

**New Issue: Iowa Finance Auth. - Multifamily Hsg. Bds.**

**MOODY'S ASSIGNS RATING OF Aa3/VMIG 1 TO \$3.75 MILLION IOWA FINANCE AUTHORITY MULTIFAMILY HOUSING BONDS, 2008 SERIES A (AMT - VARIABLE RATE) ; OUTLOOK ON RATING IS POSITIVE**

Iowa Finance Authority  
 Housing  
 IA

**Moody's Rating**

<b>ISSUE</b>	<b>RATING</b>
Multifamily Housing Bonds, 2008 Series A (AMT-Variable Rate)	Aa3/VMIG 1
<b>Sale Amount</b>	\$3,750,000
<b>Expected Sale Date</b>	04/24/08
<b>Rating Description</b>	Multifamily Housing Bonds

**Opinion**

NEW YORK, May 1, 2008 -- Moody's Investors Service has assigned a Aa3/VMIG 1 rating to the Iowa Finance Authority's \$3.75 million Multifamily Housing Bonds, 2008 Series A (AMT - Variable Rate). The Aa3 rating is based on the authority's issuer rating of Aa3, which is also being assigned at this time, as well as the performance of the underlying projects. The Aa3 rating incorporates the Authority's strong financial position, proven financial and asset management capabilities, sound underwriting practices, and relatively small exposure to multifamily project financings.

**SHORT TERM RATING RATIONALE:** The VMIG 1 portion of the rating reflects the liquidity provided by a Standby Bond Purchase Agreement (SBPA) provided by Dexia Credit Local (rated P-1), and the limited likelihood of termination prior to the stated expiration of the SBPA (April 30, 2015). The VMIG 1 rating will expire upon the earliest of conversion of the bonds to a mode not requiring liquidity or termination or expiration of the SBPA.

**USE OF PROCEEDS:** Proceeds from the Series 2008 Series A bonds will be used to fund a long-term loan to acquire and rehabilitate the St. Mary's multifamily residential housing development in the State.

**LEGAL SECURITY:** These bonds are general obligations of the Authority and are secured by and payable from any available moneys, assets or revenues of the Authority. The bonds are further secured by revenues and monies pledged to the payment of bonds under the Indenture.

**INTEREST RATE DERIVATIVES:** The Series 2008 Series A (AMT - Variable Rate) bonds are variable rate demand obligations and will bear interest at a rate set by Goldman Sachs Capital Markets, L.P. effective April 17, 2008. IFA will mitigate interest rate risk through the use of a floating-to-fixed rate swap with Goldman Sachs Capital Markets, L.P. guaranteed by The Goldman Sachs Group, Inc. rated Aa3 by Moody's. The swaps will have an initial notional amount equal to the initial principal balance of the Series A Bonds. IFA will pay a set fixed payor rate of 3.971% to counterparty and receive SIFMA plus .08 basis points on the Series A swap. The termination date is June 1, 2024.

**STRENGTHS**

- \* The bonds are general obligations of the Agency.
- \* Agency Combined Fund Balance of 18%
- \* Agency Net Operating Revenue of 23%

**CHALLENGES**

- \* Severe economic downturn could increase vacancies in apartment housing, thereby exerting pressure on the projects net operating income

## BONDS ARE GENERAL OBLIGATIONS OF THE AGENCY

These bonds are general obligations of the agency which has an issuer rating of Aa3. Moody's believes that IFA has a strong financial position as evidenced by its combined fund balance and general fund balance. IFA's adjusted combined fund balance as of June 30, 2007 (exclusive of State Revolving Funds) is a solid \$174 million, representing 18% of bonds outstanding. IFA's adjusted General Fund balance totals approximately \$22 million, representing 2.4% of total bonds outstanding. In addition, IFA's net operating revenue as a % of gross operating revenue is a healthy 23%. The Authority's general obligation rating of Aa3 is based on the Housing Agency component of the Authority only of which is comprised of the Authority's General Fund, Single Family Programs, Multifamily Programs, Title Guaranty Division and other community development programs. IFAs State Revolving Programs are not part of Moody's Analysis and are not general obligations of the Authority.

### Outlook

The outlook on the rating is positive based on the positive outlook on the rating of the issuer. The positive outlook is based on the expectation that the financial position of the issuer will continue to grow while additional risks are limited.

What could change the rating - UP

Upgrade of IFA's issuer rating

What could change the rating - DOWN

-Downgrade of IFA's issuer rating.

Key Statistics (as of June 30, 2007, unless otherwise noted):

Combined Fund balance as a percentage of bonds outstanding: 18%

Net Operating Revenue as a percent of total revenue: 23%

Type of obligation: General obligation

Bonds outstanding (exclusive of SRF's): \$953 million (as of 6/30/07)

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