-exempt bonds in an amount exceeding 30% of a Multifamily Housing Project’s aggregate basis, as determined under Section 42 of the Code. Notwithstanding the foregoing, IHFA may, in its sole discretion, authorize the issuance of tax-exempt bonds exceeding these thresholds if sufficient Volume Cap is available and IHFA determines that the affordable housing needs of the Multifamily Housing Project justify such an adjustment.

b. Once an application for tax-exempt bond financing and 4% Tax Credits successfully been evaluated by IHFA pursuant to the Policy and QAP, the Multifamily Housing Project shall be awarded a conditional commitment of tax-exempt bond funding and 4% Tax Credits (a “Conditional Commitment”) and placed on IHFA’s Multifamily Volume Cap Allocation waitlist (the “Volume Cap Waitlist”) in ranked priority as determined by IHFA pursuant to section III of this Volume Cap Allocation Plan.

c. The Volume Cap Waitlist shall be used by IHFA to determine priority to a reservation of Volume Cap for tax-exempt bond financing for the respective Multifamily Housing Projects receiving a Conditional Commitment.

d. A Multifamily Housing Project awarded a Conditional Commitment shall be subject to the bond issuance policies and procedures set forth in the Policy.

e. Multifamily Housing Projects on the Volume Cap Waitlist shall be scored and ranked each year after the October 31 application deadline. IHFA will make every effort to publish in the public notices section of its website the new Volume Cap Waitlist by December 31 of each calendar year.

f. Once IHFA has received an annual allocation of Volume Cap for its multifamily program from the Idaho Department of Commerce pursuant to Idaho Code and executive order of the Governor of the State of Idaho, IHFA will notify applicants and reserve Volume Cap for the respective Multifamily Housing Projects based on the ranked priority and respective amounts of Volume Cap requested as set forth in the Volume Cap Waitlist.

g. To avoid partial reservations of Volume Cap (i.e., a reservation of less than a 100% of the Volume Cap requested) to any Multifamily Housing Project on the Volume Cap Waitlist, IHFA shall instead reserve Volume Cap for the next highest-ranked Multifamily Housing Project on the Volume Cap Waitlist that can fully utilize the then remaining Volume Cap to be reserved.

h. Multifamily Housing Projects receiving a reservation of Volume Cap in the then current calendar year shall close the tax-exempt bond transaction and concurrently receive the allocation of Volume Cap by December 15 of such calendar year. For the avoidance of doubt, (i) each reservation of Volume Cap expires at 11:59 p.m. Mountain Time on December 15 of each calendar year and (ii) the allocation of Volume Cap to a Multifamily Housing Project shall only occur at closing the tax-exempt bond transaction. If closing does not occur by 11:59 p.m. Mountain Time on December 15 of each calendar year, the Volume Cap reservation for such Multifamily Housing Project expires.

i. The then current Volume Cap Waitlist expires at 11:59 p.m. Mountain Time on December 15 of each calendar year.

j. Any Volume Cap remaining unallocated on December 16 of each calendar year pursuant to this Volume Cap Allocation Plan may be used and/or allocated by IHFA for any lawful purpose.

III. Volume Cap Waitlist Ranking Criteria. Volume Cap Waitlist priority shall be scored and ranked as follows:

a. Project readiness. Maximum of twenty (20) points

Multifamily Housing Projects that demonstrate the ability to close the tax-exempt bond transaction within the following timelines of receipt of the Volume Cap reservation shall be eligible for one of the respective scores:

- Group 1 - Close within 6 months of reservation: 20 points
- Group 2 - Close within 7 to 10 months of reservation: 14 points
- Group 3 - Close within 11 months or more of reservation: 8 points

b. New Construction.

Multifamily Housing Projects that produce new affordable housing units will be given preference scoring and receive ten (10) points.

c. Volume Cap Efficiency.

Maximum of fifty (50) points

Multifamily Housing Projects will be given scores based on the ranking the number of affordable units produced against the proposed amount of Volume Cap requested. The Multifamily Housing Project (or Projects in the event of a tie) producing the most units per use of Volume Cap shall receive fifty (50) points. Points shall then be awarded in descending two point increments with the next best Multifamily Housing Project receiving forty-eight (48) points.

d. County Preference.

Multifamily Housing Projects located outside the boundaries of Ada County and Canyon County, Idaho, will be given preference scoring and receive twenty (20) points.

e. Scoring Ties. Should two or more Multifamily Housing Projects be tied for scoring, the Multifamily Housing Project with the earliest submission date of a complete applications shall receive higher rank and priority.