NEW ISSUE **BOOK ENTRY ONLY**

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

$105,185,000
ALASKA HOUSING FINANCE CORPORATION
State Capital Project Bonds
2011 Series A

Dated	Date of delivery.
Due	As shown on inside cover page.
Price	As shown on inside cover page.
Tax Exemption	In the opinion of Bond Counsel and Special Tax Counsel, under existing laws, regulations, rulings and judicial decisions, (i) interest on the 2011 Series A Bonds described above (the "Offered Bonds") is excluded from gross income for federal income tax purposes; and (ii) interest on the Offered Bonds is not treated as a preference item to be included in calculating the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended (the "Code") on individuals and corporations, but such interest is included in calculating the "adjusted current earnings" of certain corporations for purposes of computing the alternative minimum tax. In the opinion of Bond Counsel, under existing laws, interest on the Offered Bonds is free from taxation by the State of Alaska except for inheritance and estate taxes and taxes of transfers by or in anticipation of death. Bond Counsel and Special Tax Counsel express no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Offered Bonds. See "Tax Matters."
Redemption	The Offered Bonds are subject to optional redemption on or after December 1, 2020 at 100% of their principal amount as described herein. See "The Offered Bonds — Redemption Provisions." **The Offered Bonds are not subject to redemption other than as described above.**
Interest Rates	The Offered Bonds will bear interest at the rates set forth on the inside cover page.
Security	**The Bonds are not secured by the pledge of any mortgage loans. The Bonds are general obligations of the Corporation for which its full faith and credit are pledged, subject to agreements made and to be made with the holders of other obligations of the Corporation pledging particular revenues and assets not pledged to the Bonds and to the exclusion of money in the Corporation's Housing Development Fund. The Bonds are not secured by a pledge of any assets or any fund or account *except* the Accounts (other than the Rebate Account) established under the Indenture. THE CORPORATION HAS NO TAXING POWER. THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF ALASKA OR OF ANY POLITICAL SUBDIVISION THEREOF OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OF ALASKA OR OF ANY POLITICAL SUBDIVISION THEREOF. THE BONDS ARE GENERAL OBLIGATIONS OF THE CORPORATION AND ARE NOT INSURED OR GUARANTEED BY ANY OTHER GOVERNMENTAL AGENCY.**
Interest Payment Dates	June 1 and December 1, commencing June 1, 2011.
Denominations	$5,000 or any integral multiple thereof.
Closing Date	February 16, 2011.
Bond Counsel	Birch, Horton, Bittner & Cherot.
Special Tax Counsel	Kutak Rock LLP.
Underwriters' Counsel	Hawkins Delafield & Wood LLP.
Trustee	U.S. Bank National Association.
Financial Advisor	First Southwest Company.
Book-Entry System	The Depository Trust Company. See "The Offered Bonds — Book Entry Only."

The Offered Bonds (except to the extent not reoffered) are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Bond Counsel, and to the confirmation of certain tax matters by Bond Counsel and Special Tax Counsel, and to certain other conditions.

Goldman, Sachs & Co.

Edward Jones **KeyBanc Capital Markets** **J.P. Morgan**

Morgan Stanley **Siebert Brandford Shank & Co., LLC**

February 4, 2011

MATURITY SCHEDULE

$105,185,000 2011 Series A Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Yield	CUSIP†
December 1, 2011	$ 6,320,000	2.00%	0.50%	0118326P2
December 1, 2012	3,000,000	3.00	1.00	0118326Q0
December 1, 2012	9,340,000	5.00	1.00	0118327F3
December 1, 2013	2,050,000	4.00	1.53	0118326R8
December 1, 2013	5,500,000	5.00	1.53	0118327G1
December 1, 2014	1,940,000	5.00	2.06	0118326S6
December 1, 2015	2,365,000	5.00	2.47	0118326T4
December 1, 2016	2,305,000	5.00	2.80	0118326U1
December 1, 2017	2,425,000	5.00	3.23	0118326V9
December 1, 2018	1,705,000	5.00	3.52	0118326W7
December 1, 2019	1,490,000	5.00	3.81	0118326X5
December 1, 2020	3,040,000	5.00	4.07	0118326Y3
December 1, 2021	4,880,000	5.00	4.23	0118326Z0
December 1, 2022	7,515,000	4.25	4.40	0118327A4
December 1, 2022	2,500,000	5.00	4.40	0118327H9
December 1, 2023	9,940,000	5.00	4.55	0118327B2
December 1, 2024	10,000,000	5.00	4.68	0118327C0
December 1, 2025	10,050,000	5.00	4.78	0118327D8
December 1, 2026	10,575,000	5.00	4.92	0118327E6
December 1, 2027	8,245,000	5.00	5.02	0118327J5

† CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data herein is set forth for convenience of reference only. Neither the Corporation nor the Underwriters of the Offered Bonds assume any responsibility for the accuracy of such data.

No dealer, broker, salesman or other person has been authorized by the Corporation or the Underwriters to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Offered Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Corporation and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Offered Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

In connection with this offering of the Offered Bonds, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the Offered Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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OFFICIAL STATEMENT
OF
ALASKA HOUSING FINANCE CORPORATION
Relating to
$105,185,000 State Capital Project Bonds
2011 Series A

INTRODUCTION

This Official Statement (including the cover page, inside cover page and appendices) sets forth information in connection with the State Capital Project Bonds, 2011 Series A (the "Offered Bonds") of the Alaska Housing Finance Corporation (the "Corporation"), a public corporation and government instrumentality of the State of Alaska (the "State"), created and existing pursuant to the below-defined Act. The Offered Bonds are authorized to be issued pursuant to Chapters 55 and 56 of Title 18 of the Alaska Statutes, as amended (the "Act"), Chapter 46 SLA 2010, an Indenture, dated as of December 1, 1998, as amended and supplemented (the "General Indenture"), by and between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), and a 2011 Series A Supplemental Indenture, dated as of February 1, 2011 (the "2011 Series A Supplemental Indenture"), by and between the Corporation and the Trustee. All bonds outstanding under the General Indenture (including additional bonds which may hereafter be issued) are referred to collectively as the "Bonds." Each series of Bonds is issued pursuant to a Supplemental Indenture. The General Indenture and all Supplemental Indentures (including the 2011 Series A Supplemental Indenture) are referred to collectively as the "Indenture." The Bonds issued under the Indenture prior to the issuance of the Offered Bonds are referred to collectively as the "Prior Series Bonds." FOR CERTAIN DEFINITIONS USED IN THIS OFFICIAL STATEMENT, SEE "THE CORPORATION — CERTAIN DEFINITIONS" AND "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — CERTAIN DEFINITIONS." Capitalized terms used and not otherwise defined herein have the respective meanings ascribed thereto in the Indenture. All references to days in this Official Statement will mean calendar days *unless* stated otherwise. All references to times in this Official Statement, unless indicated otherwise, shall be to Eastern Time.

The Offered Bonds are the tenth Series of Bonds issued under the Indenture. As of December 31, 2010, the Corporation had issued Prior Series Bonds in the aggregate principal amount of $575,005,000, and as of such date there were Prior Series Bonds Outstanding in the aggregate principal amount of $248,350,000. The Corporation is permitted to issue additional bonds (including refunding bonds) pursuant to and secured under the Indenture ("Additional Bonds"), subject to certain conditions. See "Sources of Payment and Security for the Bonds — Additional Bonds." The Offered Bonds will be secured on a parity with the Prior Series Bonds and with any Additional Bonds.

Proceeds of the Offered Bonds will be used to refund certain outstanding obligations of the Corporation, to finance the purchase and renovation of the building comprising the offices of the Corporation and to reimburse the Corporation for certain governmental purpose expenditures.

The Corporation from its general unrestricted funds will pay underwriters' fees and other costs of issuance. See "Estimated Sources and Uses of Funds."

NO MORTGAGE LOANS WILL BE PLEDGED TO THE PAYMENT OF THE OFFERED BONDS. THE PRIMARY SOURCE OF PAYMENT FOR THE OFFERED BONDS WILL BE THE CORPORATION'S GENERAL UNRESTRICTED FUNDS.

The underwriters listed on the cover page (collectively, the "Underwriters") will act as underwriters with respect to the Offered Bonds.

The Bonds do not constitute a debt, liability or obligation of the State or a pledge of the faith and credit or taxing power of the State or any political subdivision thereof. The Bonds are general obligations of the Corporation and are not insured or guaranteed by any other governmental agency. The Corporation has no taxing power. See "Sources of Payment and Security for the Bonds."

The summaries herein of the Offered Bonds, the Indenture, the Continuing Disclosure Certificate and other documents and materials are brief outlines of certain provisions contained therein and do not purport to summarize or describe all the provisions thereof. For further information, reference is hereby made to the Act, the Indenture and such other documents and materials for the complete provisions thereof, copies of which will be furnished by the Corporation upon request. See "The Corporation — General" for the Corporation's address and telephone number.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

The Bonds are general obligations of the Corporation for which its full faith and credit are pledged for the payment of principal of and interest on the Bonds, *subject to* agreements made and to be made with the holders of other obligations of the Corporation pledging particular revenues and assets and the exclusion by the Act of a pledge of funds in the Housing Development Fund. The Bonds are not secured by a pledge of any assets or any fund or account *except* the Accounts (other than the Rebate Account) established under the Indenture. See the definition of Investment Securities under "Summary of Certain Provisions of the Indenture — Certain Definitions." **NO MORTGAGE LOANS WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE PRIMARY SOURCE OF PAYMENT FOR THE BONDS WILL BE THE CORPORATION'S GENERAL UNRESTRICTED FUNDS.** The Corporation may issue additional Bonds under the Indenture without limit as to principal amount for any purpose of the Corporation. The Corporation will determine which provisions of the Indenture will be applicable to such additional Bonds, except that such issuance, in and of itself, shall not result in the ratings then in effect on the Bonds being reduced or withdrawn. The Corporation has issued, and expects to continue to issue, under other indentures other bonds that are general obligations of the Corporation. A significant portion of the assets of the Corporation is pledged to the payment of outstanding obligations of the Corporation. See Appendix A, which contains the most recent audited financial statements of the Corporation, "The Corporation — Activities of the Corporation," "The Corporation — Financing Activity" and "Summary of Certain Provisions of the Indenture — Issuance and Delivery of Bonds."

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Offered Bonds, exclusive of accrued interest, are expected to be approximately as follows:

Sources	
Principal Amount of Offered Bonds	$105,185,000
Net Original Issue Premium	4,159,313
Corporation Funds	859,852
TOTAL	$110,204,165
Uses	
Financing the Purchase and Renovation of the Corporation's Office Building	$14,500,000
Refunding of Certain Outstanding Corporation Obligations	40,844,313
Reimbursement of Governmental Purpose Expenditures	54,000,000
Payment of Underwriting Fee	609,852
Payment of Costs of Issuance	250,000
TOTAL	$110,204,165

THE OFFERED BONDS

General

The Offered Bonds will be dated, interest thereon will be payable on the dates, and such bonds will be issuable in the denominations, as set forth on the cover page.

The Offered Bonds will mature on the dates and in the amounts, and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) from their dated date to maturity (or prior redemption) at the applicable rates, as set forth on the inside cover page.

No transfer or exchange of any Offered Bond will be required to be made during the five days preceding any date established by the Trustee for the selection of Offered Bonds for redemption.

The Offered Bonds are being issued only as fully registered bonds without coupons, in book-entry form only, registered in the name of Cede & Co., as registered owner and nominee for DTC, which will act as securities depository for the Offered Bonds. See "Book Entry Only" below.

Redemption Provisions

Optional Redemption

The Offered Bonds are subject to redemption, on any date on or after December 1, 2020, in whole or in part, of any maturity as directed by the Corporation, at the option of the Corporation, from any source of funds, at 100% of the principal amount thereof, plus accrued interest.

Selection of Bonds for Redemption

The Indenture provides that if less than all the Offered Bonds of a particular maturity are to be redeemed, the particular Offered Bonds of such maturity to be redeemed will be selected by the Trustee by lot, using such method of selection as it deems proper in its discretion.

Notice of Redemption

Notice of the redemption, identifying the Offered Bonds or portion thereof to be redeemed, will be given by the Trustee by mailing a copy of the redemption notice by first class mail (postage prepaid) not more than 60 days and not less than 30 days prior to the redemption date to the registered owner of each Offered Bond to be redeemed in whole or in part at the address shown on the registration books maintained by the Trustee. Pursuant to the Indenture, neither failure to receive any redemption notice nor any defect in such redemption notice shall affect the sufficiency of the proceedings for such redemption and failure by the Trustee to deliver such notice of redemption of the Bonds at the times required in the Indenture shall not impair the ability of the Trustee and the Corporation to effect such redemption.

Book Entry Only

The Offered Bonds will be issued as fully-registered bonds in the name of Cede & Co., as nominee of DTC, as registered owner of the Offered Bonds. Purchasers of such Bonds will not receive physical delivery of bond certificates. For purposes of this Official Statement, so long as all of the Offered Bonds are immobilized in the custody of DTC, references to holders or owners of Offered Bonds (*except* under “Tax Matters”) mean DTC or its nominee.

The information in this section concerning DTC and the DTC book-entry system has been obtained from DTC, and the Corporation takes no responsibility for the accuracy or completeness thereof.

DTC will act as securities depository for the Offered Bonds. The Offered Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Offered Bond certificate will be issued for each maturity of each Series (or Subseries, as applicable) thereof in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Offered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Bonds on DTC's records. The ownership interest of each actual purchaser of each Offered Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Offered Bonds, except in the event that use of the book-entry system for the Offered Bonds is discontinued.

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Offered Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Offered Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Offered Bonds may wish to ascertain that the nominee holding the Offered Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of a maturity of a Series (or Subseries, as applicable) of the Offered Bonds is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Offered Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Offered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Offered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Corporation, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. NEITHER THE CORPORATION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS, TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE OFFERED BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE OFFERED BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS UNDER THE INDENTURE, THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE OFFERED BONDS OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDOWNER.

DTC may discontinue providing its services as depository with respect to the Offered Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Offered Bond certificates are required to be printed and delivered as described in the Indenture.

The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Offered Bond certificates will be required to be printed and delivered as described in the Indenture.

If bond certificates are issued, the principal and interest due upon maturity or redemption of any of the Offered Bonds will be payable at the office of the Trustee, as paying agent, upon presentation and surrender of such Offered Bonds by the registered owner thereof on or after the date of maturity or redemption, as the case may be. Payment of the interest on each Offered Bond (prior to the maturity or earlier redemption thereof) will be made by the Trustee to the registered owner of such Offered Bond by check mailed by first class mail on the interest payment date to such registered owner as of the 20th day of the second preceding month at the address appearing on the registration books relating to the Offered Bonds.

If bond certificates are issued, the Offered Bonds may be transferred and exchanged by the registered owner thereof or the registered owner's attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or the registered owner's duly authorized attorney at the office of the Trustee in Seattle, Washington. For every such exchange or transfer the Corporation or the Trustee may charge the transferee to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee is not obligated to make any such transfer or exchange during the 10 days next preceding the selection of any Offered Bond for redemption, nor of any Offered Bond so selected for redemption. If any Offered Bond is mutilated, lost, stolen or destroyed, the Trustee may execute and deliver a new Offered Bond or Offered Bonds of the same series, maturity, interest rate and principal amount as the Offered Bond or Offered Bonds so mutilated, lost, stolen or destroyed, provided that such Offered Bond is surrendered to the Trustee, or evidence of loss, destruction or theft, together with satisfactory indemnity, is provided to the Trustee. The fees and expenses of the Corporation and the Trustee in connection with such replacement shall be paid by the owner.

THE CORPORATION

Certain Definitions

"Authority" means the Alaska State Housing Authority.

"Board" means the Board of Directors of the Corporation.

"Department" means the former Department of Community and Regional Affairs.

"Dividend Plan" means the dividend plan adopted by the Board in 1991 to transfer one-half of the lesser of its unrestricted net income or total net income to the State.

"Division" means The Public Housing Division of the Corporation.

"HUD" means the U.S. Department of Housing and Urban Development.

"Self-Liquidity Bonds" means, collectively, the Corporation's $33,000,000 Governmental Purpose Bonds (University of Alaska), 1997 Series A; the Corporation's $170,170,000 Governmental Purpose Bonds, 2001 Series A and B; the Corporation's $60,250,000 State Capital Project Bonds, 2002 Series C; and the Corporation's $161,760,000 Home Mortgage Revenue Bonds, 2009 Series A and B.

General

The Corporation was established in 1971 as a non-stock, public corporation and government instrumentality of the State. The Corporation currently functions as a major source of residential mortgage loan financing and capital project financing in the State. The Corporation's programs were originally established to take advantage of tax-exempt financing permitted under Federal income tax law. Mortgages which meet applicable Federal income tax requirements are financed by selling tax-exempt bonds. All other mortgages generally are financed through the issuance of taxable bonds or from internal funds. A substantial portion of the Corporation's mortgage purchase activities were funded in the taxable debt markets, including issuance of taxable bonds and the sale of securities in the Eurodollar market. Since 1972, the Corporation has acquired mortgage loans by appropriation from the State and by purchase from independent originating lending institutions operating throughout the State. On July 1, 1992, the Corporation succeeded to the public housing functions of the Authority and the rural housing and residential energy functions of the Department pursuant to legislation enacted in the State's 1992 legislative session. As a result, the rights and obligations created by bonds and notes that were previously issued by the Authority became rights and obligations of the Corporation.

The Corporation prepares and publishes on its website a monthly Mortgage and Bond Disclosure Report containing detailed information concerning characteristics of the Corporation's mortgage loan portfolios and outstanding bond issues, including bond redemptions and mortgage prepayments. The Corporation presently intends to continue to provide such information, but is not legally obligated to do so. Certain financial and statistical information relating to the Corporation and its programs under this heading "The Corporation" was obtained from the audited and unaudited financial statements of the Corporation, dated June 30, 2010 and September 30, 2010, respectively, and the December 2010 Mortgage and Bond Disclosure Report of the Corporation. Copies of such financial statements and disclosure report may be obtained upon request from the Corporation. The Corporation's main office is located at 4300 Boniface Parkway, Anchorage, Alaska 99504, and its telephone number is (907) 338-6100. Electronic versions of the financial statements and disclosure reports are available at the Corporation's website.

Board of Directors, Staff and Organization

The Corporation is required by law to comply (except for the procurement provisions of the Alaska Executive Budget Act), and does comply, with the State budget process. The

Corporation administratively operates within the State Department of Revenue. The Board of Directors of the Corporation is comprised of the Commissioner of Revenue, the Commissioner of Commerce, Community and Economic Development and the Commissioner of Health and Social Services, as well as four members from the following sectors of the general public appointed by the Governor to serve two-year terms: one member with expertise or experience in finance or real estate; one member who is a rural resident of the State or who has expertise or experience with a regional housing authority; one member who has expertise or experience in residential energy efficient home-building or weatherization; and one member who has expertise or experience in the provision of senior or low-income housing. The powers of the Corporation are vested in and exercised by a majority of its Board of Directors then in office, who may delegate such powers and duties as appropriate and permitted under the Act. The Corporation's current members of its Board of Directors are as follows:

Name	Location
Mr. Franklin C. Roppel Chair	Retired Wrangell, Alaska
Mr. N. Claiborne Porter Vice-Chair	President NCP Design/Build Ltd. Anchorage, Alaska
Mr. Brent Levalley	Senior Vice President Denali State Bank Fairbanks, Alaska
Mr. Marty Shuravloff	Executive Director Kodiak Island Housing Authority Kodiak, Alaska
Mr. Bryan Butcher Commissioner Alaska Department of Revenue	**Mr. Jerry Burnett (designee)** Deputy Commissioner Alaska Department of Revenue Juneau, Alaska
Mr. William Streur (Acting) Commissioner Alaska Department of Health & Social Services	**Ms. Alison Elgee (designee)** Assistant Commissioner Alaska Department of Health & Social Services Juneau, Alaska
Ms. Susan K. Bell Commissioner Alaska Department of Commerce, Community & Economic Development	**Mr. Curtis Thayer (designee)** Deputy Commissioner Alaska Department of Commerce, Community & Economic Development Anchorage, Alaska

The following sub-committees of the Board of Directors have been established: Audit Committee, Investment Advisory Committee, Housing Budget and Policy Committee, and the Personnel Committee.

The Corporation's staff consists of employees organized into the following departments: Administrative Services, Mortgage Operations, Public Housing, Finance, Accounting, Planning and Program Development, Audit, Corporate Communications, Budget, Personnel, and Research and Rural Development. Principal financial officers of the Corporation are as follows:

Daniel R. Fauske - Chief Executive Officer/Executive Director. Mr. Fauske joined the Corporation on March 1, 1995. Prior to joining the Corporation, Mr. Fauske worked for the North Slope Borough in Barrow, Alaska from 1985 until 1993. During this time, Mr. Fauske served as Budget Director, Chief Fiscal Officer, and Chief Administrative Officer and managed a $1.2 billion capital improvement program while at the Borough. Mr. Fauske holds a master's degree in business administration from Gonzaga University.

Michael Buller - Deputy Executive Director. Mr. Buller has been with the Corporation since June 1995, and previously served as Chief Administrative Officer. He previously worked for the North Slope Borough from 1987 through 1993 as Budget Manager and Deputy Director of the Department of Administration & Finance. From August 1993 through June 1995, Mr. Buller was employed as Assistant City Manager for the City of Unalaska. Mr. Buller holds a master's degree in business administration from Gonzaga University.

Joseph M. Dubler - Chief Financial Officer/Finance Director. Mr. Dubler has been with the Corporation since 1989, and previously served as Senior Finance Officer, Finance Officer, Financial Reporting Officer and Financial Analyst II. Mr. Dubler was an auditor with a public accounting firm from 1986 through 1989. Mr. Dubler is a certified public accountant, certified cash manager, and a graduate of San Francisco State University with a Bachelor of Science degree in business administration.

Peter E. Haines - Senior Finance Officer. Mr. Haines has been with the Corporation since 1990, and previously served as Financial Analyst I, Financial Analyst II and Finance Officer. Mr. Haines is a certified public accountant, certified cash manager, and a graduate of Brigham Young University with a Bachelor of Science degree.

Michael L. Strand - Finance Officer. Mr. Strand joined the Corporation in April 2001, and previously served as Financial Analyst II. Prior to joining the Corporation, he served for one year as Budget Analyst for Anchorage Municipal Light and Power and for three years as Financial Analyst for VECO Alaska. Mr. Strand is a graduate of the University of Alaska, Anchorage, with a Bachelor of Business Administration degree in finance and economics.

Activities of the Corporation

The principal activity of the Corporation is the purchase of residential mortgage loans. This activity has been supplemented by the merger with the Authority under which the Corporation assumed responsibility for the public housing functions of the Authority and its assumption of the rural housing and residential energy functions of the Department. See "The Corporation — General."

Financing Activities

The Corporation is authorized by the State Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as the Corporation deems necessary to provide sufficient funds for carrying out its purpose.

Pursuant to State law, the maximum amount of bonds that the Corporation may issue during any fiscal year (the Corporation's fiscal years end on June 30) is $1.5 billion. Bonds issued to refund outstanding bonds and to refinance outstanding obligations of the Corporation are not counted against the maximum annual limit.

Since 1986, implementation of refinancing programs by the Corporation has resulted in the prepayment of outstanding mortgage loans with a corresponding redemption at par of substantial amounts of the Corporation's notes or bonds secured by such mortgage loans.

Since 1997, the Corporation has issued certain Self-Liquidity Bonds, which are variable rate demand obligations with weekly interest rate resets. If these bonds are tendered or deemed tendered, the Corporation has the obligation to purchase any such bonds that cannot be remarketed. This general obligation is not secured by any particular funds or assets, including any assets that may be held under the related indentures. The Corporation may issue additional bonds for which it will provide liquidity support similar to that it currently provides for the Self-Liquidity Bonds.

Between July 1, 2008 and October 21, 2008, certain of the Corporation's variable rate demand obligations (including Self-Liquidity Bonds) tendered or deemed tendered were purchased upon remarketing and held by the Alaska Housing Capital Corporation ("AHCC"), a subsidiary of the Corporation. No Corporation obligations are currently held by AHCC.

Other variable rate demand obligations issued by the Corporation are the subject of liquidity facilities provided by third-party liquidity providers in the form of standby bond purchase agreements. If such obligations are tendered or deemed tendered, the related liquidity provider is obligated to purchase any such obligations that cannot be remarketed. Such purchase obligation also arises in connection with the expiration of such facility in the absence of a qualifying substitute therefor. Bonds so purchased and held by third-party liquidity providers will thereupon begin to bear higher rates of interest and be subject to accelerated mandatory redemption by the Corporation, in each case in accordance with and secured by the related indenture.

Between July 1, 2008 and May 26, 2009, certain third-party liquidity providers purchased and held pursuant to the related liquidity facilities certain variable rate demand obligations of the Corporation that were tendered or deemed tendered and not remarketed. No Corporation obligations are currently held by third-party liquidity providers.

The following table sets forth certain information regarding the Corporation's variable rate demand obligations as of December 31, 2010:

Bond Series	Amount Outstanding	Liquidity Provider (or Self-Liquidity)	Facility Expiration Date
Home Mortgage Revenue Bonds, 2007 Series A, B and D	$239,370,000	Landesbank Baden-Wurttemberg	May 30, 2017
Home Mortgage Revenue Bonds, 2002 Series A	166,435,000	Dexia Credit Local	May 16, 2012
Home Mortgage Revenue Bonds, 2009 Series A and B	161,760,000	Self-Liquidity	NA†
Governmental Purpose Bonds, 2001 Series A and B	135,445,000	Self-Liquidity	NA†
Home Mortgage Revenue Bonds, 2009 Series D	80,870,000	Bank of America, N.A.	August 24, 2011
State Capital Project Bonds, 2002 Series C	60,250,000	Self-Liquidity	NA†
Governmental Purpose Bonds, 1997 Series A	14,600,000	Self-Liquidity	NA†
	$858,730,000		

† The Corporation's obligation to purchase Self-Liquidity Bonds tendered or deemed tendered remains in effect so long as the related variable rate bonds are outstanding or until a qualifying third-party liquidity facility has replaced it.

The Corporation's financing activities include recurring long-term debt issuances under established bond indentures described below. Such issuances constitute the majority of the Corporation's financing activities.

Home Mortgage Revenue Bonds. The Corporation funds its Tax-Exempt First-Time Homebuyer Program with the proceeds of Home Mortgage Revenue Bonds. Qualified mortgage loans and/or mortgage-backed securities are pledged as collateral for the Home Mortgage Revenue Bonds. Home Mortgage Revenue Bonds are also general obligations of the Corporation.

Collateralized Bonds. The Corporation funds its Veterans Mortgage Program with the proceeds of State-guaranteed Collateralized Bonds. Qualified mortgage loans and/or mortgage-backed securities are pledged as collateral for the Collateralized Bonds. Collateralized Bonds are also general obligations of the Corporation and general obligations of the State.

Housing Development Bonds. The Corporation funds its Multifamily Loan Purchase Program with the proceeds of Housing Development Bonds. Housing Development Bonds are general obligations of the Corporation.

General Mortgage Revenue Bonds. The Corporation issues General Mortgage Revenue Bonds to finance capital expenditures, with certain proceeds available for general corporate purposes. The Corporation expects that proceeds of future issues of General Mortgage Revenue

Bonds will only be used to refund other obligations of the Corporation. Mortgage loans and/or mortgage-backed securities are pledged as collateral for the General Mortgage Revenue Bonds. General Mortgage Revenue Bonds are also general obligations of the Corporation.

General Housing Purpose Bonds. The Corporation issues General Housing Purpose Bonds to finance certain capital expenditures of the State. The Corporation expects that proceeds of future issues of General Housing Purpose Bonds will only be used to refund other obligations of the Corporation. General Housing Purpose Bonds are general obligations of the Corporation.

Governmental Purpose Bonds. The Corporation issues Governmental Purpose Bonds to finance capital expenditures of the State for governmental purposes, with certain proceeds available for general corporate purposes. Governmental Purpose Bonds are general obligations of the Corporation.

State Capital Project Bonds. The Corporation issues State Capital Project Bonds to finance designated capital projects of State agencies and instrumentalities. State Capital Project Bonds are also used to finance building purchases that may or may not be secured by lease agreements between the Corporation and the State of Alaska. State Capital Project Bonds are general obligations of the Corporation.

The following tables set forth certain information as of December 31, 2010 regarding bonds issued under the above-described financing programs:

Bonds Issued and Remaining Outstanding by Program

Bond Program	**Issued through 12/31/2010**	**Issued During Six Months Ended 12/31/2010**	**Outstanding as of 12/31/2010**
Home Mortgage Revenue Bonds	$1,262,675,000	$ 0	$1,074,955,000
Mortgage Revenue Bonds	1,219,955,353	143,160,000	422,125,000
Veterans Collateralized Bonds	1,900,385,000	0	276,160,000
General Housing Purpose Bonds	811,635,000	0	283,390,000
State Capital Project Bonds	575,005,000	0	248,350,000
Housing Development Bonds	570,290,000	0	239,645,000
Governmental Purpose Bonds	973,170,000	0	150,045,000
General Mortgage Revenue Bonds	1,220,245,874	0	147,630,000
Other Bonds	8,335,002,895	0	0

Summary of Bonds Issued and Remaining Outstanding

	Issued through 12/31/2010	Issued During Six Months Ended 12/31/2010	Outstanding as of 12/31/2010
Tax-Exempt Bonds	$12,362,049,122	$143,160,000	$2,610,980,000
Taxable Bonds	4,506,315,000	0	231,320,000
Total Bonds	$16,868,364,122	$143,160,000	$2,842,300,000
Self-Liquidity Bonds†	725,500,000	$0	372,055,000

† For information only. These amounts are already included in the categories above.

The Corporation's financing activities also include recurring short-term debt issuances under established programs or agreements. The proceeds of such issuances may be used for any lawful purpose of the Corporation; however, the Corporation has in the past and intends to continue to use such proceeds to temporarily refund outstanding tax-exempt obligations prior to their permanent refunding through the issuance of tax-exempt bonds.

Commercial Paper Notes Program. On June 13, 2007, the Corporation's Board of Directors authorized a domestic Commercial Paper Notes Program with a major dealer under which the maximum principal amount of notes outstanding at any one time shall not exceed $150,000,000. The Commercial Paper Notes Program is rated "P-1" by Moody's, "A-1+" by S&P, and "F1+" by Fitch. This Commercial Paper Notes Program supersedes the Corporation's prior domestic Commercial Paper Notes Program and its Euro-Commercial Paper Program, both of which, while still available, have no outstanding balances and under which the Corporation does not intend to issue additional notes.

Reverse Repurchase Agreements. The Corporation may enter into reverse repurchase agreements in such amounts as it deems necessary for carrying out its purpose.

Lending Activities

The Corporation finances its lending activities with a combination of general operating funds, bond proceeds, and loan prepayments and earnings derived from the permitted spread between borrowing and lending rates. The Corporation acquires mortgage loans after they have been originated and closed by direct lenders, which normally are financial institutions or mortgage companies with operations in the State. Under many of the Corporation's programs, the originating lender continues to service the mortgage loan on behalf of the Corporation. The Corporation also makes available a streamlined refinance option that allows applicants to obtain new financing secured by property that is currently financed by the Corporation without income, credit, or appraisal qualifications.

Following are brief descriptions of the Corporation's lending programs:

Tax-Exempt First-Time Homebuyer Program. The Tax-Exempt First-Time Homebuyer Program offers lower interest rates to eligible borrowers who meet income, purchase price, and other requirements of the Code.

Veterans Mortgage Program. The Veterans Mortgage Program offers a reduced interest rate to qualified veterans who purchase or construct owner-occupied single-family residences or, with certain restrictions, who purchase a duplex, triplex, or fourplex.

Taxable First-Time Homebuyer. The Taxable First-Time Homebuyer Program offers a reduced interest rate to first-time homebuyers whose loans do not meet the Code requirements of the Tax-Exempt First-Time Homebuyer Program.

Rural Loan Program. The Rural Loan Program offers financing to purchase, construct, or renovate owner occupied and non-owner occupied housing in small communities. The Rural interest rate is one percent below the rate established for the Corporation's Taxable Program and is applied to the first $250,000 of the loan only. The balance of the loan is at the Rural interest rate plus 1%.

Taxable Program. The Taxable Program is available statewide for applicants or properties not meeting requirements of other Corporation programs. Borrowers and properties must meet the Corporation's general financing requirements. This program also includes non-conforming loans for certain properties for which financing may not be obtained through private, state or federal mortgage programs.

Multi-Family Loan Purchase Program. The Corporation participates with approved lenders to provide financing for the acquisition, rehabilitation, and refinancing of multi-family housing (buildings with at least five units and designed principally for residential use) as well as certain special-needs and congregate housing facilities.

The following tables set forth certain information as of December 31, 2010 regarding the mortgage loans financed under the above-described lending programs:

Mortgage Purchases by Program

Loan Program	Original Principal Balance of Mortgage Loans Purchased During FY 2009	Original Principal Balance of Mortgage Loans Purchased During FY 2010	Original Principal Balance of Mortgage Loans Purchased During the Six Months Ended 12/31/2010
Tax-Exempt First-Time Homebuyer	$108,860,852	$95,061,064	$67,601,943
Veterans Mortgage Program	86,179,506	59,993,692	55,398,779
Taxable Other	47,832,254	40,581,652	46,807,113
Rural	49,027,643	34,662,762	44,762,530
Taxable First-Time Homebuyer	40,134,867	49,898,125	32,709,818
Multi-Family	17,365,350	9,166,900	168,969,750
Streamline Refinance†	250,000	15,555,813	28,451,697

† For information only. These amounts are already included in the categories above.

Mortgage Portfolio Summary

	As of 6/30/2009	As of 6/30/2010	As of 12/31/2010
Mortgages and Participation Loans	$3,204,976,439	$2,979,761,075	$2,844,325,715
Real Estate Owned and Insurance Receivables	2,342,924	3,894,386	3,355,929
Total Mortgage Portfolio	$3,207,319,363	$2,983,655,461	$2,847,681,644

Mortgage Insurance Summary†

Type	Outstanding Principal Balance as of 12/31/2010	Percentage of Total Mortgage Loans by Outstanding Principal Balance
Uninsured††	$1,137,638,159	40.0%
Federally Insured – FHA	667,480,884	23.5
Federally Insured – VA	592,633,557	20.8
Private Mortgage Insurance†††	187,885,869	6.6
Federally Insured – RD	181,141,739	6.4
Federally Insured – HUD 184	77,545,507	2.7
TOTAL	$2,844,325,715	100.0%

† This table contains information regarding the types of primary mortgage insurance coverage applicable to the Corporation's mortgage loans at their respective originations. No representation is made as to the current status of primary mortgage insurance coverage.

†† Uninsured Mortgage Loans represent loans for which the original loan-to-value ratio was not in excess of 80% (90% for loans in rural areas) and insurance coverage was therefore not required. No representation is made as to current loan-to-value ratios.

††† The following table sets forth information with respect to the providers of such private mortgage insurance. No representation is made as to the amount of private mortgage insurance coverage provided by carriers whose claims-paying ability is rated investment grade or better by Moody's, S&P or Fitch.

PMI Provider	Outstanding Principal Balance as of 12/31/2010	Percentage of Total Mortgage Loans by Outstanding Principal Balance
CMG Mortgage Insurance	$ 45,837,430	1.6%
Mortgage Guaranty	41,342,000	1.5
Radian Guaranty	33,779,051	1.2
Genworth GE	33,283,806	1.2
PMI Mortgage Insurance	22,000,859	0.8
Commonwealth	9,314,091	0.3
United Guaranty	1,646,987	0.1
Republic Mortgage Insurance	681,645	0.0
TOTAL	$187,885,869	6.7%

Mortgage Delinquency and Foreclosure Summary

	As of 6/30/2009	As of 6/30/2010	As of 12/31/2010
Delinquent 30 Days	2.50%	2.64%	2.48%
Delinquent 60 Days	1.02	1.28	1.24
Delinquent 90 Days or More	1.04	1.42	1.33
Total Mortgage Delinquency	4.56%	5.34%	5.05%

	Twelve Months Ended 6/30/2009	Twelve Months Ended 6/30/2010	Six Months Ended 12/31/2010
Total Foreclosures	$12,306,864	$13,774,776	$6,777,466

Public Housing Activities

The Corporation performs certain public housing functions in the State through the Division. The Division operates Low Rent and Section 8 New Construction/Additional Assistance housing to serve low-income families, disabled persons and seniors in several communities throughout Alaska. The Division also administers the rent subsidies for numerous families located in private-sector housing through vouchers, certificates, and coupons issued pursuant to Section 8 of the United States Housing Act of 1937. The Division's operating budget is funded primarily through contracts with HUD. The Division is engaged in a number of multifamily renovation and new construction projects throughout the State.

Financial Results of Operations

The following is a summary of revenues, expenses and changes in net assets of the Corporation for each of its five most recent fiscal years, which have been derived from Note 25 to the Corporation's audited annual financial statements dated June 30, 2010, contained in Appendix A — "Financial Statements of the Corporation."

Summary of Revenues, Expenses and Changes in Net Assets
(000's)

	Fiscal Year Ended June 30				
	2010	**2009**	**2008**	**2007**	**2006**
Total Assets and Deferred Outflows	$4,796,817	$4,731,425	$4,946,119	$4,896,900	$5,229,576
Total Liabilities and Deferred Inflows	3,172,826	3,059,314	3,279,948	3,212,428	3,239,544
Total Fund Equity	1,623,991	1,672,111†	1,666,171	1,684,472	1,990,032
Total Operating Revenues	397,258	355,357	341,847	344,989	318,932
Total Operating Expenses	407,032	333,997	306,534	304,512	272,254
Operating Income (Loss)	(9,774)	21,360	35,313	40,477	46,678
Contribution from the State of Alaska	0	0	0	0	300,000
Contribution to State or State agency	(36,772)	(15,420)	(53,614)	(346,037)	(46,845)
Special item	0	0	0	0	7,126
Change in Net Assets	(46,546)	5,940	(18,301)	(305,560)	306,959

Legislative Activity/Transfers to the State

Prior Transfers to the State

The Board adopted the Dividend Plan in 1991 to transfer one-half of the lesser of its unrestricted net income or total net income to the State. Under the Dividend Plan, in 1991 the Corporation transferred a total of $114,324,000 to the State. Additionally, in 1995, the Board voted to make a one-time payment to the State in the amount of $200,000,000. On April 27, 1995, the Corporation agreed to make a one-time transfer of $50,000,000 to the State and close the Dividend Plan. In 1997, the Corporation transferred to the State's general fund $20,000,000 made available as a consequence of certain bond retirements.

† Does not reflect the FY2010 cumulative effect of accounting change.

The Current Transfer Plan

In the fiscal year 1996 capital appropriation bill (the April 27, 1995 agreement referred to in the immediately preceding paragraph and the 1996 capital appropriation bill, as amended, collectively, the "Transfer Plan") the Legislature expressed its intent that the Corporation transfer to the State (or expend on its behalf) amounts not to exceed $127,000,000 in fiscal year 1996 and $103,000,000 in each fiscal year from 1997 to 2000, but that, "[T]o ensure the prudent management of [the Corporation and] to protect its excellent debt rating …" in no fiscal year should such amount exceed the Corporation's net income for the preceding fiscal year.

The 1998 Legislature adopted legislation (the "1998 Act") authorizing the Corporation to finance state capital projects through the issuance of up to $224,000,000 in bonds. The 1998 Act also extended the term of the Transfer Plan by stating the Legislature's intent that the Corporation transfer to the State (or expend on its behalf) an amount not to exceed $103,000,000 in each fiscal year through fiscal year 2006, again stating that, to protect the Corporation and its bond rating, in no fiscal year should such amount exceed the Corporation's net income for the preceding fiscal year.

The 2000 Legislature adopted legislation (the "2000 Act") authorizing the issuance of bonds in sufficient amounts to fund the construction of various State capital projects, and extended the Transfer Plan (as described above) through fiscal year 2008.

The 2002 Legislature adopted legislation (the "2002 Act") authorizing the issuance of $60,250,000 in capital project bonds for the renovation and deferred maintenance of the Corporation's Public Housing facilities.

The 2004 Legislature adopted legislation (the "2004 Act") authorizing the additional issuance of bonds in sufficient amounts to fund the construction of various State capital projects. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The Corporation has issued $196,345,000 principal amount of State Capital Project Bonds pursuant to the 1998 Act, $74,535,000 principal amount of State Capital Project Bonds pursuant to the 2000 Act, $60,250,000 principal amount of State Capital Project Bonds pursuant to the 2002 Act, and $45,000,000 principal amount of State Capital Project Bonds pursuant to the 2004 Act, and has completed its issuance authority under the Acts. Payment of principal and interest on these bonds is categorized as a transfer pursuant to the Transfer Plan and is included in the Corporation's capital budget.

The 2003 Legislature enacted Chapter 76 SLA 2003, subsequently amended by Chapter 120 SLA 2004, Chapter 7 SLA 2006 and Chapter 35 SLA 2010 (as so amended, the "2003 Act"), which modified and incorporated provisions of the Transfer Plan. The Corporation views the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. The 2003 Act provides that the amount transferred by the Corporation to the State in fiscal years 2004, 2005, and 2006 shall not exceed $103,000,000 (in each case, less debt service on certain State Capital Project Bonds and any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations for the Corporation's operating budget).

The 2003 Act further provides that the amount transferred by the Corporation to the State in each fiscal year beginning with fiscal year 2007 shall not exceed:

(i) the lesser of (A) $103,000,000 and (B) the respective percentage of adjusted change in net assets for the fiscal year two years prior thereto (the "base fiscal year") for such fiscal year set forth in the table below, less

(ii) debt service on certain State Capital Project Bonds, less

(iii) any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations for the Corporation's operating budget.

Fiscal Year	Percentage of Adjusted Change in Net Assets
2007	95%
2008	85%
2009 and thereafter	75%

Under the 2003 Act, "adjusted change in net assets" means the change in net assets for a base fiscal year as reflected in the Corporation's financial statements, adjusted for capital expenditures incurred during such year and, effective June 20, 2010, temporary market value adjustments to assets and liabilities made during such year.

Aggregate Transfers to the State of Alaska

The following reflects the aggregate transfers the Corporation has made to the State through September 30, 2010, or which, in the case of the University of Alaska deferred maintenance funding for other than student housing, were appropriated and incorporated in agreements where actual payments will be made as requested.

Transfer Type	Pre-FY11	FY11	Total
State Debt Repayment	$ 29,800,000	$ 0	$ 29,800,000
Asset Purchases	252,300,000	0	252,300,000
Dividends	114,300,000	0	114,300,000
Direct Cash Transfers	631,653,000	0	631,653,000
Other State Appropriations	302,654,000	0	302,654,000
Non-Housing Capital Projects	302,325,000	7,579,000	309,904,000
Various Bonds' Proceeds Disbursed	308,634,000	701,000	309,335,000
Total Transfers	$1,941,666,000	$8,280,000	$1,949,946,000

Corporation Budget Legislation

The Corporation's fiscal year 2011 operating budget was approved by the Legislature at approximately the amount submitted during the fiscal year 2010 legislative session, including the full level of funding requested by the Corporation for personnel and contractual costs. Consistent with the Transfer Plan, the enacted fiscal year 2011 operating budget estimated that $42,549,300 would be available from net income for payment of debt service and appropriation for capital projects.

There can be no assurance that the Legislature or the Governor of the State will not seek and/or enact larger dividends or other transfers of Corporation assets by legislative enactment or other means in the future.

Litigation

There are no threatened or pending cases in which the Corporation is or may be a defendant which the Corporation feels have merit and which it feels could give rise to materially negative economic consequences.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

Certain covenants and security provisions of the Indenture are summarized below. Reference should be made to the Indenture for a full and complete statement of their provisions.

Certain Definitions (Section 1.1)

"Bond Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Corporation.

"Code" means the Internal Revenue Code of 1986, as amended, and United States Treasury regulations promulgated thereunder or applicable thereto.

"Credit Enhancement" means any source of payment of principal or interest with respect to Bonds (including principal and interest payable upon a tendering of the Bonds in accordance with their terms) other than assets and revenues under the Indenture and includes, by example and not limitation, letters of credit, bond insurance, liquidity facilities, surety bonds, and stand-by bond purchase agreements.

"Credit Enhancer" means any entity or entities which provide Credit Enhancement.

"DTC" means The Depository Trust Company, New York, New York.

"Fitch" means Fitch Ratings.

"Government Obligations" means:

(1) direct obligations of, or obligations guaranteed as to full and timely payment of interest and principal by, the United States of America or any agency or instrumentality of the United States of America the obligations of which are backed by the full faith and credit of the United States of America; or

(2) instruments evidencing direct ownership interests in direct obligations, or specified portions (such as principal or interest) of such obligations, of the United States of America which obligations are held by a custodian in safe keeping on behalf of the holders of such receipts.

"Investment Securities" means any investments selected by the Corporation, if and to the extent the same are at the time legal investments by the Corporation of the funds to be invested therein and in compliance with the Corporation's then current investment policies.

"Moody's" means Moody's Investors Service, Inc.

"Outstanding," when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

(1) any Bond canceled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(2) any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture; and

(3) any Bond that has been paid or is deemed to have been paid as described under "Summary of Certain Provisions of the Indenture — Defeasance."

"Rating Agency" means, with respect to any Series of Bonds, Moody's, S&P or Fitch or any national securities rating service which then provides a rating for such Series of Bonds.

"Rebate Amount" means that amount with respect to the Bonds determined by the Corporation to be required to be rebated to the United States government pursuant to the Code.

