



Executive Director's Perspective and Update

September 29, 2009

While no details of a proposed federal purchase of HFA bonds have been released by Treasury, NIFA has been reflecting on the proposed bond purchase program described in the Wall Street Journal article of September 28, 2009.

The important background fact in Nebraska is that the Nebraska Investment Finance Authority is in sound financial condition. NIFA has successfully managed the impact from the previous year's housing bond market disruptions and the demise of bond, banking and credit intermediaries.

All of NIFA's single family bonds and single family bond indentures have retained their AAA credit ratings. Our loan portfolio, which finances Nebraska homes primarily for first-time homebuyers, is operating well within acceptable parameters. It is performing better than the average portfolio of similar loans nationally and in Nebraska (see attached graphic).

When the details of the federal plan are officially released, NIFA will carefully study the proposal. Our goal will be to obtain the most reasonable package of housing resources and financial benefits for Nebraskans. We will evaluate the proposal in light of the current, strong public market for high quality (AAA rated) housing bonds. When sufficient detail becomes available, we hope to discuss both the public offering market and the federal proposal with the NIFA Board at our regularly scheduled Board meeting in October.

We have been informed that because of expiring federal authority, the federal proposal will be a limited, one time offer. Accordingly, NIFA's evaluation will be made in the light of current and reasonably expected financial market conditions. It is impossible to predict if the market conditions, after the NIFA decision is made, will be more or less favorable than those offered in the federal proposal.

In the interim, as the details of the federal plan are released, we invite comments and suggestions on the matter.

Comments and suggestions can be directed to Tim Kenny, Executive Director at timkenny@nifa.org.

NEBRASKA INVESTMENT FINANCE AUTHORITY SINGLE FAMILY MORTGAGE REVENUE BOND PROGRAM 90+ DAYS & FORECLOSURE

As of 06-30-09

