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Contact:
Ashley Jared
Iowa Finance Authority
515.725.4934
ashley.jared@iowa.gov

Megan Feld
Federal Home Loan Bank of Des Moines
515.281.1159
mfeld@fhlbdm.com

INNOVATIVE PARTNERSHIP BETWEEN IOWA FINANCE AUTHORITY AND FEDERAL HOME LOAN BANK OF DES MOINES IS FIRST IN COUNTRY

Public/Private partnership invests \$50 million in affordable housing

DES MOINES – The Iowa Finance Authority and Federal Home Loan Bank of Des Moines today announced a partnership that has made up to \$50 million in variable rate index bonds available for low-interest permanent financing to qualified affordable multifamily properties throughout Iowa. This innovative financing partnership is believed to be the first of its kind involving a housing finance agency in the country.

“The Iowa Finance Authority takes great pride in looking for new ways to make and keep affordable housing projects attainable for property owners, as they are a vital partner in fulfilling our mission to provide affordable housing for Iowans,” said Iowa Finance Authority Executive Director Dave Jamison. “We value this innovative partnership with the Federal Home Loan Bank of Des Moines, which is truly a public/private partnership that works and allows us to offer yet another option for affordable financing, \$11.5 million of which has already been used to refinance two affordable housing projects, which will ultimately help to sustain affordable housing for hundreds of Iowans for many years to come.”

FHLB Des Moines provides member financial institutions and state housing finance agencies with funding and liquidity to support housing finance and community development. “FHLB Des Moines partnership with Iowa Finance Authority supports the creation of new properties or the enhancement of existing ones, all while keeping them affordable for Iowa families,” said Mike Wilson, Chief Business Officer and Executive Vice President, FHLB Des Moines. “The Bank is committed to finding innovative ways to make resources available to support families and communities and effectively maximize the number of affordable housing units across our district.”

The index bonds offered through this partnership provides the Iowa Finance Authority with a competitive, long-term funding source without the risks associated with traditional variable rate demand obligations because costs are lower and there are no liquidity or remarketing counterparties involved. Index bonds in other municipal sectors typically have maturities of three to five years; these bonds can be issued up to 30 years which aligns well with the financing terms of many affordable multifamily projects. Moody’s Investor Service has rated the program Aa3.

The Iowa Legislature created the Iowa Finance Authority, the state’s housing finance agency, in 1975 to undertake programs to assist in the attainment of housing for low-and moderate-income Iowans.

The Federal Home Loan Bank of Des Moines is a wholesale cooperative bank that provides low-cost short and long-term funding and community lending to more than 1,200 members, including commercial banks, saving institutions, credit unions and insurance companies. The Bank is wholly owned by its members and receives no taxpayer funding. The Des Moines Bank serves Iowa, Minnesota, Missouri, North Dakota and South Dakota and is one of twelve regional Banks that make up the Federal Home Loan Bank System.

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