"Redemption Price" means, with respect to any Bonds that have been designated for redemption, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

"Revenues" means, in addition to amounts so identified in the Indenture, such amounts derived from such sources as the Corporation may identify in a Supplemental Indenture authorizing the issuance of a Series of Bonds.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

Pledge Effected by Indenture; Indenture to Constitute a Contract (Section 2.1)

All amounts in the Program Account and the Revenue Account are pledged under the Indenture to secure the payment of the principal of and interest on the Bonds, subject only to the provisions of the Indenture permitting the application thereof for other purposes; provided, however, that the Corporation may direct the Trustee to establish subaccounts for any such accounts to secure all or any portion of a Series or Subseries of Bonds, and, upon the creation of such subaccount, any amounts deposited or held therein may be pledged to secure the payment of principal of and interest on only those Bonds for which such subaccount was created.

In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of the Indenture shall be a part of the contract of the Corporation with the holders of Bonds and shall be deemed to be and shall constitute a contract between the Corporation, the Trustee and the holders from time to time of the Bonds. The pledges and assignments made by the Indenture and the provisions, covenants and agreements set forth in the Indenture to be performed by or on behalf of the Corporation shall be for the equal benefit, protection and security of the holders of any and all of such Bonds, each of which, regardless of the time or times of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the Indenture (and, in particular, except that one or more Series of Bonds may be issued with Credit Enhancement which, as permitted by the Indenture, may be pledged to such Series of Bonds and, at the Corporation's sole discretion, may not benefit any other Series of Bonds).

Issuance and Delivery of Bonds (Section 2.3)

The Corporation may from time to time issue additional Series of Bonds under the Indenture with such provisions of the Indenture applicable as it determines in an unlimited aggregate principal amount to provide additional funds for any purpose of the Corporation.

Before the Trustee may authenticate an additional Series of Bonds, there must be delivered to the Trustee, among other things, evidence from each Rating Agency that the issuance of such additional Series of Bonds will not, in and of itself, result in the ratings then in effect on any Bonds then Outstanding being reduced or withdrawn.

Investment of Certain Funds (Section 4.3)

The Corporation shall direct the Trustee to invest amounts in the Accounts invested in Investment Securities; in the absence of direction from the Corporation, the Trustee shall, to the maximum extent practicable, keep amounts in the Accounts invested in money market funds rated AAAm or AAAm-G by S&P and Aaa by Moody's, and having comparable ratings from (or otherwise acceptable to) Fitch and from any other Rating Agency, secured by obligations with maturities of one year or less, the payment of principal and interest on which is guaranteed by the full faith and credit of the United States of America. Notwithstanding the foregoing, the Corporation shall not direct the investment of, and the Trustee shall hold uninvested, moneys held for the payment of Bonds that may be tendered for purchase, and that have been tendered for purchase, pursuant to the terms of the supplemental indenture authorizing the issuance of such Bonds.

Investment Securities purchased as an investment of moneys in any Account held by the Trustee under the provisions of the Indenture shall be deemed at all times to be a part of such Account, but the income or interest earned (other than accrued interest at the time of purchase of the Investment Securities) and gains realized in excess of losses suffered by an Account due to the investment thereof shall be deposited in the Revenue Account or shall be credited as Revenues to the Revenue Account from time to time and reinvested in accordance with the provisions described in the immediately preceding paragraph.

The Trustee may commingle any of the Accounts established pursuant to the Indenture or any supplemental indenture into a separate fund or funds for investment purposes only; provided, however, that all Accounts held by the Trustee under the Indenture shall be accounted for separately notwithstanding such commingling. In addition, for investment purposes only, the Trustee may, at its sole discretion, commingle any of the Accounts established under any other indenture, resolution, or agreement of the Corporation with the Trustee, to the extent permitted therein.

Valuation and Sale of Investments (Section 4.4)

Except as provided in the Indenture, in computing the amount in any Account, obligations purchased as an investment of moneys therein shall be valued at amortized value. Amortized value means par, if the obligation was purchased at par, or, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of interest payments remaining on such obligation after such purchase and deducting the amount thus calculated for each Interest Payment Date after such purchase from the purchase price in the case of an obligation purchased at a premium or adding the amount thus calculated for each Interest Payment Date after such purchase to the purchase price in the case of an obligation purchased at a discount.

Establishment of Accounts (Section 5.1)

The Indenture establishes and creates the following Accounts and Subaccounts:

(1) Program Account and, within the Program Account, Program Subaccounts;

(2) Revenue Account; and

(3) Rebate Account.

The Corporation may establish with the Trustee additional accounts and subaccounts in a supplemental indenture for the purpose of creating additional security for a Series of Bonds and may provide in such supplemental indenture that such account is only for the security of such Series of Bonds and not to secure any other bonds of the Corporation, including any other Bonds issued under the Indenture.

Program Account (Section 5.2)

The Program Account consists of, and there may be created and established, one or more Program Subaccounts for each Series of Bonds as required by the supplemental indenture authorizing such Series.

Revenue Account (Section 5.3)

The Corporation shall pay or cause to be paid to the Trustee, at least two (2) days prior to the due date thereof, assets and revenues of the Corporation as may be available (subject to agreements made with holders of other obligations of the Corporation pledging particular assets and revenues and the exclusion by the Act of a pledge of funds in the Housing Development Fund) as needed to make all payments of principal, interest and premium with respect to the Bonds and any other payments required by the Indenture or by any supplemental indenture authorizing the issuance of a Series of Bonds. The Trustee shall deposit such amounts in the Revenue Account or, if required under the terms of a supplemental indenture authorizing the issuance of a Series of Bonds, in such subaccount thereof as may be created by such supplemental indenture for such Series of Bonds. There shall also be deposited in the Revenue Account, or subaccount thereof if applicable, any other amounts required to be deposited therein pursuant to the Indenture or a supplemental indenture.

The Revenue Account may consist of, and there may be created and established, one or more Revenue Subaccounts for each Series of Bonds (and subaccounts of such Revenue Subaccounts for any subseries of such Series) as required by the supplemental indenture authorizing such Series. Amounts deposited in a Revenue Subaccount may be used only for the purposes stated in the supplemental indenture creating such Revenue Subaccount.

The Trustee shall pay out of the Revenue Account:

(i) on each Interest Payment Date, the amounts required for the payment of principal due, if any, and interest due on the Bonds on such date; and

(ii) on any Redemption Date or date of purchase, the amounts required for the payment of accrued interest on the Bonds and for the payment of principal and Sinking Fund Payments to become due on the Bonds to be redeemed or purchased on such date, unless the payment of such accrued interest is otherwise provided for, and in each such case, such amounts will be applied by the Trustee to such payments or to reimburse any Credit Enhancer for any such payment made with any such Credit Enhancer's Credit Enhancement. The Trustee shall deliver written notice to the Corporation (which may be by facsimile transmission or otherwise) on the day before any payment required by the preceding sentence if on such date there are not sufficient funds in the Revenue Account to make such required payment, which notice shall include a statement of the amount of such deficiency.

As soon as practicable after the 45th day preceding the due date of any Sinking Fund Payment, the Trustee shall proceed to call for redemption on such due date, Bonds of the Series and maturity for which such Sinking Fund Payment was established in such amount as shall be necessary to complete the retirement of a principal amount of such Bonds of such maturity equal to the unsatisfied balance of such Sinking Fund Payment. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Revenue Account sufficient to pay the applicable Redemption Price thereof on the Redemption Date. The Trustee shall pay out of the Revenue Account on the Redemption Date the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by the Trustee to such redemption.

Upon written instruction from the Corporation at any time, the Trustee shall apply amounts in the Revenue Account to the purchase of Outstanding Bonds in lieu of any redemption of such Bonds pursuant to the supplemental indenture applicable to such Bonds, and upon such purchase such Bonds shall be canceled. The Corporation shall notify the Trustee three Business Days before any date that the Corporation intends to instruct the Trustee to purchase Bonds, and, on the date of any such purchase, the Trustee shall notify the Credit Enhancer, if any, that has provided Credit Enhancement applicable to such Bonds. Any purchases shall be settled on such dates as the Corporation and the Trustee mutually agree will permit the Trustee to proceed with the payment of interest on any Bonds remaining Outstanding after such purchase on the applicable Interest Payment Date or with the redemption of any Bonds remaining Outstanding after such purchase on the applicable redemption date. The price paid by the Trustee for any Bond (excluding accrued interest on such Bonds, but including any brokerage and other charges) purchased pursuant to this paragraph shall not exceed the Redemption Price thereof. The Trustee will also pay from the Revenue Account accrued interest on any such Bond. Subject to the above limitations, the Trustee shall, at the written direction of the Corporation, purchase Bonds at such times, for such prices, in such amounts, and in such manner (whether after advertisement for tenders or otherwise) as the Corporation may determine and as may be possible with the amount of money available in the Revenue Account.

On the day following the payment of principal or interest with respect to the Bonds, the Trustee shall make transfers and payments from amounts remaining in the Revenue Account in the manner directed in writing by the Corporation or as provided in a supplemental indenture authorizing the issuance of a Series of Bonds.

Rebate Account (Section 5.4)

The Rebate Account is not pledged to secure the payment of principal or Redemption Price, if any, of or any interest on the Bonds.

The Corporation shall annually calculate the Rebate Amount. If the Corporation determines that a Rebate Amount is required to be paid, the Corporation shall deposit such amount in the Rebate Account with written instructions to the Trustee to pay such amount to the Federal government. The Trustee shall make such payment in accordance with such written instructions.

If the amount in the Rebate Account exceeds the Rebate Amount, the Corporation may direct the Trustee in writing to withdraw such excess amount and deliver it to the Corporation, and, upon receipt of such written direction, the Trustee shall so withdraw and deliver such excess amounts free and clear of the lien of the Indenture.

Payment of Redeemed Bonds (Section 6.6)

Notice having been given by mailing in the manner provided in the Indenture, the Bonds or portion thereof so called for redemption will become due and payable on the Redemption Date so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date. If there shall be drawn for redemption less than the entire principal amount of a Bond, the Corporation shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered Bonds of like Series, interest rate and maturity in any of the Authorized Denominations. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the Redemption Date, are held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the Redemption Date interest on the Bonds or portions thereof of such Series and maturities so called for redemption shall cease to accrue and become payable. If said moneys are not so available on the Redemption Date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Payment of Bonds (Section 7.1)

The Corporation shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of and the interest on every Bond at the dates and places and in the manner stated in the Bonds and in the Indenture according to the true intent and meaning thereof and will duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any of the Bonds.

Power to Issue Bonds and Pledge Revenues and Other Property (Section 7.4)

The Corporation is duly authorized by law to authorize and issue the Bonds and to enter into, execute and deliver the Indenture and to pledge the assets and revenues purported to be pledged by the Indenture in the manner and to the extent provided in the Indenture. Except as provided in the Indenture and in the supplemental indentures authorizing the issuance of any Series of Bonds, the assets and revenues so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon, or with respect thereto prior to, or of equal rank with, the pledge created by the Indenture, and all corporate or other action on the part of the Corporation to that end has been or will be duly and validly taken. The Bonds and the provisions of the Indenture are and will be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms of the Indenture. The Corporation directs that the Trustee shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the revenues and other assets, including rights therein pledged under the Indenture and in the supplemental indentures and all the rights of the Bondholders under the Indenture against all claims and demands of all persons whomsoever, and the Corporation shall cooperate in all such matters.

Tax Covenants (Section 7.6)

With respect to Bonds, the interest on which was, at the time of initial issuance of the Bonds, intended to be excluded from gross income for Federal income tax purposes, the Corporation shall not knowingly take or cause any action to be taken which will adversely affect such exclusion. The Corporation shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on such Bonds will, for the purposes of Federal income taxation, be excludable from the gross income of the recipients thereof and exempt from such taxation pursuant to the provisions of Section 103 of the Code, and the Regulations promulgated thereunder.

The Corporation shall not knowingly permit at any time or times any of the proceeds of such Bonds described in the immediately preceding paragraph or any other funds of the Corporation to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any such Bond to be an "arbitrage bond" as defined in Section 148 of the Code.

Accounts and Reports (Section 7.7)

The Corporation shall keep, or cause to be kept, proper books and reports in which complete and accurate entries will be made of all transactions relating to any programs for which Bonds are issued and all Accounts established by the Indenture, which books and reports and accountings shall at all reasonable times be subject to inspection by the Trustee, each Credit Enhancer and the holders of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

The Trustee shall advise the Corporation, in writing, on or before the 20th day of each calendar month, of the details of all deposits and Investment Securities held for the credit of each Fund and Account in its custody under the provisions of the Indenture as of the end of the preceding month. The Trustee shall also maintain, at the expense of the Corporation, an electronic access system which the Corporation may use to access the balances and respective investment holdings of each fund or account on a daily basis.

Supplemental Indentures (Sections 8.1, 8.2 and 8.3)

For any one or more of the following purposes and at any time or from time to time, a supplemental indenture may be entered into by and between the Corporation and the Trustee: (a) to provide for the issuance of a Series of Bonds and to fix or modify the terms of the Indenture with respect to a Series of Bonds or the creation of a Subseries of Bonds; (b) to add to the covenants and agreements of the Corporation in the Indenture other covenants and agreements to be observed by the Corporation which are not contrary to or inconsistent with the Indenture as theretofore in effect; (c) to add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Corporation which are not contrary to or inconsistent with the Indenture as theretofore in effect; (d) to surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of the Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Indenture; (e) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture of any revenues or assets; (f) to modify the Indenture in any respect if:

(i) such modification shall be, and be expressed to be, effective only with respect to Bonds issued after the date of the adoption of such supplemental indenture, and

(ii) such supplemental indenture shall be specifically referred to in the text of all Bonds authenticated and delivered after the date of the adoption of such supplemental indenture and of Bonds issued in exchange therefor or in place thereof; or

(g) to provide for such terms as may be necessary to obtain or maintain the ratings on the Bonds or to provide for Credit Enhancement or other additional security for any Bonds.

At any time or from time to time a supplemental indenture may be entered into, which, upon a finding recited therein by the Corporation and the Trustee (which will be based on reliance on a Bond Counsel's Opinion) that there is no material adverse effect on the Bondholders, shall be fully effective in accordance with its terms:

(a) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture;

(b) to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect;

(c) to provide additional duties of the Trustee; or

(d) to make any other changes not materially adverse to the interests of the Bondholders.

At any time or from time to time, a supplemental indenture may be entered into subject to consent by Bondholders in accordance with and subject to the provisions of the Indenture, which supplemental indenture, upon compliance with the provisions of the Indenture, shall become fully effective in accordance with its terms as provided in the Indenture.

Amendment (Sections 9.2 and 9.3)

Any modification of or amendment to the Indenture and of the rights and obligations of the Corporation and of the holders of the Bonds may be made by a supplemental indenture with the written consent given as provided in the Indenture of the holders of at least 60% in principal amount of the Bonds Outstanding at the time such consent is given and in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the holders of at least 60% in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given. If any such modification or amendment will not take effect so long as any Bonds of any specified maturity remain Outstanding, however, the consent of the holders of such Bonds shall not be required and any such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount of the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify its written assent thereto. For the purposes of this paragraph, a Series shall be deemed to be affected by a modification or amendment of the Indenture if the same adversely affects or diminishes the rights of the holders of Bonds of such Series. The Trustee may in its sole discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity would be affected by any modification or amendment of the Indenture and any such determination shall be binding and conclusive on the Corporation and all holders of Bonds.

Such supplemental indenture shall not be effective unless and until (a) there shall have been filed with the Trustee (i) the written consents of holders of the percentages of Outstanding Bonds specified in the immediately preceding paragraph and (ii) a Bond Counsel's Opinion stating that such supplemental indenture has been duly and lawfully entered into by the Corporation and the Trustee in accordance with the provisions of the Indenture, is authorized or permitted thereby and is valid and binding upon the Corporation and enforceable in accordance with its terms and (b) notice shall have been mailed to Bondholders as provided in the Indenture.

Modifications by Unanimous Consent (Section 9.4)

The terms and provisions of the Indenture and the rights and obligations of the Corporation and of the holders of the Bonds may be modified or amended in any respect upon the entering into and filing by the Corporation of a supplemental indenture and the consent of the holders of all the Bonds then Outstanding, such consent to be given as provided in the Indenture, except that no notice of any such modification or amendment to Bondholders is required; but no such modification or amendment may change or modify any of the rights or obligations of the Trustee without the filing with the Trustee of the written assent thereto of the Trustee in addition to the consent of the Bondholders.

Events of Default (Section 10.1)

Each of the following is declared an "Event of Default": (a) the Corporation defaults in the payment of the principal of or Redemption Price, if any, on any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise; (b) payment of any installment of interest on any of the Bonds is not made when and as the same becomes due; (c) the Corporation fails or refuses to comply with any of the provisions of the Indenture, or defaults in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Indenture or in any supplemental indenture or in the Bonds, and such failure, refusal or default continues for a period of 45 days after written notice thereof given to the Corporation by the Trustee or the holders of not less than 25% in principal amount of the Outstanding Bonds; or (d) any event designated an Event of Default by a supplemental indenture has occurred and remains uncured.

Remedies (Section 10.2)

Upon the happening and continuance of an Event of Default described in clauses (a) or (b) under "Summary of Certain Provisions of the Indenture — Events of Default," the Trustee shall proceed to protect and enforce its rights and the rights of the Bondholders by such of the remedies described herein as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights. Upon the happening and continuance of any Event of Default described in clauses (c) or (d) under "Summary of Certain Provisions of the Indenture — Events of Default," the Trustee may proceed to enforce such rights and, upon the written request of the holders of not less than 25% in principal amount of the Outstanding Bonds, shall proceed to enforce such rights in its own name, subject to the provisions of the Indenture. The remedies available to the Trustee under the Indenture are: (a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders or the Trustee, including the right to require the Corporation to receive and collect the revenues and assets adequate to carry out the covenants and agreements as to, and the pledge of, such revenues and assets and to require the Corporation to carry out any other covenants or agreements with Bondholders and to perform its duties under the Act; (b) by bringing suit upon the Bonds; (c) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the holders of the Bonds; (d) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds; or (e) by declaring all Bonds due and payable, and if all defaults are cured, then, with the written consent of the holders of not less than 25% in principal amount of the Outstanding Bonds (100% in the case of an Event of Default described in clauses (a) or (b) under "Summary of Certain Provisions of the Indenture — Events of Default"), by annulling such declaration and its consequences; provided, however, that no such declaration with respect to Bonds secured by Credit Enhancement may be annulled, regardless of any consent of Bondholders, unless and until the Credit Enhancer has verified to the Trustee in writing that the Credit Enhancement is in effect with respect to such Bonds to the same extent that it would have been in effect had the declaration not been made.

In the enforcement of any rights and remedies under the Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming due, and at any time remaining due and unpaid for principal, Redemption Price, interest or otherwise, under any provisions of the Indenture or a supplemental indenture or of the Bonds, with interest on overdue payments at the rate of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree for any portion of such amounts remaining unpaid, with interest, costs and expenses (including without limitation pre-trial, trial and appellate attorney fees), and to collect from any assets pledged under the Indenture, in any manner provided by law, the moneys adjudged or decreed to be payable.

Upon the occurrence of any Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bondholders under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the revenues and of the assets pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

A supplemental indenture may contain provisions granting to any Credit Enhancer the power to control the enforcement of remedies described under this heading "Summary of Certain Provisions of the Indenture — Remedies" with respect to the Series of Bonds to which the Credit Enhancement provided by the Credit Enhancer applies.

Priority of Payments after Default (Section 10.3)

In the event that upon the happening and continuance of any Event of Default the funds held by the Trustee shall be insufficient for the payment of principal or Redemption Price, if any, and interest then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other amounts received or collected by the Trustee acting pursuant to the Act and the Indenture, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the holders of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee, including those of its attorneys, in the performance of its duties under the Indenture shall be applied as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

First, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or preference; and

Second, to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all of the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or shall have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Whenever moneys are to be applied by the Trustee pursuant to the above-described provisions, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, and the Trustee shall incur no liability whatsoever to the Corporation, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee.

Bondholders' Direction of Proceedings (Section 10.5)

Anything in the Indenture to the contrary notwithstanding, the holders of the majority in principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitation on Rights of Bondholders (Section 10.6)

No holder of any Bond will have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the Indenture, or for the protection or enforcement of any right under the Indenture unless such holder has given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Indenture or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the Indenture or for any other remedy under the Indenture or by law. It is understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture or under law with respect to the Bonds or the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity will be instituted, and maintained in the manner provided in the Indenture and for the benefit of all holders of the Outstanding Bonds. Nothing contained in the Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on, or Redemption Price, if any, of his or her Bonds, or the obligation of the Corporation to pay the principal of and interest on, or Redemption Price, if any, of each Bond issued under the Indenture to the holder thereof at the time and place specified in said Bond.

Notwithstanding anything to the contrary contained in the Indenture, each holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the Indenture or any supplemental indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of any undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions described in this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least 25% in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

Trustee (Article XI)

Except during the existence of an Event of Default, the Corporation shall remove the Trustee, on thirty (30) days' notice, if requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Corporation and signed by the holders of a majority in principal amount of the Bonds then Outstanding or their attorney-in-fact duly authorized, excluding any Bonds held by or for the account of the Corporation. Except during the existence of an Event of Default, the Corporation may remove the Trustee at any time for any such cause as determined in the sole discretion of the Corporation. Any successor to the Trustee must be a trust company or a bank having the powers of a trust company and having a capital, surplus and undivided profits aggregating at least $25 million and having investment grade ratings from the Rating Agencies. The Corporation is required to pay to the Trustee from time to time, reasonable compensation for all services rendered under the Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in the performance of their powers and duties under the Indenture.

Defeasance (Section 12.1)

If the Corporation shall pay or cause to be paid to the holders of the Bonds the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any revenues and other moneys, securities, funds and property pledged by the Indenture and all other rights granted by the Indenture with respect to such Bonds shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Corporation, execute and deliver to the Corporation all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver to the Corporation all moneys or securities held by the Trustee pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption. If the Corporation shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Outstanding Bonds of a particular Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture and all covenants, agreements and obligations of the Corporation to the holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid with the effect expressed in the immediately preceding paragraph if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice of redemption on said date of such Bonds, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys in an amount which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of a nationally recognized certified public accountant, to pay when due the principal or Redemption Price, if any, of and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof as the case may be, and (iii) in the event said Bonds do not mature and are not by their terms subject to redemption within the next succeeding 60 days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the holders of such Bonds that the deposit required by (ii) above of this paragraph has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, on said Bonds. Neither Government Obligations nor moneys deposited with the Trustee nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption

Price, if any, of and interest on said Bonds; but any cash received from such principal or interest payments on such Government Obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge. There shall also be delivered to the Trustee in connection with the deposit of moneys or Government Obligations an opinion of nationally recognized bond counsel that, with respect to Bonds the interest on which was intended at the time of their initial issuance to be excluded from gross income for Federal income tax purposes, the deposit of moneys does not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes and such deposit has been made in compliance with the Indenture.

Anything in the Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when all of the Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the said date when all of the Bonds became due and payable, shall, at the written request of the Corporation, be repaid by the Trustee to the Corporation, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged.

TAX MATTERS

General

In the opinions of Bond Counsel and Special Tax Counsel, to be delivered at the time of original issuance of the Offered Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the Offered Bonds (including original issue discount treated as interest) is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and continuing compliance by the Corporation with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Offered Bonds. Failure to comply with such requirements could cause interest on the Offered Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Offered Bonds. The Corporation has covenanted to comply with such requirements. Bond Counsel and Special Tax Counsel have expressed no opinion regarding other federal tax consequences arising with respect to the Offered Bonds.

Notwithstanding the opinions of Bond Counsel and Special Tax Counsel that interest on the Offered Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the Offered Bonds may otherwise affect the federal income tax liability of the owners of the Offered Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel and Special Tax Counsel have expressed no opinion regarding any such consequences. Purchasers of the Offered Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Offered Bonds.

Tax Treatment of Original Issue Premium

Certain of the Offered Bonds are being sold at a premium (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Original Issue Discount

Certain of the Offered Bonds are being sold at an original issue discount (collectively, the "Discount Bonds"). An amount equal to the excess of the stated redemption price of a Discount Bond at maturity over its issue price constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Purchasers of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Offered Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the exclusion of interest on the Offered Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Exemption Under State Tax Law

In Bond Counsel’s further opinion, under existing laws, interest on the Offered Bonds is free from taxation by the State of Alaska except for inheritance and estate taxes and taxes of transfer by or in anticipation of death.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Offered Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Offered Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Offered Bonds or the market value thereof would be impacted thereby. Purchasers of the Offered Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel and Special Tax Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Offered Bonds, and Bond Counsel and Special Tax Counsel have expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

In order to assist the Underwriters of in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the Corporation will execute and deliver a Continuing Disclosure Certificate. The Corporation will undertake to provide the Municipal Securities Rulemaking Board, on an annual basis on or before 135 days after the end of each fiscal year for the Corporation, commencing with the fiscal year ending June 30, 2011, the financial and operating data concerning the Corporation outlined in the Continuing Disclosure Certificate. In addition, the Corporation will undertake, for the benefit of the registered owners and beneficial owners of the Offered Bonds, to provide to the Municipal Securities Rulemaking Board, in a timely manner, the notices described in the Continuing Disclosure Certificate.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Certificate is an action to compel specific performance of the undertakings of the Corporation, and no person, including a registered owner or beneficial owner of the Offered Bonds, may recover monetary damages thereunder under any circumstances. A breach or default under the Continuing Disclosure Certificate shall not constitute an Event of Default under the Indenture. In addition, if all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Certificate, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The specific nature of the information to be provided is summarized in Appendix D — "Form of Continuing Disclosure Certificate." The Corporation has never failed to comply in any material respect with any previous undertaking with respect to the Rule to provide annual financial information or notices of material events.

RATINGS

S&P has assigned the Offered Bonds a rating of "AA+", Moody's has assigned the Offered Bonds a rating of "Aa2", and Fitch has assigned the Offered Bonds a rating of "AA+". The Corporation has furnished to each rating agency certain information and materials with respect to the Offered Bonds. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions made by the rating agencies. The obligation of the Underwriters to purchase the Offered Bonds is conditioned on the assignment by S&P, Moody's and Fitch of the respective aforementioned ratings to the Offered Bonds.

Each rating reflects only the view of the applicable rating agency at the time such rating was issued and an explanation of the significance of such rating may be obtained from the rating agency. There is no assurance that any such rating will continue for any given period of time or that any such ratings will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of any such rating can be expected to have an adverse effect on the market price of the Offered Bonds.

FINANCIAL STATEMENTS

The unaudited financial statements of the Corporation as of and for the three months ended September 30, 2010, included in Appendix A to this Official Statement, appear without review or audit by an independent accountant.

Copies of the Corporation's annual financial statements as of and for the year ended June 30, 2010 and the Corporation's current annual report will be mailed to any Beneficial Owner who shall have filed his name and address with the Corporation for such purpose.

INDEPENDENT AUDITORS

The financial statements of the Corporation as of and for the year ended June 30, 2010, included in Appendix A to this Official Statement, have been audited by Mikunda, Cottrell & Co., independent auditors, as stated in their report appearing herein.

LITIGATION

There is no controversy or litigation of any material nature now pending or threatened to restrain or enjoin the issuance, sale, execution, authentication, or delivery of the Offered Bonds, or in any way contesting or affecting the validity of such Offered Bonds or any proceedings of the Corporation taken with respect to the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of such Offered Bonds, or the existence or powers of the Corporation.

LEGAL MATTERS

All legal matters incident to the authorization, sale and delivery of the Offered Bonds and certain Federal and state tax matters are subject to the approval of Birch, Horton, Bittner & Cherot, Bond Counsel. Certain Federal tax matters will be passed upon for the Corporation by Kutak Rock LLP, Special Tax Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, Hawkins Delafield & Wood LLP.

STATE NOT LIABLE ON BONDS

The Bonds do not constitute a debt, liability or obligation of the State or of any political subdivision thereof or a pledge of the faith and credit of the State or of any political subdivision thereof, but are payable solely from the revenue or assets of the Corporation.

LEGALITY FOR INVESTMENT

Subject to any applicable Federal requirements or limitations, the Offered Bonds are eligible for investment by all public officers and public bodies of the State and its political subdivisions and, to the extent controlled by State law, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them, in the Offered Bonds.

UNDERWRITING

The Offered Bonds are being purchased by the Underwriters. The Underwriters have jointly and severally agreed to purchase the Offered Bonds at the price of $109,344,312.95 (equal to the principal amount of the Offered Bonds, plus net original issue premium of $4,159,312.95), plus accrued interest, if any. The Underwriters will be paid a fee of $609,852.08 with respect to the Offered Bonds. The Bond Purchase Agreement with respect to the Offered Bonds provides that the Underwriters will purchase all of such Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Bond Purchase Agreement, the receipt of certain legal opinions, and certain other conditions. The initial public offering prices and yields of the Offered Bonds may be changed from time to time by the Underwriters. The Bond Purchase Agreement with respect to the Offered Bonds provides that the Underwriters may offer and sell the Offered Bonds to certain dealers (including dealers depositing such Bonds into unit investment trusts, certain of which may be sponsored or managed by an Underwriter) and others at prices lower or yields higher than the public offering prices and yields of the Offered Bonds set forth on the inside cover page.

Goldman, Sachs & Co. (“Goldman Sachs”), one of the Underwriters, has entered into a master dealer agreement (the “Master Dealer Agreement”) with Incapital LLC (“Incapital”) for the distribution of certain municipal securities offerings, including the Offered Bonds, to Incapital’s retail distribution network at the initial public offering prices. Pursuant to the Master Dealer Agreement, Incapital will purchase Offered Bonds from Goldman Sachs at the initial public offering price less a negotiated portion of the selling concession applicable to any Offered Bonds that Incapital sells.

J.P. Morgan Securities LLC. (“JPMS”), one of the Underwriters, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of UBS Financial Services Inc. (“UBSFS”) and Charles Schwab & Co., Inc. (“CS&Co.”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Offered Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Offered Bond such firm sells.

Morgan Stanley, the parent company of Morgan Stanley & Co. Incorporated, one of the Underwriters, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Offered Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Corporation, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Corporation.

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the Corporation in connection with the issuance of the Offered Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Offered Bonds is contingent upon the issuance and delivery of the Offered Bonds. First Southwest Company, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Offered Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the Corporation has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Corporation and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS

The following statements are made as contemplated by the provisions of the Private Securities Litigation Reform Act of 1995: If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties include, among others, general economic and business conditions relating to the Corporation and the housing industry in general, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Corporation. These forward-looking statements speak only as of the date of this Official Statement. The Corporation disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Corporation’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

ADDITIONAL INFORMATION

The summaries and references herein to the Act, the Offered Bonds, the Indenture and other documents and materials are brief outlines of certain provisions contained therein and do not purport to summarize or describe all the provisions thereof. For further information, reference is hereby made to the Act, the Indenture and such other documents and materials for the complete provisions thereof, copies of which will be furnished by the Corporation upon request. See “The Corporation — General” for the address and telephone number of the Corporation’s main office.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Corporation and the owner of any Offered Bonds.

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APPENDIX A

FINANCIAL STATEMENTS OF THE CORPORATION

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Alaska Housing

FINANCE CORPORATION

a component unit of the State of Alaska

Quarterly Unaudited Financial Statements

September 30, 2010

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FINANCIAL STATEMENTS

This is a publication of Alaska Housing Finance Corporation. For comments or questions:
Website: http://www.ahfc.state.ak.us/financials/financials.cfm or
E-Mail: dboyce@ahfc.state.ak.us

ALASKA HOUSING FINANCE CORPORATION

Exhibit A

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

As of September 30, 2010

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total September 30, 2010
ASSETS AND DEFERRED OUTFLOWS				
Cash	38,665	1,556	19,472	59,693
Investments	770,388	-	713,019	1,483,407
Accrued interest receivable	1,489	-	14,649	16,138
Inter-fund due to/from	(41,662)	(13,035)	54,697	-
Mortgage loans, notes and other loans	185,809	-	2,762,222	2,948,031
Net investment in direct financing lease	-	-	60,130	60,130
Unamortized bond issuance costs	-	-	20,110	20,110
Capital assets - non-depreciable	139	409	17,882	18,430
Capital assets - depreciable, net	444	11	94,161	94,616
Other assets	9,360	4,732	10,572	24,664
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	745	9,499	968	11,212
Deferred outflow of resources	-	-	160,853	160,853
Total Assets and Deferred Outflows	965,377	3,172	3,928,735	4,897,284
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	-	-	2,906,175	2,906,175
Short term debt	149,939	-	-	149,939
Accrued interest payable	1,091	-	40,303	41,394
Other liabilities	7,623	1,129	3,268	12,020
Derivative instrument - interest rate swaps	-	-	163,768	163,768
Intergovernmental payable	1,734	-	2,953	4,687
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	160,387	1,129	3,116,467	3,277,983
NET ASSETS				
Invested in capital assets, net of related debt	583	420	112,043	113,046
Restricted by bond resolutions	-	-	607,211	607,211
Restricted by contractual or statutory agreements	165,327	1,687	67,901	234,915
Unrestricted net assets, (deficit)	639,080	(64)	25,113	664,129
Total Net Assets	804,990	2,043	812,268	1,619,301

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

Exhibit B

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Three Months Ended September 30, 2010

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total September 30, 2010
OPERATING REVENUES				
Mortgage and loans revenue	4,399	-	39,069	43,468
Investment interest	172	2	2,354	2,528
Net change in the fair value of investments	4,039	-	63	4,102
Net change of hedge termination	-	-	(547)	(547)
Total Investment Revenue	4,211	2	1,870	6,083
Externally funded programs	635	26,605	23,285	50,525
Rental	-	-	1,930	1,930
Other	323	-	101	424
Total Operating Revenues	9,568	26,607	66,255	102,430
OPERATING EXPENSES				
Interest	183	-	30,597	30,780
Mortgage and loan costs	541	-	2,610	3,151
Financing expenses	138	-	1,228	1,366
Provision for loan loss	(1,885)	-	1,328	(557)
Operations and administration	304	836	10,997	12,137
Rental housing operating expenses	5	136	2,496	2,637
Housing grants and subsidies	635	25,708	22,983	49,326
Total Operating Expenses	(79)	26,680	72,239	98,840
Operating Income (Loss)	9,647	(73)	(5,984)	3,590
NONOPERATING EXPENSES, SPECIAL ITEM & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(7,579)	-	(701)	(8,280)
Transfers - Internal	(17,135)	318	16,817	-
Change in Net Assets	(15,067)	245	10,132	(4,690)
Net assets at beginning of year	820,057	1,798	802,136	1,623,991
Net Assets at End of Period	804,990	2,043	812,268	1,619,301

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION ***Exhibit C***

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For the Three Months Ended September 30, 2010

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total September 30, 2010
Cash flows from operating activities:				
Interest income on mortgages and loans	460	-	37,511	37,971
Principal payments received on mortgages and loans	7,332	-	166,095	173,427
Purchases of mortgages and loans	(154,334)	-	-	(154,334)
Receipt (payment) for loan transfers between funds	173,345	-	(173,345)	-
Payments to employees and other payroll disbursements	(5,075)	(262)	(3,190)	(8,527)
Payments for goods and services	(2,753)	(756)	(2,161)	(5,670)
Cash received for externally funded programs	-	30,961	16,268	47,229
Cash received for Federal HAP subsidies	-	-	9,892	9,892
Payments for Federal HAP subsidies	-	-	(9,913)	(9,913)
Interfund Receipts	276,842	30,429	207,655	514,926
Interfund Payments	(262,400)	(31,353)	(221,173)	(514,926)
Grant payments to other agencies	(4,316)	(29,091)	(12,336)	(45,743)
Other operating cash receipts	7,961	2	2,087	10,050
Other operating cash payments	(3,394)	-	(61)	(3,455)
Net cash provided by (used for) operating activities	33,668	(70)	17,329	50,927
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	78,581	78,581
Principal paid on bonds	-	-	(1,510)	(1,510)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(663)	-	-	(663)
Interest paid	(173)	-	(462)	(635)
Proceeds from issuance of short term debt	178,005	-	-	178,005
Payment of short term debt	(177,956)	-	-	(177,956)
Contributions to the State of Alaska or other State agencies	(31,102)	-	(701)	(31,803)
Transfers (to) from other funds	40,803	(1)	(40,802)	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	8,914	(1)	35,106	44,019
Cash flows from capital financing activities:				
Acquisition of capital assets	(272)	(320)	(1,416)	(2,008)
Proceeds from the disposal of capital assets	-	-	8	8
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	(3,731)	(3,731)
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	(1,332)	(1,332)
Proceeds from the direct financing lease payments	-	-	1,734	1,734
Other cash payments	(19)	-	-	(19)
Net cash provided by (used for) capital financing activities	(291)	(320)	(4,737)	(5,348)
Cash flows from investing activities:				
Purchase of investments	(1,193,542)	-	(332,355)	(1,525,897)
Proceeds from maturity of investments	1,151,935	-	284,358	1,436,293
Interest received from investments	169	2	310	481
Net cash provided by (used for) investing activities	(41,438)	2	(47,687)	(89,123)
Net Increase (decrease) in cash	853	(389)	11	475
Cash at the beginning of year	37,812	1,945	19,461	59,218
Cash at the end of period	38,665	1,556	19,472	59,693
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	9,647	(73)	(5,984)	3,590
Adjustments:				
Depreciation expense	56	1	1,621	1,678
Provision for loan losses	(1,885)	-	1,328	(557)
Amortization of bond issuance costs	-	-	353	353
Net change in the fair value of investments	(4,039)	-	(63)	(4,102)
Transfers between funds for operating activity	(13,557)	318	13,239	-
Interest received from investments	(169)	(2)	(310)	(481)
Interest paid	173	-	1,794	1,967
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	26,343	-	(7,250)	19,093
Net increase (decrease) in assets and liabilities	17,099	(314)	12,601	29,386
Net cash provided by (used for) operating activities	33,668	(70)	17,329	50,927
Noncash investing, capital and financing activities:				
Deferred outflow of resources			(32,954)	
Derivative instruments liability			33,501	
Net change of hedge termination			(547)	
Conversion of NIBP bonds to 2009 Series A-1			64,350	
Conversion of NIBP bonds from 2009 Series A			(64,350)	

See accompanying notes to the financial statements.

FOOTNOTE INDEX

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2010
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2010)

1 AUTHORIZING LEGISLATION AND FUNDING

The Alaska Housing Finance Corporation (Corporation), a public corporation and government instrumentality of the State of Alaska (State), was created in 1971, and substantially modified in 1992, by acts of the Alaska State Legislature (Legislature) to assist in the financing, development and sale of dwelling units, operate the State's public housing, offer various home loan programs emphasizing housing for low and moderate-income and rural residents, and administer energy efficiency and weatherization programs within Alaska. The Corporation is a component unit of the State of Alaska and is discretely presented in the State's financial statements.

Generally, the Corporation accomplishes its mortgage-related objectives by functioning as a secondary market for qualified real estate and mobile home loans originated by financial institutions. The Corporation is authorized by the Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Corporation, will be necessary to provide sufficient funds for carrying out its purpose. Certain bonds issued to finance residences for qualified veterans are unconditionally guaranteed by the State of Alaska. No other obligations constitute a debt of the State.

The non-mortgage related programs of the Corporation are funded through various grant and program agreements with the federal government's departments of Housing and Urban Development (HUD), Energy (DOE), and Health and Human Services (HHS), funding from the State of Alaska, as well as capital and operating subsidies from the Corporation's own funds.

The Corporation has the following subsidiaries. They were incorporated as subsidiaries of the Corporation under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended.

- The Northern Tobacco Securitization Corporation (NTSC) was incorporated on September 29, 2000 in the State of Alaska pursuant to House Bill No. 281 of the 2000 Alaska Legislature.
- The Alaska Housing Capital Corporation (AHCC) was incorporated on May 23, 2006 in the State of Alaska pursuant to Senate Bill 232, of the 2006 Alaska Legislature.
- The Alaska Gasline Development Corporation (AGDC) was incorporated on May 14, 2010 in the State of Alaska pursuant to House Bill No. 369 of the 2010 Alaska Legislature. AGDC had little activity during the fiscal year 2010. The initial stand alone financial statements of AGDC will be issued in fiscal year 2011 which will include activity from the inception of AGDC.

There is no financial accountability between NTSC, AHCC, or AGDC, and the Corporation. Neither the Corporation nor the State is liable for any debt issued by these subsidiaries. They are not component units of the Corporation and thus are not included in the Corporation's financial statements. They are government instrumentalities of, but have a legal existence separate and apart from, the State.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation's funds are accounted for as enterprise funds for financial reporting purposes. All funds utilize the economic resource measurement focus and full accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The Corporation applies all Governmental Accounting Standards Board (GASB) pronouncements for the Corporation's funds, as well as those Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989, unless such pronouncements conflict with or contradict GASB pronouncements. After November 30, 1989, the Corporation only applies applicable GASB pronouncements.

Basis of Presentation

The Corporation's financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets formatted to report operating and non-operating revenues and expenses, a Cash Flow Statement presented using the direct method, and notes to the financial statements. The Corporation's financial statements present the Administrative Fund and the other Major Funds in separate columns. The remaining Non-Major Funds are aggregated and displayed in a single column. The total column presents the entity-wide amounts for the Corporation.

Major and Non-Major Funds

The Corporation reports the following major and non-major funds:

Administrative Fund. This is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation, except those accounted for in separate funds.

Energy Programs. Resources and programs to assist in improving the energy efficiency of Alaska homes are aggregated and reported in Energy Programs.

Other Non-Major Funds. Resources to assist in the financing, development and sale of housing units, public housing assistance programs, and home loan programs are aggregated and reported in Other Non-Major Funds.

Restricted Net Assets

The restricted net asset amounts of the Administrative Fund consist of the Corporation's remaining commitments to the State (refer to Footnote No. 17, State Authorizations and Commitments, for further details). The remaining resources of the Administrative Fund are unrestricted.

The other financial activities of the Corporation are restricted by the Corporation's bond resolutions, requirements from the Legislature, and statutory requirements or third-party agreements that restrict the use of resources. These restricted resources are recorded in various special purpose funds and accounts. Restricted funds with a net deficit balance are shown as having an unrestricted net asset balance pursuant to reporting requirements.

When both restricted and unrestricted resources are available in a fund, it is the Corporation's policy to spend restricted funds to the extent allowed and only spend unrestricted funds when needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. The significant estimate for the Corporation is the allowance for loan losses.

Investments

All investments are stated at fair value, except for nonparticipating investment agreements, which are stated at cost. The Corporation does not participate in any external investment pools.

Accrued Interest Receivable on Loans and Real Estate Owned

Interest is accrued based upon the principal amount outstanding. Accrual of interest income is discontinued on loans when, in the opinion of management, collection of such interest becomes doubtful. When payment of interest is provided for pursuant to the terms of loan insurance or guarantees, accrual of interest on delinquent loans and real estate owned is continued.

Loans and Allowances for Estimated Loan Losses

Mortgage loans are carried at their unpaid principal balances net of allowance for estimated loan losses. Mortgage loans are recorded as amounts are disbursed.

The Corporation provides for possible losses on loans on which foreclosure is anticipated. A potential loss is recorded when the net realizable value, or fair value, of the related collateral or security interest is estimated to be less than the Corporation's investment in the property less anticipated recoveries from private mortgage insurance, private credit insurance, and various other loan guarantees. In providing for losses, through a charge to operations, consideration is given to the costs of holding real estate, including interest costs. The loan portfolio, property holding periods and property holding costs are reviewed periodically. While management uses the best information available to make evaluations, future adjustments to the allowances may be necessary if there are significant changes in economic conditions or property disposal programs.

Real Estate and Mobile Homes Owned
Real estate and mobile homes owned consist principally of properties acquired through foreclosure or repossession and are carried at the lower of cost or estimated net realizable value. These amounts are included in other assets.

Depreciation
Depreciation and amortization of buildings, equipment and leasehold improvements are computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 40 years. The capitalization floor is $5,000.

Bonds and Notes
The Corporation issues bonds and notes to provide capital for its mortgage programs and other uses consistent with its mission. The bonds and notes are recorded at cost plus accreted interest and premiums, less discounts and deferred debt refunding expenses. Discounts and premiums are amortized using the straight-line method. Deferred debt refunding expenses are amortized over the shorter of the remaining life of the old debt or the remaining life of the new debt.

Derivative Instruments-Interest Rate Swaps
The Corporation's Fiscal Policies allow, with certain restrictions, the Corporation to enter into certain derivative financial instruments called interest rate swap agreements, or swaps. The Corporation enters into these swaps with various counter-parties to achieve a lower overall cost of funds for certain bond issuances. These agreements can be negotiated whereby the Corporation pays the counter-party a fixed interest rate in exchange for a variable interest rate payment from the counter-party, or vice-versa. The swap agreements are negotiated to achieve the financing objectives of the Corporation. The swaps are stated at fair value. The change in the fair value of the swaps is recorded as deferred inflows or deferred outflows or as investment revenue.

Operating Revenues and Expenses
The Corporation was created with the authority to issue bonds to the investing public in order to create a flow of private capital through the Corporation into mortgage loans to qualified housing sponsors and to certain individuals. The Corporation's primary purpose is to borrow funds in the bond market and to use those funds to make single-family and multi-family mortgages and loans. Its primary operating revenue is derived from the interest income and fees from those mortgages and loans and on the invested proceeds from the bond issues. Additionally, the Corporation's statutory purpose includes providing financial assistance programs for rental subsidies to tenants of various housing developments. The Corporation records all revenues from mortgages and loans, investments, rental activities, and externally funded programs as operating revenues. The primary costs of providing these programs are recorded as operating expenses.

Income Taxes
The Corporation is exempt from federal and state income taxes.

