

Rating Action: Moody's assigns Aaa to \$160M IN H&CDA Single Family Mortgage Rev Bonds, 2017 Series C; outlook stable

Global Credit Research - 01 Dec 2017

New York, December 01, 2017 -- Issue: Single Family Mortgage Revenue Bonds, 2017 Series C-4 (Non-AMT/Non-ACE/e-PRO Daily Mode); Rating: Aaa; Rating Type: Underlying LT; Sale Amount: \$105,000,000; Expected Sale Date: 12/05/2017; Rating Description: Mortgage: Single-Family: GNMA/FNMA/FHLMC;

Issue: Single Family Mortgage Revenue Bonds, 2017 Series C-1 (Non-AMT/Non-ACE); Rating: Aaa; Rating Type: Underlying LT; Sale Amount: \$14,295,000; Expected Sale Date: 12/05/2017; Rating Description: Mortgage: Single-Family: GNMA/FNMA/FHLMC;

Issue: Single Family Mortgage Revenue Bonds, 2017 Series C-2 (AMT); Rating: Aaa; Rating Type: Underlying LT; Sale Amount: \$19,885,000; Expected Sale Date: 12/05/2017; Rating Description: Mortgage: Single-Family: GNMA/FNMA/FHLMC;

Issue: Single Family Mortgage Revenue Bonds, 2017 Series C-3 (Non-AMT/Non-ACE/e-PRO Daily Mode); Rating: Aaa; Rating Type: Underlying LT; Sale Amount: \$20,705,000; Expected Sale Date: 12/05/2017; Rating Description: Mortgage: Single-Family: GNMA/FNMA/FHLMC;

Summary Rating Rationale

Moody's Investors Service has assigned Aaa to Indiana Housing & Community Development Authority's (IN H&CDA) Single Family Mortgage Revenue Bonds, 2017 Series C-1, C-2, C-3 and C-4. Approximately \$159,885,000 of debt affected. The outlook is stable. At this time, we are also maintaining the Aaa ratings on all outstanding parity Single Family Mortgage Revenue Bonds.

The Aaa rating reflects the program's strong financial position, high quality Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) mortgage backed securities (MBS), a sound legal structure, cash flow projections that exhibit sufficient revenues to pay timely debt service under various stressful scenarios and satisfactory management.

Rating Outlook

The stable outlook is based on strong financial position and legal security from MBS collateral.

Factors that Could Lead to an Upgrade

- N/A

Factors that Could Lead to a Downgrade

- Significant decrease in PADR or the proportion of MBS in the portfolio
- Sustained levels of variable rate debt as a percentage of total bonds outstanding

Legal Security

The bonds are special obligations of IN H&CDA and are secured by GNMA, FNMA, and FHLMC MBS, reserves and other assets pledged under the MRB resolution.

Use of Proceeds

Proceeds from the sale of the 2017 Series C Bonds, along with bond sale premium, will be used to (i) redeem a portion of the outstanding 2010 Series 08A-2 bonds; (ii) fund downpayment assistance; (iii) to acquire additional mortgage loan assets under its single family mortgage loan program; and (iv) preserve volume cap through the issuance of Convertible Option Bonds (2017 Series C-4).

Obligor Profile

The Indiana Housing & Community Development Authority was created in 1978 by an act of the Indiana Legislature (the Act). IN H&CDA has been given numerous powers under the Act, including the power to enter into contracts and agreements, acquire, hold and convey property and issue notes and bonds, for the purpose of financing residential housing for persons and families of low and moderate incomes.

Methodology

The principal methodology used in this rating was U.S. Housing Finance Agency Single Family Programs published in November 2016. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

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Thomas Song
Lead Analyst
Housing
Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
New York 10007
US
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Kendra Smith
MANAGING DIRECTOR
Higher Education
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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