



*Financing That Works*

# IHFA Bonds



P.O. Box 7899  
(565 W. Myrtle, 83702)  
Boise, Idaho 83707-1899  
208-331-4885

As the issuer of approximately 70% of bonds in Idaho, Idaho Housing and Finance Association (IHFA) offers its bonding expertise to other organizations working to access the benefits of bonds.

Bonds provide a significant advantage to companies and organizations trying to raise capital throughout Idaho because they offer low-cost financing to fund eligible projects. IHFA is completely self-supporting and uses no state tax dollars in its operations, making us a tremendous asset for the taxpayers of Idaho.

IHFA issues a variety of bonds that deliver low-cost financing to borrowers. If you are interested in pursuing bond financing, contact an IHFA representative for more information about this process.

## IHFA Bonds at a Glance

BOND TYPE	USES
Mortgage Revenue Bonds	Low-interest mortgage loans for Idahoans
Multifamily Housing Bonds	Loans to fund affordable multifamily developments
Nonprofit Facilities Bonds	Finance facilities to be owned by qualified nonprofit organizations
GARVEE Bonds	Finance road improvements throughout Idaho
Economic Development Bonds	Finance Economic Development projects

## Bond Types

### Residential or Mortgage Revenue Bonds (MRBs)

IHFA has issued Mortgage Revenue Bonds (MRBs) for more than 30 years. The Association has built a successful, nationally recognized bond program that uses bond proceeds (the money generated by bond sales) to make low-interest mortgage loans for first-time Idaho homebuyers.

IHFA's rates are generally one half to one full percentage point lower than conventional rates, significantly lowering the cost of owning a typical home.

#### The "Average" IHFA Borrower

- 2.3 family size
- 34 years old
- Combined household income of \$38,596
- Spends \$128,625 on their first home

### Multifamily Housing Bonds

IHFA also makes below-market interest rate loans to developers and nonprofit sponsors of affordable multifamily developments. At least 20 percent of the units in an IHFA-financed development must be rented to low-income individuals and families.

### Nonprofit Facilities Bonds 501 (c)(3)

Another type of bond IHFA offers is a financing program for 501 (c)(3) nonprofit organizations. Nonprofit Facilities Revenue bonds are issued by IHFA to finance facilities to be owned by qualified nonprofit organizations and do not have to be housing-related. Developments that are or will become governmental facilities, could be financed by other governmental means, or have a religious affiliation are not eligible for financing under this program. In addition, these bonds cannot be used unless they will serve a valid public purpose.

IHFA uses its bond financing and administrative expertise on behalf of qualified Idaho nonprofit organizations to obtain lower-cost, tax-exempt financing, which means large savings in financing costs for nonprofits. Funding guidelines also state that IHFA cannot be held liable for defaults by the users of these bonds, and that the parties benefiting from the financing pay for it.



### Grant and Revenue Anticipation Bonds (GARVEE)

IHFA issues tax-exempt bonds to finance road improvements throughout Idaho. These road improvements, undertaken by the Idaho Transportation Department, are to be repaid from federal highway funds received from the Federal Highway Administration and certain state matching funds. Because of our experience in issuing tax-exempt bonds, IHFA was selected to be the issuer of these bonds.

### Economic Development Bonds – Bank Placement Bonds for Facility Loans

These loans offer Idaho community lending institutions the flexibility to offer tax-exempt interest rates for economic development projects in Idaho, which can include commercial or industrial projects such as manufacturing, non-profit owned facilities, recovery zone property, and other qualified facilities.

IHFA issues taxable and/or tax-exempt debt to finance economic development projects. Any tax-exempt bonds issued for this purpose are subject to IRS rules and the availability of Private Activity Volume Cap (PAVC). Taxable bonds issued by IHFA are exempt from Idaho state income taxes.





## Bonds Defined

IHFA sells bonds to investors to raise capital. Bonds are marketable securities backed by mortgage loans on residential and multifamily properties. IHFA bond issues are reduced risk investments because, in addition to a mortgage on the property being financed, the bond issue requires cash reserves and other safeguards, giving the investor or bondholder additional assurance that the bond issuer (IHFA) will repay the loan.

IHFA manages the whole bond process. We are responsible for overseeing bond sales, purchasing the mortgage loans, collecting the mortgage loan payments, and repaying bond investors.

IHFA notes and bonds are not general obligations of the State. We generate all revenues necessary to cover the cost of our operations through fees for work performed.

## The Bond Buyer

Typical IHFA bond buyers are individuals, money managers, insurance companies, and large mutual funds. About 40 percent of IHFA bond buyers are individuals. We encourage the smaller individual investor by giving preference to their purchases. In addition, Idaho bond buyers are exempt from state income tax for the interest paid on the bond amount.

IHFA works with a number of Wall Street securities dealers who specialize in finding investors interested in buying bonds. Investors buy IHFA bonds in \$5,000 increments.

Idaho Housing and Finance Association, a financial services and housing organization, provides funding for economic development and affordable housing. IHFA is a self-supporting corporation that must generate all revenue necessary to cover the cost of its operations. It does this by earning fees for work performed and does not use any state-appropriated funds for its operations.



### Treasury Department

P.O. Box 7899  
(565 W. Myrtle, 83702)  
Boise, Idaho, 83707-1899  
208-331-4885  
1-800-219-2285  
Hearing Impaired  
1-800-545-1833, Ext. 400

[www.ihfa.org](http://www.ihfa.org)