3 CASH AND INVESTMENTS

Cash consists of demand deposits, time deposits and cash held in trust. The carrying amount of the Corporation's cash is restricted by bond resolutions, contractual agreements, and statutory agreements. A summary of the Corporation's cash is shown below (in thousands):

	September 30, 2010	June 30, 2010
Restricted cash	$ 21,029	$ 21,407
Unrestricted	38,664	37,811
Carrying amount	$ 59,693	$ 59,218
Bank Balance	$ 62,070	$ 62,323

The fair value of debt security investments by contractual maturity is shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

	Investment Maturities (In Years)					
	Less Than 1	1-5	6-10	More Than 10	September 30, 2010	June 30, 2010
Bank investment contracts	$ 116,708	$ -	$ -	$ -	$ 116,708	$ 101,004
U. S. Treasury securities	11,648	6,021	-	-	17,669	22,601
Securities of U. S. Government agencies and corporations	5,696	1,694	167	11	7,568	8,336
Asset-backed securities	284	-	-	-	284	313
Certificates of deposit	-	-	-	-	-	-
Negotiable certificates of deposit	-	-	-	-	-	-
Commercial paper and medium-term notes	37,731	3,321	-	-	41,052	42,759
Guaranteed investment contracts	-	-	-	-	-	-
Money market funds	841,405	-	-	-	841,405	759,942
Subtotal	$ 1,013,472	$ 11,036	$167	$ 11	1,024,686	934,955
GeFONSI pool					458,721	454,650
Total AHFC Portfolio					$ 1,483,407	$ 1,389,605

In March 2010, the Corporation invested in the State's internally managed investments pool (GeFONSI). The GeFONSI pool consists of investments in the State's internally managed Short-term and intermediate-term Fixed Income Pools. Actual investing is performed by investment officers in the State's Department of Revenue, Treasury Division.

Restricted Investments

The carrying amount of the Corporation's investments, a majority of which are restricted by bond resolutions, contractual agreements, and statutory agreements, is shown below (in thousands):

	September 30, 2010	June 30, 2010
Restricted investments	$ 878,345	$ 800,987
Unrestricted	605,062	588,618
Carrying amount	$ 1,483,407	$ 1,389,605

Realized Gains and Losses

The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current period may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments included in the table below takes into account all changes in fair value (including purchases and sales) that occurred during the period. A summary of the gains and losses is shown below (in thousands):

	September 30, 2010	June 30, 2010
Ending unrealized holding gain	$ 9,361	$ 5,265
Beginning unrealized holding gain	5,265	1,937
Net change in unrealized holding gain	4,096	3,328
Net realized gain (loss)	6	2,989
Net increase (decrease) in fair value	$ 4,102	$ 6,317

Deposit and Investment Policies

The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested. All funds are classified as trust or non-trust, and this determines the applicable investment guidelines used by staff when making investment decisions.

The Corporation's Fiscal Policies provide investment guidelines for non-trusted funds. Funds are invested according to anticipated use: those that must remain immediately available to provide working capital are invested in short-term, highly liquid securities, while those not expected to be used in the short-term are invested in longer-term securities.

The following securities are eligible for investment under the Corporation's fiscal policies:

- Obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States;
- Obligations of U.S. Government-sponsored agencies, including mortgage-backed securities, that are not backed by the full faith and credit of the U.S. Government;
- Bank debt obligations, including unsecured certificates of deposit, notes, time deposits, and bankers' acceptances (having maturities of not more than 365 days) of, and deposits with, any bank the short-term obligations of which have been rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch;
- Deposits in and investments of a commercial bank or credit union which are fully insured by the FDIC or NCUA or, to the extent not insured by the FDIC or NCUA, provide for the pledge of collateral maintained at a minimum level of 105% and valued at least monthly;
- Debt obligations, other than those that do not have a fixed par value or terms that do not promise a fixed dollar amount at maturity or call date, rated at least "AA" by S&P or "Aa" by Moody's or "AA" by Fitch if maturing in excess of one year, and "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Asset-backed securities, other than commercial paper and those that do not have a fixed par value or terms that do not promise a fixed dollar amount at maturity or call date, rated at least "AA" by S&P or "Aa" by Moody's or "AA" by Fitch;
- Commercial paper, including asset-backed commercial paper, rated at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch;
- Repurchase agreements (repos) with a corporation or other entity which has long-term debt ratings of at least "A" by S&P or "A" by Moody's or "A" by Fitch or short-term ratings of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and where collateral is maintained at a minimum level of 102%, valued on a daily basis;
- Money market funds which are rated at least "AAm" or "AAm-G" by S&P or "Aa" by Moody's or "V-1+" by Fitch;
- Investment agreements or guaranteed investment contracts with an insurance company, bank or other financial institution having an outstanding unsecured long-term obligations rating, or a claims paying or investment agreement rating of at least "AA" by S&P or "Aa" by Moody's or "AA" by Fitch, or, if the term is one year or less, at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch;
- Floating rate notes issued by entities having outstanding unsecured long-term obligations rated "AA" by S&P or "Aa" by Moody's or "AA" by Fitch, or, if the term of the floating rate note is one year or less, having outstanding short-term obligations rated at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch; with interest rates subject to adjustment at least every 100 days; and with a maximum maturity of three years or less, or an optional tender available to bondholders no less frequently than every interest rate reset date;
- Adjustable rate funds, provided they are rated "AAAf" credit and "S-1" volatility by S&P and "Aaa" by Moody's;
- International Bank for Reconstruction & Development debt obligations rated "AAA" by S&P or "Aaa" by Moody's or "AAA" by Fitch.

Trusted funds are invested according to the terms outlined in their respective indentures or governing agreements, which generally mandate the purchase of relatively short-term, high-quality, fixed income securities. In those rare instances, if any, where an indenture or governing agreement is less restrictive than the Corporation's fiscal policies for non-trust funds, the investment will be made in accordance with the more restrictive fiscal policies.

Credit Risk
Credit risk is the risk of loss due to the failure of the security or backer. The Corporation mitigates its credit risk by limiting investments to those permitted in its Fiscal Policies and relevant governing agreements, diversifying the investment portfolio, and pre-qualifying firms with which the Corporation administers its investment activities.

The credit quality ratings of the Corporation's investments as of September 30, 2010, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). $17,669,000 of U.S. Treasury securities and securities of agencies and corporations which are explicitly guaranteed by the U.S. Government are not considered to have credit risk and therefore, are not included in the summary.

The credit quality ratings for the Corporation's investment in the GeFONSI pool are not available at this time.

	Moody's	S & P	Investment Fair Value
Securities of U. S. Government agencies and Corporations:			
	Aaa	AAA	$ 7,568
Asset-backed securities:			
	Aaa	AAA	284
Negotiable certificates of deposit:			
	P-1	A-1+	-
	Aa2	AA-	-
			-
Commercial paper & medium-term notes:			
	--	A-1	-
	A1	AA-	164
	Aa1	AAA	156
	Aa1	A+	-
	Aa1	AA	-
	Aa1	AA-	-
	Aa1	AA+	-
	Aa2	AA	53
	Aa2	AA+	105
	Aa2	A+	-
	Aa3	AAA	162
	Aa3	AA-	271
	Aa3	A+	-
	Aaa	AAA	2,663
	Aaa	AAAE	-
	Aaae	AAA	-
	P-1	A-1+	16,884
	P-1	A-1	20,594
			41,052
Money market funds:			
	--	AAAm	841,405
Unrated investments:			
Bank investment contracts			116,708
Guaranteed investment contracts			-
			116,708
			$ 1,007,017

Concentration Risk
Concentration risk is the risk of loss attributed to the magnitude of the Corporation's investments in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for trust investments. The following table details the maximum concentration limits for non-trust investments as outlined in the Corporation's fiscal policies. Under certain conditions, the fiscal policies permit investments in excess of these limits. For more information, please see the Corporation's fiscal policies at: http://www.ahfc.state.ak.us/financials/fiscal_policies.cfm

Investment Type	Investment	Issuer Limit
General obligations of the United States	100%	100%
Securities of U.S. Government agencies and corporations	65%	35%
Corporate and non-corporate (including the following): • Adjustable rate funds • Bank investment contracts • Certificates of deposit • Commercial paper & medium-term notes • Deposits in and investments of a commercial bank or credit union • Floating or variable rate notes • Guaranteed investment contracts • Money market funds • Repurchase agreements	60%	5%
Mortgage and asset-backed securities	20%	5%

Investment Holdings Greater than Five Percent of Total Portfolio
The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. Investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools, and other pooled investments are excluded from this summary. As of September 30, 2010, the Corporation had investment balances greater than 5 percent of the Corporation's total investments with the following issuers (in thousands).

Issuer	Investment Fair Value	Percentage of Total Portfolio
GeFONSI Pool	$ 458,721	30.92 %
Fidelity Prime	376,810	25.40
Federated Investment Prime	164,896	11.12
AIM STIT	141,977	9.57
GSE Global Escrow Agreement	128,887	8.69
Bayerische Landesbank	116,708	7.87

Custodial Credit Risk
The Corporation assumes levels of custodial credit risk for its deposits with financial institutions, bank investment agreements, and investments. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned. For bank investment agreements and investments, custodial credit risk is the risk that, in the event of failure of the custodian or counterparty holding the investment, the Corporation will not be able to recover the value of the investment. The Corporation has not established a formal custodial credit risk policy for its investments.

Of the Corporation's $62,070,000 bank balance at September 30, 2010, cash deposits in the amount of $44,451,000 were uninsured and uncollateralized.

Of the Corporation's $1,483,407,000 investments at September 30, 2010, investments in the amount of $183,280,000 were uninsured, unregistered, and held by the counterparty or its agent, but not in the Corporation's name.

Interest Rate Risk
Interest rate risk is the risk that the market value of investments will decline as a result of changes in general interest rates. For non-trust investments, the Corporation mitigates interest rate risk by structuring its investment maturities to meet cash requirements (including corporate operations), thereby avoiding the need to sell securities in the open market prior to maturity. For investments held in trust, investment maturities are structured to meet cash requirements as outlined in the bond indentures and contractual and statutory agreements.

The GeFONSI pool investment interest rate risk details are not available at this time.

Modified Duration

Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands) with their modified duration as of September 30, 2010:

	Investment Fair Value	Modified Duration
Bank investment contracts	$ 116,708	-
U. S. Treasury securities:		
Treasury coupon securities	16,470	1.487
Treasury discounts	1,199	0.321
Securities of U. S. Government agencies and corporations:		
Federal agency discounts	2,800	0.057
Federal agency coupon securities	4,591	0.923
Federal agency pass through securities	177	3.980
Asset-backed securities	284	-
Certificates of deposit	-	-
Negotiable certificates of deposit	-	-
Commercial paper & medium-term notes:		
Commercial paper discounts	35,981	0.113
Corporate bonds	1,409	1.347
Medium-term notes	1,964	1.742
Municipal bonds	-	-
Floating rate notes federal agency	200	1.699
Banker's Acceptances	1,498	0.224
Guaranteed investment contracts	-	-
Money market funds	841,405	-
	$1,024,686	
Portfolio modified duration		0.027

4 INTERFUND RECEIVABLE/PAYABLE

A summary of the interfund receivable/payable balance is shown below (in thousands):

Due To	Due From: Administrative Fund	Energy Programs	Other Non Major Funds	Total
Administrative Fund	$ -	$ 13,035	$ 18,293	$ 31,328
Energy Programs	-	-	-	-
Other Non Major Funds	72,990	-	-	72,990
Total	$ 72,990	$ 13,035	$ 18,293	$ 104,318

The balance of $72,990,000 due to the Other Non-Major Funds from the Administrative Fund resulted primarily from monies belonging to these funds being deposited in an Administrative Fund account to obtain a greater rate of return.

The balance of $13,035,000 due to the Administrative Fund from the Energy Programs resulted primarily from expenditures paid by the Administrative Fund on behalf of the Energy Programs.

Of the $18,293,000 due from the Other Non-Major Funds to the Administrative Fund, $2,411,000 resulted from an allocation of management and bookkeeping fees mandated by HUD.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur and (2) payments between funds are made.

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

A summary of mortgage loans, notes and other loans is shown below (in thousands):

	September 30, 2010	June 30, 2010
Mortgage loans	$ 2,721,160	$ 2,763,089
Multifamily loans	234,956	216,672
Other notes receivable	88,288	88,448
	3,044,404	3,068,209
Less:		
Allowance for losses	(96,373)	(96,956)
Net Mortgage loans, notes and other loans	$ 2,948,031	$ 2,971,253

Other notes receivable include monies due to AHFC for various unconventional loan programs and for monies that weren't expended by grant recipients.

Other supplemental loan information is summarized in the following table (in thousands):

	September 30, 2010	June 30, 2010
Delinquencies and foreclosures:		
Loans delinquent 30 days or more	$ 147,286	$ 159,120
Foreclosures during period	3,344	13,775
Loans in foreclosure process	23,622	21,291
Mortgage-related commitments:		
To purchase mortgage loans	113,269	150,455

6 INSURANCE AGREEMENTS

The Corporation has obtained private mortgage insurance, credit insurance, or guarantees on certain mortgages and loans. The agreements protect the Corporation to varying degrees against losses arising from the disposition of the related collateral obtained through foreclosure or repossession, as well as the costs of obtaining title to, maintaining, and liquidating the collateral. The Corporation is exposed to losses on disposition in the event the insurers or guarantors are unable or refuse to meet their obligations under these agreements.

7 LOAN SELF INSURANCE PROGRAM

The Corporation, for the purpose of insuring itself against losses which might occur as a result of mortgages purchased under various loan programs, collects insurance premiums from the borrowers. The premiums are administered by the management of the Corporation and included in the Administrative Fund in the accompanying financial statements.

8 DIRECT FINANCING LEASES

In July 1997, the Corporation purchased an office building in downtown Anchorage with its Administrative Fund assets for approximately $26 million. The building is part of the Corporation's State Lease Building Program and has been leased to the State of Alaska for occupancy by its departments and agencies located in Anchorage. The State has the option to purchase the building at the end of the lease for $1. In December 1999, the Corporation issued the State Building Lease Bonds, Series 1999, in the amount of $40,000,000 to finance the purchase. The lease of the building to the State has been recorded as a direct financing lease.

In May 2005, the Corporation issued its General Housing Purpose Bonds, 2005 Series C, to defease $16,485,000 of the State Building Lease Bonds, Series 1999. As a result, the liability of these bonds has been reduced, and the lease balance was decreased by $1,792,000.

In fiscal year 2007 the Corporation began constructing a parking garage in downtown Anchorage with its Administrative Fund assets. The cost of the garage at September 30, 2010 was $44,700,000. The garage was placed in service in September 2008. The garage has been leased to the State of Alaska for use by its departments and agencies located in Anchorage. The State has the option to purchase the garage at the end of the lease for $1. In September 2007, the Corporation issued the State Capital Project Bonds, Series 2007 A. $37,400,000 of this issue was to finance the purchase of the parking garage. The lease of the garage to the State has been recorded as a direct financing lease.

The following table lists the components of the net investment in direct financing leases and shows the future minimum payments under the lease for the next five years and thereafter (in thousands):

	Future Minimum Payments Due		
12 Months Ending September 30	**Parking Garage**	**Building**	**Total**
2011	$ 3,304	$ 3,468	$ 6,772
2012	3,304	3,468	6,772
2013	3,304	3,468	6,772
2014	3,304	3,468	6,772
2015	3,304	3,468	6,772
Thereafter	42,943	5,196	48,139
Gross payments due	59,463	22,536	81,999
Less: Unearned revenue	(18,463)	(3,406)	(21,869)
Net investment in direct financing lease	$ 41,000	$ 19,130	$ 60,130

9 CAPITAL ASSETS

Capital assets activity for the three months ended September 30, 2010 and a summary of balances are shown below (in thousands):

	July 1, 2010	**Additions**	**Reductions**	**September 30, 2010**
Non-Depreciable Capital Assets:				
Land	$ 13,753	$ -	$ -	$ 13,753
Construction in progress	2,714	1,963	-	4,677
Total Non-Depreciable	16,467	1,963	-	18,430
Depreciable Capital Assets:				
Buildings	206,786	-	-	206,786
Computers & Equipment	1,625	-	(14)	1,611
Leasehold Improvements	88	-	-	88
Vehicles	2,062	-	(61)	2,001
Less: Accumulated depreciation				
Buildings	(111,271)	(1,592)	-	(112,863)
Computers & Equipment	(1,150)	(58)	14	(1,194)
Leasehold Improvements	(88)	-	-	(88)
Vehicles	(1,760)	(26)	61	(1,725)
Total Depreciable, Net	96,292	(1,676)	-	94,616
Total Capital Assets, Net	$ 112,759	$ 287	$ -	$ 113,046

The depreciation expense charged by the Corporation was $1,678,000 for the three months ended September 30, 2010. The Corporation is obligated under contracts and other commitments to purchase and/or modernize certain fixed assets. The total commitment, including amounts to be funded by third parties, was $5,881,000 at September 30, 2010.

10 BONDS AND NOTES PAYABLE

With the exception of the Veterans Mortgage Program Bonds, the Corporation's obligations are not a debt of the State and the State is not directly liable thereon. The Veterans Mortgage Program Bonds and Notes are backed by the full faith and credit of the State. All of the bonds and notes are secured, as described in the applicable agreements, by the revenues, monies, investments, mortgage loans, and other assets in the funds and accounts established by the respective security agreements. A substantial portion of the assets of the Corporation are pledged to the outstanding obligations of the Corporation.

The Corporation has authorization to issue Draw Down bonds in the amount of $900,000,000 for the purpose of preserving private activity bond volume capacity and to refund certain outstanding obligations of the Corporation. Only $300,000,000 of these bonds can be outstanding at any one time. As of September 30, 2010, there are no draw down bonds outstanding.

In December 2009, the Corporation issued Mortgage Revenue Bonds Series 2009 A in the amount of $193,100,000. The bonds are general obligations of the Corporation secured by program obligations and by amounts on deposit in the 2009 Series A Escrow Fund. These bonds were issued under the federal New Issue Bond Program. The proceeds of the bonds are held in an escrow account until being converted into long term fixed rate bonds with the proceeds being used to buy mortgages. As of September 30, 2010, $64,350,000 of these bonds had been converted. The original program requirements were that if the bonds have not been converted by December 31, 2010, they were subject to mandatory redemption on February 1, 2011. On September 1, 2010 the deadline for converting the bonds was extended to December 31, 2011 and the mandatory redemption date to February 1, 2012.

Bonds and notes outstanding are shown below (in thousands):

	Original Amount	September 30, 2010	June 30, 2010
First-Time Home Buyer Bonds, Tax-Exempt:			
• 1998 Series A; 4.9% to 5.3%, due 2010-2026	$ 70,000	$ 14,585	$ 14,585
• 1999 Series A1 & A2; 5.65% to 6.125%, due 2012-2027	200,000	56,205	56,205
Unamortized discount		(45)	(53)
• 2000 Series A; 5.9%, due 2031-2036	58,315	28,920	28,920
• 2000 Series C; 5.9%, due 2021-2027	68,785	20,015	20,015
• 2001 Series A; 4.15% to 5.3%, due 2010-2031	32,740	14,665	14,665
• 2001 Series B; 4.45% to 5.23%, due 2010-2026	104,450	33,195	33,195
Unamortized premium		33	37
• 2009 Series A-1; 0.67% to November 30, 2010 and 3.07% afterwards, due 2027-2041	64,350	64,350	-
• 2010 Series A; 0.45% to 4.0%, due 2011-2027	43,130	43,130	-
Unamortized discount		(229)	-
• 2010 Series B; 0.45% to 4.625%, due 2011-2040	35,680	35,680	-
First-Time Home Buyer Bonds, Taxable:			
• 2009 Series A; Floating Rate*, 0.1825% at September 30, 2010 due 2011	193,100	128,750	193,100
Subtotal First-time Homebuyer Bonds	870,550	439,254	360,669
First-Time Home Buyer Bonds, Tax-Exempt:			
• 2002 Series A; Floating Rate*; 0.38% at September 30, 2010, due 2032, 2036	170,000	167,060	167,060
Unamortized swap termination penalty		(12,512)	(12,639)
• 2006 Series A; 3.8% to 5.0%, due 2010-2036	98,675	70,790	70,790
Unamortized premium		581	586
• 2006 Series B; 3.9% to 5.0%, due 2010-2036	75,000	50,500	50,795
Unamortized premium		399	403
• 2006 Series C; 4.2% to 5.5%, due 2010-2037	75,000	53,835	53,835
Unamortized premium		856	864
• 2007 Series A, Floating Rate*; 0.30% at September 30, 2010, due 2017-2041	75,000	75,000	75,000
Unamortized deferred debt refunding		(1,790)	(1,807)

	Original Amount	September 30, 2010	June 30, 2010
● 2007 Series B; Floating Rate*; 0.28% at September 30, 2010, due 2017-2041	75,000	75,000	75,000
Unamortized deferred debt refunding		(1,790)	(1,807)
● 2007 Series C; 4.0% to 4.80% due 2010-2038	89,370	74,145	74,145
● 2007 Series D; Floating Rate*; 0.30% at September 30, 2010, due 2017-2041	89,370	89,370	89,370
Unamortized deferred debt refunding		(2,194)	(2,215)
● 2008 Series A; 2.7%-5.40%, due 2010-2038	80,880	64,415	64,415
● 2008 Series B; 2.55%-5.50%, due 2010-2038	80,880	73,845	73,845
Unamortized discount		(75)	(76)
Subtotal First-time Homebuyer Bonds	909,175	777,435	777,564
● 2009 Series A; Floating Rate*; 0.24% at September 30, 2010, due 2020-2040	80,880	80,880	80,880
Unamortized deferred debt refunding		(1,381)	(1,392)
● 2009 Series B; Floating Rate*; 0.22% at September 30, 2010, due 2020-2040	80,880	80,880	80,880
Unamortized deferred debt refunding		(1,381)	(1,392)
● 2009 Series C; 0.9% to 5.35%; due 2010-2039	80,870	80,870	80,870
Unamortized discount		(42)	(42)
● 2009 Series D; Floating Rate*; 0.29% at September 30, 2010, due 2020-2040	80,870	80,870	80,870
Unamortized deferred debt refunding		(1,329)	(1,340)
Subtotal First-time Homebuyer Bonds	323,500	319,367	319,334
Total First-time Homebuyer Bonds	2,103,225	1,536,056	1,457,567
Veterans Mortgage Program Bonds and Notes:			
Collateralized State Guaranteed Bonds and Notes, Tax-Exempt:			
● 1999 First Series; 5.5% to 6.15%, due 2011-2039	110,000	28,255	28,255
● 2000 First Series; 5.8% to 6.40%, due 2011-2035	70,000	14,545	14,545
● 2002 First Series; 4.85% to 5.6%, due 2010-2028	50,000	11,710	12,510
● 2005 First Series; 4.8% due 2010-2035	15,000	9,340	9,340
● 2006 First Series; 4.0% to 4.9%, due 2010-2037	190,000	181,005	181,005
● 2007 & 2008 First Series, 3.4% to 5.25%, due 2011-2038	57,885	54,680	54,680
Total Veterans Mortgage Program Bonds	492,885	299,535	300,335
Other Housing Bonds:			
Housing Development Bonds, Tax-Exempt:			
● 2002 Series A; 4.05% to 5.2%, due 2010-2022	8,440	2,675	2,675
● 2002 Series B; 3.95% to 5.15%, due 2010-2022	8,690	6,255	6,255
● 2002 Series C; 3.95% to 5.25%, due 2010-2032	70,000	60,310	60,310
● 2004 Series A; 3.30% to 4.85%, due 2010-2030	33,060	28,650	28,650
● 2004 Series B; 3.05% to 4.75%, due 2010-2032	52,025	42,565	42,565
Housing Development Bonds, Taxable:			
● 2004 Series D; 4.14% to 5.6%, due 2010-2043	105,000	103,040	103,040
Sub-Total Housing Development Bonds	277,215	243,495	243,495

	Original Amount	September 30, 2010	June 30, 2010
General Mortgage Revenue Bonds, Tax-Exempt:			
● 2002 Series A; 3.45% to 5.0%, due 2010-2040	150,000	148,825	148,825
Unamortized deferred debt refunding expense		(1,054)	(1,065)
Unamortized premium		488	496
Government Purpose Bonds, Tax-Exempt:			
● 1997 Series A, Floating Rate*, monthly payments, 0.24% at September 30, 2010, due 2027	33,000	14,600	14,600
● 2001 Series A, Floating Rate*, 0.24% at September 30 2010, due 2010-2030	76,580	61,950	61,950
Unamortized swap termination penalty		(8,009)	(8,108)
● 2001 Series B, Floating Rate*, 0.24% at September 30, 2010 due 2010-2030	93,590	75,700	75,700
Total Other Housing Bonds	630,385	535,995	535,893
Non-Housing Bonds:			
State Capital Project Bonds, Tax-Exempt:			
● 2002 Series A; 3.5% to 5.0%, due 2011	32,905	4,380	8,525
Unamortized premium		70	95
● 2002 Series C; Floating Rate*, 0.24% at September 30, 2010 due 2012-2022	60,250	60,250	60,250
● 2006 Series A; 3.5% to 5.0%, due 2011-2040	100,890	95,510	95,510
Unamortized discount		(1,390)	(1,410)
Unamortized premium		1,386	1,424
● 2007 Series A & B; 4.0% to 5.25%, due 2010-2029	95,525	91,355	91,355
Unamortized discount		(64)	(65)
Unamortized premium		2,685	2,795
Unamortized deferred debt refunding expense		(2,735)	(2,770)
General Housing Purpose Bonds, Tax-Exempt:			
● 2005 Series A; 3.05% to 5.25%, due 2010-2041	143,235	138,570	138,570
Unamortized premium		3,257	3,296
● 2005 Series B; 3.25% to 5.25%, due 2010-2030	147,610	130,610	130,610
Unamortized deferred debt refunding expense		(9,853)	(10,023)
Unamortized premium		3,898	4,030
● 2005 Series C; 3.3% to 5%, due 2010-2017	16,885	16,660	16,660
Total Non-Housing Bonds	597,300	534,589	538,852
Total Bonds and Notes Payable	$ 3,823,795	$ 2,906,175	$ 2,832,647

Note: Debt service payments on the above mentioned bonds and notes are semi-annual unless otherwise mentioned.

*Interest rates on the annotated variable-rate bonds are established by the Remarketing Agents on each Rate Determination Date.

Redemption Provisions
The bonds and notes are generally subject to certain early-redemption provisions, both mandatory and at the option of the Corporation. The Corporation redeems debt, pursuant to the provisions of the related agreements which permit surplus revenues, resulting primarily from mortgage loan prepayments, to be used to retire the obligations at par. The Corporation also issues new debt whose proceeds are used to immediately redeem previously issued debt, called current refundings. The related discounts and costs of issuance of the old debt is included in a deferred debt refunding account and amortized as interest expense. The Corporation may call some bonds at a premium using any monies once bonds reach a certain age and may also use a clean-up call to redeem certain bonds once they reach 15% of issuance.

During the three months ended September 30, 2010, the Corporation made $1,095,000 special revenue redemptions and no current refundings. The Corporation made $207,035,000 special revenue redemptions and $80,870,000 current refundings during fiscal year 2010.

During the three months ended September 30, 2010 the Corporation converted $64,350,000 under the federal New Issue Bond Program, (NIBP). There were no conversions under this program during fiscal year 2010.

Debt Service Requirements**
For all mortgage bonds and notes in the preceding schedules, the Corporation's debt service requirements through 2015 and in five year increments thereafter to maturity are shown below (in thousands):

12 Months Ending	Total Debt Service		
September 30	Principal	Interest*	Total
2011	$ 178,110	$ 123,158	$ 301,268
2012	55,550	122,521	178,071
2013	59,865	120,270	180,135
2014	62,735	117,797	180,532
2015	62,405	115,154	177,559
2016-2020	338,020	534,415	872,435
2021-2025	456,415	446,329	902,744
2026-2030	577,965	326,391	904,356
2031-2035	553,930	194,780	748,710
2036-2040	531,470	65,561	597,031
2041-2043	61,930	3,155	65,085
	$2,938,395	$ 2,169,531	$ 5,107,926

* Interest requirements for variable-rate bonds have been computed using the effective interest rate at September 30, 2010

** Also see Note 11 – Derivatives.

11 DERIVATIVES

The Corporation entered into derivatives to reduce the overall cost of borrowing long-term capital and protect against the risk of rising interest rates. The Corporation's derivatives consist of interest rate swap agreements entered into in connection with its long-term bonds. The interest rate swaps are pay-fixed, receive-variable agreements, and were entered into at a cost less than what the Corporation would have paid to issue conventional fixed-rate debt.

The swaps are recorded and disclosed as either hedging derivatives or investment derivatives. The synthetic instrument method was used to determine whether the derivative was hedgeable or not. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net Assets, either as a derivative liability (negative fair value amount) or as a derivative asset (positive fair value amount). If a swap changes from a hedgeable derivative to an investment derivative, the hedge is considered terminated and the accumulated change in fair value is no longer deferred but recognized as a revenue item.

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by the Corporation, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risk, position size, transaction and financing costs, and use of capital profit. The fair value represents the current price to settle swap asset or liabilities in the marketplace if a swap were to be terminated.

The Corporation's interest rate swaps require that if the ratings on the associated bonds fall to BBB+/Baa1, the Corporation would have to post collateral of up to 100 percent of the swap's fair value. As of September 30, 2010, the Corporation has not posted any collateral and is not required to post any collateral.

Hedging Derivatives

The significant terms and credit ratings of the Corporation's hedging derivatives as of September 30, 2010, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating[7]
GP01A[1]	12/01/08	2.4530	67% of 1M LIBOR[4]	12/01/30	A+/Aa3
GP01B	08/02/01	4.1427	67% of 1M LIBOR	12/01/30	A/A2
E021A1[2]	10/09/08	2.9800	70% of 3M LIBOR[5]	06/01/32	AAA/Aa1
E021A2	10/09/08	3.4480	70% of 1M LIBOR	12/01/36	A/A2
SC02C[3]	12/05/02	4.3030	SIFMA[6]+0.115%	07/01/22	AA-/Aa1
E071AB	05/31/07	3.7345	70% of 3M LIBOR	12/01/41	AAA/Aa1
E071BD	05/31/07	3.7200	70% of 3M LIBOR	12/01/41	AA-/Aa1
E091A	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	A+/A1
E091B	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	AAA/Aa1
E091ABD	05/28/09	3.7400	70% of 3M LIBOR	12/01/40	AA-/Aa1

1. Governmental Purpose Bonds
2. Home Mortgage Revenue Bonds
3. State Capital Project Bonds
4. London Interbank Offered Rate 1 month
5. London Interbank Offered Rate 3 month
6. Securities Industry and Financial Markets Municipal Swap Index
7. Standard & Poor's/Moody's

The change in fair value and ending balance of the hedging derivatives as of September 30, 2010, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Assets.

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Related Bond Issue	Notional Amounts	Present Values	Fair Values September 30, 2010	Fair Values June 30, 2010	Change in Fair Value
GP01A	$ 61,950	$ 65,635	$ (3,685)	$ (2,008)	$ (1,677)
GP01B	75,700	92,828	(17,128)	(14,848)	(2,280)
E021A1	47,060	52,077	(5,017)	(3,493)	(1,524)
E021A2	120,000	129,144	(9,144)	(6,965)	(2,179)
SC02C	60,250	69,439	(9,189)	(7,669)	(1,520)
E071AB	143,622	178,372	(34,750)	(27,723)	(7,027)
E071BD	95,748	118,304	(22,556)	(17,879)	(4,677)
E091A	72,789	90,711	(17,922)	(14,293)	(3,629)
E091B	72,789	90,873	(18,084)	(14,462)	(3,622)
E091ABD	97,052	120,430	(23,378)	(18,559)	(4,819)
Total	$846,960	$ 1,007,813	$ (160,853)	$ (127,899)	$ (32,954)

As of September 30, 2010, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending June 30	VRDO Principal	VRDO Interest	Swap Net Payment	Total Payments
2011	$ 5,710	$ 2,343	$ 27,837	$ 35,890
2012	6,895	2,400	28,837	38,132
2013	12,825	2,375	28,558	43,758
2014	13,390	2,340	28,113	43,843
2015	13,955	2,302	27,648	43,905
2016-2020	101,175	10,810	129,599	241,584
2021-2025	153,340	8,977	106,874	269,191
2026-2030	172,790	6,727	80,282	259,799
2031-2035	168,490	4,200	51,032	223,722
2036-2040	165,115	1,678	21,431	188,224
2041	33,275	83	1,019	34,377
	$ 846,960	$ 44,235	$ 531,230	$ 1,422,425

Risks

a. Credit Risk

As of September 30, 2010, the Corporation is not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The Corporation currently has swap agreements with five separate counterparties. Approximately 31% of the total notional amount of the swaps is held with one counterparty rated AAA/Aa1. Another 30% of the total notional amount of the swaps is held with one counterparty rated AA-/Aa1. Of the remaining swaps, one counterparty is rated A/A2, another counterparty is rated A+/A1, and the remaining counterparty is rated A+/Aa3, approximating 23%, 9%, and 7% respectively, of the total notional amount of the swaps.

b. Interest Rate Risk

The Corporation is exposed to interest rate risk on all of its interest rate swaps. As LIBOR or the SIFMA index decreases, the Corporation's net payment on the swaps increases.

c. Basis Risk

All of the Corporation's variable-rate bond interest payments are based on the tax-exempt SIFMA index. Therefore, the Corporation is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds, which is based on the SIFMA index. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of September 30, 2010, SIFMA was 0.270% and 1-month LIBOR was 0.256%, resulting in a negative 0.014% spread. The 3-month LIBOR was 0.290%. resulting in a positive 0.02% spread. The spread between LIBOR and SIFMA has fluctuated since the agreements became effective. As the spread increases, so does the anticipated cost savings from the swaps.

d. Termination Risk

Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. If any of the swaps are terminated, the associated floating rate bonds would no longer carry synthetic fixed interest rates and the Corporation would be exposed to interest rate risk on the bond. This risk is mitigated by the fact that the termination payment could be used to enter into an identical swap at the termination date of the existing swap. Further, if any of the swaps have a negative fair value at termination, the Corporation would be liable to the counterparty for payments equal to the swaps' fair value. The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

In fiscal year 2009, three swaps were terminated because of bankruptcy events with the counterparties, resulting in the Corporation making termination payments totaling $22,181,000 to the counterparties. The Corporation replaced the swaps with new swaps that had provisions that resulted in a lower cost overall on the underlying debt. The termination payments were deferred and are being amortized to interest expense over the life of the bonds related to those terminated swaps.

e. Rollover Risk

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. The Corporation has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. The E021A swaps were set up in several tranches of various sizes that can be cancelled to parallel the redemption of debt from mortgage prepayments. In addition, the GP01A and GP01B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the unswapped portion of the debt.

Investment Derivatives

The State Capital Project Bonds, 2002 Series B, were fully redeemed in fiscal year 2009, so the associated interest rate swap was no longer a hedging derivative and is accounted for as an investment derivative.

The significant terms and credit ratings of the Corporation's investment derivatives as of September 30, 2010, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating
SC02B	12/05/02	3.77%	70% of 1M LIBOR	07/01/24	AA-/Aa1

The change in fair value of the investment derivatives as of September 30, 2010, is shown below (in thousands) and is presented as a net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Assets.

Related Bond Issue	Notional Amounts	Present Values	Fair Values September 30, 2010	Fair Values June 30, 2010	Change in Fair Value
SC02B	$ 14,555	$ 17,470	$ (2,915)	$ (2,368)	$ (547)

Credit Risk

As of September 30, 2010, the Corporation was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The counterparty on this swap is rated AA-/Aa1.

12 LONG TERM LIABILITIES

The activity for the three months ended September 30, 2010 is summarized in the following schedule (in thousands):

	July 1, 2010	Additions	Reductions	September 30, 2010	Due Within One Year
Total bonds and notes payable	$ 2,832,647	$ 143,462	$ (69,934)	$ 2,906,175	$ 178,110
Compensated absences	4,641	765	(707)	4,699	2,826
Other liabilities	652	-	-	652	-
Total long-term liabilities	$ 2,837,940	$ 144,227	$ (70,641)	$ 2,911,526	$ 180,936

13 SHORT TERM DEBT

The Corporation has a commercial paper program. Commercial paper is issued and redeemed to meet the cash flow requirements of the Corporation's activities. Individual maturities may range from 2 to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Board of Directors is $150,000,000.

Yields issued during period	September 30, 2010	June 30, 2010
Lowest	0.32%	0.25%
Highest	0.59%	1.25%

Short term debt activity for the three months ended September 30, 2010 is summarized in the following schedule (in thousands):

	July 1, 2010	Additions	Reductions	Septemer 30, 2010
Commercial paper	$150,000	$ 178,139	$ (178,139)	$ 150,000
Unamortized discount	(110)	(134)	183	(61)
Commercial paper, net	$149,890	$ 178,005	$ (177,956)	$ 149,939

14 TRANSFERS

Transfers for the three months ended September 30, 2010 are summarized in the following schedule (in thousands):

		From			
		Administrative Fund	Energy Programs	Other Non-Major Funds	Total
To	Administrative Fund	$ -	$ -	$ 46,691	$ 46,691
	Energy Programs	318	-		318
	Other Non-Major Funds	63,508	-	65,657	129,165
	Total	$ 63,826	$ -	$ 112,348	$ 176,174

Transfers are used to (1) move funds between the Administrative Fund and the other Funds of the Corporation for financing mortgage related activities and to subsidize debt service payments, (2) to move mortgages from the Administrative Fund to the Bond Funds of the Corporation, (3) to move Corporate revenue to the Administrative Fund from the Energy Programs and Bond Funds, and (4) to record expenditures paid on behalf of the Energy Programs and the Bond Funds by the Administrative Fund.

15 OTHER CREDIT ARRANGEMENTS

For certain bond issues, the Corporation has entered into credit arrangements with various financial institutions to provide funds necessary to satisfy debt service or unpaid bond principal obligations. Such arrangements may contain covenants restricting the amendment of terms and redemption of bonds or notes, and setting the minimum combined fund equity of the Corporation and minimum debt service reserve fund balances. Varying commitment fees are required, generally ¼ to ½ of 1% per annum of the aggregate liability or commitment amount.

The Corporation had unused liquidity facilities or similar credit enhancement agreements as shown below (in thousands):

	September 30, 2010	June 30, 2010
Bond related liquidity facilities	$ 487,300	$ 487,300
Bond insurance	1,067,205	1,067,205
	$ 1,554,505	$ 1,554,505

16 YIELD RESTRICTION AND ARBITRAGE REBATE

Most mortgages purchased with the proceeds of tax-exempt bonds issued by the Corporation are subject to interest-rate yield restrictions of 1.125% to 1.500% over the yield of the bonds. These restrictions are in effect over the lives of the bonds. Most of the non-mortgage investments made under the Corporation's tax-exempt bond programs are subject to rebate provisions or restricted as to yields. The rebate provisions require that a calculation be performed every five years and upon full retirement of the bonds to determine the amount, if any, of excess yield earned and owed to the Internal Revenue Service. Following is a summary of excess earnings recorded and paid (in thousands):

	September 30, 2010	June 30, 2010
Arbitrage expense	$ -	$ (572)
Arbitrage paid	-	1,061

17 STATE AUTHORIZATIONS AND COMMITMENTS

The Corporation uses its assets to fund certain housing and non-housing capital projects identified by the State. The aggregate amount expected to be funded by the Corporation was expressed by the following language of legislative intent included in the fiscal year 1996 capital appropriation bill, enacted in 1995:

"The Legislature intends to ensure the prudent management of the Alaska Housing Finance Corporation to protect its excellent debt rating by the nation's financial community and to preserve its valuable assets of the State. To accomplish its goal, the sum of withdrawals for transfer to the general fund and for expenditure on corporate funded capital projects should not exceed the Corporation's net income for the preceding fiscal year."

The projected amounts stated in the legislative intent language were based on the Corporation's financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected "net income". The total state authorizations from FY1995–FY2011 were $1,548,383,000; payments up thru September 30, 2010 were $1,383,056,000, resulting in total remaining commitments of $165,327,000 as of September 30, 2010.

Transfer Plan with the State

The 1998 Legislature authorized the Corporation to finance state capital projects through the issuance of up to $224,000,000 in bonds. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan. That legislation also extended the term of the Transfer Plan by stating the Legislature's intent that the Corporation transfer to the State (or expend on its behalf) an amount not to exceed $103,000,000 in each fiscal year through fiscal year 2006, again stating that, to protect the Corporation and its bond rating, in no fiscal year should such amount exceed the Corporation's net income for the preceding fiscal year. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The 2000 Legislature adopted legislation authorizing the issuance of bonds in sufficient amounts to fund the construction of various State capital projects, and extended the Transfer Plan (as described above) through fiscal year 2008. The 2002 Legislature authorized the issuance of capital project bonds for the renovation and deferred maintenance of the Corporation's Public Housing facilities. The 2004 Legislature adopted legislation authorizing the additional issuance of bonds in sufficient amounts to fund the construction of various State capital projects. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The Corporation has issued $196,345,000 principal amount of State Capital Project Bonds pursuant to the 1998 Act, $74,535,000 principal amount of State Capital Project Bonds pursuant to the 2000 Act, and $60,250,000 principal amount of State Capital Project Bonds pursuant to the 2002 Act, and $45,000,000 principal amount of bonds under the State Capital Project agreement pursuant to the 2004 Act, and has completed its issuance authority under the Acts. The payment of principal and interest on these bonds will be included in future capital budgets of the Corporation. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan.

The Twenty-Third Legislature in 2003 enacted HB 256 (the "2003" Act) which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. The Corporation and the State view the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. As approved and signed into law by the Governor and modified by the Twenty-Fourth Legislature in 2006 with SB 236, the 2003 Transfer Plan calls for annual transfers that will not exceed the lesser of 75% of adjusted change in net assets for the fiscal year two years prior to the current fiscal year or $103,000,000 less debt service on certain State Capital Project Bonds, less any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations of the Corporation's operating budget.

Contributions to the State of Alaska or other State agencies

Since the inception of the Corporation, the State has contributed a total of $1,369,523,000 to the Corporation. Beginning in fiscal year 1986, the Corporation began a series of plans to transfer funds to or on behalf of the State. Following is a summary of the different types of transfers (in thousands):

	September 30, 2010	Cummulative Prior Fiscal Year	Total Payments to State
State debt repayment	$ -	$ 29,800	$ 29,800
Asset purchases	-	252,300	252,300
Dividends	-	114,300	114,300
Direct cash transfers	-	631,653	631,653
Other State appropriations	-	302,654	302,654
Non-Housing capital projects	7,579	302,325	309,904
Various bond proceeds disbursed	701	308,634	309,335
Total	$ 8,280	$ 1,941,666	$ 1,949,946

18 GRANTS

The Corporation paid grants to third parties for the following programs (in thousands):

Program	September 30, 2010
Administrative Programs:	
▪ In-State Natural Gas Pipeline	$ 635
Energy Programs:	
▪ ARRA State Energy Program	31
▪ ARRA Weatherization Assistance Program	133
▪ Energy Efficient Appliance Rebate	31
▪ Energy Efficiency Monitoring Research	228
▪ Energy Efficiency Conservation Block Grant	321
▪ Energy Efficient Home Program	13,771
▪ Low-Income Home Energy Assistance	151
▪ Low Income Weatherization Assistance	11,042
Total Energy Programs	25,708
Section 8 Vouchers Program	7,779
Other Housing Assistance Programs:	
▪ AMHTA Short Term Housing Assistance	-
▪ ARRA Low Income Tax Credit	1,834
▪ ARRA TCAP Home	13
▪ Beneficiaries and Special Needs Housing	584
▪ Denali Commission	1,301
▪ Drug Elimination	37
▪ Emergency Shelter Grant	25
▪ Homeless Prevention and Rapid Re-Housing	153
▪ HOME Investment Partnership	1,199
▪ Homeless Assistance Program	913
▪ Homeless Information Management System	-
▪ Housing Loan Program	856
▪ Housing Opportunities for Persons with AIDS	115
▪ Low Income Tax Credit	-
▪ Neighborhood Stabiliation	2,528
▪ Resident Opportunity and Support Service	24
▪ ROSS Neighborhood Network	39
▪ Section 8 Contract Administration	2,042
▪ Senior Citizen Housing Development Grant	1,139
▪ Shelter Plus Care	145
▪ Special Needs Housing	187
▪ Supplemental Housing Grant	1,844
▪ Supportive Housing Grant Match	207
▪ Technical Assistance Grant	19
Total Other Housing Assistance Programs	15,204
Total Housing Grant Expenses	49,326
▪ Legislative Appropriations	7,579
Total Non-Housing Capital Project Grants	7,579
Total Grants	$ 56,905

In addition to grant payments made, the Corporation has advanced grant funds of $9,895,000 and committed to third parties a sum of $271,109,000 in grant awards at September 30, 2010.

19 OTHER PROGRAMS

Other programs include public-housing activities, energy conservation, and other activities not reported elsewhere. These programs are funded from a combination of corporate receipts and external sources.

