

# ADDENDUM MATERIAL

DATE 10/3/23

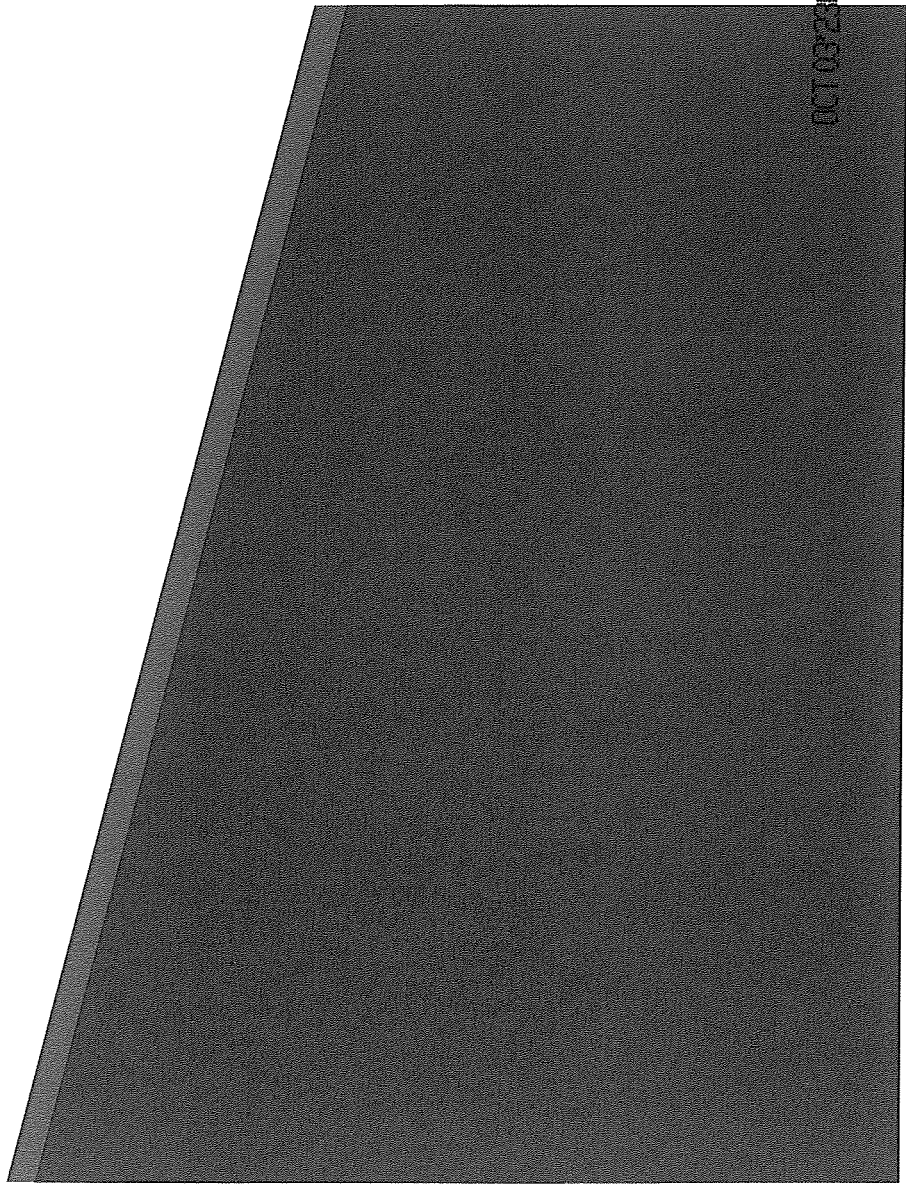
ITEM NO. A005

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**The Industrial Development  
Authority of the County of Pima**

***Single Family Mortgage Revenue  
Bonds, Series 2023B***



## **The Industrial Development Authority of the County of Pima**



The Authority is an Arizona nonprofit corporation designated by law as a political subdivision of the State. The Authority was incorporated with the approval of the Board of Supervisors (the “*Board of Supervisors*”) of Pima County, Arizona (“*Pima County*”) pursuant to the provisions of the Act.

