MOODY'S
RATINGS

Rating Action: Moody's Ratings revises the outlook of IL Housing Development Authority's Homeowner Mtge. Rev. Bonds to positive, and affirms Aa2 and VMIG 1 ratings

15 Sep 2025

New York, September 15, 2025 -- Moody's Ratings (Moody's) has revised the outlook of Illinois Housing Development Authority's (IHDA; Aa3 stable) Homeowner Mortgage Revenue Bonds program (HMRB) to positive from stable. In addition, we have affirmed all Aa2 and VMIG 1 ratings on outstanding HMRB bonds. The action affects approximately $110 million of HMRB bonds outstanding. The outlook on the Aa2 long term rating is positive.

The outlook revision to positive reflects HMRB's strong liquidity position and robust financial and operating performance. A strong liquidity position reduces the interest rate risks for HMRB's variable rate demand obligation bonds (VRDOs). At the end of Q4 2024, VRDOs accounted for roughly 30% of HMRB's oustanding debt.

RATINGS RATIONALE

The Aa2 rating reflects the HMRB's robust financial position, strong performance and ample liquidity, which will remain. As of 6/30/2024, HMRB's asset-to-debt ratio (PADR) was 1.95x, with a fund balance of $142 million, or 112% of bonds outstanding. However, in July 2024, IHDA withdrew $43 million from HRMB, which reduced the PADR to 1.61x, or 1.26x on a risk-adjusted basis. The Aa2 rating also reflects the high-quality collateral which includes Government National Mortgage Association (Ginnie Mae) mortgage-backed securities (MBS) and federally-insured loans.

The short-term VMIG 1 rating affirmation is based on (1) the Aa2 long-term rating of the HMRB parity bonds (2) the P-1 short term rating of Federal Home Loan Bank of Chicago (Aa1/P-1), who is the sole liquidity provider (Bank) in the HRMB program, and (3) the Bank's obligation under the related standby bond purchase agreements (SBPA) to purchase the VRDOs upon optional or mandatory tender in the event of a failed remarketing or certain other events.

RATING OUTLOOK

The positive outlook on the HMRB program reflects its ample liquidity, robust financial position and operating results, evidenced by a strong three-year average margin of 39% and abundant balance sheet resources (2024 PADR of 1.95x and post-withdrawal PADR of 1.61x), which will continue.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Continued maintenance of ample balance sheet resources, the strong operating performance and high-quality collateral

- A substantial reduction of variable rate debt to below 20%, along with consistently rising PADR and margins

- Not applicable for the VMIG 1 ratings

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Substantial erosion in HMRB's financial performance including PADR below 1.00x and margins consistently below 3%

- For the VMIG 1 ratings, downgrade of the Bank's short-term rating, or substantial multi-notch downgrade of the HMRB's long-term rating

PROFILE

The HMRB Program was established in 1994. Bond proceeds under this resolution are used to finance mortgage loans to qualified low-to-moderate income families in the State of Illinois. All bonds are on parity and secured equally by all of the mortgage loans and pledged assets in the program.

METHODOLOGY

The principal methodology used in the long term ratings was US Housing Finance Agency Single-Family Housing published in October 2024 and available at https://ratings.moodys.com/rmc-documents/430701. The principal methodology used in the short term ratings was US Municipal Short-term Debt published in October 2024 and available at https://ratings.moodys.com/rmc-documents/430699. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of these methodologies.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on https://ratings.moodys.com for additional regulatory disclosures for each credit rating.

Ping Hsieh
Lead Analyst

Rachael McDonald
Additional Contact

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