Housing Assistance Programs

Low Rent includes the following programs for various low-income housing facilities administered by the Corporation under contract with HUD:

- Low Rent Management
- Modernization/Capital Fund Programs

Section 8 Vouchers Program includes the following programs for tenant-based rental assistance administered by the Corporation under contract with HUD:

- Section 8 Moderate Rehabilitation
- Section 8 Vouchers

Section 8 New Program consists of Corporate owned low-income housing facilities at various locations, Wrangell Market Housing, and contract administration of HUD contracts directly with landlords:

- Section 8 New Construction
- Wrangell Multi-Family Market
- Section 8 Contract Administration

Other Housing Assistance Programs include the following HUD, federal, state, and Corporate funded activities:

- Beneficiaries & Special Needs Housing
- Denali Commission Housing Programs
- Drug Elimination Program
- Family Investment Center Grant
- Family Self Sufficiency Program (FSS)
- HOME Investment Partnerships Program (HOME)
- Homeless Assistance Program Grants
- Housing Opportunities for Persons with AIDS (HOPWA)
- Housing Preservation Grants
- Low Income Tax Credit Program
- Neighborhood Stabilization Program
- Resident Opportunity and Supportive Services
- ROSS Neighborhood Networks
- Senior Citizen Housing Development Grant Program
- Shelter Plus Care Program
- Supplemental Housing Grant Program
- Supportive Housing Grant Match
- Teacher Health Professional and Public Safety Housing Programs
- Technical Assistance Grants

Energy Conservation Programs

- Energy Efficiency Monitoring Research
- Energy Efficient Home Program (Rebates)
- Low-Income Home Energy Assistance Program (LIHEAP)
- Low-Income Weatherization Program
- Research Information Center
- Residential Energy Rehab Program (Enhanced Weatherization)
- State Energy Program Special Projects
- State Energy Program

AHFC's ARRA (American Recovery & Reinvestment Act of 2009) Capital Projects

Energy programs:

- Energy Efficiency and Conservation Block Grants
- Energy Efficient Appliance Rebate
- Energy Assurance / Smart Grid Resiliency (EA/SGR) (vetoed)
- State Energy Program
- Weatherization Program

Low rent programs:

- Capital Fund Program (CFP) - Competitive (not awarded)
- Capital Fund Program (CFP) - Formula

Other programs:

- Emergency Shelter Grants (ESG) – Homeless Prevention and Rapid Re-Housing Program
- HOME Investment Partnerships – Tax Credit Assistance Program (TCAP)
- Low-Income Housing Grants in Lieu of Tax Credits
- Project Based Rental Assistance (AHFC is not considered the Prime Recipient for this program; HUD is responsible for the Federal Report Requirements of the program.)

Housing Units Owned, Managed or Administered

As of September 30, 2010, the Public Housing Division of the Corporation operates the following programs in 18 Alaskan communities:

Program	Number of Units
Low Rent Conventional Housing	986
Low Rent Conventional Housing – Senior Units	343
Section 8 New Construction Housing	65
Section 8 New Construction Housing – Senior Units	268
Other Housing Units	33
Section 8 Existing – Housing Assistance:	
Housing Choice Vouchers	4,415
Single Room Occupancy	70
	6,180

20 ENERGY AND WEATHERIZATION ENERGY EFFICIENCY PROGRAMS

The 2008 Legislature authorized funding for the Corporation to expand the existing Weatherization program by $200,000,000 and create the new Energy Rebate Program with $160,000,000 to help Alaskans make their homes more energy efficient.

The Weatherization program helps homeowners with low-to-moderate incomes, living in owner-occupied homes or rental units, qualify for free weatherization upgrades performed through various providers or regional housing authorities. The Weatherization program is funded by federal, State and Corporate monies.

The Home Energy Rebate Program has no income limits and provides homeowners with reimbursements for specific energy-efficiency improvements. The more the home's energy efficiency improves, the greater the potential rebate. As of September 30, 2010 the Corporation had outstanding commitments of $163,860,000 and had paid out $71,477,000 in the rebate program to homeowners since the inception of the program. This commitment amount represents the maximum amount each homeowner could be reimbursed, not necessarily the actual amount of each homeowner's reimbursement.

21 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

Plan Description

As of September 30, 2010, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System (PERS). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan which includes both pension and post employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008 when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan. PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan which includes both pension and post employment healthcare plans for all employees hired on or after July 1, 2006.

PERS is administered by the State of Alaska. Benefits and contributions provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by state legislature. Amendments do not affect existing employees. A publicly available financial report that includes financial statements and required supplementary information is issued annually by PERS. That report may be obtained by writing to State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska 99811-0202.

Defined Benefit Plans (Employees hired prior to July 1, 2006):

Employees hired prior to July 1, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service and for all service prior to July 1, 1986, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan pays the retiree medical plan premium and also provides death and disability benefits.

Employees hired after June 30, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. Also the plan does not pay the retiree medical plan premium for retirees under the age of 60 unless the retiree has 30 years of credited service. The employee may elect to pay the full premium cost for medical coverage.

Employees hired after June 30, 1996 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's five-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees with less than 10 years of service at age 60. The employee may elect to pay the full premium cost for medical coverage.

Defined Contribution Plan (Employees hired on or after July 1, 2006):

There is no retirement age set, however taxes and penalties may apply if withdrawn prior to age 59 ½. Retirement benefits are equal to the Defined Contribution account balance plus interest. The employee may direct the investment of the account if so desired. The account balance is 100% of the employees contribution plus 25% of the Corporation's contribution after two years of service, 50% of the Corporation's contribution after three years of service, 75% of the Corporation's contribution after four years of service, and 100% of the Corporation's contribution after 5 years of service. The plan pays a portion of the retiree medical plan premium if the retiree retires directly from the plan and is eligible for Medicare. The portion of premium paid by the plan is determined by years of service. Disability benefits are also provided.

Funding Policy

Defined Benefit Plans:

Under State law, covered employees are required to contribute 6¾% of their annual covered salary to the pension plan and are not required to contribute to the Post Employment Healthcare Plan.

Under State law the Corporation is required to contribute 22% of annual covered salary. For the fiscal year 2011, 7.64% of covered salary is for the pension plan and 14.36% of covered salary is for the Post Employment Healthcare Plan.

Under AS39.35.255, the difference between the actuarial required contribution of 27.96% for the fiscal year 2011 and the employer rate of 22% will be funded by the State.

The State contribution to the pension plan for the Corporation for the three months ended September 30, 2010 was $108,000.

The Corporation's contributions to the pension plan for the three months ended September 30, 2010 was $354,000 and for the years ended June 30, 2010 and June 30, 2009 was $1,452,000 and $1,180,000 respectively.

The State contribution to the post employment healthcare plan for the Corporation for the three months ended September 30, 2010 was $203,000.

The Corporation's contributions to the post employment healthcare plan for the three months ended September 30, 2010 was $666,000 and for the years ended June 30, 2010 and June 30, 2009 was $2,559,000 and $2,740,000 respectively.

Defined Contribution Plans

Under State law, covered employees are required to contribute 8% of their annual covered salary. For the fiscal year 2011, the Corporation is required to contribute 5.31% of the annual covered salary to the pension plan.

Under State law, covered employees are not required to contribute to the post employment healthcare plan. For the fiscal year 2011, the Corporation is required to contribute 0.55% of the annual covered salary plus an annual flat dollar amount of $1,720.70 for each covered employee.

If the total amount that the Corporation has contributed for the defined contribution pension and post employment healthcare plans is less that 22% of covered payroll, the Corporation must pay that additional amount. This additional amount is used to reduce the Plan's unfunded liability. For the three months ended September 30, 2010, the Corporation paid additional contributions of $73,000.

The contributions to the pension plan for the three months ended September 30, 2010 by the employees was $47,000 and by the Corporation was $31,000.

The Corporation contributed $25,000 to a health reimbursement arrangement for the three months ended September 30, 2010.

22 OTHER COMMITMENTS AND CONTINGENCIES

Medical Self Insurance

During the fiscal year ended June 30, 1998, the Corporation began a program of self-insurance for employee medical benefits. Costs are billed directly to the Corporation by an Administrative Services Provider that processes all of the claims from the employees and their dependents. The Corporation has purchased a stop-loss policy that limits its liability to $50,000 per employee per year. The Corporation has provided for an estimate of the Incurred But Not Reported (IBNR) liability in the amount of $884,000 and $1,235,000 as of September 30, 2010 and June 30, 2010, respectively.

Litigation

The Corporation, in the normal course of its activities, is involved in various claims and pending litigation, the outcome of which is not presently determinable. In the opinion of management, the disposition of these matters is not presently expected to have a material adverse effect on the Corporation's financial statements.

Contingent Liabilities

The Corporation participates in several federally assisted programs. These programs are subject to program compliance audits and adjustment by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, would become a liability of the Administrative Fund. In management's opinion, disallowance, if any, will be immaterial.

Subsequent Events

In November 2010, as authorized by Senate Bill 217, the Corporation entered into a Purchase and Sale agreement in the amount of $12,000,000 to purchase the building that the Corporation currently occupies at 4300 Boniface Parkway. After a due diligence period and building inspection are completed, it is anticipated that the purchase will be finalized in January, 2011.

23 RISK MANAGEMENT

The Corporation is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by various commercial insurance policies and contractual risk transfers. When the Corporation enters into agreements, contracts or grants, it requires insurance from the party the Corporation is doing business with. This ensures that the party can adequately sustain any loss exposure, so the Corporation is not first-in-line in case of a loss. There have been no significant reductions in insurance coverage from the prior year, and settlements have not exceeded insurance coverage during the past three years.

24 FIVE YEAR FINANCIAL INFORMATION

Entity-wide amounts at year-end are presented below for informational purposes (in thousands):

	June 30, 2010	2009	2008	2007	2006
Assets and Deferred Outflows					
Cash	$ 59,218	$ 24,720	$ 19,034	$ 45,964	$ 11,583
Investments	1,389,605	1,247,669	1,231,404	1,274,544	1,768,178
Accrued interest receivable	14,647	15,854	16,734	19,340	19,013
Mortgage loans, notes and other loans	2,971,253	3,195,444	3,450,063	3,357,754	3,240,209
Net investment in direct financing lease	61,222	64,802	65,203	27,085	29,110
Unamortized bond issuance costs	19,751	23,252	25,142	24,616	24,584
Capital assets, net	112,759	113,004	116,535	118,743	120,030
Other assets	40,463	46,680	22,004	28,854	16,869
Derivative instrument - interest rate swaps	-	-	-	-	-
Deferred outflow of resources	127,899	-	-	-	-
Total Assets and Deferred Outflows	4,796,817	4,731,425	4,946,119	4,896,900	5,229,576
Liabilities and Deferred Inflows					
Bonds and notes payable	2,832,647	2,869,153	3,136,866	3,060,887	2,907,223
Short term debt	149,890	149,724	112,159	119,726	242,449
Accrued interest payable	12,770	13,715	15,303	14,847	17,340
Other liabilities	47,252	26,722	15,620	16,968	72,532
Derivative instrument - interest rate swaps	130,267	-	-	-	-
Deferred inflow of resources	-	-	-	-	-
Total Liabilities and Deferred Inflows	3,172,826	3,059,314	3,279,948	3,212,428	3,239,544
Total Fund Equity	$1,623,991	$1,672,111 *	$1,666,171	$1,684,472	$1,990,032

	June 30, 2010	2009	2008	2007	2006
Operating Revenues					
Mortgage and loans revenue	$ 177,855	$ 205,138	$ 202,851	$ 195,028	$ 193,573
Investment interest	11,605	25,148	56,667	76,631	60,220
Net change in fair value of investments	6,317	570	255	2,214	(1,830)
Net change of hedge termination	(794)	-	-	-	-
Total Investment Revenue	17,128	25,718	56,922	78,845	58,390
Externally funded programs	191,968	112,587	73,603	63,043	59,587
Rental	8,697	8,577	7,695	6,988	6,575
Other	1,610	3,337	776	1,085	807
Total Operating Revenues	397,258	355,357	341,847	344,989	318,932
Operating Expenses					
Interest	130,789	149,021	147,336	158,145	146,971
Mortgage and loan costs	12,709	14,139	14,155	14,034	13,133
Operations and administration	49,678	51,421	42,812	41,410	38,858
Financing expenses	7,456	9,159	6,415	8,945	4,836
Provision for loan loss	515	(7,703)	7,098	5,490	406
Housing grants and subsidies	194,883	106,480	78,290	65,689	56,829
Rental housing operating expenses	11,002	11,480	10,428	10,799	11,221
Total Operating Expenses	407,032	333,997	306,534	304,512	272,254
Operating Income (Loss)	(9,774)	21,360	35,313	40,477	46,678
Non-Operating & Special Item					
Contribution from the State of Alaska	-	-	-	-	300,000
Contribution to State or State agency	(36,772)	(15,420)	(53,614)	(346,037)	(46,845)
Special item	-	-	-	-	7,126
Change in Net Assets	$ (46,546)	$ 5,940	$ (18,301)	$ (305,560)	$ 306,959

*Does not reflect the FY10 cumulative effect of accounting change.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

COMBINED - ALL FUNDS

As of September 30, 2010

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds/Notes	Combined Other Housing Bonds
ASSETS AND DEFERRED OUTFLOWS				
Cash	39,030	-	-	66
Investments	781,471	379,819	48,765	211,321
Accrued interest receivable	1,491	6,458	2,088	4,093
Inter-fund due to/from	(41,662)	37,320	10,536	15,353
Mortgage loans, notes and other loans	185,809	1,379,820	349,263	604,792
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	9,011	2,187	5,074
Capital assets, non-depreciable	139	-	-	-
Capital assets - depreciable, net	444	-	-	-
Other assets	9,360	1,585	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	745	-	-	-
Deferred outflow of resources	-	130,851	-	20,813
Total Assets and Deferred Outflows	976,827	1,944,864	412,839	861,512
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	-	1,536,056	299,535	535,995
Short term debt	149,939	-	-	-
Accrued interest payable	1,091	18,745	4,934	8,156
Other liabilities	7,623	501	404	174
Derivative instrument - interest rate swaps	-	130,851	-	20,813
Intergovernmental payable	1,734	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	160,387	1,686,153	304,873	565,138
NET ASSETS				
Invested in capital assets, net of related debt	583	-	-	-
Restricted by bond resolutions	-	258,711	107,966	240,534
Restricted by contractual or statutory agreements	176,777	-	-	25,799
Unrestricted net assets, (deficit)	639,080	-	-	30,041
Total Net Assets (deficit)	816,440	258,711	107,966	296,374

Schedule 1

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
2,953	17,644	59,693
62,031	-	1,483,407
2,008	-	16,138
9,781	(31,328)	-
428,347	-	2,948,031
60,130	-	60,130
3,838	-	20,110
-	18,291	18,430
-	94,172	94,616
21	13,698	24,664
-	-	-
-	10,467	11,212
9,189	-	160,853
578,298	122,944	4,897,284
534,589	-	2,906,175
-	-	149,939
8,468	-	41,394
598	2,720	12,020
12,104	-	163,768
2,953	-	4,687
-	-	-
558,712	2,720	3,277,983
-	112,463	113,046
-	-	607,211
-	32,339	234,915
19,586	(24,578)	664,129
19,586	120,224	1,619,301

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ALASKA HOUSING FINANCE CORPORATION **Schedule 2**
(A Component Unit of the State of Alaska)
STATEMENT OF NET ASSETS
REVOLVING FUNDS
As of September 30, 2010
(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
ASSETS AND DEFERRED OUTFLOWS			
Cash	38,665	365	39,030
Investments	770,388	11,083	781,471
Accrued interest receivable	1,489	2	1,491
Inter-fund due to/from	(41,662)	-	(41,662)
Mortgage loans, notes and other loans	185,809	-	185,809
Net investment in direct financing lease	-	-	-
Unamortized bond issuance costs	-	-	-
Capital assets - non-depreciable	139	-	139
Capital assets - depreciable, net	444	-	444
Other assets	9,360	-	9,360
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	745	-	745
Deferred outflow of resources	-	-	-
Total Assets and Deferred Outflows	965,377	11,450	976,827
LIABILITIES AND DEFERRED INFLOWS			
Bonds and notes payable	-	-	-
Short term debt	149,939	-	149,939
Accrued interest payable	1,091	-	1,091
Other liabilities	7,623	-	7,623
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	1,734	-	1,734
Deferred inflow of resources	-	-	-
Total Liabilities & Deferred Inflows	160,387	-	160,387
NET ASSETS			
Invested in capital assets, net of related debt	583	-	583
Restricted by bond resolutions	-	-	-
Restricted by contractual or statutory agreements	165,327	11,450	176,777
Unrestricted net assets, (deficit)	639,080	-	639,080
Total Net Assets (deficit)	804,990	11,450	816,440

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET ASSETS
FIRST TIME HOMEBUYER BONDS
As of September 30, 2010
(in thousands of dollars)

	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D	Mortgage Revenue Bonds 2001 A,B
ASSETS AND DEFERRED OUTFLOWS				
Cash	-	-	-	-
Investments	3,123	10,359	6,946	5,279
Accrued interest receivable	159	501	300	238
Inter-fund due to/from	241	1,177	1,011	1,503
Mortgage loans, notes and other loans	21,853	65,399	42,515	48,846
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	268	779	730	641
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	25,644	78,215	51,502	56,507
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	14,585	56,160	48,935	47,893
Short term debt	-	-	-	-
Accrued interest payable	253	1,130	962	820
Other liabilities	8	26	16	16
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	14,846	57,316	49,913	48,729
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	10,798	20,899	1,589	7,778
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	10,798	20,899	1,589	7,778

Schedule 3

Mortgage Revenue Bonds 2009 A	Mortgage Revenue Bonds 2009 A-1 2010 A, B	Combined Total
-	-	-
132,753	70,861	229,321
2	252	1,452
-	1,109	5,041
-	74,545	253,158
-	-	-
43	713	3,174
-	-	-
-	-	-
-	1,572	1,572
-	-	-
-	-	-
-	-	-
132,798	149,052	493,718
128,750	142,931	439,254
-	-	-
137	13	3,315
-	80	146
-	-	-
-	-	-
-	-	-
128,887	143,024	442,715
-	-	-
3,911	6,028	51,003
-	-	-
-	-	-
3,911	6,028	51,003

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET ASSETS
FIRST TIME HOMEBUYER BONDS (continued)
As of September 30, 2010
(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A,B	Home Mortgage Revenue Bonds 2006 A	Home Mortgage Revenue Bonds 2006 B	Home Mortgage Revenue Bonds 2006 C
ASSETS AND DEFERRED OUTFLOWS				
Cash	-	-	-	-
Investments	26,124	8,286	5,556	7,764
Accrued interest receivable	859	329	210	232
Inter-fund due to/from	3,926	1,121	1,441	1,465
Mortgage loans, notes and other loans	168,403	65,547	46,658	48,085
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	798	590	432	447
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	13	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	14,161	-	-	-
Total Assets and Deferred Outflows	214,284	75,873	54,297	57,993
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	154,548	71,371	50,899	54,691
Short term debt	-	-	-	-
Accrued interest payable	1,934	1,121	784	949
Other liabilities	59	23	14	15
Derivative instrument - interest rate swaps	14,161	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	170,702	72,515	51,697	55,655
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	43,582	3,358	2,600	2,338
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	43,582	3,358	2,600	2,338

Schedule 4

Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A	Home Mortgage Revenue Bonds 2008 B	Combined Total
-	-	-	-	-	-	-
11,344	11,815	8,492	11,637	9,149	5,997	106,164
297	304	332	351	262	314	3,490
2,500	1,747	1,521	3,018	2,128	1,982	20,849
69,718	70,640	67,777	83,740	56,962	70,054	747,584
-	-	-	-	-	-	-
202	126	605	172	453	621	4,446
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	13
-	-	-	-	-	-	-
-	-	-	-	-	-	-
18,146	18,106	-	21,054	-	-	71,467
102,207	102,738	78,727	119,972	68,954	78,968	954,013
73,210	73,210	74,145	87,176	64,415	73,770	777,435
-	-	-	-	-	-	-
935	933	1,154	1,111	1,077	1,237	11,235
23	22	23	26	17	21	243
18,146	18,106	-	21,054	-	-	71,467
-	-	-	-	-	-	-
-	-	-	-	-	-	-
92,314	92,271	75,322	109,367	65,509	75,028	860,380
-	-	-	-	-	-	-
9,893	10,467	3,405	10,605	3,445	3,940	93,633
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9,893	10,467	3,405	10,605	3,445	3,940	93,633

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYER BONDS (continued)

As of September 30, 2010

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2009 A	Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 C	Home Mortgage Revenue Bonds 2009 D
ASSETS AND DEFERRED OUTFLOWS				
Cash	-	-	-	-
Investments	12,737	12,747	6,135	12,715
Accrued interest receivable	371	384	321	440
Inter-fund due to/from	2,281	4,136	734	4,279
Mortgage loans, notes and other loans	102,130	100,306	77,955	98,687
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	233	217	694	247
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	19,871	20,034	-	19,479
Total Assets and Deferred Outflows	137,623	137,824	85,839	135,847
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	79,499	79,499	80,828	79,541
Short term debt	-	-	-	-
Accrued interest payable	902	898	1,211	1,184
Other liabilities	26	27	24	35
Derivative instrument - interest rate swaps	19,871	20,034	-	19,479
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	100,298	100,458	82,063	100,239
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	37,325	37,366	3,776	35,608
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	37,325	37,366	3,776	35,608

Schedule 5

Combined Total
-
44,334
1,516
11,430
379,078
-
1,391
-
-
-
-
-
59,384
497,133
319,367
-
4,195
112
59,384
-
-
383,058
-
114,075
-
-
114,075

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

As of September 30, 2010

(in thousands of dollars)

	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series
ASSETS AND DEFERRED OUTFLOWS				
Cash	-	-	-	-
Investments	13,012	8,379	1,652	1,462
Accrued interest receivable	359	231	73	43
Inter-fund due to/from	936	397	518	486
Mortgage loans, notes and other loans	26,929	12,898	15,143	12,322
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	520	274	117	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	41,756	22,179	17,503	14,313
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	28,255	14,545	11,710	9,340
Short term debt	-	-	-	-
Accrued interest payable	568	302	215	149
Other liabilities	9	4	5	291
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	28,832	14,851	11,930	9,780
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	12,924	7,328	5,573	4,533
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	12,924	7,328	5,573	4,533

Schedule 6

Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
-	-	-
19,215	5,045	48,765
1,064	318	2,088
6,825	1,374	10,536
220,291	61,680	349,263
-	-	-
754	522	2,187
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
248,149	68,939	412,839
181,005	54,680	299,535
-	-	-
2,814	886	4,934
73	22	404
-	-	-
-	-	-
-	-	-
183,892	55,588	304,873
-	-	-
64,257	13,351	107,966
-	-	-
-	-	-
64,257	13,351	107,966

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER HOUSING BONDS

As of September 30, 2010

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
ASSETS AND DEFERRED OUTFLOWS				
Cash	-	-	66	-
Investments	2,741	30,427	81,410	3,034
Accrued interest receivable	91	1,341	391	55
Inter-fund due to/from	1,316	4,145	3,523	-
Mortgage loans, notes and other loans	21,657	239,157	128,397	17,876
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	2,665	1,049	128
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	25,805	277,735	214,836	21,093
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	-	243,495	148,259	14,600
Short term debt	-	-	-	-
Accrued interest payable	-	4,121	2,370	11
Other liabilities	6	78	26	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	6	247,694	150,655	14,611
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	64,181	6,482
Restricted by contractual or statutory agreements	25,799	-	-	-
Unrestricted net assets, (deficit)	-	30,041	-	-
Total Net Assets (deficit)	25,799	30,041	64,181	6,482

Schedule 7

Governmental Purpose Bonds 2001 A-D	Combined Total
-	66
93,709	211,321
2,215	4,093
6,369	15,353
197,705	604,792
-	-
1,232	5,074
-	-
-	-
-	-
-	-
-	-
20,813	20,813
322,043	861,512
129,641	535,995
-	-
1,654	8,156
64	174
20,813	20,813
-	-
-	-
152,172	565,138
-	-
169,871	240,534
-	25,799
-	30,041
169,871	296,374

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

NON-HOUSING BONDS

As of September 30, 2010

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	General Housing Purpose Bonds 2005 A
ASSETS AND DEFERRED OUTFLOWS				
Cash	-	-	277	-
Investments	12,691	7,607	5,102	19,165
Accrued interest receivable	292	408	211	740
Inter-fund due to/from	1,232	1,882	898	2,582
Mortgage loans, notes and other loans	53,624	92,797	48,856	134,548
Net investment in direct financing lease	-	-	41,000	-
Unamortized bond issuance costs	507	600	618	1,020
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	21	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	9,189	-	-	-
Total Assets and Deferred Outflows	77,535	103,315	96,962	158,055
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	64,700	95,506	91,241	141,827
Short term debt	-	-	-	-
Accrued interest payable	809	1,425	1,428	2,334
Other liabilities	21	32	135	44
Derivative instrument - interest rate swaps	12,104	-	-	-
Intergovernmental payable	-	-	277	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	77,634	96,963	93,081	144,205
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	(99)	6,352	3,881	13,850
Total Net Assets (deficit)	(99)	6,352	3,881	13,850

Schedule 8

General Housing Purpose Bonds 2005 B & C	Combined Total
2,676	2,953
17,466	62,031
357	2,008
3,187	9,781
98,522	428,347
19,130	60,130
1,093	3,838
-	-
-	-
-	21
-	-
-	-
-	9,189
142,431	578,298
141,315	534,589
-	-
2,472	8,468
366	598
-	12,104
2,676	2,953
-	-
146,829	558,712
-	-
-	-
-	-
(4,398)	19,586
(4,398)	19,586

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET ASSETS
OTHER PROGRAM FUNDS
As of September 30, 2010
(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
ASSETS AND DEFERRED OUTFLOWS				
Cash	1,556	8,906	5,422	1,757
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(13,035)	(969)	(770)	(512)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	-	-
Capital assets - non-depreciable	409	16,317	1,565	-
Capital assets - depreciable, net	11	71,875	22,243	43
Other assets	4,732	822	38	10
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	9,499	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	3,172	96,951	28,498	1,298
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	1,129	1,087	324	163
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	1,129	1,087	324	163
NET ASSETS				
Invested in capital assets, net of related debt	420	88,192	23,808	43
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	1,687	17,681	5,410	3,066
Unrestricted net assets, (deficit)	(64)	(10,009)	(1,044)	(1,974)
Total Net Assets (deficit)	2,043	95,864	28,174	1,135

Schedule 9

Other Programs	Combined Total
3	17,644
-	-
-	-
(16,042)	(31,328)
-	-
-	-
-	-
-	18,291
-	94,172
8,096	13,698
-	-
968	10,467
-	-
(6,975)	122,944
-	-
-	-
-	-
17	2,720
-	-
-	-
-	-
17	2,720
-	112,463
-	-
4,495	32,339
(11,487)	(24,578)
(6,992)	120,224

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

COMBINED - ALL FUNDS

For the Three Months Ended September 30, 2010

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds/Notes	Combined Other Housing Bonds
OPERATING REVENUES				
Mortgage and loans revenue	4,399	18,585	5,088	9,285
Investment interest	179	362	330	1,035
Net change in the fair value of investments	4,039	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	4,218	362	330	1,035
Externally funded program	635	-	-	-
Rental	-	-	-	-
Other	325	-	-	-
Total Operating Revenues	9,577	18,947	5,418	10,320
OPERATING EXPENSES				
Interest	183	14,237	3,704	6,228
Mortgage and loan costs	541	1,292	341	505
Financing expenses	138	922	38	130
Provision for loan loss	(1,885)	1,929	193	(1,069)
Operations and administration	304	2,827	658	1,144
Rental housing operating expenses	5	-	-	-
Housing grants and subsidies	635	-	-	-
Total Operating Expenses	(79)	21,207	4,934	6,938
Operating Income (Loss)	9,656	(2,260)	484	3,382
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(7,579)	-	-	-
Transfers - Internal	(17,135)	14,058	3,188	(6,815)
Change in Net Assets	(15,058)	11,798	3,672	(3,433)
Net assets at beginning of year	831,498	246,913	104,294	299,807
Net Assets at End of Period	816,440	258,711	107,966	296,374

Schedule 10

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
6,111	-	43,468
615	7	2,528
63	-	4,102
(547)	-	(547)
131	7	6,083
-	49,890	50,525
-	1,930	1,930
-	99	424
6,242	51,926	102,430
6,426	2	30,780
472	-	3,151
138	-	1,366
275	-	(557)
798	6,406	12,137
-	2,632	2,637
-	48,691	49,326
8,109	57,731	98,840
(1,867)	(5,805)	3,590
(701)	-	(8,280)
1,800	4,904	-
(768)	(901)	(4,690)
20,354	121,125	1,623,991
19,586	120,224	1,619,301

ALASKA HOUSING FINANCE CORPORATION

Schedule 11

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

REVOLVING FUNDS

For the Three Months Ended September 30, 2010

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
OPERATING REVENUES			
Mortgage and loans revenue	4,399	-	4,399
Investment interest	172	7	179
Net change in the fair value of investments	4,039	-	4,039
Net change of hedge termination	-	-	-
Total Investment Revenue	4,211	7	4,218
Externally funded program	635	-	635
Rental	-	-	-
Other	323	2	325
Total Operating Revenues	9,568	9	9,577
OPERATING EXPENSES			
Interest	183	-	183
Mortgage and loan costs	541	-	541
Financing expenses	138	-	138
Provision for loan loss	(1,885)	-	(1,885)
Operations and administration	304	-	304
Rental housing operating expenses	5	-	5
Housing grants and subsidies	635	-	635
Total Operating Expenses	(79)	-	(79)
Operating Income (Loss)	9,647	9	9,656
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS			
Contributions to the State of Alaska or other State agencies	(7,579)	-	(7,579)
Transfers - Internal	(17,135)	-	(17,135)
Change in Net Assets	(15,067)	9	(15,058)
Net assets at beginning of year	820,057	11,441	831,498
Net Assets at End of Period	804,990	11,450	816,440

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYER BONDS

For the Three Months Ended September 30, 2010

(in thousands of dollars)

	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D	Mortgage Revenue Bonds 2001 A,B
OPERATING REVENUES				
Mortgage and loans revenue	365	1,065	678	761
Investment interest	28	109	39	3
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	28	109	39	3
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	393	1,174	717	764
OPERATING EXPENSES				
Interest	190	856	722	611
Mortgage and loan costs	24	74	44	53
Financing expenses	4	13	9	9
Provision for loan loss	181	314	(106)	(89)
Operations and administration	41	122	80	92
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	440	1,379	749	676
Operating Income (Loss)	(47)	(205)	(32)	88
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(70)	(787)	(317)	(115)
Change in Net Assets	(117)	(992)	(349)	(27)
Net assets at beginning of year	10,915	21,891	1,938	7,805
Net Assets at End of Period	10,798	20,899	1,589	7,778

Schedule 12

Mortgage Revenue Bonds 2009 A	Mortgage Revenue Bonds 2009 A-1 2010 A, B	Combined Total
-	13	2,882
98	-	277
-	-	-
-	-	-
98	-	277
-	-	-
-	-	-
-	-	-
98	13	3,159
204	13	2,596
-	1	196
122	21	178
-	1,765	2,065
235	139	709
-	-	-
-	-	-
561	1,939	5,744
(463)	(1,926)	(2,585)
-	-	-
239	7,954	6,904
(224)	6,028	4,319
4,135	-	46,684
3,911	6,028	51,003

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYER BONDS (continued)

For the Three Months Ended September 30, 2010

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A,B	**Home Mortgage Revenue Bonds 2006 A**	**Home Mortgage Revenue Bonds 2006 B**	**Home Mortgage Revenue Bonds 2006 C**
OPERATING REVENUES				
Mortgage and loans revenue	2,475	938	629	674
Investment interest	16	4	3	4
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	16	4	3	4
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	2,491	942	632	678
OPERATING EXPENSES				
Interest	1,573	835	583	704
Mortgage and loan costs	168	64	42	44
Financing expenses	197	7	10	5
Provision for loan loss	530	(270)	43	(184)
Operations and administration	318	124	89	91
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	2,786	760	767	660
Operating Income (Loss)	(295)	182	(135)	18
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	2,176	339	61	212
Change in Net Assets	1,881	521	(74)	230
Net assets at beginning of year	41,701	2,837	2,674	2,108
Net Assets at End of Period	43,582	3,358	2,600	2,338

Schedule 13

Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A	Home Mortgage Revenue Bonds 2008 B	Combined Total
967	993	935	1,185	842	1,003	10,641
7	7	4	6	5	3	59
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7	7	4	6	5	3	59
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
974	1,000	939	1,191	847	1,006	10,700
699	695	866	831	808	928	8,522
73	73	65	90	54	65	738
37	36	7	59	6	7	371
(13)	(50)	381	193	(142)	29	517
129	131	129	156	108	134	1,409
-	-	-	-	-	-	-
-	-	-	-	-	-	-
925	885	1,448	1,329	834	1,163	11,557
49	115	(509)	(138)	13	(157)	(857)
-	-	-	-	-	-	-
71	645	377	474	353	17	4,725
120	760	(132)	336	366	(140)	3,868
9,773	9,707	3,537	10,269	3,079	4,080	89,765
9,893	10,467	3,405	10,605	3,445	3,940	93,633

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYER BONDS (continued)

For the Three Months Ended September 30, 2010

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2009 A	**Home Mortgage Revenue Bonds 2009 B**	**Home Mortgage Revenue Bonds 2009 C**	**Home Mortgage Revenue Bonds 2009 D**
OPERATING REVENUES				
Mortgage and loans revenue	1,240	1,251	1,152	1,419
Investment interest	8	8	3	7
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	8	8	3	7
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	1,248	1,259	1,155	1,426
OPERATING EXPENSES				
Interest	669	667	909	874
Mortgage and loan costs	90	90	87	91
Financing expenses	24	24	8	317
Provision for loan loss	(399)	(153)	215	(316)
Operations and administration	189	188	147	185
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	573	816	1,366	1,151
Operating Income (Loss)	675	443	(211)	275
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	678	643	212	896
Change in Net Assets	1,353	1,086	1	1,171
Net assets at beginning of year	35,972	36,280	3,775	34,437
Net Assets at End of Period	37,325	37,366	3,776	35,608

Schedule 14

Combined Total
5,062
26
-
-
26
-
-
-
5,088
3,119
358
373
(653)
709
-
-
3,906
1,182
-
2,429
3,611
110,464
114,075

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Three Months Ended September 30, 2010

(in thousands of dollars)

	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series
OPERATING REVENUES				
Mortgage and loans revenue	468	225	238	160
Investment interest	174	126	1	1
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	174	126	1	1
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	642	351	239	161
OPERATING EXPENSES				
Interest	426	226	166	112
Mortgage and loan costs	31	15	15	11
Financing expenses	7	3	10	-
Provision for loan loss	6	(11)	38	(21)
Operations and administration	50	25	28	23
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	520	258	257	125
Operating Income (Loss)	122	93	(18)	36
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	53	27	33	32
Change in Net Assets	175	120	15	68
Net assets at beginning of year	12,749	7,208	5,558	4,465
Net Assets at End of Period	12,924	7,328	5,573	4,533

Schedule 15

Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
3,263	734	5,088
16	12	330
-	-	-
-	-	-
16	12	330
-	-	-
-	-	-
-	-	-
3,279	746	5,418
2,110	664	3,704
221	48	341
12	6	38
(936)	1,117	193
414	118	658
-	-	-
-	-	-
1,821	1,953	4,934
1,458	(1,207)	484
-	-	-
693	2,350	3,188
2,151	1,143	3,672
62,106	12,208	104,294
64,257	13,351	107,966

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

OTHER HOUSING BONDS

For the Three Months Ended September 30, 2010

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
OPERATING REVENUES				
Mortgage and loans revenue	339	4,463	1,332	131
Investment interest	1	5	45	2
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	1	5	45	2
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	340	4,468	1,377	133
OPERATING EXPENSES				
Interest	-	3,091	1,780	16
Mortgage and loan costs	24	184	84	4
Financing expenses	-	28	13	15
Provision for loan loss	(52)	(537)	(451)	-
Operations and administration	40	464	239	33
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	12	3,230	1,665	68
Operating Income (Loss)	328	1,238	(288)	65
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	203	(7,813)	250	1
Change in Net Assets	531	(6,575)	(38)	66
Net assets at beginning of year	25,268	36,616	64,219	6,416
Net Assets at End of Period	25,799	30,041	64,181	6,482

Schedule 16

Governmental Purpose Bonds 2001 A-D	Combined Total
3,020	9,285
982	1,035
-	-
-	-
982	1,035
-	-
-	-
-	-
4,002	10,320
1,341	6,228
209	505
74	130
(29)	(1,069)
368	1,144
-	-
-	-
1,963	6,938
2,039	3,382
-	-
544	(6,815)
2,583	(3,433)
167,288	299,807
169,871	296,374

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

NON-HOUSING BONDS

For the Three Months Ended September 30, 2010

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	General Housing Purpose Bonds 2005 A
OPERATING REVENUES				
Mortgage and loans revenue	769	1,337	696	2,078
Investment interest	46	5	2	45
Net change in the fair value of investments	17	-	-	46
Net change of hedge termination	(547)	-	-	-
Total Investment Revenue	(484)	5	2	91
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	285	1,342	698	2,169
OPERATING EXPENSES				
Interest	775	1,050	997	1,712
Mortgage and loan costs	66	108	61	142
Financing expenses	80	15	10	16
Provision for loan loss	17	36	(121)	405
Operations and administration	99	172	89	257
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	1,037	1,381	1,036	2,532
Operating Income (Loss)	(752)	(39)	(338)	(363)
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	(126)	-	(575)
Transfers - Internal	1,365	(58)	111	178
Change in Net Assets	613	(223)	(227)	(760)
Net assets at beginning of year	(712)	6,575	4,108	14,610
Net Assets at End of Period	(99)	6,352	3,881	13,850

Schedule 17

General Housing Purpose Bonds 2005 B & C	Combined Total
1,231	6,111
517	615
-	63
-	(547)
517	131
-	-
-	-
-	-
1,748	6,242
1,892	6,426
95	472
17	138
(62)	275
181	798
-	-
-	-
2,123	8,109
(375)	(1,867)
-	(701)
204	1,800
(171)	(768)
(4,227)	20,354
(4,398)	19,586

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

OTHER PROGRAM FUNDS

For the Three Months Ended September 30, 2010

(in thousands of dollars)

	Energy Programs	**Low Rent Program**	**Section 8 Program**	**Section 8 Vouchers Program**
OPERATING REVENUES				
Mortgage and loans revenue	-	-	-	-
Investment interest	2	1	1	3
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	2	1	1	3
Externally funded program	26,605	3,982	565	8,800
Rental	-	1,388	542	-
Other	-	8	-	4
Total Operating Revenues	26,607	5,379	1,108	8,807
OPERATING EXPENSES				
Interest	-	2	-	-
Mortgage and loan costs	-	-	-	-
Financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	836	3,448	660	1,009
Rental housing operating expenses	136	2,002	468	26
Housing grants and subsidies	25,708	-	-	7,779
Total Operating Expenses	26,680	5,452	1,128	8,814
Operating Income (Loss)	(73)	(73)	(20)	(7)
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	318	690	23	(21)
Change in Net Assets	245	617	3	(28)
Net assets at beginning of year	1,798	95,247	28,171	1,163
Net Assets at End of Period	2,043	95,864	28,174	1,135

Schedule 18

Other Programs	Combined Total
-	-
-	7
-	-
-	-
-	7
9,938	49,890
-	1,930
87	99
10,025	51,926
-	2
-	-
-	-
-	-
453	6,406
-	2,632
15,204	48,691
15,657	57,731
(5,632)	(5,805)
-	-
3,894	4,904
(1,738)	(901)
(5,254)	121,125
(6,992)	120,224

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
COMBINED - ALL FUNDS
For the Three Months Ended September 30, 2010
(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds and Notes	Combined Other Housing Bonds
Cash flows from operating activities:				
Interest income on mortgages and loans	460	17,802	4,970	8,965
Principal payments received on mortgages and loans	7,332	76,806	29,756	34,501
Purchases of mortgages and loans	(154,334)	-	-	-
Receipt (payment) for loan transfers between funds	173,345	(97,705)	(46,093)	(18,229)
Payments to employees and other payroll disbursements	(5,075)	-	-	-
Payments for goods and services	(2,753)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	276,842	83,975	33,018	41,203
Interfund Payments	(262,400)	(94,624)	(34,734)	(42,722)
Grant payments to other agencies	(4,316)	-	-	-
Other operating cash receipts	7,963	-	-	44
Other operating cash payments	(3,394)	-	-	-
Net cash provided by (used for) operating activities	33,670	(13,746)	(13,083)	23,762
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	78,581	-	-
Principal paid on bonds	-	(295)	(800)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(663)	-	-	-
Interest paid	(173)	(68)	(7)	(8)
Proceeds from issuance of short term debt	178,005	-	-	-
Payment of short term debt	(177,956)	-	-	-
Contributions to the State of Alaska or other State agencies	(31,102)	-	-	-
Transfers (to) from other funds	40,803	(40,629)	-	(1,540)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	8,914	37,589	(807)	(1,548)
Cash flows from capital financing activities:				
Acquisition of capital assets	(272)	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	(19)	-	-	-
Net cash provided by (used for) capital financing activities	(291)	-	-	-
Cash flows from investing activities:				
Purchase of investments	(1,193,549)	(169,252)	(35,344)	(88,494)
Proceeds from maturity of investments	1,151,935	145,319	49,195	66,284
Interest received from investments	176	90	39	62
Net cash provided by (used for) investing activities	(41,438)	(23,843)	13,890	(22,148)
Net Increase (decrease) in cash	855	-	-	66
Cash at the beginning of year	38,175	-	-	-
Cash at the end of period	39,030	-	-	66
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	9,656	(2,260)	484	3,382
Adjustments:				
Depreciation expense	56	-	-	-
Provision for loan losses	(1,885)	1,929	193	(1,069)
Amortization of bond issuance costs	-	199	28	47
Net change in the fair value of investments	(4,039)	-	-	-
Transfers between funds for operating activity	(13,557)	5,830	928	1,224
Interest received from investments	(176)	(90)	(39)	(62)
Interest paid	173	68	7	8
Changes in assets and liabilities:		-		
Net increase (decrease) in mortgages and loans	26,343	(20,899)	(16,337)	16,272
Net increase (decrease) in assets and liabilities	17,099	1,477	1,653	3,960
Net cash provided by (used for) operating activities	33,670	(13,746)	(13,083)	23,762

Schedule 19

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
5,774	-	37,971
25,032	-	173,427
-	-	(154,334)
(11,318)	-	-
-	(3,452)	(8,527)
-	(2,917)	(5,670)
-	47,229	47,229
-	9,892	9,892
-	(9,913)	(9,913)
30,370	49,518	514,926
(30,811)	(49,635)	(514,926)
-	(41,427)	(45,743)
46	1,997	10,050
(61)	-	(3,455)
19,032	1,292	50,927
-	-	78,581
(415)	-	(1,510)
-	-	-
-	-	(663)
(379)	-	(635)
-	-	178,005
-	-	(177,956)
(701)	-	(31,803)
1,368	(2)	-
-	-	-
(127)	(2)	44,019
-	(1,736)	(2,008)
-	8	8
-	-	-
(3,731)	-	(3,731)
-	-	-
(1,332)	-	(1,332)
1,734	-	1,734
-	-	(19)
(3,329)	(1,728)	(5,348)
(39,258)	-	(1,525,897)
23,560	-	1,436,293
106	8	481
(15,592)	8	(89,123)
(16)	(430)	475
2,969	18,074	59,218
2,953	17,644	59,693
(1,867)	(5,805)	3,590
-	1,622	1,678
275	-	(557)
79	-	353
(63)	-	(4,102)
932	4,643	-
(106)	(8)	(481)
1,711	-	1,967
13,714	-	19,093
4,357	840	29,386
19,032	1,292	50,927

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ALASKA HOUSING FINANCE CORPORATION ***Schedule 20***

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

REVOLVING FUNDS

For the Three Months Ended September 30, 2010

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
Cash flows from operating activities:			
Interest income on mortgages and loans	460	-	460
Principal payments received on mortgages and loans	7,332	-	7,332
Purchases of mortgages and loans	(154,334)	-	(154,334)
Receipt (payment) for loan transfers between funds	173,345	-	173,345
Payments to employees and other payroll disbursements	(5,075)	-	(5,075)
Payments for goods and services	(2,753)	-	(2,753)
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund Receipts	276,842	-	276,842
Interfund Payments	(262,400)	-	(262,400)
Grant payments to other agencies	(4,316)	-	(4,316)
Other operating cash receipts	7,961	2	7,963
Other operating cash payments	(3,394)	-	(3,394)
Net cash provided by (used for) operating activities	33,668	2	33,670
Cash flows from noncapital financing activities:			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	-	-	-
Payment to defease bonds	-	-	-
Payment of bond issuance costs	(663)	-	(663)
Interest paid	(173)	-	(173)
Proceeds from issuance of short term debt	178,005	-	178,005
Payment of short term debt	(177,956)	-	(177,956)
Contributions to the State of Alaska or other State agencies	(31,102)	-	(31,102)
Transfers (to) from other funds	40,803	-	40,803
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	8,914	-	8,914
Cash flows from capital financing activities:			
Acquisition of capital assets	(272)	-	(272)
Proceeds from the disposal of capital assets	-	-	-
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from the direct financing lease payments	-	-	-
Other cash payments	(19)	-	(19)
Net cash provided by (used for) capital financing activities	(291)	-	(291)
Cash flows from investing activities:			
Purchase of investments	(1,193,542)	(7)	(1,193,549)
Proceeds from maturity of investments	1,151,935	-	1,151,935
Interest received from investments	169	7	176
Net cash provided by (used for) investing activities	(41,438)	-	(41,438)
Net Increase (decrease) in cash	853	2	855
Cash at the beginning of year	37,812	363	38,175
Cash at the end of period	38,665	365	39,030
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	9,647	9	9,656
Adjustments:			
Depreciation expense	56	-	56
Provision for loan losses	(1,885)	-	(1,885)
Amortization of bond issuance costs	-	-	-
Net change in the fair value of investments	(4,039)	-	(4,039)
Transfers between funds for operating activity	(13,557)	-	(13,557)
Interest received from investments	(169)	(7)	(176)
Interest paid	173	-	173
Changes in assets and liabilities:			
Net increase (decrease) in mortgages and loans	26,343	-	26,343
Net increase (decrease) in assets and liabilities	17,099	-	17,099
Net cash provided by (used for) operating activities	33,668	2	33,670

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
FIRST TIME HOMEBUYER BONDS
For the Three Months Ended September 30, 2010
(in thousands of dollars)