The Industrial Development Authority of the County of Pima:

- Has no taxing power, power to pledge its general credit or power to pledge the general taxing power of the state or of any political subdivision thereof, including but not limited to, Pima County.
- Is governed by a Board of Directors, presently consisting of five members who are selected by the Board of Supervisors.
- Does not employ any staff to carry out its limited functions and contracts with independent third parties to do so.
- Is empowered to issue special limited obligation bonds and acquire mortgage loans to finance the acquisition of residential real property by persons of low and moderate income and to issue revenue bonds for such purpose, as well as the power to refund such bonds.
- Since the 1980s has issued or participated in the issuance of numerous prior issues of single family mortgage revenue bonds.
- Has, since the 1990s, regularly established a Single Family Mortgage Credit Certificate Program (the “*Pima MCC Program*”), which is now available on a state-wide basis.
- May issue additional single family mortgage revenue bonds or establish additional mortgage credit certificate programs, either by itself or jointly with other issuers, to finance the purchase of single family residences located within the Eligible Area during the period for origination of the Mortgage Loans.

## Authority's Single Family Programs

### Prior (1938 to 2009) and recent (2023) Tax-Exempt Single Family Mortgage Revenue Bonds

- The Authority previously issued (on an individual or joint issuer basis) multiple series of single family mortgage revenue bonds from 1983 to 2009.
- Due to market forces, including historically low interest rates and lack of liquidity in the municipal bond market, the Authority shifted its financing program to the taxable PTHS Program in 2012.
- As a result of rising mortgage interest rates and other factors, the Authority has determined to restart its issuance of tax-exempt Single Family Mortgage Revenue Bonds.
- On August 29, 2023, the Authority, together with the Tucson IDA as a joint issuer, issued \$25,000,000 of Joint Single Family Mortgage Revenue Bonds, Series 2023A. The proceeds of the 2023A Bonds were fully reserved as of September 1, 2023.

### Pima Mortgage Credit Certificate ("MCC") Program

- In 1992, and regularly thereafter through the present, the Authority has created a mortgage credit certificate program.
- Beginning in 2021, the MCC Program has operated cooperatively on a statewide basis in Arizona.
- The MCC Program offers federal tax credits to qualified borrowers, allowing each borrower to claim up to \$2,000 as a federal tax credit each year they live in the residence.

### Mortgage Loans (Statewide) Receiving Pima MCCs

Year	Loan Volume (\$)	Loan Count
2019	8,020,966	47
2020	19,484,439	108
2021	34,086,941	166
2022	49,903,897	220

## Authority's Single Family Programs

### PTHS Single Family Program (Taxable)

In 2012, the Authority, together with the Industrial Development Authority of the City of Tucson, created a jointly sponsored, single family loan program financed through the "To-Be-Announced" mortgage-backed security market (a taxable source of funds) under the name "Pima Tucson Homebuyer's Solution" program (the "PTHS Program").



### Closed PTHS Loans Since 2013

Year	Loan Volume (\$)	Loan Count
2013	52,024,149	449
2014	70,922,408	572
2015	125,443,973	922
2016	121,412,262	807
2017	137,009,275	871
2018	62,547,643	395
2019	52,123,989	296
2020	210,138,415	1,048
2021	213,476,317	916
2022	54,731,813	219

- The PTHS Program offers first mortgages and down payment assistance to qualified homebuyers within Pima County, including the City of Tucson.
- Approximately 99% of such mortgage loans are made to first-time homebuyers subject to income and purchase price limits.
- The PTHS Program continues to exist, and will run concurrently with the (Bond) Program and the MCC Program.