	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D	Mortgage Revenue Bonds 2001 A,B
Cash flows from operating activities:				
Interest income on mortgages and loans	338	977	630	719
Principal payments received on mortgages and loans	1,074	2,897	2,512	2,744
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	182	154	119	90
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	1,358	4,549	2,923	2,964
Interfund Payments	(1,412)	(3,875)	(3,143)	(3,463)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	1,540	4,702	3,041	3,054
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	(151)	(949)	(408)	(300)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(151)	(949)	(408)	(300)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(1,925)	(4,999)	(3,379)	(4,289)
Proceeds from maturity of investments	536	1,244	744	1,533
Interest received from investments	-	2	2	2
Net cash provided by (used for) investing activities	(1,389)	(3,753)	(2,633)	(2,754)
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(47)	(205)	(32)	88
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	181	314	(106)	(89)
Amortization of bond issuance costs	3	9	6	5
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	35	119	78	97
Interest received from investments	-	(2)	(2)	(2)
Interest paid	-	-	-	-
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	1,256	3,051	2,631	2,834
Net increase (decrease) in assets and liabilities	112	1,416	466	121
Net cash provided by (used for) operating activities	1,540	4,702	3,041	3,054

Schedule 21

Mortgage Revenue Bonds 2009 A	Mortgage Revenue Bonds 2009 A-1 2010 A, B	Combined Total
-	281	2,945
-	828	10,055
-	-	-
-	(36,390)	(35,845)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	11,794
-	(1,109)	(13,002)
-	-	-
-	-	-
-	-	-
-	(36,390)	(24,053)
-	78,581	78,581
-	-	-
-	-	-
-	-	-
(68)	-	(68)
-	-	-
-	-	-
-	-	-
(64,350)	28,670	(37,488)
-	-	-
(64,418)	107,251	41,025
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(2)	(70,861)	(85,455)
64,418	-	68,475
2	-	8
64,418	(70,861)	(16,972)
-	-	-
-	-	-
-	-	-
(463)	(1,926)	(2,585)
-	-	-
-	1,765	2,065
117	-	140
-	-	-
239	2,223	2,791
(2)	-	(8)
68	-	68
-	(35,562)	(25,790)
41	(2,890)	(734)
-	(36,390)	(24,053)

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
FIRST TIME HOMEBUYER BONDS (continued)
For the Three Months Ended September 30, 2010
(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A,B	Home Mortgage Revenue Bonds 2006 A	Home Mortgage Revenue Bonds 2006 B	Home Mortgage Revenue Bonds 2006 C
Cash flows from operating activities:				
Interest income on mortgages and loans	2,378	873	593	625
Principal payments received on mortgages and loans	8,551	2,404	3,271	2,660
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(18,441)	853	114	544
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	9,383	3,404	3,459	3,241
Interfund Payments	(10,931)	(3,277)	(3,864)	(3,286)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	(9,060)	4,257	3,573	3,784
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	(295)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	(295)	-	(195)	(141)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(295)	-	(490)	(141)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(9,945)	(4,260)	(3,575)	(3,787)
Proceeds from maturity of investments	19,282	-	490	141
Interest received from investments	18	3	2	3
Net cash provided by (used for) investing activities	9,355	(4,257)	(3,083)	(3,643)
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(295)	182	(135)	18
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	530	(270)	43	(184)
Amortization of bond issuance costs	8	6	9	4
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	608	103	91	86
Interest received from investments	(18)	(3)	(2)	(3)
Interest paid	-	-	-	-
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	(9,890)	3,257	3,385	3,204
Net increase (decrease) in assets and liabilities	(3)	982	182	659
Net cash provided by (used for) operating activities	(9,060)	4,257	3,573	3,784

Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A	Home Mortgage Revenue Bonds 2008 B	Combined Total
931	967	859	1,122	814	927	10,089
5,853	4,069	3,396	5,307	5,037	2,996	43,544
-	-	-	-	-	-	-
(5,386)	(7,005)	311	(6,027)	721	284	(34,032)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,507	4,673	4,681	4,890	5,454	2,632	47,324
(6,785)	(5,037)	(4,256)	(6,430)	(5,852)	(3,924)	(53,642)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
120	(2,333)	4,991	(1,138)	6,174	2,915	13,283
-	-	-	-	-	-	-
-	-	-	-	-	-	(295)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(434)	-	(64)	(425)	(270)	(154)	(1,978)
-	-	-	-	-	-	-
(434)	-	(64)	(425)	(270)	(154)	(2,273)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(5,543)	(4,806)	(4,994)	(4,904)	(6,177)	(2,917)	(50,908)
5,850	7,131	64	6,460	270	154	39,842
7	8	3	7	3	2	56
314	2,333	(4,927)	1,563	(5,904)	(2,761)	(11,010)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
49	115	(509)	(138)	13	(157)	(857)
-	-	-	-	-	-	-
(13)	(50)	381	193	(142)	29	517
2	1	6	1	4	6	47
-	-	-	-	-	-	-
203	217	131	256	101	122	1,918
(7)	(8)	(3)	(7)	(3)	(2)	(56)
-	-	-	-	-	-	-
467	(2,936)	3,707	(720)	5,758	3,280	9,512
(581)	328	1,278	(723)	443	(363)	2,202
120	(2,333)	4,991	(1,138)	6,174	2,915	13,283

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
FIRST TIME HOMEBUYER BONDS (continued)
For the Three Months Ended September 30, 2010
(in thousands of dollars)

	Home Mortgage Revenue Bonds 2009 A	Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 C	Home Mortgage Revenue Bonds 2009 D
Cash flows from operating activities:				
Interest income on mortgages and loans	1,166	1,183	1,069	1,350
Principal payments received on mortgages and loans	5,808	7,761	1,138	8,500
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(10,568)	(9,104)	(2,099)	(6,057)
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	8,321	6,912	2,519	7,105
Interfund Payments	(6,975)	(8,946)	(2,208)	(9,851)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	(2,248)	(2,194)	419	1,047
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	(224)	(596)	-	(343)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(224)	(596)	-	(343)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(10,415)	(9,490)	(5,502)	(7,482)
Proceeds from maturity of investments	12,879	12,272	5,080	6,771
Interest received from investments	8	8	3	7
Net cash provided by (used for) investing activities	2,472	2,790	(419)	(704)
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	675	443	(211)	275
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	(399)	(153)	215	(316)
Amortization of bond issuance costs	2	2	6	2
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	235	224	168	494
Interest received from investments	(8)	(8)	(3)	(7)
Interest paid	-	-	-	-
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	(4,760)	(1,343)	(961)	2,443
Net increase (decrease) in assets and liabilities	2,007	(1,359)	1,205	(1,844)
Net cash provided by (used for) operating activities	(2,248)	(2,194)	419	1,047

Schedule 23

Combined Total
4,768
23,207
-
(27,828)
-
-
-
-
-
24,857
(27,980)
-
-
-
(2,976)
-
-
-
-
-
-
-
-
(1,163)
-
(1,163)
-
-
-
-
-
-
-
-
-
(32,889)
37,002
26
4,139
-
-
-
1,182
-
(653)
12
-
1,121
(26)
-
(4,621)
9
(2,976)

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
VETERANS MORTGAGE PROGRAM BONDS AND NOTES - STATE GUARANTEED
For the Three Months Ended September 30, 2010
(in thousands of dollars)

	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series
Cash flows from operating activities:				
Interest income on mortgages and loans	449	218	226	157
Principal payments received on mortgages and loans	2,505	1,231	1,388	1,297
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(63)	(149)	(448)	(684)
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	2,692	1,419	1,486	1,138
Interfund Payments	(2,956)	(1,449)	(1,615)	(1,454)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	2,627	1,270	1,037	454
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	(800)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	(7)	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	(807)	-
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(2,870)	(1,529)	(1,924)	(1,141)
Proceeds from maturity of investments	242	259	1,693	686
Interest received from investments	1	-	1	1
Net cash provided by (used for) investing activities	(2,627)	(1,270)	(230)	(454)
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	122	93	(18)	36
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	6	(11)	38	(21)
Amortization of bond issuance costs	5	2	9	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	52	27	33	29
Interest received from investments	(1)	-	(1)	(1)
Interest paid	-	-	7	-
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	2,442	1,082	940	613
Net increase (decrease) in assets and liabilities	1	77	29	(202)
Net cash provided by (used for) operating activities	2,627	1,270	1,037	454

Schedule 24

Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
3,157	763	4,970
18,890	4,445	29,756
-	-	-
(20,087)	(24,662)	(46,093)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
21,545	4,738	33,018
(22,051)	(5,209)	(34,734)
-	-	-
-	-	-
-	-	-
1,454	(19,925)	(13,083)
-	-	-
-	-	(800)
-	-	-
-	-	-
-	-	(7)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	(807)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(22,841)	(5,039)	(35,344)
21,367	24,948	49,195
20	16	39
(1,454)	19,925	13,890
-	-	-
-	-	-
-	-	-
1,458	(1,207)	484
-	-	-
(936)	1,117	193
7	5	28
-	-	-
510	277	928
(20)	(16)	(39)
-	-	7
(1,197)	(20,217)	(16,337)
1,632	116	1,653
1,454	(19,925)	(13,083)

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
OTHER HOUSING BONDS
For the Three Months Ended September 30, 2010
(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
Cash flows from operating activities:				
Interest income on mortgages and loans	328	4,291	1,266	169
Principal payments received on mortgages and loans	2,371	9,700	8,883	581
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	163	(6,334)	19	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	2,008	15,816	8,693	-
Interfund Payments	(2,700)	(13,993)	(10,150)	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	2,170	9,480	8,711	750
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	(8)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	(1,540)	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	(1,540)	-	(8)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(2,171)	(62,093)	(8,738)	(752)
Proceeds from maturity of investments	-	54,148	50	9
Interest received from investments	1	5	43	1
Net cash provided by (used for) investing activities	(2,170)	(7,940)	(8,645)	(742)
Net Increase (decrease) in cash	-	-	66	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	66	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	328	1,238	(288)	65
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	(52)	(537)	(451)	-
Amortization of bond issuance costs	-	21	9	2
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	40	403	236	1
Interest received from investments	(1)	(5)	(43)	(1)
Interest paid	-	-	-	8
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	2,534	3,366	8,902	581
Net increase (decrease) in assets and liabilities	(679)	4,994	346	94
Net cash provided by (used for) operating activities	2,170	9,480	8,711	750

Schedule 25

Governmental Purpose Bonds 2001 A-D	Combined Total
2,911	8,965
12,966	34,501
-	-
(12,077)	(18,229)
-	-
-	-
-	-
-	-
-	-
14,686	41,203
(15,879)	(42,722)
-	-
44	44
-	-
2,651	23,762
-	-
-	-
-	-
-	-
-	(8)
-	-
-	-
-	-
-	(1,540)
-	-
-	(1,548)
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
(14,740)	(88,494)
12,077	66,284
12	62
(2,651)	(22,148)
-	66
-	-
-	66
2,039	3,382
-	-
(29)	(1,069)
15	47
-	-
544	1,224
(12)	(62)
-	8
889	16,272
(795)	3,960
2,651	23,762

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
NON-HOUSING BONDS
For the Three Months Ended September 30, 2010
(in thousands of dollars)

	State Capital Project Bonds 2002 A,B,C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	General Housing Purpose Bonds 2005 A
Cash flows from operating activities:				
Interest income on mortgages and loans	710	1,266	646	1,980
Principal payments received on mortgages and loans	3,571	5,488	2,823	5,277
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	(4,557)	-	(4,789)
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	4,205	6,072	3,671	8,593
Interfund Payments	(4,281)	(6,755)	(3,470)	(7,258)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	27	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	4,205	1,514	3,697	3,803
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(415)	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(379)	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	(126)	-	(575)
Transfers (to) from other funds	1,368	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	574	(126)	-	(575)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	(3,731)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(1,332)	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(5,063)	-	-	-
Cash flows from investing activities:				
Purchase of investments	(5,987)	(6,076)	(3,672)	(13,954)
Proceeds from maturity of investments	6,221	4,683	-	10,684
Interest received from investments	50	5	2	42
Net cash provided by (used for) investing activities	284	(1,388)	(3,670)	(3,228)
Net Increase (decrease) in cash	-	-	27	-
Cash at the beginning of year	-	-	250	-
Cash at the end of period	-	-	277	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(752)	(39)	(338)	(363)
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	17	36	(121)	405
Amortization of bond issuance costs	44	5	8	8
Net change in the fair value of investments	(17)	-	-	(46)
Transfers between funds for operating activity	120	202	92	314
Interest received from investments	(50)	(5)	(2)	(42)
Interest paid	1,711	-	-	-
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	3,571	931	2,823	488
Net increase (decrease) in assets and liabilities	(439)	384	1,235	3,039
Net cash provided by (used for) operating activities	4,205	1,514	3,697	3,803

Schedule 26

General Housing Purpose Bonds 2005 B & C	Combined Total
1,172	5,774
7,873	25,032
-	-
(1,972)	(11,318)
-	-
-	-
-	-
-	-
-	-
7,829	30,370
(9,047)	(30,811)
-	-
19	46
(61)	(61)
5,813	19,032
-	-
-	(415)
-	-
-	-
-	(379)
-	-
-	-
-	(701)
-	1,368
-	-
-	(127)
-	-
-	-
-	-
-	(3,731)
-	-
-	(1,332)
1,734	1,734
-	-
1,734	(3,329)
(9,569)	(39,258)
1,972	23,560
7	106
(7,590)	(15,592)
(43)	(16)
2,719	2,969
2,676	2,953
(375)	(1,867)
-	-
(62)	275
14	79
-	(63)
204	932
(7)	(106)
-	1,711
5,901	13,714
138	4,357
5,813	19,032

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
OTHER PROGRAM FUNDS
For the Three Months Ended September 30, 2010
(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
Cash flows from operating activities:				
Interest income on mortgages and loans	-	-	-	-
Principal payments received on mortgages and loans	-	-	-	-
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Payments to employees and other payroll disbursements	(262)	(1,776)	(372)	(715)
Payments for goods and services	(756)	(1,713)	(277)	(79)
Cash received for externally funded programs	30,961	4,467	565	1,070
Cash received for Federal HAP subsidies	-	-	-	7,850
Payments for Federal HAP subsidies	-	-	-	(7,871)
Interfund Receipts	30,429	4,479	1,062	793
Interfund Payments	(31,353)	(6,031)	(674)	(1,367)
Grant payments to other agencies	(29,091)	-	-	-
Other operating cash receipts	2	1,420	526	4
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	(70)	846	830	(315)
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	(1)	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(1)	-	-	-
Cash flows from capital financing activities:				
Acquisition of capital assets	(320)	(999)	(417)	-
Proceeds from the disposal of capital assets	-	8	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(320)	(991)	(417)	-
Cash flows from investing activities:				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	2	1	1	4
Net cash provided by (used for) investing activities	2	1	1	4
Net Increase (decrease) in cash	(389)	(144)	414	(311)
Cash at the beginning of year	1,945	9,050	5,008	2,068
Cash at the end of period	1,556	8,906	5,422	1,757
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(73)	(73)	(20)	(7)
Adjustments:				
Depreciation expense	1	1,332	286	3
Provision for loan losses	-	-	-	-
Amortization of bond issuance costs	-	-	-	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	318	448	4	(21)
Interest received from investments	(2)	(1)	(1)	(4)
Interest paid	-	-	-	-
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	-	-	-	-
Net increase (decrease) in assets and liabilities	(314)	(860)	561	(286)
Net cash provided by (used for) operating activities	(70)	846	830	(315)

Schedule 27

Other Programs	Combined Total
-	-
-	-
-	-
-	-
(327)	(3,452)
(92)	(2,917)
10,166	47,229
2,042	9,892
(2,042)	(9,913)
12,755	49,518
(10,210)	(49,635)
(12,336)	(41,427)
45	1,997
-	-
1	1,292
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
(1)	(2)
-	-
(1)	(2)
-	(1,736)
-	8
-	-
-	-
-	-
-	-
-	-
-	-
-	(1,728)
-	-
-	-
-	8
-	8
-	(430)
3	18,074
3	17,644
(5,632)	(5,805)
-	1,622
-	-
-	-
-	-
3,894	4,643
-	(8)
-	-
-	-
1,739	840
1	1,292

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Alaska Housing

FINANCE CORPORATION

a component unit of the State of Alaska

Financial Statements

And Independent Auditor's Report

June 30, 2010

With Summarized Financial Information for June 30, 2009

Table of Contents

FINANCIAL STATEMENTS

This is a publication of Alaska Housing Finance Corporation. For comments or questions:
Website: http://www.ahfc.state.ak.us/financials/financials.cfm or
E-Mail: dboyce@ahfc.state.ak.us

Mikunda,
Cottrell & Co.
Certified Public Accountants & Consultants

RSM McGladrey Network
An Independently Owned Member

Offices in Anchorage & Kenai

Independent Auditor's Report

The Board of Directors
Alaska Housing Finance Corporation:

We have audited the accompanying statements of net assets, revenues, expenses, and changes in net assets and cash flows of each major fund and the aggregate remaining fund information of Alaska Housing Finance Corporation (the Corporation) as of and for the year ended June 30, 2010, which collectively comprise the Corporation's basic financial statements. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's 2009 financial statements and in our report dated October 8, 2009, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Alaska Housing Finance Corporation as of June 30, 2010, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 20, 2010, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

3601 "C" Street, Suite 600 * Anchorage, Alaska 99503 * (907) 278-8878 * Fax (907) 278-5779 * www.mcc-cpa.com

The Board of Directors
Alaska Housing Finance Corporation:

The Management's Discussion and Analysis on pages 3-8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole

Mikunda, Cottrell & Co.

Anchorage, Alaska
September 20, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of the Alaska Housing Finance Corporation's ("the Corporation") consists of three sections: management's discussion and analysis, the basic financial statements and supplementary schedules. The Corporation's operations are business type activities and follow enterprise fund accounting. The Corporation is a component unit of the State of Alaska ("the State") and is discretely presented in the State's financial statements. The Corporation's basic financial statements include: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; the Statement of Cash Flows and the Notes to Financial Statements. These statements are presented for all of the Corporation's operations and programs, with a dual focus on the Corporation as a whole (entity-wide) and on its major funds. Summarized financial information for FY 2009 is also presented and is intended to facilitate and enhance understanding of the Corporation's financial position, results of operations and cash flows for the current fiscal year in comparison to the prior fiscal year.

Management's Discussion and Analysis
This section of the Corporation's annual financial report presents management's discussion and analysis of the financial position and results of operations at and for the fiscal year ended June 30, 2010. This information is being presented to assist the reader in identifying significant financial issues and to provide additional information regarding the activities of the Corporation. This information should be read in conjunction with the Independent Auditors' Report, the audited financial statements and accompanying notes.

Basic Financial Statements
The *Statement of Net Assets (Exhibit A)* answers the question, "How is our financial health at the end of the year?" This statement includes all assets and liabilities of the Corporation, both financial and capital, short-term and long-term, using the accrual basis of accounting and economic resources measurement focus, which is similar to the accounting used by most private-sector companies. The resulting net assets presented in this statement are displayed as restricted or unrestricted. Assets are restricted when their use is subject to external limits such as bond resolutions, legal agreements or statutes. Assets not included in this category are characterized as unrestricted. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Assets (Exhibit B)* measures the activities of the Corporation's operations over the past year and presents the operating income (loss) and change in net assets. It can be used to determine whether the Corporation has successfully recovered all of its costs through mortgage and loan interest, investment interest, externally funded programs and other revenue sources. This statement helps answer the question, "Is the Corporation as a whole better off or worse off as a result of the year's activities?"

The primary purpose of the *Statement of Cash Flows (Exhibit C)* is to provide information about the sources and uses of the Corporation's cash and the components of the change in cash balance during the reporting period. This statement reports cash receipts, cash payments, and net changes resulting from operating, non-capital financing, capital financing and investing activities. It provides answers to such questions as "Where did cash come from?", "What was cash used for?" and "What was the change in cash balance during the reporting period?"

The *Notes to Financial Statements* provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements. The *Notes to Financial Statements* follow *Exhibit C*.

Major Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. For the fiscal year 2010, the Corporation reports the following major funds:

The *Administrative Fund* is the main operating fund of the Corporation. It represents all of the Corporation's activity not presented in other funds. The resources in this fund:

- provide for general working capital requirements of the Corporation
- fund program requirements
- are available to meet outstanding obligations and to fund continuing appropriations
- are available to absorb future loan foreclosure losses, and
- are the source of legislatively authorized transfers to and from the State and debt service payments for debt issued on behalf of the State for state capital projects

As of June 30, 2010, the Administrative Fund reported net assets of $820 million, a decrease of $108 million from June 30, 2009. The decrease in net assets can be primarily attributed to Operating income of $23 million offset by internal transfers from the Administrative fund of $98 million and by contributions to the State of Alaska of $33 million. Approximately $136 million, or 17%, of the Administrative Fund's net assets are restricted by contractual or statutory agreements and $684 million, or 83%, are unrestricted and may be used for operations and to meet the continuing obligations of the Corporation.

The Administrative Fund reported operating income of $23 million for FY 2010, a $15 million decrease from FY 2009 due primarily to a $19 million decrease in loan revenue, a $4 million decrease in investment income offset by a $5 million increase in the fair value of investments and a $3 million decrease in interest paid.

The *Energy Programs* account for resources and programs used to assist in improving the energy efficiency of Alaska homes. These programs include the Weatherization and Home Energy Rebate programs.

The Corporation's *Other Non-Major Funds* include individual funds for First Time Homebuyer Bonds, Veterans Mortgage Program Bonds, Other Housing Bonds, Non-Housing Bonds, Other Program Funds and Revolving Funds. Supplementary schedules present these funds.

FINANCIAL HIGHLIGHTS

- As a result of this year's operations, the Corporation's operating loss was $10 million, down 146% from FY 2009. Profitability, based on operating income, as measured by the adjusted return on average assets (excluding the change in the fair value of investments) decreased to a negative 1% at June 30, 2010, compared to a positive 1.2% at June 30, 2009. The net change in the fair value of investments has been removed from the ratio due to the volatility of the return.
- The Corporation's assets exceeded its liabilities, as of June 30, 2010, by $1.6 billion (net assets).
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2010, mortgage loans decreased by 7%, due to collection of loan payments exceeding new loan purchases.
- During the fiscal year ended June 30, 2010, the Corporation's total assets decreased by $63 million and total liabilities, without derivatives, decreased by $17 million.

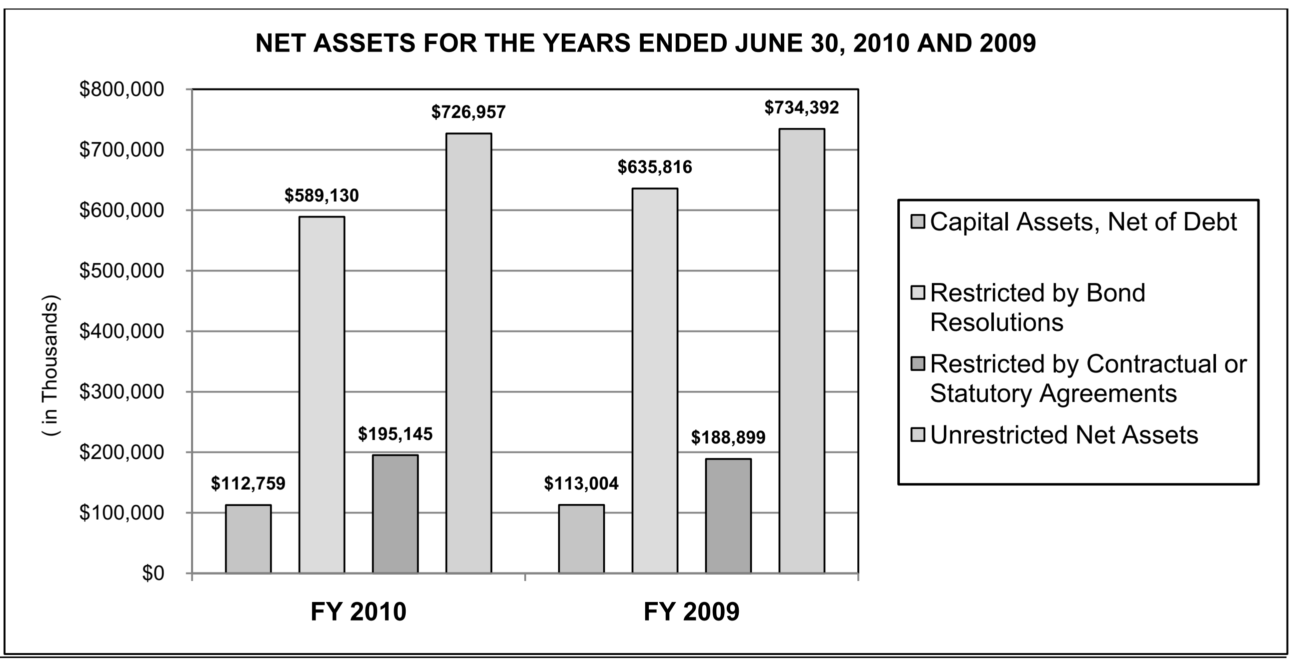
CONDENSED STATEMENT OF NET ASSETS

The following table presents condensed information about the financial position of the Corporation as of June 30, 2010 and 2009, and changes in the balances of selected items during the fiscal year ended June 30, 2010 (in thousands):

	2010	2009	Change Increase (Decrease)	
Investments	1,389,605	1,247,669	141,936	11.4 %
Mortgage loans, notes and other loans, net	2,971,253	3,195,444	(224,191)	(7.0) %
Capital assets, net	112,759	113,004	(245)	(0.2) %
Total assets	4,668,918	4,731,425	(62,507)	(1.3) %
Bonds and notes, net	2,832,647	2,869,153	(36,506)	(1.3) %
Short term debt	149,890	149,724	166	0.1 %
Total liabilities, without derivatives	3,042,559	3,059,314	(16,755)	(0.5) %
Total net assets, net	1,623,991	1,672,111	(48,120)	(2.9) %

The decrease in total assets during FY 2010 can be primarily attributed to increases in cash and in investments offset by a decrease in mortgage loans resulting from collection of loan payments exceeding new loan purchases. The decrease in total liabilities is primarily attributed to a decrease of bond debt offset by an increase in intergovernmental payable.

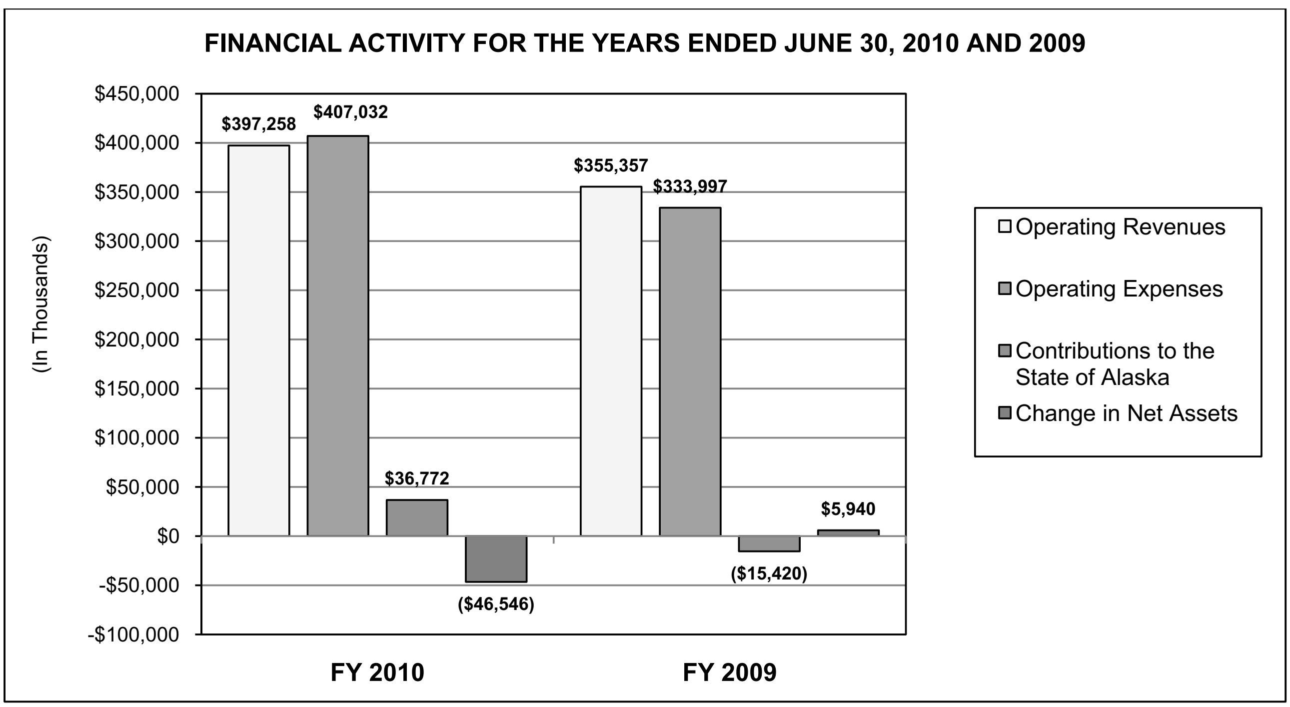
The chart below represents the classification of unrestricted and restricted net assets, and capital assets, net of debt, for FY 2010 and FY 2009.



CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The following table presents condensed information about the revenues, expenses and changes in net assets for the fiscal years ended June 30, 2010 and 2009, and the variances from the prior fiscal year (in thousands):

	2010	2009	Change Increase (Decrease)	
Mortgage and loan revenue	177,855	205,138	(27,283)	(13.3) %
Investment interest income	11,605	25,148	(13,543)	(53.9) %
Net change in the fair value of investments	6,317	570	5,747	1008.2 %
Externally funded programs	191,968	112,587	79,381	70.5 %
Total operating revenues	397,258	355,357	41,901	11.8 %
Interest expense	130,789	149,021	(18,232)	(12.2) %
Operations and administration	49,678	51,421	(1,743)	(3.4) %
Housing grants and subsidies	194,883	106,480	88,403	83.0 %
Total operating expenses	407,032	333,997	73,035	21.9 %
Operating income	(9,774)	21,360	(31,134)	(145.8) %
Contributions to the SOA or other State agencies	(36,772)	(15,420)	21,352	138.5 %
Change in net assets	(46,546)	5,940	(52,486)	(883.6) %



Total operating revenues increased by a net amount of $42 million, or 12%, during FY 2010 primarily due to an increase in externally funded programs offset by decreases in mortgage and loan revenue and in investment interest. Total operating expenses increased by $73 million, or 22% during FY 2010 primarily due to payments out in housing grants and subsidies offset by a decrease in interest expense. The net effect of changes in operating revenues and expenses was a $31 million or 146% decrease in operating income from FY 2009.

The Corporation continued its series of annual payments to the State of Alaska and State agencies. As a result of a modification to the Transfer Plan during the 2004 Legislative Session, transfers to the State for FY 2010 were $37 million and for FY 2009 were $15 million. In FY 2010 the Transfer Plan called for payment of the lesser of $103 million or 75% of the Corporation's adjusted net income. Subsequent to GASB 34, the Corporation interprets net income as operating income.

DEBT ADMINISTRATION

As of June 30, 2010, the Corporation had $2.8 billion of bonds and notes payable secured by assets held and the general obligation pledge of the Corporation. The Corporation's debt is rated by three major rating agencies. The ratings assigned to the Corporation by each of those agencies are:

Rating Category	Fitch Ratings	Moody's Investors Service	Standard & Poor's
General Obligation:			
Long Term	AA+	Aa2	AA
Short Term	F1+	P-1	A-1+

Significant debt activity during the year included the following:

- Issued $355 million in Tax-Exempt Home Mortgage Revenue Bonds;
- Redeemed bonds through surplus redemption provisions of their respective indentures in the amount of $207 million;
- Current refunding of $80 million of General Mortgage Revenue Bonds 1999 Series;

Additional information on the Corporation's long-term debt can be found in the Notes to Financial Statements.

ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION

The primary business activity of the Corporation is providing a secondary market for the purchase of single-family and multi-family mortgage loans. The Corporation's mortgage financing activities are sensitive to changes in interest rates, the spread between the rate on the Corporation's loans and those available in the conventional mortgage markets, and the availability of affordable housing in the State. The availability of long-term tax-exempt financing on favorable terms is a key element in providing the funding necessary for the Corporation to continue its mortgage financing activities.

The Corporation's main sources of revenues include mortgage loan activity, investment interest income and externally funded grants and subsidies. Market interest rates have an effect on both the mortgage program and investment income revenues. If interest rates rise, mortgage and investment income should increase as new loans are originated and new investments are purchased at the higher rates. If interest rates fall, mortgage and investment income will decrease as new loans are originated and new investments are purchased at the lower rates.

Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. The Corporation uses many of these prepayments to call the corresponding bond series, which lowers the interest expense incurred on the Corporation's overall bonds outstanding, or to recycle mortgages to obtain the maximum allowable spread.

Large federal deficits or changes in programs or funding levels could have a negative impact on externally funded program revenues.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives during the periods reported. If you have questions about this report or need additional financial information, please visit the Corporation's web site www.ahfc.state.ak.us.

ALASKA HOUSING FINANCE CORPORATION

Exhibit A

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

As of June 30, 2010

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2010
ASSETS AND DEFERRED OUTFLOWS				
Cash	37,812	1,945	19,461	59,218
Investments	724,743	-	664,862	1,389,605
Accrued interest receivable	1,474	-	13,173	14,647
Inter-fund due to/from	(27,988)	(13,960)	41,948	-
Mortgage loans, notes and other loans	258,392	-	2,712,861	2,971,253
Net investment in direct financing lease	-	-	61,222	61,222
Unamortized bond issuance costs	-	-	19,751	19,751
Capital assets - non-depreciable	139	89	16,239	16,467
Capital assets - depreciable, net	500	12	95,780	96,292
Other assets	9,264	4,965	11,545	25,774
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	13,623	1,066	14,689
Deferred outflow of resources	-	-	127,899	127,899
Total Assets and Deferred Outflows	1,004,336	6,674	3,785,807	4,796,817
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	-	-	2,832,647	2,832,647
Short term debt	149,890	-	-	149,890
Accrued interest payable	1,091	-	11,679	12,770
Other liabilities	8,041	4,876	5,799	18,716
Derivative instrument - interest rate swaps	-	-	130,267	130,267
Intergovernmental payable	25,257	-	3,279	28,536
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	184,279	4,876	2,983,671	3,172,826
NET ASSETS				
Invested in capital assets, net of related debt	639	101	112,019	112,759
Restricted by bond resolutions	-	-	589,130	589,130
Restricted by contractual or statutory agreements	136,125	2,027	56,993	195,145
Unrestricted net assets, (deficit)	683,293	(330)	43,994	726,957
Total Net Assets	820,057	1,798	802,136	1,623,991

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

Exhibit B

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2010
OPERATING REVENUES				
Mortgage and loans revenue	19,318	-	158,537	177,855
Investment interest	1,193	4	10,408	11,605
Net change in the fair value of investments	6,092	-	225	6,317
Net change of hedge termination	-	-	(794)	(794)
Total Investment Revenue	7,285	4	9,839	17,128
Externally funded programs	-	94,931	97,037	191,968
Rental	-	-	8,697	8,697
Other	1,235	1	374	1,610
Total Operating Revenues	27,838	94,936	274,484	397,258
OPERATING EXPENSES				
Interest	866	-	129,923	130,789
Mortgage and loan costs	2,523	-	10,186	12,709
Financing expenses	701	-	6,755	7,456
Provision for loan loss	(1,536)	-	2,051	515
Operations and administration	2,166	3,796	43,716	49,678
Rental housing operating expenses	58	4	10,940	11,002
Housing grants and subsidies	-	92,965	101,918	194,883
Total Operating Expenses	4,778	96,765	305,489	407,032
Operating Income (Loss)	23,060	(1,829)	(31,005)	(9,774)
NONOPERATING EXPENSES, SPECIAL ITEM & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(33,103)	-	(3,669)	(36,772)
Transfers - Internal	(98,709)	9,118	89,591	-
Change in Net Assets	(108,752)	7,289	54,917	(46,546)
Net assets at beginning of year	928,809	(5,491)	748,793	1,672,111
Cummulative effect of accounting change	-	-	(1,574)	(1,574)
Revised net assets at beginning of year	928,809	(5,491)	747,219	1,670,537
Net Assets at End of Period	820,057	1,798	802,136	1,623,991

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION *Exhibit C*

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2010
Cash flows from operating activities:				
Interest income on mortgages and loans	17,310	-	149,931	167,241
Principal payments received on mortgages and loans	45,290	-	456,404	501,694
Purchases of mortgages and loans	(295,755)	-	-	(295,755)
Receipt (payment) for loan transfers between funds	324,311	-	(324,311)	-
Payments to employees and other payroll disbursements	(20,089)	(1,080)	(11,868)	(33,037)
Payments for goods and services	(12,254)	(2,986)	(8,449)	(23,689)
Cash received for externally funded programs	-	99,730	56,911	156,641
Cash received for Federal HAP subsidies	-	-	38,813	38,813
Payments for Federal HAP subsidies	-	-	(38,963)	(38,963)
Interfund Receipts	884,158	95,300	704,110	1,683,568
Interfund Payments	(897,161)	(99,578)	(686,829)	(1,683,568)
Grant payments to other agencies	(23,244)	(91,147)	(41,284)	(155,675)
Other operating cash receipts	3,262	185	25,498	28,945
Other operating cash payments	(1,591)	-	(694)	(2,285)
Net cash provided by (used for) operating activities	24,237	424	319,269	343,930
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	354,576	354,576
Principal paid on bonds	-	-	(373,640)	(373,640)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(1,177)	-	-	(1,177)
Interest paid	(874)	-	(138,854)	(139,728)
Proceeds from issuance of short term debt	775,000	-	-	775,000
Payment of short term debt	(774,800)	-	-	(774,800)
Contributions to the State of Alaska or other State agencies	(9,699)	-	(3,669)	(13,368)
Transfers (to) from other funds	15,537	-	(15,537)	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	3,987	-	(177,124)	(173,137)
Cash flows from capital financing activities:				
Acquisition of capital assets	(2,583)	(88)	(4,275)	(6,946)
Proceeds from the disposal of capital assets	3	-	17	20
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	(3,620)	(3,620)
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	(3,279)	(3,279)
Proceeds from the direct financing lease payments	-	-	6,771	6,771
Other cash payments	(250)	-	-	(250)
Net cash provided by (used for) capital financing activities	(2,830)	(88)	(4,386)	(7,304)
Cash flows from investing activities:				
Purchase of investments	(4,601,132)	(1)	(3,383,732)	(7,984,865)
Proceeds from maturity of investments	4,602,819	1,605	3,242,432	7,846,856
Interest received from investments	1,413	5	7,600	9,018
Net cash provided by (used for) investing activities	3,100	1,609	(133,700)	(128,991)
Net Increase (decrease) in cash	28,494	1,945	4,059	34,498
Cash at the beginning of year	9,318	-	15,402	24,720
Cash at the end of period	37,812	1,945	19,461	59,218
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	23,060	(1,829)	(31,005)	(9,774)
Adjustments:				
Depreciation expense	210	4	6,324	6,538
Provision for loan losses	(1,536)	-	2,051	515
Amortization of bond issuance costs	-	-	4,291	4,291
Net change in the fair value of investments	(6,092)	-	(225)	(6,317)
Transfers between funds for operating activity	(60,089)	9,118	50,971	-
Interest received from investments	(1,413)	(5)	(7,600)	(9,018)
Interest paid	874	-	142,133	143,007
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	73,846	-	132,093	205,939
Net increase (decrease) in assets and liabilities	(4,623)	(6,864)	20,236	8,749
Net cash provided by (used for) operating activities	24,237	424	319,269	343,930
Noncash investing, capital and financing activities:				
Transfer of investments	462		(462)	
Cancellation of AHFC bonds held as investments	(2,500)		2,500	
Deferred outflow of resources			127,899	
Transfer of other liabilities	(40)		40	
Derivative instruments liability			(130,267)	
Net change of hedge termination			(794)	
Cummulative effect of accounting change			1,574	

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

FOOTNOTE INDEX

FOR THE YEAR ENDED JUNE 30, 2010

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2009)

1 AUTHORIZING LEGISLATION AND FUNDING

The Alaska Housing Finance Corporation (Corporation), a public corporation and government instrumentality of the State of Alaska (State), was created in 1971, and substantially modified in 1992, by acts of the Alaska State Legislature (Legislature) to assist in the financing, development and sale of dwelling units, operate the State's public housing, offer various home loan programs emphasizing housing for low and moderate-income and rural residents, and administer energy efficiency and weatherization programs within Alaska. The Corporation is a component unit of the State of Alaska and is discretely presented in the State's financial statements.

Generally, the Corporation accomplishes its mortgage-related objectives by functioning as a secondary market for qualified real estate and mobile home loans originated by financial institutions. The Corporation is authorized by the Legislature to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Corporation, will be necessary to provide sufficient funds for carrying out its purpose. Certain bonds issued to finance residences for qualified veterans are unconditionally guaranteed by the State of Alaska. No other obligations constitute a debt of the State.

The non-mortgage related programs of the Corporation are funded through various grant and program agreements with the federal government's departments of Housing and Urban Development (HUD), Energy (DOE), and Health and Human Services (HHS), funding from the State of Alaska, as well as capital and operating subsidies from the Corporation's own funds.

The Northern Tobacco Securitization Corporation (NTSC) was incorporated in the State of Alaska pursuant to House Bill No. 281 of the Alaska Legislature, as a subsidiary of the Corporation. There is no financial accountability between NTSC and the Corporation. Neither the Corporation nor the State is liable for any debt issued by NTSC. NTSC is not a component unit of the Corporation and thus is not included in the Corporation's financial statements. NTSC is a government instrumentality of, but separate and apart from, the State and is reported as a blended component unit in the State's financial statements.

In accordance with the Legislature's intent, the Corporation formed a subsidiary, the Alaska Housing Capital Corporation (AHCC), under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended. AHCC was incorporated on May 23, 2006, as a public corporation and government instrumentality of, but having a legal existence independent of and separate from, the State of Alaska. AHCC is a subsidiary of, but separate and apart from, the Corporation. There is no financial accountability between AHCC and the Corporation. AHCC is not a component unit of the Corporation and thus is not included in the Corporation's financial statements.

The Alaska Gasline Development Corporation (AGDC) was incorporated in the State of Alaska pursuant to House Bill No. 369 of the 2010 Alaska Legislature, as a subsidiary of the Corporation, under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56) as amended. AGDC is separate and legally apart from the Corporation with no financial accountability between the two corporations. AGDC is a government instrumentality of, but separate and apart from, the State. AGDC is not a component unit of Corporation and thus is not included in the Corporation's financial statements. AGDC was incorporated on May 14, 2010 with little activity during the fiscal year 2010. The initial stand alone financial statements of AGDC will be issued in fiscal year 2011 which will include activity from the inception of AGDC.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation's funds are accounted for as enterprise funds for financial reporting purposes. All funds utilize the economic resource measurement focus and full accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The Corporation applies all Governmental Accounting Standards Board (GASB) pronouncements for the Corporation's funds, as well as those Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989, unless such pronouncements conflict with or contradict GASB pronouncements. After November 30, 1989, the Corporation only applies applicable GASB pronouncements.

Basis of Presentation

The Corporation's financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets formatted to report operating and non-operating revenues and expenses, a Cash Flow Statement presented using the direct method, and notes to the financial statements. The Corporation's financial statements present the Administrative Fund and the other Major Funds in separate columns. The remaining Non-Major Funds are aggregated and displayed in a single column. The total column presents the entity-wide amounts for the Corporation.

Major and Non-Major Funds

The Corporation reports the following major and non-major funds:

Administrative Fund. This is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation, except those accounted for in separate funds.

Energy Programs. Resources and programs to assist in improving the energy efficiency of Alaska homes are aggregated and reported in Energy Programs.

Other Non-Major Funds. Resources to assist in the financing, development and sale of housing units, public housing assistance programs, and home loan programs are aggregated and reported in Other Non-Major Funds.

Restricted Net Assets

The restricted net asset amounts of the Administrative Fund consist of the Corporation's remaining commitments to the State (refer to Footnote No. 17, State Authorizations and Commitments, for further details). The remaining resources of the Administrative Fund are unrestricted.

The other financial activities of the Corporation are restricted by the Corporation's bond resolutions, requirements from the Legislature, and statutory requirements or third-party agreements that restrict the use of resources. These restricted resources are recorded in various special purpose funds and accounts. Restricted funds with a net deficit balance are shown as having an unrestricted net asset balance pursuant to reporting requirements.

When both restricted and unrestricted resources are available in a fund, it is the Corporation's policy to spend restricted funds to the extent allowed and only spend unrestricted funds when needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. The significant estimate for the Corporation is the allowance for loan losses.

Investments

All investments are stated at fair value, except for nonparticipating investment agreements, which are stated at cost. The Corporation does not participate in any external investment pools.

Accrued Interest Receivable on Loans and Real Estate Owned

Interest is accrued based upon the principal amount outstanding. Accrual of interest income is discontinued on loans when, in the opinion of management, collection of such interest becomes doubtful. When payment of interest is provided for pursuant to the terms of loan insurance or guarantees, accrual of interest on delinquent loans and real estate owned is continued.

Loans and Allowances for Estimated Loan Losses

Mortgage loans are carried at their unpaid principal balances net of allowance for estimated loan losses. Mortgage loans are recorded as amounts are disbursed.

The Corporation provides for possible losses on loans on which foreclosure is anticipated. A potential loss is recorded when the net realizable value, or fair value, of the related collateral or security interest is estimated to be less than the Corporation's investment in the property less anticipated recoveries from private mortgage insurance, private credit insurance, and various other loan guarantees. In providing for losses, through a charge to operations, consideration is given to the costs of holding real estate, including interest costs. The loan portfolio, property holding periods and property holding costs are reviewed periodically. While management uses the best information available to make evaluations, future adjustments to the allowances may be necessary if there are significant changes in economic conditions or property disposal programs.

Real Estate and Mobile Homes Owned
Real estate and mobile homes owned consist principally of properties acquired through foreclosure or repossession and are carried at the lower of cost or estimated net realizable value. These amounts are included in other assets.

Depreciation
Depreciation and amortization of buildings, equipment and leasehold improvements are computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 40 years. The capitalization floor is $5,000.

Bonds and Notes
The Corporation issues bonds and notes to provide capital for its mortgage programs and other uses consistent with its mission. The bonds and notes are recorded at cost plus accreted interest and premiums, less discounts and deferred debt refunding expenses. Discounts and premiums are amortized using the straight-line method. Deferred debt refunding expenses are amortized over the shorter of the remaining life of the old debt or the remaining life of the new debt.

Derivative Instruments-Interest Rate Swaps
The Corporation's Fiscal Policies allow, with certain restrictions, the Corporation to enter into certain derivative financial instruments called interest rate swap agreements, or swaps. The Corporation enters into these swaps with various counter-parties to achieve a lower overall cost of funds for certain bond issuances. These agreements can be negotiated whereby the Corporation pays the counter-party a fixed interest rate in exchange for a variable interest rate payment from the counter-party, or vice-versa. The swap agreements are negotiated to achieve the financing objectives of the Corporation. The swaps are stated at fair value. The change in the fair value of the swaps is recorded as deferred inflows or deferred outflows or as investment revenue.

Operating Revenues and Expenses
The Corporation was created with the authority to issue bonds to the investing public in order to create a flow of private capital through the Corporation into mortgage loans to qualified housing sponsors and to certain individuals. The Corporation's primary purpose is to borrow funds in the bond market and to use those funds to make single-family and multi-family mortgages and loans. Its primary operating revenue is derived from the interest income and fees from those mortgages and loans and on the invested proceeds from the bond issues. Additionally, the Corporation's statutory purpose includes providing financial assistance programs for rental subsidies to tenants of various housing developments. The Corporation records all revenues from mortgages and loans, investments, rental activities, and externally funded programs as operating revenues. The primary costs of providing these programs are recorded as operating expenses.

Income Taxes
The Corporation is exempt from federal and state income taxes.

3 CASH AND INVESTMENTS

Cash consists of demand deposits, time deposits and cash held in trust. The carrying amount of the Corporation's cash is restricted by bond resolutions, contractual agreements, and statutory agreements. A summary of the Corporation's cash is shown below (in thousands):

	June 30, 2010	June 30, 2009
Restricted cash	$ 21,407	$ 15,402
Unrestricted	37,811	9,318
Carrying amount	$ 59,218	$ 24,720
Bank Balance	$ 62,323	$ 25,871

The fair value of debt security investments by contractual maturity is shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

	Investment Maturities (In Years)					
	Less Than 1	1-5	6-10	More Than 10	June 30, 2010	June 30, 2009
Bank investment contracts	$ 101,004	$ -	$ -	$ -	$ 101,004	$ 88,465
U. S. Treasury securities	16,346	6,255	-	-	22,601	27,458
Securities of U. S. Government agencies and corporations	6,290	1,860	174	12	8,336	5,460
Asset-backed securities	313	-	-	-	313	391
Certificates of deposit	-	-	-	-	-	10,000
Negotiable certificates of deposit	-	-	-	-	-	49,018
Commercial paper and medium-term notes	39,453	3,306	-	-	42,759	394,122
Guaranteed investment contracts	-	-	-	-	-	385
Money market funds	759,942				759,942	672,370
Subtotal	$ 923,348	$ 11,421	$174	$ 12	934,955	1,247,669
GeFONSI pool					454,650	-
Total AHFC Portfolio					$ 1,389,605	$ 1,247,669

Restricted Investments

The carrying amount of the Corporation's investments, a majority of which are restricted by bond resolutions, contractual agreements, and statutory agreements, is shown below (in thousands):

	June 30, 2010	June 30, 2009
Restricted investments	$ 800,987	$ 659,075
Unrestricted	588,618	588,594
Carrying amount	$ 1,389,605	$ 1,247,669

Realized Gains and Losses

The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current period may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments included in the table below takes into account all changes in fair value (including purchases and sales) that occurred during the period. A summary of the gains and losses is shown below (in thousands):

	June 30, 2010	June 30, 2009
Ending unrealized holding gain	$ 5,265	$ 1,937
Beginning unrealized holding gain	1,937	1,644
Net change in unrealized holding gain	3,328	293
Net realized gain (loss)	2,989	277
Net increase (decrease) in fair value	$ 6,317	$ 570

Deposit and Investment Policies
The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested. All funds are classified as trust or non-trust, and this determines the applicable investment guidelines used by staff when making investment decisions.

The Corporation's Fiscal Policies provide investment guidelines for non-trusted funds. Funds are invested according to anticipated use: those that must remain immediately available to provide working capital are invested in short-term, highly liquid securities, while those not expected to be used in the short-term are invested in longer-term securities.

The following securities are eligible for investment under the Corporation's fiscal policies:

- Obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States;
- Obligations of U.S. Government-sponsored agencies, including mortgage-backed securities, that are not backed by the full faith and credit of the U.S. Government;
- Bank debt obligations, including unsecured certificates of deposit, notes, time deposits, and bankers' acceptances (having maturities of not more than 365 days) of, and deposits with, any bank the short-term obligations of which have been rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch;
- Deposits in and investments of a commercial bank or credit union which are fully insured by the FDIC or NCUA or, to the extent not insured by the FDIC or NCUA, provide for the pledge of collateral maintained at a minimum level of 105% and valued at least monthly;
- Debt obligations, other than those that do not have a fixed par value or terms that do not promise a fixed dollar amount at maturity or call date, rated at least "AA" by S&P or "Aa" by Moody's or "AA" by Fitch if maturing in excess of one year, and "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Asset-backed securities, other than commercial paper and those that do not have a fixed par value or terms that do not promise a fixed dollar amount at maturity or call date, rated at least "AA" by S&P or "Aa" by Moody's or "AA" by Fitch;
- Commercial paper, including asset-backed commercial paper, rated at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch;
- Repurchase agreements (repos) with a corporation or other entity which has long-term debt ratings of at least "A" by S&P or "A" by Moody's or "A" by Fitch or short-term ratings of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and where collateral is maintained at a minimum level of 102%, valued on a daily basis;
- Money market funds which are rated at least "AAm" or "AAm-G" by S&P or "Aa" by Moody's or "V-1+" by Fitch;
- Investment agreements or guaranteed investment contracts with an insurance company, bank or other financial institution having an outstanding unsecured long-term obligations rating, or a claims paying or investment agreement rating of at least "AA" by S&P or "Aa" by Moody's or "AA" by Fitch, or, if the term is one year or less, at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch;
- Floating rate notes issued by entities having outstanding unsecured long-term obligations rated "AA" by S&P or "Aa" by Moody's or "AA" by Fitch, or, if the term of the floating rate note is one year or less, having outstanding short-term obligations rated at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch; with interest rates subject to adjustment at least every 100 days; and with a maximum maturity of three years or less, or an optional tender available to bondholders no less frequently than every interest rate reset date;
- Adjustable rate funds, provided they are rated "AAAf" credit and "S-1" volatility by S&P and "Aaa" by Moody's;
- International Bank for Reconstruction & Development debt obligations rated "AAA" by S&P or "Aaa" by Moody's or "AAA" by Fitch.

Trusted funds are invested according to the terms outlined in their respective indentures or governing agreements, which generally mandate the purchase of relatively short-term, high-quality, fixed income securities. In those rare instances, if any, where an indenture or governing agreement is less restrictive than the Corporation's fiscal policies for non-trust funds, the investment will be made in accordance with the more restrictive fiscal policies.

Credit Risk
Credit risk is the risk of loss due to the failure of the security or backer. The Corporation mitigates its credit risk by limiting investments to those permitted in its Fiscal Policies and relevant governing agreements, diversifying the investment portfolio, and pre-qualifying firms with which the Corporation administers its investment activities.

The credit quality ratings of the Corporation's investments as of June 30, 2010, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). $22,601,000 of U.S. Treasury securities and securities of agencies and corporations which are explicitly guaranteed by the U.S. Government are not considered to have credit risk and therefore, are not included in the summary.

The GeFONSI pool investment credit risk details are at the end of this footnote.

	Moody's	S & P	Investment Fair Value
Securities of U. S. Government agencies and Corporations:			
	Aaa	AAA	$ 8,336
Asset-backed securities:			
	Aaa	AAA	313
Negotiable certificates of deposit:			
	P-1	A-1+	-
	Aa2	AA-	-
			-
Commercial paper & medium-term notes:			
	--	A-1	-
	A1	AA-	537
	Aa1	AAA	-
	Aa1	A+	155
	Aa1	AA	285
	Aa1	AA-	-
	Aa1	AA+	-
	Aa2	AA	-
	Aa2	AA-	-
	Aa2	A+	-
	Aa3	AA	-
	Aa3	AA-	270
	Aa3	A+	314
	Aaa	AAA	3,579
	Aaa	AAAE	512
	Aaae	AAA	-
	P-1	A-1+	24,910
	P-1	A-1	12,197
			42,759
Money market funds:			
	--	AAAm	759,942
Unrated investments:			
Bank investment contracts			101,004
Guaranteed investment contracts			-
			101,004
			$ 912,354

Concentration Risk
Concentration risk is the risk of loss attributed to the magnitude of the Corporation's investments in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for trust investments. The following table details the maximum concentration limits for non-trust investments as outlined in the Corporation's fiscal policies. Under certain conditions, the fiscal policies permit investments in excess of these limits. For more information, please see the Corporation's fiscal policies at: http://www.ahfc.state.ak.us/financials/fiscal_policies.cfm

Investment Type	Investment	Issuer Limit
General obligations of the United States	100%	100%
Securities of U.S. Government agencies and corporations	65%	35%
Corporate and non-corporate (including the following):	60%	5%
• Adjustable rate funds		
• Bank investment contracts		
• Certificates of deposit		
• Commercial paper & medium-term notes		
• Deposits in and investments of a commercial bank or credit union		
• Floating or variable rate notes		
• Guaranteed investment contracts		
• Money market funds		
• Repurchase agreements		
Mortgage and asset-backed securities	20%	5%

Investment Holdings Greater than Five Percent of Total Portfolio
The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. Investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools, and other pooled investments are excluded from this summary. As of June 30, 2010, the Corporation had investment balances greater than 5 percent of the Corporation's total investments with the following issuers (in thousands).

Issuer	Investment Fair Value	Percentage of Total Portfolio
GeFONSI Pool	$ 454,650	32.72 %
Fidelity Prime	201,964	14.53
GSE Global Escrow Agreement	193,209	13.90
Federated Investment Prime	185,607	13.36
AIM STIT	154,115	11.09
Bayerische Landesbank	101,004	7.27

Custodial Credit Risk
The Corporation assumes levels of custodial credit risk for its deposits with financial institutions, bank investment agreements, and investments. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits may not be returned. For bank investment agreements and investments, custodial credit risk is the risk that, in the event of failure of the custodian or counterparty holding the investment, the Corporation will not be able to recover the value of the investment. The Corporation has not established a formal custodial credit risk policy for its investments.

Of the Corporation's $62,323,000 bank balance at June 30, 2010, cash deposits in the amount of $46,811,000 were uninsured and uncollateralized.

Of the Corporation's $1,390,000,000 investments at June 30, 2010, $175,013,000 were uninsured, unregistered, and held by the counterparty or its agent, but not in the Corporation's name.

Interest Rate Risk
Interest rate risk is the risk that the market value of investments will decline as a result of changes in general interest rates. For non-trust investments, the Corporation mitigates interest rate risk by structuring its investment maturities to meet cash requirements (including corporate operations), thereby avoiding the need to sell securities in the open market prior to maturity. For investments held in trust, investment maturities are structured to meet cash requirements as outlined in the bond indentures and contractual and statutory agreements.

The GeFONSI pool investment interest rate risk details are at the end of this footnote.

Modified Duration

Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands) with their modified duration as of June 30, 2010:

	Investment Fair Value	Modified Duration
Bank investment contracts	$ 101,004	-
U. S. Treasury securities:		
Treasury coupon securities	6,733	2.889
Treasury discounts	15,868	0.096
Securities of U. S. Government agencies and corporations:		
Federal agency discounts	4,200	0.119
Federal agency coupon securities	3,950	1.077
Federal agency pass through securities	186	4.110
Asset-backed securities	313	-
Certificates of deposit	-	-
Negotiable certificates of deposit	-	-
Commercial paper & medium-term notes:		
Commercial paper discounts	38,607	0.069
Corporate bonds	1,356	1.583
Medium-term notes	2,126	1.529
Municipal bonds	285	13.136
Floating rate notes federal agency	385	1.047
Banker's Acceptances	-	-
Guaranteed investment contracts	-	-
Money market funds	759,942	-
	$ 934,955	
Portfolio modified duration		0.028

A minimal percentage of the Corporation's total investment portfolio is municipal bonds, which are relatively more sensitive to changing interest rates than the rest of the Corporation's investment portfolio. Municipal bonds held as of June 30, 2010, are as follows (in thousands):

	Fair Value	Rate	Maturity
Alaska Housing Finance Corporation	$ 285	5.01%	December 1, 2031

Investment in GeFONSI Pool

The Corporation invests in the State's internally managed General Fund and Other Non Segregated Investments Pool (GeFONSI). The GeFONSI consists of investments in the State's internally managed Short-term and Intermediate-term Fixed Income Pools. Actual investing is performed by investment officers in the State's Department of Revenue, Treasury Division. A complete description of the investment policy for each pool is included in the Department of Revenue, Treasury Division, Policies and Procedures.

Assets in the pools are reported at fair value. Investment purchases and sales are recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the mid-point between the bid and asked price or at prices for securities of comparable maturity, quality and type.

The accrual basis of accounting is used for investment income and GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature.

At June 30, 2010, the Corporation's share of pool investments was as follows, (in thousands):

	Fair Value		
Investment Type	**Short-term Fixed Income Pool**	**Intermediate-term Fixed Income Pool**	**Total**
Deposit	$ (421)	$ -	$ (421)
Commercial Paper	11,172	-	11,172
U.S. Treasury Notes	-	69,230	69,230
U.S. Treasury Bills	27,187	-	27,187
U.S. Treasury When-Issued	4,183	89,904	94,087
U.S. Government Agency	14,851	23,501	38,352
U.S. Government Agency Discount Notes	-	5,089	5,089
Mortgage-backed	1,763	13,208	14,971
Other Asset-backed	49,110	359	49,469
Corporate Bonds	104,649	31,729	136,378
Yankees:			
Government	-	1,999	1,999
Corporate	2,930	8,170	11,100
Total Invested Assets	215,424	243,189	458,613
Pool related net assets (liabilities)	1,640	(5,603)	(3,963)
Net Invested Assets	$ 217,064	$ 237,586	$ 454,650

Interest Rate Risk – GeFONSI Pool
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months to maturity or fourteen months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. Treasury utilizes the actual maturity date for commercial paper and twelve-month prepay speeds for other securities. At June 30, 2010, the expected average life of individual fixed rate securities ranged from one day to twenty-nine years and the expected average life of floating rate securities ranged from one day to nine and three-quarters years.

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows.

Treasury uses industry-standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software takes into account various possible future interest rates, historical and estimated prepayment rates, call options and other variable cash flows for purposes of the effective duration calculation.

Intermediate-term Fixed Income Pool

Through its investment policy, Treasury manages its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of its Intermediate-term Fixed Income Pool to ± 20% of the Merrill Lynch 1-5 year Government Bond Index. The effective duration for the Merrill Lynch 1-5 year Government Bond Index at June 30, 2010, was 2.49 years.

At June 30, 2010, the effective duration by investment type was as follows:

	Intermediate-term Fixed Income Pool
Corporate Bonds	2.24
Mortgage-Backed	1.71
Other Asset-Backed	0.65
U.S. Treasury Notes	2.91
U.S. Treasury When-Issued	2.73
US. Government Agency	1.69
US. Government Agency Discount Notes	0.67
Yankees:	
Corporate	2.65
Government	1.87
Portfolio Effective Duration	**2.47**

Credit Risk – GeFONSI Pool
Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations.

Treasury's investment policy has the following limitations with regard to credit risk:

Short-term Fixed Income Pool investments are limited to instruments with a long-term credit rating of at least A3 or equivalent and instruments with a short-term credit rating of at least P-1 or equivalent. Asset-backed and non-agency mortgage securities must be rated A3 or equivalent. The A3 rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

NOTES TO FINANCIAL STATEMENTS

Intermediate-term Fixed Income Pool investments are limited to securities with a long-term credit rating of at least Baa3 or equivalent and securities with a short-term credit rating of at least P-1 or equivalent. Asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

At June 30, 2010, the State's internally managed Pools consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale):

Investment Type	Rating	Short-term Fixed Income Pool		Intermediate Term Fixed Income Pool	
Commercial Paper	A-1	1.17	%	-	%
Commercial Paper	Not Rated	4.03		-	
Corporate Bonds	AAA	41.70		6.53	
Corporate Bonds	AA	1.88		1.78	
Corporate Bonds	A	3.74		2.90	
Corporate Bonds	BBB	-		1.12	
Corporate Bonds	Not Rated	1.35		0.51	
Mortgage-backed	AAA	0.79		4.51	
Mortgage-backed	AA	-		0.05	
Mortgage-backed	BBB	-		0.20	
Mortgage-backed	Not Rated	0.03		0.58	
Other Asset-backed	AAA	21.16		0.05	
Other Asset-backed	AA	-		0.03	
Other Asset-backed	A	-		0.06	
Other Asset-backed	Not Rated	1.68		-	
U.S. Government Agency	AAA	1.07		9.47	
U.S. Government Agency	Not Rated	5.84		0.04	
U.S. Government Agency					
Discount Notes	Not Rated	-		2.06	
U. S. Treasury Bills	AAA	12.65		-	
U. S. Treasury Notes	AAA	-		28.02	
U.S. Treasury When-Issued	AAA	1.95		36.40	
Yankees:					
Government	AAA	-		0.07	
Government	AA	-		0.74	
Corporate	AAA	0.58		1.81	
Corporate	AA	0.20		0.91	
Corporate	A	-		0.46	
Corporate	BBB	-		0.08	
Corporate	Not Rated	0.58		0.05	
No Credit Exposure		(0.40)		1.57	
		100.00	%	100.00	%

Concentration of Credit Risk – GeFONSI Pool
Treasury's policy with regard to concentration of credit risk is to prohibit the purchase of more than five percent of a pool's holdings in corporate bonds of any one company or affiliated group. Federal National Mortgage Association securities are not classified as corporate bonds.

At June 30, 2010, the fund had more than five percent of their investments in Federal National Mortgage Association as follows, (in thousands):

Federal National Mortgage Association	$	24,425	5.37%

4 INTERFUND RECEIVABLE/PAYABLE

A summary of the interfund receivable/payable balance is shown below (in thousands):

Due To	Due From: Administrative Fund	Energy Programs	Other Non Major Funds	Total
Administrative Fund	$ -	$ 13,960	$ 16,718	$ 30,678
Energy Programs	-	-	-	-
Other Non Major Funds	58,666	-	-	58,666
Total	$ 58,666	$ 13,960	$ 16,718	$ 89,344

The balance of $58,666,000 due to the Other Non-Major Funds from the Administrative Fund resulted primarily from monies belonging to these funds being deposited in an Administrative Fund account to obtain a greater rate of return.

The balance of $13,960,000 due to the Administrative Fund from the Energy Programs resulted primarily from expenditures paid by the Administrative Fund on behalf of the Energy Programs.

Of the $16,718,000 due from the Other Non-Major Funds to the Administrative Fund, $2,208,000 resulted from an allocation of management and bookkeeping fees mandated by HUD.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur and (2) payments between funds are made.

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

A summary of mortgage loans, notes and other loans is shown below (in thousands):

	June 30, 2010	June 30, 2009
Mortgage loans	$ 2,763,089	$ 2,979,931
Multifamily loans	216,672	224,961
Other notes receivable	88,448	86,801
	3,068,209	3,291,693
Less:		
Allowance for losses	(96,956)	(96,249)
Net Mortgage loans, notes and other loans	$ 2,971,253	$ 3,195,444

Other notes receivable include monies due to AHFC for various unconventional loan programs and for monies that weren't expended by grant recipients.

Other supplemental loan information is summarized in the following table (in thousands):

	June 30, 2010	June 30, 2009
Delinquencies and foreclosures:		
Loans delinquent 30 days or more	$ 159,120	$ 146,045
Foreclosures during period	13,775	9,815
Loans in foreclosure process	21,291	17,854
Mortgage-related commitments:		
To purchase mortgage loans	150,455	6,102

6 INSURANCE AGREEMENTS

The Corporation has obtained private mortgage insurance, credit insurance, or guarantees on certain mortgages and loans. The agreements protect the Corporation to varying degrees against losses arising from the disposition of the related collateral obtained through foreclosure or repossession, as well as the costs of obtaining title to, maintaining, and liquidating the collateral. The Corporation is exposed to losses on disposition in the event the insurers or guarantors are unable or refuse to meet their obligations under these agreements.

7 LOAN SELF INSURANCE PROGRAM

The Corporation, for the purpose of insuring itself against losses which might occur as a result of mortgages purchased under various loan programs, collects insurance premiums from the borrowers. The premiums are administered by the management of the Corporation and included in the Administrative Fund in the accompanying financial statements.

8 DIRECT FINANCING LEASES

In July 1997, the Corporation purchased an office building in downtown Anchorage with its Administrative Fund assets for approximately $26 million. The building is part of the Corporation's State Lease Building Program and has been leased to the State of Alaska for occupancy by its departments and agencies located in Anchorage. The State has the option to purchase the building at the end of the lease for $1. In December 1999, the Corporation issued the State Building Lease Bonds, Series 1999, in the amount of $40,000,000 to finance the purchase. The lease of the building to the State has been recorded as a direct financing lease.

In May 2005, the Corporation issued its General Housing Purpose Bonds, 2005 Series C, to defease $16,485,000 of the State Building Lease Bonds, Series 1999. As a result, the liability of these bonds has been reduced, and the lease balance was decreased by $1,792,000.

In fiscal years 2007 and 2008, the Corporation began constructing a parking garage in downtown Anchorage with its Administrative Fund assets. The cost of the garage at June 30, 2010 was $44,500,000. The garage was placed in service in September 2008. The garage has been leased to the State of Alaska for use by its departments and agencies located in Anchorage. The State has the option to purchase the garage at the end of the lease for $1. In September 2007, the Corporation issued the State Capital Project Bonds, Series 2007 A. $37,400,000 of this issue was to finance the purchase of the parking garage. The lease of the garage to the State has been recorded as a direct financing lease.

The following table lists the components of the net investment in direct financing leases and shows the future minimum payments under the lease for the next five years and thereafter (in thousands):

	Future Minimum Payments Due		
12 Months Ending June 30	**Parking Garage**	**Building**	**Total**
2011	$ 3,304	$ 3,467	$ 6,771
2012	3,304	3,467	6,771
2013	3,304	3,467	6,771
2014	3,304	3,467	6,771
2015	3,304	3,467	6,771
Thereafter	42,943	6,934	49,877
Gross payments due	59,463	24,269	83,732
Less: Unearned revenue	(18,596)	(3,914)	(22,510)
Net investment in direct financing lease	$ 40,867	$ 20,355	$ 61,222

9 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 and a summary of balances are shown below (in thousands):

	July 1, 2009	Additions	Reductions	June 30, 2010
Non-Depreciable Capital Assets:				
Land	$ 13,753	$ -	$ -	$ 13,753
Construction in progress	200	5,875	(3,361)	2,714
Total Non-Depreciable	13,953	5,875	(3,361)	16,467
Depreciable Capital Assets:				
Buildings	203,425	3,361	-	206,786
Computers & Equipment	1,316	338	(29)	1,625
Leasehold Improvements	88	-	-	88
Vehicles	2,134	80	(152)	2,062
Less: Accumulated depreciation				
Buildings	(105,055)	(6,216)	-	(111,271)
Computers & Equipment	(953)	(226)	29	(1,150)
Leasehold Improvements	(88)	-	-	(88)
Vehicles	(1,816)	(97)	153	(1,760)
Total Depreciable, Net	99,051	(2,760)	1	96,292
Total Capital Assets, Net	$ 113,004	$ 3,115	$ (3,360)	$ 112,759

The depreciation expense charged by the Corporation was $6,538,000 for the year ended June 30, 2010. The Corporation is obligated under contracts and other commitments to purchase and/or modernize certain fixed assets. The total commitment, including amounts to be funded by third parties, was $7,184,000 at June 30, 2010.

10 BONDS AND NOTES PAYABLE

With the exception of the Veterans Mortgage Program Bonds, the Corporation's obligations are not a debt of the State and the State is not directly liable thereon. The Veterans Mortgage Program Bonds and Notes are backed by the full faith and credit of the State. All of the bonds and notes are secured, as described in the applicable agreements, by the revenues, monies, investments, mortgage loans, and other assets in the funds and accounts established by the respective security agreements. A substantial portion of the assets of the Corporation are pledged to the outstanding obligations of the Corporation.

The Corporation has authorization to issue Draw Down bonds in the amount of $900,000,000 for the purpose of preserving private activity bond volume capacity and to refund certain outstanding obligations of the Corporation. Only $300,000,000 of these bonds can be outstanding at any one time. As of June 30, 2010, there are no draw down bonds outstanding.

NOTES TO FINANCIAL STATEMENTS

In December 2009, the Corporation issued Mortgage Revenue Bonds Series 2009 A in the amount of $193,100,000. The bonds are general obligations of the Corporation secured by program obligations and by amounts on deposit in the 2009 Series A Escrow Fund. These bonds were issued under the federal New Issue Bond Program. The proceeds of the bonds will be held in an escrow account until being converted into long term fixed rate bonds with the proceeds being used to buy mortgages. If the bonds have not been converted by December 31, 2010, they are subject to mandatory redemption on February 1, 2011.

Bonds and notes outstanding are shown below (in thousands):

	Original Amount	June 30, 2010	June 30, 2009
First-Time Home Buyer Bonds:			
Mortgage Revenue Bonds:			
Tax-Exempt:			
● 1997 Series A	$ 160,000	$ -	$ 14,185
Accreted interest		-	11,298
Unamortized discount		-	(224)
● 1998 Series A; 4.65% to 5.4%, due 2010-2035	70,000	14,585	22,795
● 1999 Series A1 & A2; 5.25% to 6.25%, due 2010-2031	200,000	56,205	71,895
Unamortized discount		(53)	(105)
● 2000 Series A; 5.9% to 6.0%, due 2036-2040	58,315	28,920	28,920
● 2000 Series C; 4.9% to 6.0%, due 2010-2032	68,785	20,015	29,745
● 2001 Series A; 3.5% to 5.3%, due 2010-2031	32,740	14,665	18,965
● 2001 Series B; 4.15% to 5.45%, due 2010-2041	104,450	33,195	39,400
Unamortized premium		37	54
● 2009 Series A; Floating Rate*, 0.19% at June 30, 2010, due 2011	193,100	193,100	-
Subtotal First-time Homebuyer Bonds	887,390	360,669	236,928
● 2002 Series A; Floating Rate*; 0.44% at June 30, 2010, due 2032, 2036	170,000	167,060	168,275
Unamortized swap termination penalty		(12,639)	(13,147)
● 2006 Series A; 3.4% to 5.0%, due 2010-2036	98,675	70,790	83,350
Unamortized premium		586	778
● 2006 Series B; 3.5% to 5.0%, due 2010-2036	75,000	50,795	65,020
Unamortized premium		403	540
● 2006 Series C; 3.9% to 5.5%, due 2010-2037	75,000	53,835	67,405
Unamortized premium		864	1,048
● 2007 Series A, Floating Rate*; 0.34% at June 30, 2010, due 2041	75,000	75,000	75,000
Unamortized deferred debt refunding		(1,807)	(1,874)

	Original Amount	June 30, 2010	June 30, 2009
● 2007 Series B; Floating Rate*; 0.35% at June 30, 2010, due 2041	75,000	75,000	75,000
Unamortized deferred debt refunding		(1,807)	(1,874)
● 2007 Series C; 3.75% to 4.80% due 2010-2038	89,370	74,145	87,215
● 2007 Series D; Floating Rate*; 0.35% at June 30, 2010, due 2041	89,370	89,370	89,370
Unamortized deferred debt refunding		(2,215)	(2,298)
● 2008 Series A; 2.45%-5.40%, due 2010-2038	80,880	64,415	80,880
● 2008 Series B; 2.00%-5.50%, due 2010-2038	80,880	73,845	80,200
Unamortized discount		(76)	(84)
Subtotal First-time Homebuyer Bonds	909,175	777,564	854,804
● 2009 Series A; Floating Rate*; 0.25% at June 30, 2010, due 2040	80,880	80,880	80,880
Unamortized deferred debt refunding		(1,392)	(1,438)
● 2009 Series B; Floating Rate*; 0.21% at June 30, 2010, due 2040	80,880	80,880	80,880
Unamortized deferred debt refunding		(1,392)	(1,438)
● 2009 Series C; 0.9% to 5.35%; due 2010-2039	80,870	80,870	-
Unamortized discount		(42)	-
● 2009 Series D; Floating Rate*; 0.30% at June 30, 2010, due 2040	80,870	80,870	-
Unamortized deferred debt refunding		(1,340)	-
Subtotal First-time Homebuyer Bonds	323,500	319,334	158,884
Total First-time Homebuyer Bonds	2,120,065	1,457,567	1,250,616
Veterans Mortgage Program Bonds and Notes:			
Collateralized State Guaranteed Bonds and Notes:			
Tax-Exempt:			
● Collateralized Bonds 1998 First and Second Series,	60,000	-	12,320
Unamortized discount		-	(154)
● Collateralized Bonds 1999 First Series; 5.0% to 6.25%, due 2010-2039	110,000	28,255	33,320
● Collateralized Bonds 2000 First Series; 5.5% to 6.45%, due 2010-2039	70,000	14,545	17,875
● Collateralized Bonds 2002 First Series; 4.15% to 5.65%, due 2010-2034	50,000	12,510	19,495
● Collateralized Bonds 2005 First Series; 4.8% due 2035	15,000	9,340	14,140
● Collateralized Bonds 2006 First Series; 3.75% to 4.9%, due 2010-2037	190,000	181,005	185,140
● Collateralized Bonds 2007 & 2008 First Series, 3.25% to 5.25%, due 2010-2038	57,885	54,680	56,575
● Collateralized Notes 2008 Second Series	45,000	-	45,000
Total Veterans Mortgage Program Bonds	597,885	300,335	383,711

	Original Amount	June 30, 2010	June 30, 2009
Other Housing Bonds:			
Housing Development Bonds:			
Tax-Exempt:			
● 1999 Series A	1,675	-	1,420
● 1999 Series B	5,080	-	4,340
● 1999 Series C	50,000	-	1,050
● 2000 Series B	41,705	-	36,485
● 2002 Series A; 3.0% to 5.3%, due 2010-2033	8,440	2,675	2,835
● 2002 Series B; 2.85% to 5.15%, due 2010-2022	8,690	6,255	6,615
● 2002 Series C; 2.85% to 5.25%, due 2010-2032	70,000	60,310	61,750
● 2004 Series A; 2.0% to 4.85%, due 2010-2030	33,060	28,650	29,465
● 2004 Series B; 1.8% to 4.75%, due 2010-2032	52,025	42,565	45,495
Taxable:			
● 2004 Series D; 3.65% to 5.6%, due 2010-2043	105,000	103,040	103,940
Sub-Total Housing Development Bonds	375,675	243,495	293,395
General Mortgage Revenue Bonds:			
Tax-Exempt:			
● 1999 Series A	302,700	-	80,870
Unamortized deferred debt refunding expense		-	(467)
Unamortized discount		-	(408)
● 2002 Series A; 3.45% to 5.0%, due 2010-2040	150,000	148,825	150,000
Unamortized deferred debt refunding expense		(1,065)	(1,108)
Unamortized premium		496	529
Government Purpose Bonds:			
Tax-Exempt:			
● 1997 Series A, Floating Rate*, monthly payments, 0.26% at June 30, 2010, due 2027	33,000	14,600	20,600
● 2001 Series A, Floating Rate*, 0.23% at June 30 2010, due 2030	76,580	61,950	63,860
Unamortized swap termination penalty		(8,108)	(8,505)
● 2001 Series B, Floating Rate*, 0.23% at June 30, 2010, due 2030	93,590	75,700	78,040
Total Other Housing Bonds	1,031,545	535,893	676,806

	Original Amount	June 30, 2010	June 30, 2009
Non-Housing Bonds:			
State Capital Project Bonds:			
Tax-Exempt:			
● 2002 Series A; 3.0% to 5.0%, due 2010-2011	32,905	8,525	12,475
Unamortized premium		95	535
● 2002 Series C; Floating Rate*, 0.23% at June 30, 2010, due 2022	60,250	60,250	60,250
● 2006 Series A; 3.5% to 5.0%, due 2010-2040	100,890	95,510	97,080
Unamortized discount		(1,410)	(1,485)
Unamortized premium		1,424	1,622
● 2007 Series A & B; 4.0% to 5.25%, due 2010-2029	95,525	91,355	93,320
Unamortized discount		(65)	(70)
Unamortized premium		2,795	3,308
Unamortized deferred debt refunding expense		(2,770)	(2,913)
State Building Lease Bonds:			
Tax-Exempt:			
● 1999 Series; 4.875 to 5.8%, due 2010-2011	40,000	-	6,005
Unamortized discount		-	(66)
General Housing Purpose Bonds:			
Tax-Exempt:			
● 2005 Series A; 2.2% to 5.25%, due 2010-2041	143,235	138,570	139,655
Unamortized premium		3,296	3,450
● 2005 Series B; 2.7& to 5.25%, due 2010-2030	147,610	130,610	134,240
Unamortized deferred debt refunding expense		(10,023)	(10,706)
Unamortized premium		4,030	4,610
● 2005 Series C; 2.7% to 5%, due 2010-2017	16,885	16,660	16,710
Total Non-Housing Bonds	637,300	538,852	558,020
Total Bonds and Notes Payable	$ 4,386,795	$ 2,832,647	$ 2,869,153

Note: Debt service payments on the above mentioned bonds and notes are semi-annual unless otherwise mentioned.

* Interest rates on the annotated variable-rate bonds are established by the Remarketing Agents on each Rate Determination Date.

Redemption Provisions
The bonds and notes are generally subject to certain early-redemption provisions, both mandatory and at the option of the Corporation. The Corporation redeems debt, pursuant to the provisions of the related agreements which permit surplus revenues, resulting primarily from mortgage loan prepayments, to be used to retire the obligations at par. The Corporation also issues new debt whose proceeds are used to immediately redeem previously issued debt, called current refundings. The related discounts and costs of issuance of the old debt is included in a deferred debt refunding account and amortized as interest expense. The Corporation may call some bonds at a premium using any monies once bonds reach a certain age and may also use a clean-up call to redeem certain bonds once they reach 15% of issuance.

During the year ended June 30, 2010, the Corporation made $207,035,000 special revenue redemptions and $80,870,000 current refundings. The Corporation made $313,780,000 special revenue redemptions and $161,760,000 current refundings during fiscal year 2009.

Advance Refundings
From time to time, the Corporation effects an advanced refunding where the proceeds of issued bonds are used to defease outstanding debt of the Corporation. The result is an in-substance defeasance whereby the Corporation purchases securities which are deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the refunded bonds. A summary of the defeased debt follows (in thousands)

	Defeased Date	June 30, 2010	June 30, 2009
State Building Lease Bonds, 1999 Series	May 2005	$ -	$ 16,485
Housing Development Bonds 1999 Series C	October 2007	-	41,475
		$ -	$ 57,960

Debt Service Requirements**
For all mortgage bonds and notes in the preceding schedules, the Corporation's debt service requirements through 2015 and in five year increments thereafter to maturity are shown below (in thousands):

12 Months	Total Debt Service		
Ending June 30	Principal	Interest*	Total
2011	$ 240,725	$ 120,094	$ 360,819
2012	54,630	118,120	172,750
2013	56,735	115,887	172,622
2014	59,575	113,450	173,025
2015	59,200	110,853	170,053
2016-2020	320,775	514,042	834,817
2021-2025	440,340	428,603	868,943
2026-2030	555,315	312,223	867,538
2031-2035	526,185	184,843	711,028
2036-2040	498,395	60,836	559,231
2041-2043	52,950	2,886	55,836
	$2,864,825	$ 2,081,837	$ 4,946,662

* Interest requirements for variable-rate bonds have been computed using the effective interest rate at June 30, 2010

** Also see Note 11 – Derivatives.

11 DERIVATIVES

The Corporation entered into derivatives to reduce the overall cost of borrowing long-term capital and protect against the risk of rising interest rates. The Corporation's derivatives consist of interest rate swap agreements entered into in connection with its long-term bonds. The interest rate swaps are pay-fixed, receive-variable agreements, and were entered into at a cost less than what the Corporation would have paid to issue conventional fixed-rate debt.

The swaps are recorded and disclosed as either hedging derivatives or investment derivatives. The synthetic instrument method was used to determine whether the derivative was hedgeable or not. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net Assets, either as a derivative liability (negative fair value amount) or as a derivative asset (positive fair value amount). If a swap changes from a hedgeable derivative to an investment derivative, the hedge is considered terminated and the accumulated change in fair value is no longer deferred but recognized as a revenue item.

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by the Corporation, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risk, position size, transaction and financing costs, and use of capital profit. The fair value represents the current price to settle swap asset or liabilities in the marketplace if a swap were to be terminated.

The Corporation's interest rate swaps require that if the ratings on the associated bonds fall to BBB+/Baa1. the Corporation would have to post collateral of up to 100 percent of the swap's fair value. As of June 30, 2010, the Corporation has not posted any collateral and is not required to post any collateral.

The recording of the fair value of derivatives resulted in a cumulative effect of accounting change amount in the Statement of Revenues, Expenses, and Changes in Net Assets. Please refer to footnote 24 for further details.

Hedging Derivatives

The significant terms and credit ratings of the Corporation's hedging derivatives as of June 30, 2010, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating[7]
GP01A[1]	12/01/08	2.4530	67% of 1M LIBOR[4]	12/01/30	A+/Aa1
GP01B	08/02/01	4.1427	67% of 1M LIBOR	12/01/30	A/A2
E021A1[2]	10/09/08	2.9800	70% of 3M LIBOR[5]	06/01/32	AAA/Aa1
E021A2	10/09/08	3.4480	70% of 1M LIBOR	12/01/36	A/A2
SC02C[3]	12/05/02	4.3030	SIFMA[6]+0.115%	07/01/22	AA-/Aa1
E071AB	05/31/07	3.7345	70% of 3M LIBOR	12/01/41	AAA/Aa1
E071BD	05/31/07	3.7200	70% of 3M LIBOR	12/01/41	AA-/Aa1
E091A	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	A+/A1
E091B	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	AAA/Aa1
E091ABD	05/28/09	3.7400	70% of 3M LIBOR	12/01/40	AA-/Aa1

1. Governmental Purpose Bonds
2. Home Mortgage Revenue Bonds
3. State Capital Project Bonds
4. London Interbank Offered Rate 1 month
5. London Interbank Offered Rate 3 month
6. Securities Industry and Financial Markets Municipal Swap Index
7. Standard & Poor's/Moody's

The change in fair value and ending balance of the hedging derivatives as of June 30, 2010, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Assets.

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Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2010	Fair Values June 30, 2009	Change in Fair Value
GP01A	$ 61,950	$ 63,958	$ (2,008)	$ 527	$ (2,535)
GP01B	75,700	90,548	(14,848)	(11,906)	(2,942)
E021A1	47,060	50,553	(3,493)	(1,349)	(2,144)
E021A2	120,000	126,965	(6,965)	(2,661)	(4,304)
SC02C	60,250	67,919	(7,669)	(5,157)	(2,512)
E071AB	143,622	171,345	(27,723)	(19,132)	(8,591)
E071BD	95,748	113,627	(17,879)	(12,302)	(5,577)
E091A	72,789	87,082	(14,293)	(9,633)	(4,660)
E091B	72,789	87,251	(14,462)	(10,068)	(4,394)
E091ABD	97,052	115,611	(18,559)	(12,847)	(5,712)
Total	$846,960	$ 974,859	$ (127,899)	$ (84,528)	$ (43,371)

As of June 30, 2010, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending June 30	VRDO Principal	VRDO Interest	Swap Net Payment	Total Payments
2011	$ 5,710	$ 2,631	$ 27,913	$ 36,254
2012	6,895	2,615	27,739	37,249
2013	12,825	2,590	27,465	42,880
2014	13,390	2,553	27,029	42,972
2015	13,955	2,514	26,573	43,042
2016-2020	101,175	11,837	124,410	237,422
2021-2025	153,340	9,885	102,367	265,592
2026-2030	172,790	7,450	76,782	257,022
2031-2035	168,490	4,678	48,722	221,890
2036-2040	165,115	1,864	20,403	187,382
2041	33,275	96	974	34,345
	$ 846,960	$ 48,713	$ 510,377	$ 1,406,050

Risks

a. Credit Risk

As of June 30, 2010, the Corporation is not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The Corporation currently has swap agreements with five separate counterparties. Approximately 31% of the total notional amount of the swaps is held with one counterparty rated AAA/Aa1. Another 30% of the total notional amount of the swaps is held with one counterparty rated AA-/Aa1. Of the remaining swaps, one counterparty is rated A/A2, another counterparty is rated A+/A1, and the remaining counterparty is rated A+/Aa3, approximating 23%, 9%, and 7% respectively, of the total notional amount of the swaps.

b. Interest Rate Risk

The Corporation is exposed to interest rate risk on all of its interest rate swaps. As LIBOR or the SIFMA index decreases, the Corporation's net payment on the swaps increases.

c. Basis Risk

All of the Corporation's variable-rate bond interest payments are based on the tax-exempt SIFMA index. Therefore, the Corporation is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds, which is based on the SIFMA index. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2010, SIFMA was 0.310% and 1-month LIBOR was 0.347%, resulting in a positive 0.037% spread. The 3-month LIBOR was 0.538%. resulting in a positive 0.228% spread. The spread between LIBOR and SIFMA has fluctuated since the agreements became effective. As the spread increases, so does the anticipated cost savings from the swaps.

d. Termination Risk

Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. If any of the swaps are terminated, the associated floating rate bonds would no longer carry synthetic fixed interest rates and the Corporation would be exposed to interest rate risk on the bond. This risk is mitigated by the fact that the termination payment could be used to enter into an identical swap at the termination date of the existing swap. Further, if any of the swaps have a negative fair value at termination, the Corporation would be liable to the counterparty for payments equal to the swaps' fair value. The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

In fiscal year 2009, three swaps were terminated because of bankruptcy events with the counterparties, resulting in the Corporation making termination payments totaling $22,181,000 to the counterparties. The Corporation replaced the swaps with new swaps that had provisions that resulted in a lower cost overall on the underlying debt. The termination payments were deferred and are being amortized to interest expense over the life of the bonds related to those terminated swaps.

e. Rollover Risk

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. The Corporation has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. The E021A swaps were set up in several tranches of various sizes that can be cancelled to parallel the redemption of debt from mortgage prepayments. In addition, the GP01A and GP01B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the unswapped portion of the debt.

Investment Derivatives

The State Capital Project Bonds, 2002 Series B, were fully redeemed in fiscal year 2009, so the associated interest rate swap was no longer a hedging derivative and is accounted for as an investment derivative.

The significant terms and credit ratings of the Corporation's investment derivatives as of June 30, 2010, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating
SC02B	12/05/02	3.77%	70% of 1M LIBOR	07/01/24	AA-/Aa1

The change in fair value of the investment derivatives as of June 30, 2010, is shown below (in thousands) and is presented as a net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Assets.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2010	Fair Values June 30, 2009	Change in Fair Value
SC02B	$ 14,555	$ 16,923	$ (2,368)	$ (1,574)	$ (794)

Credit Risk

As of June 30, 2010, the Corporation was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The counterparty on this swap is rated AA-/Aa1.

12 LONG TERM LIABILITIES

The activity for the year ended June 30, 2010 is summarized in the following schedule (in thousands):

	July 1, 2009	Additions	Reductions	June 30, 2010	Due Within One Year
Total bonds and notes payable	$ 2,869,153	$ 358,377	$ (394,883)	$ 2,832,647	$ 240,725
Compensated absences	4,169	2,988	(2,516)	4,641	2,443
Other liabilities	2,292	518	(2,158)	652	-
Total long-term liabilities	$ 2,875,614	$ 361,883	$ (399,557)	$ 2,837,940	$ 243,168

13 SHORT TERM DEBT

The Corporation has a commercial paper program. Commercial paper is issued and redeemed to meet the cash flow requirements of the Corporation's activities. Individual maturities may range from 2 to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Board of Directors is $150,000,000.

Yields issued during period	June 30, 2010	June 30, 2009
Lowest	0.25%	0.69%
Highest	1.25%	3.30%

Short term debt activity for the year ended June 30, 2010 is summarized in the following schedule (in thousands):

	July 1, 2009	Additions	Reductions	June 30, 2010
Commercial paper	$150,000	$ 775,700	$ (775,700)	$ 150,000
Unamortized discount	(276)	(734)	900	(110)
Commercial paper, net	$149,724	$ 774,966	$ (774,800)	$ 149,890

14 TRANSFERS

Transfers for the year ended June 30, 2010 are summarized in the following schedule (in thousands):

		From			
		Administrative Fund	Energy Programs	Other Non-Major Funds	Total
To	Administrative Fund	$ -	$ -	$ 195,262	$ 195,262
To	Energy Programs	9,118	-	-	9,118
To	Other Non-Major Funds	284,853	-	191,667	476,520
	Total	$ 293,971	$ -	$ 386,929	$ 680,900

Transfers are used to (1) move funds between the Administrative Fund and the other Funds of the Corporation for financing mortgage related activities and to subsidize debt service payments, (2) to move mortgages from the Administrative Fund to the Bond Funds of the Corporation, (3) to move Corporate revenue to the Administrative Fund from the Energy Programs and Bond Funds, and (4) to record expenditures paid on behalf of the Energy Programs and the Bond Funds by the Administrative Fund.