## Transaction Overview

Transaction Details	Single Family Mortgage Revenue Bonds, Series 2023B
Issuer	<ul style="list-style-type: none"> <li>The Industrial Development Authority of the County of Pima</li> </ul>
Par Amount	<ul style="list-style-type: none"> <li>\$25,000,000*</li> </ul>
Security	<ul style="list-style-type: none"> <li>GNMA mortgage-backed securities (<i>representing pooled Mortgage Loans</i>)</li> </ul>
Use of Proceeds	<ul style="list-style-type: none"> <li>Provide financing for Mortgage Loans to be made to eligible borrowers for purchase of newly constructed and existing single-family residences located within the geographic limits of the County of Pima, Arizona, including the City of Tucson, Arizona</li> <li>To provide financing for Second Lien Mortgage Loans to such borrowers in order to provide down payment and closing cost assistance to borrowers</li> </ul>
Ratings	<ul style="list-style-type: none"> <li>Moody's: Aa1 (Expected)</li> </ul>
Tax Status	<ul style="list-style-type: none"> <li>Tax-Exempt</li> </ul>
Interest Payment Dates	<ul style="list-style-type: none"> <li>January 1 and July 1, commencing January 1, 2024 (semiannual)</li> </ul>
Principal Maturity Dates	<ul style="list-style-type: none"> <li>July 1, 2025 through January 1, 2055* (semiannual)</li> </ul>
Optional Redemption	<ul style="list-style-type: none"> <li>Subject to optional redemption at par on and after July 1, 2032*, except that Premium PAC Bonds would be redeemed at a premium before July 1, 2037*</li> </ul>
Sale Date	<ul style="list-style-type: none"> <li>October 11, 2023*</li> </ul>
Closing Date	<ul style="list-style-type: none"> <li>October 31, 2023*</li> </ul>

\*Preliminary, Subject to Change

## **Mortgage Loans**

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- Each Mortgage Loan will have a term of 30 years, will provide for substantially level monthly payments of principal and interest to be made on the first day of each month and will be in such principal amounts as conform to the eligibility and credit underwriting standards in the Servicing Agreement and other Program Documents and the limitations of the FHA, VA, RHS, as applicable, as of the closing date on the Mortgage Loan. Mortgage Loans purchased by the Master Servicer also must be current in payments of principal and interest, and must be in compliance with the requirements of the GNMA Guide.
- The Second Lien Mortgage Loans will have a maturity of five years and will bear interest at 0% per annum. The Second Lien Mortgage Loan principal will be forgiven on a monthly, ratable basis over the five-year term. If the Second Lien Mortgage Loan is prepaid before the maturity date, the unforgiven principal balance will be subject to repayment and will be transferred to the Trustee and applied to the redemption of the Bonds.

### **Household Income Limits**

<b>Household Size</b>	<b>Non-Targeted Areas</b>	<b>Targeted Areas</b>
1-2 Person	\$91,600	\$109,920
3+ Person	\$105,340	\$126,351

### **Purchase Price Limits**

<b>Property Size</b>	<b>Non-Targeted Areas</b>	<b>Targeted Areas</b>
1 Unit	\$481,176	\$588,104
2 Units	\$616,111	\$753,024

## **Risk Factors\***


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The Bonds are subject to certain risks. Before purchasing any of the Bonds, prospective investors and their professional advisors should carefully consider, among other things, the following risk factors, which are not meant to be an exhaustive listing of all risks associated with the purchase of the Bonds. The order of presentation of the risk factors does not necessarily reflect the order of their importance.

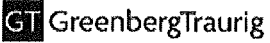
- Recourse only to Trust Estate
- Disruptions and Volatility in the Mortgage Market and Other Financial Markets
- Risk of Purchase of Bonds at a Premium
- Prepayments and Redemptions
- Special Considerations Relative to the Origination of Mortgage Loans
- Equitable Limits on Security

**Financing Team**

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**Issuer**   
**The Industrial Development  
Authority of the County of Pima**


**Underwriter**   
**Stifel, Nicolaus & Company,  
Incorporated**

**UW Counsel**   
**Greenberg Traurig, LLP**

**Trustee**   
**U.S. Bank Trust Company, National  
Association**

**Bond Counsel**   
**Kutak Rock LLP**

**Program Admin.**   
**eHousingPlus**

**Servicer**   
**U.S. Bank National Association**