15 OTHER CREDIT ARRANGEMENTS

For certain bond issues, the Corporation has entered into credit arrangements with various financial institutions to provide funds necessary to satisfy debt service or unpaid bond principal obligations. Such arrangements may contain covenants restricting the amendment of terms and redemption of bonds or notes, and setting the minimum combined fund equity of the Corporation and minimum debt service reserve fund balances. Varying commitment fees are required, generally ¼ to ½ of 1% per annum of the aggregate liability or commitment amount.

In addition to such bond-related arrangements, the Corporation also maintained a $200,000,000 issuer-level revolving credit facility that was unrelated to a specific bond issue. This facility terminated on August 1, 2009.

The Corporation had unused liquidity facilities or similar credit enhancement agreements as shown below (in thousands):

	June 30, 2010	June 30, 2009
Bond related liquidity facilities	$ 487,300	$ 407,645
Revolving credit facility	-	200,000
Bond insurance	1,067,205	1,221,925
	$ 1,554,505	$ 1,829,570

16 YIELD RESTRICTION AND ARBITRAGE REBATE

Most mortgages purchased with the proceeds of tax-exempt bonds issued by the Corporation are subject to interest-rate yield restrictions of 1.125% to 1.500% over the yield of the bonds. These restrictions are in effect over the lives of the bonds. Most of the non-mortgage investments made under the Corporation's tax-exempt bond programs are subject to rebate provisions or restricted as to yields. The rebate provisions require that a calculation be performed every five years and upon full retirement of the bonds to determine the amount, if any, of excess yield earned and owed to the Internal Revenue Service. Following is a summary of excess earnings recorded and paid (in thousands):

	June 30, 2010	June 30, 2009
Arbitrage expense	$ (572)	$ 3,349
Arbitrage paid	1,061	1,402

17 STATE AUTHORIZATIONS AND COMMITMENTS

The Corporation uses its assets to fund certain housing and non-housing capital projects identified by the State. The aggregate amount expected to be funded by the Corporation was expressed by the following language of legislative intent included in the fiscal year 1996 capital appropriation bill, enacted in 1995:

"The Legislature intends to ensure the prudent management of the Alaska Housing Finance Corporation to protect its excellent debt rating by the nation's financial community and to preserve its valuable assets of the State. To accomplish its goal, the sum of withdrawals for transfer to the general fund and for expenditure on corporate funded capital projects should not exceed the Corporation's net income for the preceding fiscal year."

The projected amounts stated in the legislative intent language were based on the Corporation's financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected "net income". The total state authorizations from FY1995–FY2010 were $1,505,833,000; payments up thru June 30, 2010 were $1,369,708,000, resulting in total remaining commitments of $136,125,000 as of June 30, 2010.

Transfer Plan with the State

The 1998 Legislature authorized the Corporation to finance state capital projects through the issuance of up to $224 million in bonds. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan. That legislation also extended the term of the Transfer Plan by stating the Legislature's intent that the Corporation transfer to the State (or expend on its behalf) an amount not to exceed $103 million in each fiscal year through fiscal year 2006, again stating that, to protect the Corporation and its bond rating, in no fiscal year should such amount exceed the Corporation's net income for the preceding fiscal year. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation.

The 2000 Legislature adopted legislation authorizing the issuance of bonds in sufficient amounts to fund the construction of various State capital projects, and extended the Transfer Plan (as described above) through fiscal year 2008. The 2002 Legislature authorized the issuance of $60,250,000 in capital project bonds for the renovation and deferred maintenance of the Corporation's Public Housing facilities. The 2004 Legislature adopted legislation authorizing the additional issuance of bonds in sufficient amounts to fund the construction of various State capital projects. The bond proceeds are allocated to agencies and municipalities subject to specific legislative appropriation. Debt service payments on such bonds are categorized as transfers pursuant to the Transfer Plan.

The Corporation has issued $196,345,000 principal amount of State Capital Project Bonds pursuant to the 1998 Act, $74,535,000 principal amount of State Capital Project Bonds pursuant to the 2000 Act, and $60,250,000 principal amount of State Capital Project Bonds pursuant to the 2002 Act, and $45,000,000 principal amount of bonds under the State Capital Project agreement pursuant to the 2004 Act, and has completed its issuance authority under the Acts. The payment of principal and interest on these bonds will be included in future capital budgets of the Corporation.

The Twenty-Third Legislature in 2003 enacted SCSBH 256 (the "2003" Act) which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. The Corporation and the State view the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. As approved and signed into law by the Governor, the 2003 Transfer Plan calls for annual transfers that will not exceed the lesser of 75% of adjusted change in net assets or $103,000,000 less debt service on certain State Capital Project Bonds, less any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations of the Corporation's operating budget.

Contributions to the State of Alaska or other State agencies

Since the inception of the Corporation, the State has contributed a total of $1,369,523,000 to the Corporation. Beginning in fiscal year 1986, the Corporation began a series of plans to transfer funds to or on behalf of the State. Following is a summary of the different types of transfers (in thousands):

	June 30, 2010	Cummulative Prior Fiscal Year	Total Payments to State
State debt repayment	$ -	$ 29,800	$ 29,800
Asset purchases	-	252,300	252,300
Dividends	-	114,300	114,300
Direct cash transfers	25,000	606,653	631,653
Other State appropriations	-	302,654	302,654
Non-Housing capital projects	7,741	294,584	302,325
Various bond proceeds disbursed	4,031	304,603	308,634
Total	$ 36,772	$ 1,904,894	$ 1,941,666

18 GRANTS

The Corporation paid grants to third parties for the following programs (in thousands):

Program	June 30, 2010
Energy Programs:	
▪ ARRA Weatherization Assistance Program	$ 30
▪ Energy Efficient Appliance Rebate	39
▪ Energy Efficiency Monitoring Research	1,222
▪ Energy Efficiency Conservation Block Grant	330
▪ Energy Efficient Home Program	46,096
▪ Low-Income Home Energy Assistance	317
▪ Low Income Weatherization Assistance	44,931
Total Energy Programs	92,965
Section 8 Vouchers Program	30,093
Other Housing Assistance Programs:	
▪ AMHTA Short Term Housing Assistance	32
▪ ARRA Low Income Tax Credit	11,432
▪ ARRA TCAP Home	2,652
▪ Beneficiaries and Special Needs Housing	91
▪ Denali Commission	5,439
▪ Drug Elimination	180
▪ Homeless Prevention and Rapid Re-Housing	743
▪ HOME Investment Partnership	4,599
▪ Homeless Assistance Program	2,796
▪ Homeless Information Management System	34
▪ Housing Loan Program	5,353
▪ Housing Opportunities for Persons with AIDS	626
▪ Low Income Tax Credit	-
▪ Neighborhood Stabiliation	9,566
▪ Resident Opportunity and Support Service	73
▪ ROSS Neighborhood Network	108
▪ Section 8 Contract Administration	7,554
▪ Senior Citizen Housing Development Grant	5,611
▪ Shelter Plus Care	559
▪ Special Needs Housing	911
▪ Supplemental Housing Grant	12,423
▪ Supportive Housing Grant Match	871
▪ Technical Assistance Grant	172
Total Other Housing Assistance Programs	71,825
Total Housing Grant Expenses	194,883
▪ Legislative Appropriations	7,741
Total Non-Housing Capital Project Grants	7,741
Total Grants	$ 202,624

In addition to grant payments made, the Corporation has advanced grant funds of $9,496,000 and committed to third parties a sum of $281,415,000 in grant awards at June 30, 2010.

19 OTHER PROGRAMS

Other programs include public-housing activities, energy conservation, and other activities not reported elsewhere. These programs are funded from a combination of corporate receipts and external sources.

Housing Assistance Programs

Low Rent includes the following programs for various low-income housing facilities administered by the Corporation under contract with HUD:

- Low Rent Management
- Modernization/Capital Fund Programs

Section 8 Vouchers Program includes the following programs for tenant-based rental assistance administered by the Corporation under contract with HUD:

- Section 8 Moderate Rehabilitation
- Section 8 Vouchers

Section 8 New Program consists of Corporate owned low-income housing facilities at various locations, Wrangell Market Housing, and contract administration of HUD contracts directly with landlords:

- Section 8 New Construction
- Wrangell Multi-Family Market
- Section 8 Contract Administration

Other Housing Assistance Programs include the following HUD, federal, state, and Corporate funded activities:

- Beneficiaries & Special Needs Housing
- Denali Commission Housing Programs
- Drug Elimination Program
- Family Investment Center Grant
- Family Self Sufficiency Program (FSS)
- HOME Investment Partnerships Program (HOME)
- Homeless Assistance Program Grants
- Housing Opportunities for Persons with AIDS (HOPWA)
- Housing Preservation Grants
- Low Income Tax Credit Program
- Neighborhood Stabilization Program
- Resident Opportunity and Supportive Services
- ROSS Neighborhood Networks
- Senior Citizen Housing Development Grant Program
- Shelter Plus Care Program
- Supplemental Housing Grant Program
- Supportive Housing Grant Match
- Teacher Health Professional and Public Safety Housing Programs
- Technical Assistance Grants

Energy Conservation Programs

- Energy Efficiency Monitoring Research
- Energy Efficient Home Program (Rebates)
- Low-Income Home Energy Assistance Program (LIHEAP)
- Low-Income Weatherization Program
- Research Information Center
- Residential Energy Rehab Program (Enhanced Weatherization)
- State Energy Program Special Projects
- State Energy Program

AHFC's ARRA (American Recovery & Reinvestment Act of 2009) Capital Projects

Energy programs:

- Energy Efficiency and Conservation Block Grants
- Energy Efficient Appliance Rebate
- Energy Assurance / Smart Grid Resiliency (EA/SGR)
- State Energy Program
- Weatherization Program

Low rent programs:

- Capital Fund Program (CFP) - Competitive
- Capital Fund Program (CFP) - Formula

Other programs:

- Emergency Shelter Grants (ESG) – Homeless Prevention and Rapid Re-Housing Program
- HOME Investment Partnerships – Tax Credit Assistance Program (TCAP)
- Low-Income Housing Grants in Lieu of Tax Credits
- Project Based Rental Assistance (AHFC is not considered the Prime Recipient for this program; HUD is responsible for the Federal Report Requirements of the program.)

Housing Units Owned, Managed or Administered

As of June 30, 2010, the Public Housing Division of the Corporation operates the following programs in 18 Alaskan communities:

Program	Number of Units
Low Rent Conventional Housing	986
Low Rent Conventional Housing – Senior Units	343
Section 8 New Construction Housing	65
Section 8 New Construction Housing – Senior Units	268
Other Housing Units	33
Section 8 Existing – Housing Assistance:	
Housing Choice Vouchers	4,366
Single Room Occupancy	70
	6,131

20 ENERGY AND WEATHERIZATION ENERGY EFFICIENCY PROGRAMS

The 2008 Legislature authorized funding for the Corporation to expand the existing Weatherization program by $200,000,000 and create the new Energy Rebate Program with $160,000,000 to help Alaskans make their homes more energy efficient.

The Weatherization program helps homeowners with low-to-moderate incomes, living in owner-occupied homes or rental units, qualify for free weatherization upgrades performed through various providers or regional housing authorities. The Weatherization program is funded by federal, State and Corporate monies.

The Home Energy Rebate Program has no income limits and provides homeowners with reimbursements for specific energy-efficiency improvements. The more the home's energy efficiency improves, the greater the potential rebate. As of June 30, 2010 the Corporation had outstanding commitments of $174,683,000 and had paid out $57,706,000 in the rebate program to homeowners since the inception of the program. This commitment amount represents the maximum amount each homeowner could be reimbursed, not necessarily the actual amount of each homeowner's reimbursement.

21 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

Plan Description

As of June 30, 2010, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System (PERS). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan which includes both pension and post employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008 when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan. PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan which includes both pension and post employment healthcare plans for all employees hired on or after July 1, 2006.

PERS is administered by the State of Alaska. Benefits and contributions provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by state legislature. Amendments do not affect existing employees. A publicly available financial report that includes financial statements and required supplementary information is issued annually by PERS. That report may be obtained by writing to State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska 99811-0202.

Defined Benefit Plans (Employees hired prior to July 1, 2006):

Employees hired prior to July 1, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 55 or early retirement age 50. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service and for all service prior to July 1, 1986, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan pays the retiree medical plan premium and also provides death and disability benefits.

Employees hired after June 30, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's three-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. Also the plan does not pay the retiree medical plan premium for retirees under the age of 60 unless the retiree has 30 years of credited service. The employee may elect to pay the full premium cost for medical coverage.

Employees hired after June 30, 1996 with five or more years of credited service are entitled to annual pension benefits beginning at normal retirement age 60 or early retirement age 55. The normal pension benefit is equal to 2% of the member's five-year highest average monthly compensation for the first ten years of service, 2¼% for the second ten years of service and 2½% for all remaining years of service. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The plan does not pay the retiree medical plan premium for retirees with less than 10 years of service at age 60. The employee may elect to pay the full premium cost for medical coverage.

Defined Contribution Plan (Employees hired on or after July 1, 2006):

There is no retirement age set, however taxes and penalties may apply if withdrawn prior to age 59 ½. Retirement benefits are equal to the Defined Contribution account balance plus interest. The employee may direct the investment of the account if so desired. The account balance is 100% of the employees contribution plus 25% of the Corporation's contribution after two years of service, 50% of the Corporation's contribution after three years of service, 75% of the Corporation's contribution after four years of service, and 100% of the Corporation's contribution after 5 years of service. The plan pays a portion of the retiree medical plan premium if the retiree retires directly from the plan and is eligible for Medicare. The portion of premium paid by the plan is determined by years of service. Disability benefits are also provided.

Funding Policy

Defined Benefit Plans:

Under State law, covered employees are required to contribute 6¾% of their annual covered salary to the pension plan and are not required to contribute to the Post Employment Healthcare Plan.

Under State law the Corporation is required to contribute 22% of annual covered salary. For the fiscal year 2010, 7.96% of covered salary is for the pension plan and 14.04% of covered salary is for the Post Employment Healthcare Plan.

Under AS39.35.255, the difference between the actuarial required contribution of 27.65% for the fiscal year 2010 and the employer rate of 22% will be funded by the State.

The State contribution to the pension plan for the Corporation for the year ended June 30, 2010 was $460,000.

The Corporation's contributions to the pension plan for the year ended June 30, 2010 was $1,452,000 and for the years ended June 30, 2009 and June 30, 2008 was $1,180,000 and $1,026,000 respectively.

The State contribution to the post employment healthcare plan for the Corporation for the year ended June 30, 2010 was $657,000.

The Corporation's contributions to the post employment healthcare plan for the year ended June 30, 2010 was $2,559,000 and for the years ended June 30, 2009 and June 30, 2008 was $2,740,000 and $2,770,000 respectively.

Defined Contribution Plans

Under State law, covered employees are required to contribute 8% of their annual covered salary. For the fiscal year 2010, the Corporation is required to contribute 5.30% of the annual covered salary to the pension plan.

Under State law, covered employees are not required to contribute to the post employment healthcare plan. For the fiscal year 2010, the Corporation is required to contribute 0.83% of the annual covered salary plus an annual flat dollar amount of $1,699.71 for each covered employee.

If the total amount that the Corporation has contributed for the defined contribution pension and post employment healthcare plans is less that 22% of covered payroll, the Corporation must pay that additional amount. This additional amount is used to reduce the Plan's unfunded liability. For the year ended June 30, 2010, the Corporation paid additional contributions of $232,000.

The contributions to the pension plan for the year ended June 30, 2010 by the employees was $153,000 and by the Corporation was $101,000.

The Corporation contributed $87,000 to a health reimbursement arrangement for the year ended June 30, 2010.

22 OTHER COMMITMENTS AND CONTINGENCIES

Medical Self Insurance

During the fiscal year ended June 30, 1998, the Corporation began a program of self-insurance for employee medical benefits. Costs are billed directly to the Corporation by an Administrative Services Provider that processes all of the claims from the employees and their dependents. The Corporation has purchased a stop-loss policy that limits its liability to $50,000 per employee per year. The Corporation has provided for an estimate of the Incurred But Not Reported (IBNR) liability in the amount of $1,235,000 and $1,437,000 as of June 30, 2010 and June 30, 2009, respectively.

Litigation

The Corporation, in the normal course of its activities, is involved in various claims and pending litigation, the outcome of which is not presently determinable. In the opinion of management, the disposition of these matters is not presently expected to have a material adverse effect on the Corporation's financial statements.

Contingent Liabilities

The Corporation participates in several federally assisted programs. These programs are subject to program compliance audits and adjustment by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, would become a liability of the Administrative Fund. In management's opinion, disallowance, if any, will be immaterial.

Subsequent Events

In September 2010, the Corporation will issue $142,930,000 Mortgage Revenue Bonds, 2009 Series A-1 and 2010 Series A and B. The bonds will be general obligations of the Corporation and will bear interest at fixed rates payable each June 1 and December 1. The bonds will mature on December 1, 2041, December 1, 2027, and December 1, 2040, respectively.

23 RISK MANAGEMENT

The Corporation is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by various commercial insurance policies and contractual risk transfers. When the Corporation enters into agreements, contracts or grants, it requires insurance from the party the Corporation is doing business with. This ensures that the party can adequately sustain any loss exposure, so the Corporation is not first-in-line in case of a loss. There have been no significant reductions in insurance coverage from the prior year, and settlements have not exceeded insurance coverage during the past three years.

24 CUMULATIVE EFFECT OF ACCOUNTING CHANGE

Beginning in the fiscal year 2010, AHFC implemented GASB Statement 53, Accounting and Financial Reporting for Derivative Instruments. Pursuant to this Statement, AHFC evaluated its derivative instruments to be either hedgeable or non-hedgeable. The SC02B interest rate swap was determined to be non-hedgeable at June 30, 2009. According to the Statement, the fair value at June 30, 2009 of any derivative instrument that was non-hedgeable at that date would be reported as a restatement of beginning net assets. The negative fair value of the SC02B swap at June 30, 2009 was $1,574,000, the cumulative effect of the accounting change.

25 FIVE YEAR FINANCIAL INFORMATION

Entity-wide amounts at year-end are presented below for informational purposes (in thousands):

	June 30, 2010	2009	2008	2007	2006
Assets and Deferred Outflows					
Cash	$ 59,218	$ 24,720	$ 19,034	$ 45,964	$ 11,583
Investments	1,389,605	1,247,669	1,231,404	1,274,544	1,768,178
Accrued interest receivable	14,647	15,854	16,734	19,340	19,013
Mortgage loans, notes and other loans	2,971,253	3,195,444	3,450,063	3,357,754	3,240,209
Net investment in direct financing lease	61,222	64,802	65,203	27,085	29,110
Unamortized bond issuance costs	19,751	23,252	25,142	24,616	24,584
Capital assets, net	112,759	113,004	116,535	118,743	120,030
Other assets	40,463	46,680	22,004	28,854	16,869
Derivative instrument - interest rate swaps	-	-	-	-	-
Deferred outflow of resources	127,899	-	-	-	-
Total Assets and Deferred Outflows	4,796,817	4,731,425	4,946,119	4,896,900	5,229,576
Liabilities and Deferred Inflows					
Bonds and notes payable	2,832,647	2,869,153	3,136,866	3,060,887	2,907,223
Short term debt	149,890	149,724	112,159	119,726	242,449
Accrued interest payable	12,770	13,715	15,303	14,847	17,340
Other liabilities	47,252	26,722	15,620	16,968	72,532
Derivative instrument - interest rate swaps	130,267	-	-	-	-
Deferred inflow of resources	-	-	-	-	-
Total Liabilities and Deferred Inflows	3,172,826	3,059,314	3,279,948	3,212,428	3,239,544
Total Fund Equity	$1,623,991	$1,672,111 *	$1,666,171	$1,684,472	$1,990,032

	June 30, 2010	2009	2008	2007	2006
Operating Revenues					
Mortgage and loans revenue	$ 177,855	$ 205,138	$ 202,851	$ 195,028	$ 193,573
Investment interest	11,605	25,148	56,667	76,631	60,220
Net change in fair value of investments	6,317	570	255	2,214	(1,830)
Net change of hedge termination	(794)	-	-	-	-
Total Investment Revenue	17,128	25,718	56,922	78,845	58,390
Externally funded programs	191,968	112,587	73,603	63,043	59,587
Rental	8,697	8,577	7,695	6,988	6,575
Other	1,610	3,337	776	1,085	807
Total Operating Revenues	397,258	355,357	341,847	344,989	318,932
Operating Expenses					
Interest	130,789	149,021	147,336	158,145	146,971
Mortgage and loan costs	12,709	14,139	14,155	14,034	13,133
Operations and administration	49,678	51,421	42,812	41,410	38,858
Financing expenses	7,456	9,159	6,415	8,945	4,836
Provision for loan loss	515	(7,703)	7,098	5,490	406
Housing grants and subsidies	194,883	106,480	78,290	65,689	56,829
Rental housing operating expenses	11,002	11,480	10,428	10,799	11,221
Total Operating Expenses	407,032	333,997	306,534	304,512	272,254
Operating Income (Loss)	(9,774)	21,360	35,313	40,477	46,678
Non-Operating & Special Item					
Contribution from the State of Alaska	-	-	-	-	300,000
Contribution to State or State agency	(36,772)	(15,420)	(53,614)	(346,037)	(46,845)
Special item	-	-	-	-	7,126
Change in Net Assets	$ (46,546)	$ 5,940	$ (18,301)	$ (305,560)	$ 306,959

*Does not reflect the FY10 cumulative effect of accounting change.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

COMBINED - ALL FUNDS

As of June 30, 2010

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds/Notes	Combined Other Housing Bonds
ASSETS AND DEFERRED OUTFLOWS				
Cash	38,175	-	-	-
Investments	735,819	355,797	62,613	189,109
Accrued interest receivable	1,476	6,046	1,753	3,314
Inter-fund due to/from	(27,988)	26,673	8,820	13,832
Mortgage loans, notes and other loans	258,392	1,312,649	330,862	626,496
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	8,497	2,214	5,120
Capital assets, non-depreciable	139	-	-	-
Capital assets - depreciable, net	500	-	-	-
Other assets	9,264	33	-	44
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	103,374	-	16,856
Total Assets and Deferred Outflows	1,015,777	1,813,069	406,262	854,771
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	-	1,457,567	300,335	535,893
Short term debt	149,890	-	-	-
Accrued interest payable	1,091	4,781	1,235	2,038
Other liabilities	8,041	434	398	177
Derivative instrument - interest rate swaps	-	103,374	-	16,856
Intergovernmental payable	25,257	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	184,279	1,566,156	301,968	554,964
NET ASSETS				
Invested in capital assets, net of related debt	639	-	-	-
Restricted by bond resolutions	-	246,913	104,294	237,923
Restricted by contractual or statutory agreements	147,566	-	-	25,268
Unrestricted net assets, (deficit)	683,293	-	-	36,616
Total Net Assets (deficit)	831,498	246,913	104,294	299,807

Schedule 1

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
2,969	18,074	59,218
46,267	-	1,389,605
2,058	-	14,647
9,341	(30,678)	-
442,854	-	2,971,253
61,222	-	61,222
3,920	-	19,751
-	16,328	16,467
-	95,792	96,292
28	16,405	25,774
-	-	-
-	14,689	14,689
7,669	-	127,899
576,328	130,610	4,796,817
538,852	-	2,832,647
-	-	149,890
3,625	-	12,770
491	9,175	18,716
10,037	-	130,267
2,969	310	28,536
-	-	-
555,974	9,485	3,172,826
-	112,120	112,759
-	-	589,130
-	22,311	195,145
20,354	(13,306)	726,957
20,354	121,125	1,623,991

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ALASKA HOUSING FINANCE CORPORATION

Schedule 2

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

REVOLVING FUNDS

As of June 30, 2010

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
ASSETS AND DEFERRED OUTFLOWS			
Cash	37,812	363	38,175
Investments	724,743	11,076	735,819
Accrued interest receivable	1,474	2	1,476
Inter-fund due to/from	(27,988)	-	(27,988)
Mortgage loans, notes and other loans	258,392	-	258,392
Net investment in direct financing lease	-	-	-
Unamortized bond issuance costs	-	-	-
Capital assets - non-depreciable	139	-	139
Capital assets - depreciable, net	500	-	500
Other assets	9,264	-	9,264
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	-	-	-
Deferred outflow of resources	-	-	-
Total Assets and Deferred Outflows	1,004,336	11,441	1,015,777
LIABILITIES AND DEFERRED INFLOWS			
Bonds and notes payable	-	-	-
Short term debt	149,890	-	149,890
Accrued interest payable	1,091	-	1,091
Other liabilities	8,041	-	8,041
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	25,257	-	25,257
Deferred inflow of resources	-	-	-
Total Liabilities & Deferred Inflows	184,279	-	184,279
NET ASSETS			
Invested in capital assets, net of related debt	639	-	639
Restricted by bond resolutions	-	-	-
Restricted by contractual or statutory agreements	136,125	11,441	147,566
Unrestricted net assets, (deficit)	683,293	-	683,293
Total Net Assets (deficit)	820,057	11,441	831,498

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYER BONDS

As of June 30, 2010

(in thousands of dollars)

	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D
ASSETS AND DEFERRED OUTFLOWS				
Cash	-	-	-	-
Investments	-	1,736	6,604	4,311
Accrued interest receivable	-	136	386	263
Inter-fund due to/from	-	186	1,851	792
Mortgage loans, notes and other loans	-	23,243	68,721	45,028
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	271	789	736
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	-	25,572	78,351	51,130
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	-	14,585	56,152	48,935
Short term debt	-	-	-	-
Accrued interest payable	-	63	283	241
Other liabilities	-	9	25	16
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	-	14,657	56,460	49,192
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	10,915	21,891	1,938
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	-	10,915	21,891	1,938

Schedule 3

Mortgage Revenue Bonds 2001 A,B	Mortgage Revenue Bonds 2009 A	Combined Total
-	-	-
2,524	197,074	212,249
249	1	1,035
1,004	-	3,833
51,502	-	188,494
-	-	-
645	160	2,601
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
55,924	197,235	408,212
47,897	193,100	360,669
-	-	-
205	-	792
17	-	67
-	-	-
-	-	-
-	-	-
48,119	193,100	361,528
-	-	-
7,805	4,135	46,684
-	-	-
-	-	-
7,805	4,135	46,684

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET ASSETS
FIRST TIME HOMEBUYER BONDS (continued)
As of June 30, 2010
(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A,B	Home Mortgage Revenue Bonds 2006 A	Home Mortgage Revenue Bonds 2006 B	Home Mortgage Revenue Bonds 2006 C
ASSETS AND DEFERRED OUTFLOWS				
Cash	-	-	-	-
Investments	35,461	4,026	2,473	4,119
Accrued interest receivable	814	351	215	231
Inter-fund due to/from	2,378	1,248	1,036	1,420
Mortgage loans, notes and other loans	157,180	68,297	49,919	50,838
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	806	596	441	452
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	33	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	10,459	-	-	-
Total Assets and Deferred Outflows	207,131	74,518	54,084	57,060
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	154,421	71,376	51,198	54,699
Short term debt	-	-	-	-
Accrued interest payable	489	280	198	237
Other liabilities	61	25	14	16
Derivative instrument - interest rate swaps	10,459	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	165,430	71,681	51,410	54,952
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	41,701	2,837	2,674	2,108
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	41,701	2,837	2,674	2,108

Schedule 4

Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A	Home Mortgage Revenue Bonds 2008 B	Combined Total
-	-	-	-	-	-	-
11,651	14,140	3,563	13,193	3,243	3,233	95,102
296	301	319	335	298	315	3,475
1,223	1,384	1,946	1,479	1,730	689	14,533
69,868	67,225	71,555	82,570	62,055	73,315	752,822
-	-	-	-	-	-	-
204	127	611	173	457	627	4,494
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	33
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,477	14,437	-	16,688	-	-	56,061
97,719	97,614	77,994	114,438	67,783	78,179	926,520
73,193	73,193	74,145	87,155	64,415	73,769	777,564
-	-	-	-	-	-	-
253	255	289	301	269	309	2,880
23	22	23	25	20	21	250
14,477	14,437	-	16,688	-	-	56,061
-	-	-	-	-	-	-
-	-	-	-	-	-	-
87,946	87,907	74,457	104,169	64,704	74,099	836,755
-	-	-	-	-	-	-
9,773	9,707	3,537	10,269	3,079	4,080	89,765
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9,773	9,707	3,537	10,269	3,079	4,080	89,765

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYER BONDS (continued)

As of June 30, 2010

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2009 A	Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 C	Home Mortgage Revenue Bonds 2009 D
ASSETS AND DEFERRED OUTFLOWS				
Cash	-	-	-	-
Investments	15,200	15,528	5,713	12,005
Accrued interest receivable	370	399	305	462
Inter-fund due to/from	3,627	2,102	1,045	1,533
Mortgage loans, notes and other loans	96,304	97,795	77,165	100,069
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	235	219	700	248
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	15,840	16,009	-	15,464
Total Assets and Deferred Outflows	131,576	132,052	84,928	129,781
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	79,488	79,488	80,828	79,530
Short term debt	-	-	-	-
Accrued interest payable	244	242	303	320
Other liabilities	32	33	22	30
Derivative instrument - interest rate swaps	15,840	16,009	-	15,464
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	95,604	95,772	81,153	95,344
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	35,972	36,280	3,775	34,437
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	35,972	36,280	3,775	34,437

Schedule 5

Combined Total
-
48,446
1,536
8,307
371,333
-
1,402
-
-
-
-
-
47,313
478,337
319,334
-
1,109
117
47,313
-
-
367,873
-
110,464
-
-
110,464

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

As of June 30, 2010

(in thousands of dollars)

	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series
ASSETS AND DEFERRED OUTFLOWS				
Cash	-	-	-	-
Investments	-	10,383	7,109	1,420
Accrued interest receivable	-	199	112	72
Inter-fund due to/from	-	672	367	389
Mortgage loans, notes and other loans	-	29,377	13,969	16,122
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	524	276	126
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	-	41,155	21,833	18,129
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	-	28,255	14,545	12,510
Short term debt	-	-	-	-
Accrued interest payable	-	142	75	57
Other liabilities	-	9	5	4
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	-	28,406	14,625	12,571
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	12,749	7,208	5,558
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	-	12,749	7,208	5,558

Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Collateralized Notes 2008 Second Series	Combined Total
-	-	-	-	-
1,006	17,741	24,954	-	62,613
44	1,091	235	-	1,753
171	6,319	902	-	8,820
12,912	217,975	40,507	-	330,862
-	-	-	-	-
-	761	527	-	2,214
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
14,133	243,887	67,125	-	406,262
9,340	181,005	54,680	-	300,335
-	-	-	-	-
37	703	221	-	1,235
291	73	16	-	398
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
9,668	181,781	54,917	-	301,968
-	-	-	-	-
4,465	62,106	12,208	-	104,294
-	-	-	-	-
-	-	-	-	-
4,465	62,106	12,208	-	104,294

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF NET ASSETS
OTHER HOUSING BONDS
As of June 30, 2010
(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
ASSETS AND DEFERRED OUTFLOWS				
Cash	-	-	-	-
Investments	570	22,481	-	72,722
Accrued interest receivable	106	1,428	-	415
Inter-fund due to/from	624	5,967	-	2,066
Mortgage loans, notes and other loans	23,976	248,662	-	136,835
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	2,685	-	1,057
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	25,276	281,223	-	213,095
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	-	243,495	-	148,256
Short term debt	-	-	-	-
Accrued interest payable	-	1,030	-	593
Other liabilities	8	82	-	27
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	8	244,607	-	148,876
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	-	64,219
Restricted by contractual or statutory agreements	25,268	-	-	-
Unrestricted net assets, (deficit)	-	36,616	-	-
Total Net Assets (deficit)	25,268	36,616	-	64,219

Schedule 7

Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
-	-	-
2,290	91,046	189,109
141	1,224	3,314
-	5,175	13,832
18,458	198,565	626,496
-	-	-
130	1,248	5,120
-	-	-
-	-	-
-	44	44
-	-	-
-	-	-
-	16,856	16,856
21,019	314,158	854,771
14,600	129,542	535,893
-	-	-
3	412	2,038
-	60	177
-	16,856	16,856
-	-	-
-	-	-
14,603	146,870	554,964
-	-	-
6,416	167,288	237,923
-	-	25,268
-	-	36,616
6,416	167,288	299,807

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

NON-HOUSING BONDS

As of June 30, 2010

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Building Lease Bonds 1999
ASSETS AND DEFERRED OUTFLOWS				
Cash	-	-	250	-
Investments	12,907	6,213	1,430	-
Accrued interest receivable	310	419	222	-
Inter-fund due to/from	1,157	1,199	1,099	-
Mortgage loans, notes and other loans	57,334	94,024	51,558	-
Net investment in direct financing lease	-	-	40,867	-
Unamortized bond issuance costs	552	605	626	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	28	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	7,669	-	-	-
Total Assets and Deferred Outflows	79,929	102,488	96,052	-
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	68,870	95,524	91,315	-
Short term debt	-	-	-	-
Accrued interest payable	1,711	356	357	-
Other liabilities	23	33	22	-
Derivative instrument - interest rate swaps	10,037	-	-	-
Intergovernmental payable	-	-	250	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	80,641	95,913	91,944	-
NET ASSETS				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	(712)	6,575	4,108	-
Total Net Assets (deficit)	(712)	6,575	4,108	-

Schedule 8

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
-	2,719	2,969
15,848	9,869	46,267
733	374	2,058
3,917	1,969	9,341
135,577	104,361	442,854
-	20,355	61,222
1,029	1,108	3,920
-	-	-
-	-	-
-	-	28
-	-	-
-	-	-
-	-	7,669
157,104	140,755	576,328
141,866	141,277	538,852
-	-	-
583	618	3,625
45	368	491
-	-	10,037
-	2,719	2,969
-	-	-
142,494	144,982	555,974
-	-	-
-	-	-
-	-	-
14,610	(4,227)	20,354
14,610	(4,227)	20,354

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER PROGRAM FUNDS

As of June 30, 2010

(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
ASSETS AND DEFERRED OUTFLOWS				
Cash	1,945	9,050	5,008	2,068
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(13,960)	(2,058)	(315)	(819)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	-	-
Capital assets - non-depreciable	89	15,090	1,149	-
Capital assets - depreciable, net	12	73,206	22,528	46
Other assets	4,965	1,451	58	63
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	13,623	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	6,674	96,739	28,428	1,358
LIABILITIES AND DEFERRED INFLOWS				
Bonds and notes payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	4,876	1,182	257	195
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	310	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	4,876	1,492	257	195
NET ASSETS				
Invested in capital assets, net of related debt	101	88,296	23,677	46
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	2,027	7,987	5,055	3,043
Unrestricted net assets, (deficit)	(330)	(1,036)	(561)	(1,926)
Total Net Assets (deficit)	1,798	95,247	28,171	1,163

Schedule 9

Other Programs	Combined Total
3	18,074
-	-
-	-
(13,526)	(30,678)
-	-
-	-
-	-
-	16,328
-	95,792
9,868	16,405
-	-
1,066	14,689
-	-
(2,589)	130,610
-	-
-	-
-	-
2,665	9,175
-	-
-	310
-	-
2,665	9,485
-	112,120
-	-
4,199	22,311
(9,453)	(13,306)
(5,254)	121,125

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

COMBINED - ALL FUNDS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds/Notes	Combined Other Housing Bonds
OPERATING REVENUES				
Mortgage and loans revenue	19,318	75,938	19,903	39,717
Investment interest	1,206	1,639	1,904	3,287
Net change in the fair value of investments	6,092	(9)	(1)	(5)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	7,298	1,630	1,903	3,282
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	1,241	-	-	-
Total Operating Revenues	27,857	77,568	21,806	42,999
OPERATING EXPENSES				
Interest	866	61,657	16,452	25,922
Mortgage and loan costs	2,523	4,996	1,281	2,113
Financing expenses	701	4,812	(49)	1,291
Provision for loan loss	(1,536)	2,536	2,130	(4,223)
Operations and administration	2,166	12,624	2,893	5,456
Rental housing operating expenses	58	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	4,778	86,625	22,707	30,559
Operating Income (Loss)	23,079	(9,057)	(901)	12,440
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(33,103)	-	-	-
Transfers - Internal	(98,709)	27,088	(28,479)	(1,967)
Change in Net Assets	(108,733)	18,031	(29,380)	10,473
Net assets at beginning of year	940,231	228,882	133,674	289,334
Cummulative effect of accounting change	-	-	-	-
Revised net assets at beginning of year	940,231	228,882	133,674	289,334
Net Assets at End of Period	831,498	246,913	104,294	299,807

Schedule 10

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
22,979	-	177,855
3,536	33	11,605
240	-	6,317
(794)	-	(794)
2,982	33	17,128
-	191,968	191,968
-	8,697	8,697
-	369	1,610
25,961	201,067	397,258
25,884	8	130,789
1,796	-	12,709
701	-	7,456
1,608	-	515
3,711	22,828	49,678
-	10,944	11,002
-	194,883	194,883
33,700	228,663	407,032
(7,739)	(27,596)	(9,774)
(3,669)	-	(36,772)
67,173	34,894	-
55,765	7,298	(46,546)
(33,837)	113,827	1,672,111
(1,574)	-	(1,574)
(35,411)	113,827	1,670,537
20,354	121,125	1,623,991

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ALASKA HOUSING FINANCE CORPORATION

Schedule 11

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

REVOLVING FUNDS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
OPERATING REVENUES			
Mortgage and loans revenue	19,318	-	19,318
Investment interest	1,193	13	1,206
Net change in the fair value of investments	6,092	-	6,092
Net change of hedge termination	-	-	-
Total Investment Revenue	7,285	13	7,298
Externally funded program	-	-	-
Rental	-	-	-
Other	1,235	6	1,241
Total Operating Revenues	27,838	19	27,857
OPERATING EXPENSES			
Interest	866	-	866
Mortgage and loan costs	2,523	-	2,523
Financing expenses	701	-	701
Provision for loan loss	(1,536)	-	(1,536)
Operations and administration	2,166	-	2,166
Rental housing operating expenses	58	-	58
Housing grants and subsidies	-	-	-
Total Operating Expenses	4,778	-	4,778
Operating Income (Loss)	23,060	19	23,079
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS			
Contributions to the State of Alaska or other State agencies	(33,103)	-	(33,103)
Transfers - Internal	(98,709)	-	(98,709)
Change in Net Assets	(108,752)	19	(108,733)
Net assets at beginning of year	928,809	11,422	940,231
Cummulative effect of accounting change	-	-	-
Revised net assets at beginning of year	928,809	11,422	940,231
Net Assets at End of Period	820,057	11,441	831,498

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FIRST TIME HOMEBUYER BONDS
For the Year Ended June 30, 2010
(in thousands of dollars)

	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D
OPERATING REVENUES				
Mortgage and loans revenue	914	1,605	4,783	2,994
Investment interest	206	163	574	163
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	206	163	574	163
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	1,120	1,768	5,357	3,157
OPERATING EXPENSES				
Interest	853	936	4,008	3,413
Mortgage and loan costs	60	117	331	207
Financing expenses	533	168	276	187
Provision for loan loss	(682)	(169)	(825)	(165)
Operations and administration	78	193	569	378
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	842	1,245	4,359	4,020
Operating Income (Loss)	278	523	998	(863)
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(22,940)	2,128	(562)	260
Change in Net Assets	(22,662)	2,651	436	(603)
Net assets at beginning of year	22,662	8,264	21,455	2,541
Cummulative effect of accounting change	-	-	-	-
Revised net assets at beginning of year	22,662	8,264	21,455	2,541
Net Assets at End of Period	-	10,915	21,891	1,938

Schedule 12

Mortgage Revenue Bonds 2001 A,B	Mortgage Revenue Bonds 2009 A	Combined Total
3,364	-	13,660
15	113	1,234
-	-	-
-	-	-
15	113	1,234
-	-	-
-	-	-
-	-	-
3,379	113	14,894
2,791	-	12,001
231	-	946
175	255	1,594
(188)	-	(2,029)
431	1,568	3,217
-	-	-
-	-	-
3,440	1,823	15,729
(61)	(1,710)	(835)
-	-	-
(301)	5,845	(15,570)
(362)	4,135	(16,405)
8,167	-	63,089
-	-	-
8,167	-	63,089
7,805	4,135	46,684

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYER BONDS (continued)

For the Year Ended June 30, 2010

(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A,B	**Home Mortgage Revenue Bonds 2006 A**	**Home Mortgage Revenue Bonds 2006 B**	**Home Mortgage Revenue Bonds 2006 C**
OPERATING REVENUES				
Mortgage and loans revenue	9,461	4,124	2,805	3,069
Investment interest	64	20	19	18
Net change in the fair value of investments	(2)	(1)	(1)	(1)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	62	19	18	17
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	9,523	4,143	2,823	3,086
OPERATING EXPENSES				
Interest	6,493	3,598	2,581	2,884
Mortgage and loan costs	553	290	178	201
Financing expenses	642	161	161	161
Provision for loan loss	(282)	77	(237)	(217)
Operations and administration	1,321	578	424	428
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	8,727	4,704	3,107	3,457
Operating Income (Loss)	796	(561)	(284)	(371)
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(1,109)	393	(492)	(691)
Change in Net Assets	(313)	(168)	(776)	(1,062)
Net assets at beginning of year	42,014	3,005	3,450	3,170
Cummulative effect of accounting change	-	-	-	-
Revised net assets at beginning of year	42,014	3,005	3,450	3,170
Net Assets at End of Period	41,701	2,837	2,674	2,108

Schedule 13

Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A	Home Mortgage Revenue Bonds 2008 B	Combined Total
3,852	3,906	4,107	4,579	3,790	4,243	43,936
22	26	20	27	24	12	252
-	-	(1)	-	(1)	-	(7)
-	-	-	-	-	-	-
22	26	19	27	23	12	245
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,874	3,932	4,126	4,606	3,813	4,255	44,181
3,063	3,036	3,737	3,641	3,688	3,935	36,656
285	284	264	344	242	279	2,920
145	142	140	156	148	88	1,944
(102)	(81)	(47)	(180)	(431)	27	(1,473)
578	556	605	683	524	615	6,312
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,969	3,937	4,699	4,644	4,171	4,944	46,359
(95)	(5)	(573)	(38)	(358)	(689)	(2,178)
-	-	-	-	-	-	-
318	(266)	(554)	44	(792)	41	(3,108)
223	(271)	(1,127)	6	(1,150)	(648)	(5,286)
9,550	9,978	4,664	10,263	4,229	4,728	95,051
-	-	-	-	-	-	-
9,550	9,978	4,664	10,263	4,229	4,728	95,051
9,773	9,707	3,537	10,269	3,079	4,080	89,765

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FIRST TIME HOMEBUYER BONDS (continued)
For the Year Ended June 30, 2010
(in thousands of dollars)

	Home Mortgage Revenue Bonds 2009 A	Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 C	Home Mortgage Revenue Bonds 2009 D
OPERATING REVENUES				
Mortgage and loans revenue	5,381	5,414	2,250	5,297
Investment interest	29	29	79	16
Net change in the fair value of investments	-	-	(2)	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	29	29	77	16
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	5,410	5,443	2,327	5,313
OPERATING EXPENSES				
Interest	3,286	3,277	3,080	3,357
Mortgage and loan costs	289	351	155	335
Financing expenses	114	113	195	852
Provision for loan loss	327	20	2,883	2,808
Operations and administration	799	809	651	836
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	4,815	4,570	6,964	8,188
Operating Income (Loss)	595	873	(4,637)	(2,875)
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(15)	57	8,412	37,312
Change in Net Assets	580	930	3,775	34,437
Net assets at beginning of year	35,392	35,350	-	-
Cummulative effect of accounting change	-	-	-	-
Revised net assets at beginning of year	35,392	35,350	-	-
Net Assets at End of Period	35,972	36,280	3,775	34,437

Schedule 14

Combined Total
18,342
153
(2)
-
151
-
-
-
18,493
13,000
1,130
1,274
6,038
3,095
-
-
24,537
(6,044)
-
45,766
39,722
70,742
-
70,742
110,464

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2010

(in thousands of dollars)

	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series
OPERATING REVENUES				
Mortgage and loans revenue	375	2,160	1,031	1,089
Investment interest	141	756	592	9
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	141	756	592	9
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	516	2,916	1,623	1,098
OPERATING EXPENSES				
Interest	426	1,983	1,099	880
Mortgage and loan costs	24	144	66	69
Financing expenses	254	119	79	81
Provision for loan loss	(186)	49	28	(7)
Operations and administration	31	242	116	132
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	549	2,537	1,388	1,155
Operating Income (Loss)	(33)	379	235	(57)
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(15,949)	(2,661)	(1,104)	(1,328)
Change in Net Assets	(15,982)	(2,282)	(869)	(1,385)
Net assets at beginning of year	15,982	15,031	8,077	6,943
Cummulative effect of accounting change	-	-	-	-
Revised net assets at beginning of year	15,982	15,031	8,077	6,943
Net Assets at End of Period	-	12,749	7,208	5,558

Schedule 15

Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Collateralized Notes 2008 Second Series	Combined Total
728	11,638	2,882	-	19,903
8	108	50	240	1,904
-	(1)	-	-	(1)
-	-	-	-	-
8	107	50	240	1,903
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
736	11,745	2,932	240	21,806
581	8,563	2,723	197	16,452
48	748	182	-	1,281
289	(1,013)	39	103	(49)
(163)	2,782	(373)	-	2,130
107	1,834	339	92	2,893
-	-	-	-	-
-	-	-	-	-
862	12,914	2,910	392	22,707
(126)	(1,169)	22	(152)	(901)
-	-	-	-	-
(1,426)	503	(6,537)	23	(28,479)
(1,552)	(666)	(6,515)	(129)	(29,380)
6,017	62,772	18,723	129	133,674
-	-	-	-	-
6,017	62,772	18,723	129	133,674
4,465	62,106	12,208	-	104,294

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

OTHER HOUSING BONDS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
OPERATING REVENUES				
Mortgage and loans revenue	1,277	19,188	420	6,034
Investment interest	5	43	15	107
Net change in the fair value of investments	-	(1)	(1)	(2)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	5	42	14	105
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	1,282	19,230	434	6,139
OPERATING EXPENSES				
Interest	-	12,708	807	7,158
Mortgage and loan costs	90	742	27	385
Financing expenses	-	941	22	55
Provision for loan loss	213	(2,470)	(1,581)	(87)
Operations and administration	200	2,156	166	1,137
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	503	14,077	(559)	8,648
Operating Income (Loss)	779	5,153	993	(2,509)
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	165	21,886	(35,095)	4,223
Change in Net Assets	944	27,039	(34,102)	1,714
Net assets at beginning of year	24,324	9,577	34,102	62,505
Cummulative effect of accounting change	-	-	-	-
Revised net assets at beginning of year	24,324	9,577	34,102	62,505
Net Assets at End of Period	25,268	36,616	-	64,219

Schedule 16

Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
344	12,454	39,717
4	3,113	3,287
-	(1)	(5)
-	-	-
4	3,112	3,282
-	-	-
-	-	-
-	-	-
348	15,566	42,999
32	5,217	25,922
-	869	2,113
79	194	1,291
-	(298)	(4,223)
151	1,646	5,456
-	-	-
-	-	-
262	7,628	30,559
86	7,938	12,440
-	-	-
5,125	1,729	(1,967)
5,211	9,667	10,473
1,205	157,621	289,334
-	-	-
1,205	157,621	289,334
6,416	167,288	299,807

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NON-HOUSING BONDS
For the Year Ended June 30, 2010
(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Building Lease Bonds 1999
OPERATING REVENUES				
Mortgage and loans revenue	2,286	5,422	2,878	-
Investment interest	227	41	1,846	1,110
Net change in the fair value of investments	67	(19)	-	-
Net change of hedge termination	(794)	-	-	-
Total Investment Revenue	(500)	22	1,846	1,110
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	1,786	5,444	4,724	1,110
OPERATING EXPENSES				
Interest	2,979	4,209	3,950	273
Mortgage and loan costs	203	441	247	-
Financing expenses	158	70	80	143
Provision for loan loss	446	(52)	39	-
Operations and administration	473	775	425	30
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	4,259	5,443	4,741	446
Operating Income (Loss)	(2,473)	1	(17)	664
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(540)	(952)	-	-
Transfers - Internal	29,696	63	994	(18,491)
Change in Net Assets	26,683	(888)	977	(17,827)
Net assets at beginning of year	(25,821)	7,463	3,131	17,827
Cummulative effect of accounting change	(1,574)	-	-	-
Revised net assets at beginning of year	(27,395)	7,463	3,131	17,827
Net Assets at End of Period	(712)	6,575	4,108	-

Schedule 17

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
8,308	4,085	22,979
276	36	3,536
193	(1)	240
-	-	(794)
469	35	2,982
-	-	-
-	-	-
-	-	-
8,777	4,120	25,961
6,869	7,604	25,884
598	307	1,796
113	137	701
889	286	1,608
1,151	857	3,711
-	-	-
-	-	-
9,620	9,191	33,700
(843)	(5,071)	(7,739)
(2,177)	-	(3,669)
1,275	53,636	67,173
(1,745)	48,565	55,765
16,355	(52,792)	(33,837)
-	-	(1,574)
16,355	(52,792)	(35,411)
14,610	(4,227)	20,354

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2010

(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
OPERATING REVENUES				
Mortgage and loans revenue	-	-	-	-
Investment interest	4	3	4	22
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	4	3	4	22
Externally funded program	94,931	14,678	2,192	33,439
Rental	-	6,572	2,124	1
Other	1	13	7	6
Total Operating Revenues	94,936	21,266	4,327	33,468
OPERATING EXPENSES				
Interest	-	6	2	-
Mortgage and loan costs	-	-	-	-
Financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	3,796	11,414	2,522	3,759
Rental housing operating expenses	4	9,098	1,757	76
Housing grants and subsidies	92,965	-	-	30,093
Total Operating Expenses	96,765	20,518	4,281	33,928
Operating Income (Loss)	(1,829)	748	46	(460)
NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	9,118	1,564	2,090	(68)
Change in Net Assets	7,289	2,312	2,136	(528)
Net assets at beginning of year	(5,491)	92,935	26,035	1,691
Cummulative effect of accounting change	-	-	-	-
Revised net assets at beginning of year	(5,491)	92,935	26,035	1,691
Net Assets at End of Period	1,798	95,247	28,171	1,163

Schedule 18

Other Programs	Combined Total
-	-
-	33
-	-
-	-
-	33
46,728	191,968
-	8,697
342	369
47,070	201,067
-	8
-	-
-	-
-	-
1,337	22,828
9	10,944
71,825	194,883
73,171	228,663
(26,101)	(27,596)
-	-
22,190	34,894
(3,911)	7,298
(1,343)	113,827
-	-
(1,343)	113,827
(5,254)	121,125

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
COMBINED - ALL FUNDS
For the Year Ended June 30, 2010
(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds and Notes	Combined Other Housing Bonds
Cash flows from operating activities:				
Interest income on mortgages and loans	17,310	71,433	18,913	37,810
Principal payments received on mortgages and loans	45,290	209,468	77,099	99,896
Purchases of mortgages and loans	(295,755)	-	-	-
Receipt (payment) for loan transfers between funds	324,311	(174,757)	(42,327)	(49,020)
Payments to employees and other payroll disbursements	(20,089)	-	-	-
Payments for goods and services	(12,254)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	884,158	297,537	104,389	143,924
Interfund Payments	(897,161)	(291,143)	(98,649)	(140,469)
Grant payments to other agencies	(23,244)	-	-	-
Other operating cash receipts	3,268	10,414	2,649	2,804
Other operating cash payments	(1,591)	(277)	(37)	(120)
Net cash provided by (used for) operating activities	24,243	122,675	62,037	94,825
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	354,576	-	-
Principal paid on bonds	-	(133,280)	(83,530)	(142,195)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(1,177)	-	-	-
Interest paid	(874)	(72,326)	(16,734)	(25,950)
Proceeds from issuance of short term debt	775,000	-	-	-
Payment of short term debt	(774,800)	-	-	-
Contributions to the State of Alaska or other State agencies	(9,699)	-	-	-
Transfers (to) from other funds	15,537	(38,180)	(45,476)	65,659
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	3,987	110,790	(145,740)	(102,486)
Cash flows from capital financing activities:				
Acquisition of capital assets	(2,583)	-	-	-
Proceeds from the disposal of capital assets	3	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	(250)	-	-	-
Net cash provided by (used for) capital financing activities	(2,830)	-	-	-
Cash flows from investing activities:				
Purchase of investments	(4,612,214)	(1,449,669)	(603,590)	(1,003,107)
Proceeds from maturity of investments	4,613,887	1,214,632	685,142	1,007,601
Interest received from investments	1,427	1,572	2,151	3,167
Net cash provided by (used for) investing activities	3,100	(233,465)	83,703	7,661
Net Increase (decrease) in cash	28,500	-	-	-
Cash at the beginning of year	9,675	-	-	-
Cash at the end of period	38,175	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	23,079	(9,057)	(901)	12,440
Adjustments:				
Depreciation expense	210	-	-	-
Provision for loan losses	(1,536)	2,536	2,130	(4,223)
Amortization of bond issuance costs	-	2,446	704	836
Net change in the fair value of investments	(6,092)	9	1	5
Transfers between funds for operating activity	(60,089)	13,979	3,102	5,908
Interest received from investments	(1,427)	(1,572)	(2,151)	(3,167)
Interest paid	874	72,326	16,734	25,950
Changes in assets and liabilities:		-		
Net increase (decrease) in mortgages and loans	73,846	34,711	34,772	50,876
Net increase (decrease) in assets and liabilities	(4,622)	7,297	7,646	6,200
Net cash provided by (used for) operating activities	24,243	122,675	62,037	94,825

Combined Non-Housing Bonds	Combined Other Programs	Combined Total
21,775	-	167,241
69,941	-	501,694
-	-	(295,755)
(58,207)	-	-
-	(12,948)	(33,037)
-	(11,435)	(23,689)
-	156,641	156,641
-	38,813	38,813
-	(38,963)	(38,963)
92,359	161,201	1,683,568
(92,181)	(163,965)	(1,683,568)
-	(132,431)	(155,675)
668	9,142	28,945
(238)	(22)	(2,285)
34,117	6,033	343,930
-	-	354,576
(14,635)	-	(373,640)
-	-	-
-	-	(1,177)
(23,844)	-	(139,728)
-	-	775,000
-	-	(774,800)
(3,669)	-	(13,368)
2,462	(2)	-
-	-	-
(39,686)	(2)	(173,137)
-	(4,363)	(6,946)
-	17	20
-	-	-
(3,620)	-	(3,620)
-	-	-
(3,279)	-	(3,279)
6,771	-	6,771
-	-	(250)
(128)	(4,346)	(7,304)
(316,284)	(1)	(7,984,865)
323,989	1,605	7,846,856
667	34	9,018
8,372	1,638	(128,991)
2,675	3,323	34,498
294	14,751	24,720
2,969	18,074	59,218
(7,739)	(27,596)	(9,774)
-	6,328	6,538
1,608	-	515
305	-	4,291
(240)	-	(6,317)
4,270	32,830	-
(667)	(34)	(9,018)
27,123	-	143,007
11,734	-	205,939
(2,277)	(5,495)	8,749
34,117	6,033	343,930

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ALASKA HOUSING FINANCE CORPORATION

Schedule 20

(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
REVOLVING FUNDS
For the Year Ended June 30, 2010
(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
Cash flows from operating activities:			
Interest income on mortgages and loans	17,310	-	17,310
Principal payments received on mortgages and loans	45,290	-	45,290
Purchases of mortgages and loans	(295,755)	-	(295,755)
Receipt (payment) for loan transfers between funds	324,311	-	324,311
Payments to employees and other payroll disbursements	(20,089)	-	(20,089)
Payments for goods and services	(12,254)	-	(12,254)
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund Receipts	884,158	-	884,158
Interfund Payments	(897,161)	-	(897,161)
Grant payments to other agencies	(23,244)	-	(23,244)
Other operating cash receipts	3,262	6	3,268
Other operating cash payments	(1,591)	-	(1,591)
Net cash provided by (used for) operating activities	24,237	6	24,243
Cash flows from noncapital financing activities:			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	-	-	-
Payment to defease bonds	-	-	-
Payment of bond issuance costs	(1,177)	-	(1,177)
Interest paid	(874)	-	(874)
Proceeds from issuance of short term debt	775,000	-	775,000
Payment of short term debt	(774,800)	-	(774,800)
Contributions to the State of Alaska or other State agencies	(9,699)	-	(9,699)
Transfers (to) from other funds	15,537	-	15,537
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	3,987	-	3,987
Cash flows from capital financing activities:			
Acquisition of capital assets	(2,583)	-	(2,583)
Proceeds from the disposal of capital assets	3	-	3
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from the direct financing lease payments	-	-	-
Other cash payments	(250)	-	(250)
Net cash provided by (used for) capital financing activities	(2,830)	-	(2,830)
Cash flows from investing activities:			
Purchase of investments	(4,601,132)	(11,082)	(4,612,214)
Proceeds from maturity of investments	4,602,819	11,068	4,613,887
Interest received from investments	1,413	14	1,427
Net cash provided by (used for) investing activities	3,100	-	3,100
Net Increase (decrease) in cash	28,494	6	28,500
Cash at the beginning of year	9,318	357	9,675
Cash at the end of period	37,812	363	38,175
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	23,060	19	23,079
Adjustments:			
Depreciation expense	210	-	210
Provision for loan losses	(1,536)	-	(1,536)
Amortization of bond issuance costs	-	-	-
Net change in the fair value of investments	(6,092)	-	(6,092)
Transfers between funds for operating activity	(60,089)	-	(60,089)
Interest received from investments	(1,413)	(14)	(1,427)
Interest paid	874	-	874
Changes in assets and liabilities:			
Net increase (decrease) in mortgages and loans	73,846	-	73,846
Net increase (decrease) in assets and liabilities	(4,623)	1	(4,622)
Net cash provided by (used for) operating activities	24,237	6	24,243

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
FIRST TIME HOMEBUYER BONDS
For the Year Ended June 30, 2010
(in thousands of dollars)

	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D
Cash flows from operating activities:				
Interest income on mortgages and loans	724	1,513	4,499	2,809
Principal payments received on mortgages and loans	2,232	3,645	12,916	7,973
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	4,309	5,549	17,780	12,186
Interfund Payments	(2,957)	(5,163)	(17,579)	(11,326)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	4	170	559
Other operating cash payments	-	(8)	(10)	(30)
Net cash provided by (used for) operating activities	4,308	5,540	17,776	12,171
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(14,185)	(5,710)	(15,690)	(9,730)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(11,940)	(972)	(4,036)	(3,461)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	14,931	(569)	(1,131)	(120)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(11,194)	(7,251)	(20,857)	(13,311)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(4,967)	(8,646)	(25,031)	(38,714)
Proceeds from maturity of investments	11,617	10,189	27,522	39,691
Interest received from investments	236	168	590	163
Net cash provided by (used for) investing activities	6,886	1,711	3,081	1,140
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	278	523	998	(863)
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	(682)	(169)	(825)	(165)
Amortization of bond issuance costs	604	166	267	180
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	(189)	197	569	379
Interest received from investments	(236)	(168)	(590)	(163)
Interest paid	11,940	972	4,036	3,461
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	2,232	3,645	12,916	7,973
Net increase (decrease) in assets and liabilities	(9,639)	374	405	1,369
Net cash provided by (used for) operating activities	4,308	5,540	17,776	12,171

Mortgage Revenue Bonds 2001 A,B	Mortgage Revenue Bonds 2009 A	Combined Total
3,154	-	12,699
8,610	-	35,376
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
11,967	-	51,791
(11,767)	-	(48,792)
-	-	-
-	-	733
-	-	(48)
11,964	-	51,759
-	192,879	192,879
(10,505)	-	(55,820)
-	-	-
-	-	-
(2,854)	-	(23,263)
-	-	-
-	-	-
-	-	-
(649)	4,082	16,544
-	-	-
(14,008)	196,961	130,340
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(31,058)	(197,332)	(305,748)
33,086	368	122,473
16	3	1,176
2,044	(196,961)	(182,099)
-	-	-
-	-	-
-	-	-
(61)	(1,710)	(835)
-	-	-
(188)	-	(2,029)
168	195	1,580
-	-	-
349	1,628	2,933
(16)	(3)	(1,176)
2,854	-	23,263
8,610	-	35,376
248	(110)	(7,353)
11,964	-	51,759

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
FIRST TIME HOMEBUYER BONDS (continued)
For the Year Ended June 30, 2010
(in thousands of dollars)

	Home Mortgage Revenue Bonds 2002 A,B	Home Mortgage Revenue Bonds 2006 A	Home Mortgage Revenue Bonds 2006 B	Home Mortgage Revenue Bonds 2006 C
Cash flows from operating activities:				
Interest income on mortgages and loans	8,846	3,824	2,603	2,840
Principal payments received on mortgages and loans	22,916	9,912	7,789	9,781
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(6,604)	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	34,770	14,162	13,168	13,544
Interfund Payments	(32,750)	(14,013)	(11,839)	(13,968)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	1,009	276	1,467	1,363
Other operating cash payments	(33)	(5)	(23)	(25)
Net cash provided by (used for) operating activities	28,154	14,156	13,165	13,535
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(1,215)	(12,560)	(14,225)	(13,570)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(6,223)	(3,838)	(2,773)	(3,126)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	(3,277)	-	(1,062)	(1,112)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(10,715)	(16,398)	(18,060)	(17,808)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(163,509)	(50,750)	(55,632)	(48,224)
Proceeds from maturity of investments	146,009	52,972	60,507	52,478
Interest received from investments	61	20	20	19
Net cash provided by (used for) investing activities	(17,439)	2,242	4,895	4,273
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	796	(561)	(284)	(371)
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	(282)	77	(237)	(217)
Amortization of bond issuance costs	31	133	141	139
Net change in the fair value of investments	2	1	1	1
Transfers between funds for operating activity	1,469	393	331	191
Interest received from investments	(61)	(20)	(20)	(19)
Interest paid	6,223	3,838	2,773	3,126
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	16,312	9,912	7,789	9,781
Net increase (decrease) in assets and liabilities	3,664	383	2,671	904
Net cash provided by (used for) operating activities	28,154	14,156	13,165	13,535

Home Mortgage Revenue Bonds 2007 A	Home Mortgage Revenue Bonds 2007 B	Home Mortgage Revenue Bonds 2007 C	Home Mortgage Revenue Bonds 2007 D	Home Mortgage Revenue Bonds 2008 A	Home Mortgage Revenue Bonds 2008 B	Combined Total
3,625	3,650	3,795	4,296	3,518	3,932	40,929
12,547	12,432	8,842	13,676	7,978	6,571	112,444
-	-	-	-	-	-	-
(7,399)	(3,500)	-	(7,978)	-	-	(25,481)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,308	17,942	13,081	20,371	12,420	10,567	167,333
(16,200)	(16,357)	(13,787)	(18,168)	(12,824)	(10,706)	(160,612)
-	-	-	-	-	-	-
27	278	1,172	197	1,347	207	7,343
(2)	(7)	(26)	(5)	(21)	(7)	(154)
9,906	14,438	13,077	12,389	12,418	10,564	141,802
-	-	-	-	-	-	-
-	-	(13,070)	-	(16,465)	(6,355)	(77,460)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(3,041)	(3,101)	(3,786)	(3,687)	(3,754)	(3,950)	(37,279)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(417)	(1,956)	(1,154)	(834)	(805)	(541)	(11,158)
-	-	-	-	-	-	-
(3,458)	(5,057)	(18,010)	(4,521)	(21,024)	(10,846)	(125,897)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(65,039)	(66,715)	(55,348)	(77,920)	(77,475)	(30,982)	(691,594)
58,570	57,310	60,260	70,027	86,056	31,252	675,441
21	24	21	25	25	12	248
(6,448)	(9,381)	4,933	(7,868)	8,606	282	(15,905)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(95)	(5)	(573)	(38)	(358)	(689)	(2,178)
-	-	-	-	-	-	-
(102)	(81)	(47)	(180)	(431)	27	(1,473)
6	4	135	6	145	84	824
-	-	1	-	1	-	7
735	600	301	878	13	582	5,493
(21)	(24)	(21)	(25)	(25)	(12)	(248)
3,041	3,101	3,786	3,687	3,754	3,950	37,279
5,148	8,932	8,842	5,698	7,978	6,571	86,963
1,194	1,911	653	2,363	1,341	51	15,135
9,906	14,438	13,077	12,389	12,418	10,564	141,802

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
FIRST TIME HOMEBUYER BONDS (continued)
For the Year Ended June 30, 2010
(in thousands of dollars)

	Home Mortgage Revenue Bonds 2009 A	Home Mortgage Revenue Bonds 2009 B	Home Mortgage Revenue Bonds 2009 C	Home Mortgage Revenue Bonds 2009 D
Cash flows from operating activities:				
Interest income on mortgages and loans	5,067	5,077	2,391	5,270
Principal payments received on mortgages and loans	20,514	20,413	3,428	17,293
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(12,023)	(13,164)	(78,875)	(45,214)
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	25,606	25,987	4,775	22,045
Interfund Payments	(26,537)	(25,804)	(5,820)	(23,578)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	991	317	-	1,030
Other operating cash payments	(41)	(13)	(1)	(20)
Net cash provided by (used for) operating activities	13,577	12,813	(74,102)	(23,174)
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	80,827	80,870
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(3,007)	(3,001)	(2,776)	(3,000)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	(1,093)	(1,455)	1,688	(42,706)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(4,100)	(4,456)	79,739	35,164
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(88,323)	(87,305)	(219,951)	(56,748)
Proceeds from maturity of investments	78,818	78,920	214,236	44,744
Interest received from investments	28	28	78	14
Net cash provided by (used for) investing activities	(9,477)	(8,357)	(5,637)	(11,990)
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	595	873	(4,637)	(2,875)
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	327	20	2,883	2,808
Amortization of bond issuance costs	8	7	20	7
Net change in the fair value of investments	-	-	2	-
Transfers between funds for operating activity	888	978	1,403	2,284
Interest received from investments	(28)	(28)	(78)	(14)
Interest paid	3,007	3,001	2,776	3,000
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	8,491	7,249	(75,447)	(27,921)
Net increase (decrease) in assets and liabilities	289	713	(1,024)	(463)
Net cash provided by (used for) operating activities	13,577	12,813	(74,102)	(23,174)

Schedule 23

Combined Total
17,805
61,648
-
(149,276)
-
-
-
-
-
78,413
(81,739)
-
2,338
(75)
(70,886)
161,697
-
-
-
(11,784)
-
-
-
(43,566)
-
106,347
-
-
-
-
-
-
-
-
-
(452,327)
416,718
148
(35,461)
-
-
-
(6,044)
-
6,038
42
2
5,553
(148)
11,784
(87,628)
(485)
(70,886)

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
VETERANS MORTGAGE PROGRAM BONDS AND NOTES - STATE GUARANTEED
For the Year Ended June 30, 2010
(in thousands of dollars)

	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series	Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series
Cash flows from operating activities:				
Interest income on mortgages and loans	300	2,045	975	1,039
Principal payments received on mortgages and loans	1,305	7,300	2,775	3,444
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	2,236	9,351	4,113	5,425
Interfund Payments	(1,605)	(9,347)	(3,751)	(4,484)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	2,236	9,349	4,112	5,424
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(12,320)	(5,065)	(3,330)	(6,985)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(326)	(2,008)	(1,116)	(913)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	(852)	(2,908)	(1,222)	(1,462)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(13,498)	(9,981)	(5,668)	(9,360)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(3,198)	(20,070)	(8,091)	(34,375)
Proceeds from maturity of investments	14,299	19,956	9,056	38,301
Interest received from investments	161	746	591	10
Net cash provided by (used for) investing activities	11,262	632	1,556	3,936
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(33)	379	235	(57)
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	(186)	49	28	(7)
Amortization of bond issuance costs	253	114	77	79
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	(84)	248	117	134
Interest received from investments	(161)	(746)	(591)	(10)
Interest paid	326	2,008	1,116	913
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	1,305	7,300	2,775	3,444
Net increase (decrease) in assets and liabilities	816	(3)	355	928
Net cash provided by (used for) operating activities	2,236	9,349	4,112	5,424

Schedule 24

Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Collateralized Notes 2008 Second Series	Combined Total
688	11,123	2,743	-	18,913
3,365	42,529	16,381	-	77,099
-	-	-	-	-
(998)	(41,329)	-	-	(42,327)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,761	55,403	23,100	-	104,389
(4,280)	(55,239)	(19,943)	-	(98,649)
-	-	-	-	-
231	1,597	821	-	2,649
(5)	(21)	(11)	-	(37)
3,762	14,063	23,091	-	62,037
-	-	-	-	-
(4,800)	(4,135)	(1,895)	(45,000)	(83,530)
-	-	-	-	-
-	-	-	-	-
(600)	(8,577)	(2,729)	(465)	(16,734)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(1,531)	(27,069)	(10,360)	(72)	(45,476)
-	-	-	-	-
(6,931)	(39,781)	(14,984)	(45,537)	(145,740)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(25,660)	(332,052)	(134,567)	(45,577)	(603,590)
28,821	357,661	126,412	90,636	685,142
8	109	48	478	2,151
3,169	25,718	(8,107)	45,537	83,703
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(126)	(1,169)	22	(152)	(901)
-	-	-	-	-
(163)	2,782	(373)	-	2,130
-	44	36	101	704
-	1	-	-	1
105	2,192	296	94	3,102
(8)	(109)	(48)	(478)	(2,151)
600	8,577	2,729	465	16,734
2,367	1,200	16,381	-	34,772
987	545	4,048	(30)	7,646
3,762	14,063	23,091	-	62,037

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
OTHER HOUSING BONDS
For the Year Ended June 30, 2010
(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
Cash flows from operating activities:				
Interest income on mortgages and loans	1,263	18,414	292	5,700
Principal payments received on mortgages and loans	5,009	32,230	1,121	21,252
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(17,085)	(8,312)	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	5,847	53,277	3,184	28,065
Interfund Payments	(6,274)	(53,857)	(1,413)	(27,339)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	1,735	-	388
Other operating cash payments	-	(30)	-	(7)
Net cash provided by (used for) operating activities	(11,240)	43,457	3,184	28,059
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(49,900)	(80,870)	(1,175)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(12,767)	(1,201)	(7,151)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	25,176	35,523	1
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	(37,491)	(46,548)	(8,325)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
Cash flows from investing activities:				
Purchase of investments	(7,114)	(282,563)	(111,658)	(406,822)
Proceeds from maturity of investments	18,346	276,554	155,000	386,984
Interest received from investments	8	43	22	104
Net cash provided by (used for) investing activities	11,240	(5,966)	43,364	(19,734)
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	779	5,153	993	(2,509)
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	213	(2,470)	(1,581)	(87)
Amortization of bond issuance costs	-	623	2	46
Net change in the fair value of investments	-	1	1	2
Transfers between funds for operating activity	164	2,943	(228)	1,135
Interest received from investments	(8)	(43)	(22)	(104)
Interest paid	-	12,767	1,201	7,151
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	(12,076)	23,918	1,121	21,252
Net increase (decrease) in assets and liabilities	(312)	565	1,697	1,173
Net cash provided by (used for) operating activities	(11,240)	43,457	3,184	28,059

Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
353	11,788	37,810
1,147	39,137	99,896
-	-	-
-	(23,623)	(49,020)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	53,551	143,924
-	(51,586)	(140,469)
-	-	-
-	681	2,804
-	(83)	(120)
1,500	29,865	94,825
-	-	-
(6,000)	(4,250)	(142,195)
-	-	-
-	-	-
(32)	(4,799)	(25,950)
-	-	-
-	-	-
-	-	-
4,959	-	65,659
-	-	-
(1,073)	(9,049)	(102,486)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(11,182)	(183,768)	(1,003,107)
10,751	159,966	1,007,601
4	2,986	3,167
(427)	(20,816)	7,661
-	-	-
-	-	-
-	-	-
86	7,938	12,440
-	-	-
-	(298)	(4,223)
64	101	836
-	1	5
165	1,729	5,908
(4)	(2,986)	(3,167)
32	4,799	25,950
1,147	15,514	50,876
10	3,067	6,200
1,500	29,865	94,825

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
NON-HOUSING BONDS
For the Year Ended June 30, 2010
(in thousands of dollars)

	State Capital Project Bonds 2002 A,B,C	State Capital Project Bonds 2006 A	State Capital Project Bonds 2007 A & B	State Building Lease Bonds 1999
Cash flows from operating activities:				
Interest income on mortgages and loans	2,212	5,057	2,685	-
Principal payments received on mortgages and loans	8,505	13,041	9,147	-
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(5,268)	(12,330)	(9,716)	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	10,489	19,745	11,602	-
Interfund Payments	(10,723)	(18,399)	(11,835)	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	16	302	136	46
Other operating cash payments	(12)	(4)	-	(179)
Net cash provided by (used for) operating activities	5,219	7,412	2,019	(133)
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(395)	(1,570)	(1,965)	(6,005)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(783)	(4,338)	(4,322)	(286)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	(540)	(952)	-	-
Transfers (to) from other funds	800	(800)	533	(1,207)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(918)	(7,660)	(5,754)	(7,498)
Cash flows from capital financing activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	(3,555)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(2,857)	-	-	-
Proceeds from the direct financing lease payments	-	-	3,304	3,467
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(6,412)	-	3,304	3,467
Cash flows from investing activities:				
Purchase of investments	(39,159)	(68,701)	(30,318)	(8,368)
Proceeds from maturity of investments	41,041	68,900	30,874	12,350
Interest received from investments	229	49	10	3
Net cash provided by (used for) investing activities	2,111	248	566	3,985
Net Increase (decrease) in cash	-	-	135	(179)
Cash at the beginning of year	-	-	115	179
Cash at the end of period	-	-	250	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(2,473)	1	(17)	664
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	446	(52)	39	-
Amortization of bond issuance costs	77	33	46	38
Net change in the fair value of investments	(67)	19	-	-
Transfers between funds for operating activity	707	862	210	32
Interest received from investments	(229)	(49)	(10)	(3)
Interest paid	3,640	4,338	4,322	286
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	3,237	711	(569)	-
Net increase (decrease) in assets and liabilities	(119)	1,549	(2,002)	(1,150)
Net cash provided by (used for) operating activities	5,219	7,412	2,019	(133)

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
7,824	3,997	21,775
19,876	19,372	69,941
-	-	-
(17,595)	(13,298)	(58,207)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
26,159	24,364	92,359
(27,805)	(23,419)	(92,181)
-	-	-
99	69	668
(19)	(24)	(238)
8,539	11,061	34,117
-	-	-
(1,020)	(3,680)	(14,635)
-	-	-
-	-	-
(6,603)	(7,512)	(23,844)
-	-	-
-	-	-
(2,177)	-	(3,669)
-	3,136	2,462
-	-	-
(9,800)	(8,056)	(39,686)
-	-	-
-	-	-
-	-	-
(65)	-	(3,620)
-	-	-
(422)	-	(3,279)
-	-	6,771
-	-	-
(487)	-	(128)
(96,910)	(72,828)	(316,284)
98,318	72,506	323,989
340	36	667
1,748	(286)	8,372
-	2,719	2,675
-	-	294
-	2,719	2,969
(843)	(5,071)	(7,739)
-	-	-
889	286	1,608
33	78	305
(193)	1	(240)
1,275	1,184	4,270
(340)	(36)	(667)
7,025	7,512	27,123
2,281	6,074	11,734
(1,588)	1,033	(2,277)
8,539	11,061	34,117

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
OTHER PROGRAM FUNDS
For the Year Ended June 30, 2010
(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
Cash flows from operating activities:				
Interest income on mortgages and loans	-	-	-	-
Principal payments received on mortgages and loans	-	-	-	-
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-
Payments to employees and other payroll disbursements	(1,080)	(6,637)	(1,476)	(2,723)
Payments for goods and services	(2,986)	(6,462)	(1,379)	(288)
Cash received for externally funded programs	99,730	15,138	2,194	3,434
Cash received for Federal HAP subsidies	-	-	-	30,576
Payments for Federal HAP subsidies	-	-	-	(30,726)
Interfund Receipts	95,300	17,305	2,882	3,047
Interfund Payments	(99,578)	(18,823)	(3,678)	(3,667)
Grant payments to other agencies	(91,147)	-	-	-
Other operating cash receipts	185	6,488	2,126	7
Other operating cash payments	-	(13)	(3)	(6)
Net cash provided by (used for) operating activities	424	6,996	666	(346)
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	-	-	-
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	-	-	-	(2)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	(2)
Cash flows from capital financing activities:				
Acquisition of capital assets	(88)	(4,209)	(28)	(38)
Proceeds from the disposal of capital assets	-	7	7	3
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(88)	(4,202)	(21)	(35)
Cash flows from investing activities:				
Purchase of investments	(1)	-	-	-
Proceeds from maturity of investments	1,605	-	-	-
Interest received from investments	5	3	3	23
Net cash provided by (used for) investing activities	1,609	3	3	23
Net Increase (decrease) in cash	1,945	2,797	648	(360)
Cash at the beginning of year	-	6,253	4,360	2,428
Cash at the end of period	1,945	9,050	5,008	2,068
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(1,829)	748	46	(460)
Adjustments:				
Depreciation expense	4	5,156	1,157	11
Provision for loan losses	-	-	-	-
Amortization of bond issuance costs	-	-	-	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	9,118	1,491	97	(66)
Interest received from investments	(5)	(3)	(3)	(23)
Interest paid	-	-	-	-
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	-	-	-	-
Net increase (decrease) in assets and liabilities	(6,864)	(396)	(631)	192
Net cash provided by (used for) operating activities	424	6,996	666	(346)

Other Programs	Combined Total
-	-
-	-
-	-
-	-
(1,032)	(12,948)
(320)	(11,435)
36,145	156,641
8,237	38,813
(8,237)	(38,963)
42,667	161,201
(38,219)	(163,965)
(41,284)	(132,431)
336	9,142
-	(22)
(1,707)	6,033
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	(2)
-	-
-	(2)
-	(4,363)
-	17
-	-
-	-
-	-
-	-
-	-
-	-
-	(4,346)
-	(1)
-	1,605
-	34
-	1,638
(1,707)	3,323
1,710	14,751
3	18,074
(26,101)	(27,596)
-	6,328
-	-
-	-
-	-
22,190	32,830
-	(34)
-	-
-	-
2,204	(5,495)
(1,707)	6,033

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APPENDIX B

FORM OF OPINION OF BOND COUNSEL

Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, Alaska 99504

Ladies and Gentlemen:

We have examined the Constitution and laws of the State of Alaska (the "State") and a record of proceedings relating to the issuance of $105,185,000 aggregate principal amount of State Capital Project Bonds, 2011 Series A (the "2011 Bonds") of the Alaska Housing Finance Corporation (the "Corporation"), a public corporation and government instrumentality of the State created by and existing under Alaska Statutes 18.55 and 18.56, as amended (the "Act").

In such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

The 2011 Bonds are authorized and issued pursuant to Chapter 46 SLA 2010 (the "2010 Act"), the Act and a resolution of the Corporation adopted November 22, 2010, and are issued pursuant to the Indenture by and between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), dated as of December 1, 1998 (the "General Indenture"), and the 2011 Series A Supplemental Indenture, by and between the Corporation and the Trustee, dated as of February 1, 2011, executed pursuant to the General Indenture (together, the "Indenture").

The 2011 Bonds mature and are subject to redemption as provided in the Indenture.

Capitalized terms used herein and not defined herein are used as defined in the Indenture.

Applicable Federal tax law establishes certain requirements that must be met subsequent to the issuance of the 2011 Bonds in order for interest on the 2011 Bonds not to be included in gross income for Federal income tax purposes, under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The Corporation has covenanted that it will comply with such requirements and that it will do all things necessary to ensure that interest on the 2011 Bonds will be, and remain, not included in gross income for Federal income tax purposes, under Section 103 of the Code. We have examined the program documentation adopted by the Corporation, which, in our opinion, establishes procedures and covenants under which, if followed, such requirements can be met. In rendering this opinion, we have assumed compliance with, and enforcement of, the provisions of such program procedures and covenants.

As to any facts material to our opinion, we have relied upon various statements and representations of officers and other representatives of the Corporation including without limitation those contained in the Indenture, the Corporation's Certificate as to matters affecting the tax-exempt status of the 2011 Bonds and the certified proceedings and other certifications of public officials and certifications by officers of the Corporation furnished to us (which are material to the opinion expressed below) without undertaking to verify the same by independent investigation.

Subject to the foregoing, we are of the opinion that:

1. Under the Constitution and laws of the State of Alaska (the "State"), the Corporation has been duly created, organized, and validly exists as a public corporation and government instrumentality in good standing under the laws of the State, performing an essential public function with full corporate power and authority under the Act, among other things, to enter into, and to perform its obligations under the terms and conditions of, the Indenture.

2. The Indenture has been duly authorized, executed and delivered, is in full force and effect, and is valid and binding upon the Corporation and enforceable in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditors' rights generally from time to time in effect).

3. The 2011 Bonds have been duly and validly authorized, sold and issued by the Corporation in accordance with the Indenture and Constitution and laws of the State, including the 2010 Act and the Act and, pursuant to the Act, are issued by a public corporation and government instrumentality of the State for an essential public and governmental purpose.

4. Subject to agreements heretofore or hereafter made with the holders of any notes or other bonds of the Corporation pledging any particular revenues or assets not pledged under the Indenture and the exclusion by the Act of a pledge of funds in the Housing Development Fund (as described in the Act), the 2011 Bonds are valid and legally binding general obligations of the Corporation for the payment of which, in accordance with their terms, the full faith and credit of the Corporation have been legally and validly pledged, are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Indenture.

5. The 2011 Bonds are secured by a pledge in the manner and to the extent set forth in the Indenture. The Indenture creates a valid pledge of a lien on all funds established by the Indenture and moneys and securities therein which the Indenture purports to create, to the extent and on the terms provided therein.

6. Under existing laws, regulations, rulings and judicial decisions, interest on the 2011 Bonds is excluded from gross income for Federal income tax purposes.

7. Interest on the 2011 Bonds is not a specific preference item for purposes of the alternative minimum tax provisions imposed on individuals and corporations by the Code. *However,* interest on the 2011 Bonds is included in the adjusted current earnings (*i.e.,* alternative minimum taxable income as adjusted for certain items, including those items that would be included in the calculation of a corporation's earnings and profits under Subchapter C of the Code) of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). We express no opinion

regarding any other consequences affecting the Federal income tax liability of a recipient of interest on the 2011 Bonds.

8. Under existing laws, interest on the 2011 Bonds is free from taxation of every kind by the State, and by municipalities and all other political subdivisions of the State (except that no opinion is expressed as to such exemption from State inheritance and estate taxes and taxes of transfers by or in anticipation of death).

9. Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken, upon the advice or with the opinion of counsel. Except to the extent of our concurrence therewith, we express no opinion as to any 2011 Bond, or the interest thereon, if any change occurs or action is taken upon the advice or approval of other counsel.

Sincerely,

BIRCH, HORTON, BITTNER AND CHEROT

By: ___________________________________

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APPENDIX C

FORM OF OPINION OF SPECIAL TAX COUNSEL

Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, AK 99504

Ladies and Gentlemen:

We have acted as Special Tax Counsel in connection with the issuance and sale of $105,185,000 aggregate principal amount of Alaska Housing Finance Corporation State Capital Project Bonds, 2011 Series A (the "Bonds"). The Bonds will be issued pursuant to the Indenture by and between the Alaska Housing Finance Corporation (the "Corporation") and U.S. Bank National Association, as trustee (the "Trustee"), dated as of December 1, 1998 (the "Indenture"), and the 2011 Series A Supplemental Indenture by and between the Corporation and the Trustee, dated as of February 1, 2011 (the "Supplemental Indenture"), authorizing the issuance of the Bonds. Capitalized terms not otherwise defined herein are used as defined in the Indenture and the Supplemental Indenture.

In connection with the issuance of the Bonds, we have examined the Indenture, the Supplemental Indenture and the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 of the Corporation and such other opinions, documents, certificates and letters as we deem relevant and necessary in rendering this opinion.

From such examination, we are of the opinion that, assuming compliance by the Corporation with certain restrictions, conditions and requirements contained in the Indenture, the Supplemental Indenture and the Tax Certificate designed to meet the requirements of the Internal Revenue Code of 1986, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for Federal income tax purposes and is not a specific preference item for purposes of the alternative minimum tax provisions imposed on individuals and corporations by the Code.

Interest on the Bonds, however, is included in the adjusted current earnings (*i.e.,* alternative minimum taxable income as adjusted for certain items, including those items that would be included in the calculation of a corporation's earnings and profits under Subchapter C of the Code) of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

We express no opinion regarding any other consequences affecting the Federal income tax liability of a recipient of interest on the Bonds.

The opinions expressed herein are rendered in reliance upon the opinion of Birch, Horton, Bittner & Cherot, Bond Counsel, as to the validity of the Bonds under the Constitution and laws of the State of Alaska.

Very truly yours,
/s/ Kutak Rock LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate") is executed and delivered by the Alaska Housing Finance Corporation (the "Corporation") in connection with the issuance of $105,185,000 aggregate principal amount of its State Capital Project Bonds, 2011 Series A (the "Subject Bonds"). The Subject Bonds are being issued pursuant to an Indenture, by and between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), dated as of December 1, 1998, and a 2011 Series A Supplemental Indenture thereto, by and between the Corporation and the Trustee, dated as of February 1, 2011 (collectively, the "Indenture"). The Corporation covenants and agrees with the registered owners and the beneficial owners of the Subject Bonds as follows:

SECTION 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Corporation for the sole and exclusive benefit of the registered owners and beneficial owners of the Subject Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Corporation pursuant to, and as described in, Sections 3 and 4 of this Certificate.

"Disclosure Representative" shall mean the Executive Director/Chief Executive Officer of the Corporation or his or her designee.

"Fiscal Year" shall mean any twelve-month period ending on June 30 or on such other date as the Corporation may designate from time to time.

"Listed Events" shall mean any of the events listed in Section 5 of this Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Certificate.

"Official Statement" shall mean the Corporation's final Official Statement with respect to the Subject Bonds, dated February 4, 2011.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports. The Corporation shall provide to the MSRB an Annual Report for the preceding Fiscal Year (commencing with the Fiscal Year ending June 30, 2011) which is consistent with the requirements of Section 4 of this Certificate. The Annual Report shall be provided not later than 135 days after the Fiscal Year to which it relates. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate; provided that the audited financial statements of the Corporation may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report if not available by that date. The Corporation shall, in a timely manner, file notice with the MSRB of any failure to file an Annual Report by the date specified in this Section 3. Such notice shall be in the form attached as Exhibit A to this Certificate, subject to Section 9 of this Certificate.

SECTION 4. Content of Annual Reports. The Corporation's Annual Report shall include (i) the Corporation's audited financial statements for the fiscal year ended on the previous June 30, prepared in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board, if available, or unaudited financial statements for such fiscal year, (ii) an update of the financial information and operating data contained in the Official Statement under the caption "The Corporation," (iii) the amount and type of the investments (and cash) in the accounts and subaccounts established in the Indenture, (iv) the outstanding principal balances of each maturity of Bonds and the sinking fund installment amounts as applicable, and (v) financial information and operating data with respect to any other series of Bonds.

If not provided as part of the Annual Report by the date required (as described above under "Provision of Annual Reports"), the Corporation shall provide audited financial statements, when and if available, to the MSRB.

Any or all of the items listed above may be incorporated by specific reference to other documents (i) available to the public on the MSRB Internet Web Site or (ii) filed with the SEC.

SECTION 5. Reporting of Significant Events.

This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies on the Subject Bonds or any other bonds of the Corporation;

2. Non-payment related defaults under the Indenture and any Supplemental Indenture, if material;

3. Unscheduled draws on debt service reserve reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Subject Bonds, or other material events affecting the tax status of the Subject Bonds;

7. Modifications to rights of Subject Bondholders, if material;

8. Subject Bond calls, if material, and tender offers;

9. Defeasances of Subject Bonds;

10. Release, substitution or sale of property securing repayment of the Subject Bonds, if material;

11. Rating changes for the Subject Bonds;

12. Bankruptcy, insolvency, receivership or similar event[†] of the Corporation;

13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Upon the occurrence of a Listed Event, the Corporation shall file a notice of such occurrence with the MSRB and the Trustee in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event. Each notice of a Listed Event hereunder shall indicate that it is a notice of a Listed Event.

SECTION 6. Termination of Reporting Obligation. The Corporation's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Subject Bonds.

[†] Note to Paragraph 12: For the purposes of the event identified in Paragraph 12 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Corporation in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Corporation, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Corporation.

SECTION 7. Dissemination Agent. The Corporation may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Corporation under this Certificate, and revoke or modify any such designation.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Certificate, the Corporation may amend this Certificate if the following conditions are met:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof or a change in the identity, nature or status of the Corporation or the type of business conducted thereby;

(b) The Certificate, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Subject Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the beneficial owners of the Subject Bonds as determined either by a party unaffiliated with the Corporation (such as Bond Counsel) or by approving vote of the registered owners of a majority in principal amount of the Subject Bonds pursuant to the terms of the Indenture.

The Corporation shall deliver a copy of any such amendment to the MSRB.

To the extent any amendment to this Certificate results in a change in the type of financial information or operating data provided pursuant to this Certificate, the first annual financial information provided thereafter will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 9. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 10. Default. *Except* as described in this paragraph, the provisions of this Certificate will create no rights in any other person or entity. The obligation of the Corporation to comply with the provisions of this Certificate are enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data, and notices, by any beneficial owner of Outstanding Subject Bonds, or by the Trustee on behalf of the registered owners of Outstanding Subject Bonds, or (ii) in the case of challenges to the adequacy of the financial statements, financial information, and operating data so provided, by the Trustee on behalf of the registered owners of Outstanding Subject Bonds; *provided, however,* that the Trustee shall not be required to take any enforcement action *except* at the direction of the registered owners of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. A default under this Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Certificate in the event of any failure of the Corporation or the Trustee to comply with this Certificate shall be an action to compel performance.

SECTION 11. Governing Law. This Certificate shall be construed and interpreted in accordance with the laws of the State of Alaska, and any suits and actions arising out of this Certificate shall be instituted in a court of competent jurisdiction in the State, *provided* that, to the extent this Certificate addresses matters of Federal securities laws, including the Rule, this Certificate shall be construed in accordance with such Federal securities laws and official interpretations thereof.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Corporation, and the registered owners and beneficial owners from time to time of the Subject Bonds, and shall create no rights in any other person or entity.

Date: February 16, 2011

ALASKA HOUSING FINANCE CORPORATION

By: ____________________________________

Exhibit A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Alaska Housing Finance Corporation (the "Corporation")

Name of Bond Issue: $105,185,000 State Capital Project Bonds, 2011 Series A

Date of Issuance: February 16, 2011

NOTICE IS HEREBY GIVEN that the Corporation has not provided an Annual Report with respect to the above-named bond issue as required by the certificate of the Corporation.

Dated: ______________________________

ALASKA HOUSING FINANCE CORPORATION

By: ________________________________

ALASKA HOUSING FINANCE CORPORATION • STATE CAPITAL PROJECT BONDS, 2011 SERIES A

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