

NEW ISSUES - BOOK ENTRY ONLY

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



\$149,360,000
ALASKA HOUSING FINANCE CORPORATION
State Capital Project Bonds II
\$99,360,000 2012 Series A
\$50,000,000 2012 Series B (Federally Taxable) (Variable Rate)

<i>Dated</i>	Date of delivery.
<i>Due</i>	As shown on inside cover page.
<i>Price</i>	As shown on inside cover page.
<i>Tax Exemption</i>	In the opinion of Bond Counsel and Special Tax Counsel, under existing laws, regulations, rulings and judicial decisions, (i) interest on the 2012 Series A Bonds described above is excluded from gross income for Federal income tax purposes and (ii) interest on the 2012 Series A Bonds is not a specific preference item for purposes of the Federal alternative minimum tax, but such interest is included in adjusted current earnings of certain corporations for purposes of the Federal alternative minimum tax. Interest on the 2012 Series B Bonds described above is <i>included</i> in gross income for Federal income tax purposes. In the opinion of Bond Counsel, under existing laws, interest on the 2012 Series A Bonds and the 2012 Series B Bonds (collectively, 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."
<i>Redemption</i>	The Offered Bonds are subject to redemption at par prior to maturity under the circumstances described herein. See "The Offered Bonds — Redemption."
<i>Interest Rates;</i>	The 2012 Series A Bonds will bear interest at the rates set forth on the inside cover page. The 2012 Series B Bonds will initially bear interest at a Weekly Rate as described under "The Offered Bonds — General" and "The Offered Bonds — Description of the 2012 Series B Bonds." THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE 2012 SERIES B BONDS THAT ARE NOT IN A WEEKLY MODE. The 2012 Series B Bonds in a Weekly Mode are subject to optional and mandatory tender for purchase as described under "The Offered Bonds — Description of the 2012 Series B Bonds." The 2012 Series B Bonds subject to optional or mandatory tender for purchase and not remarketed by the Remarketing Agent (as described herein) will be purchased, subject to certain conditions precedent, by the Corporation, pursuant to the terms of an Initial Liquidity Facility (as described herein) among the Corporation, U.S. Bank National Association, as tender agent, and U.S. Bank National Association, as trustee. THIS OFFICIAL STATEMENT IS INTENDED TO DESCRIBE 2012 SERIES B BONDS ONLY WHEN THEY ARE COVERED BY THE INITIAL LIQUIDITY FACILITY. Payment by the Corporation of the purchase price of 2012 Series B Bonds upon tender and certain conditions described herein is a general obligation of the Corporation, but is not secured by funds and assets pledged under the Indenture to secure the Bonds. See "The Corporation's Obligation to Purchase 2012 Series B Bonds."
<i>Tender;</i>	
<i>Initial Liquidity Facility</i>	
<i>Security</i>	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 <i>except</i> 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.
<i>Interest Payment Dates</i>	December 1, 2012, and thereafter on each June 1 and December 1.
<i>Denominations</i>	2012 Series A Bonds: \$5,000 or any integral multiple thereof. 2012 Series B Bonds: \$100,000 or any integral multiple of \$5,000 in excess thereof.
<i>Closing Date</i>	October 17, 2012.
<i>Bond Counsel</i>	Law Office of Kenneth E. Vassar, LLC.
<i>Special Tax Counsel</i>	Kutak Rock LLP.
<i>Underwriters' Counsel</i>	Hawkins Delafield & Wood LLP.
<i>Trustee</i>	U.S. Bank National Association.
<i>Financial Advisor</i>	FirstSouthwest.
<i>Book-Entry System</i>	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.

KeyBanc Capital Markets Inc.

BofA Merrill Lynch

Raymond James | MorganKeegan

J.P. Morgan[†]

Morgan Stanley

September 19, 2012

[†] Sole underwriter with respect to the 2012 Series B Bonds.

MATURITY SCHEDULE

\$99,360,000 2012 Series A Bonds

\$99,360,000 2012 Series A Serial Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>
December 1, 2012	\$2,340,000	2.00%	0.19%	0118327Q9
June 1, 2013	1,900,000	2.00	0.24	0118327R7
December 1, 2013	1,880,000	3.00	0.32	0118327S5
June 1, 2014	1,970,000	2.00	0.42	0118327T3
December 1, 2014	1,925,000	4.00	0.56	0118327U0
June 1, 2015	2,020,000	2.00	0.57	0118327V8
December 1, 2015	2,015,000	4.00	0.68	0118327W6
June 1, 2016	2,080,000	3.00	0.76	0118327X4
December 1, 2016	2,080,000	5.00	0.87	0118327Y2
June 1, 2017	2,170,000	3.00	1.02	0118327Z9
December 1, 2017	2,165,000	5.00	1.13	0118328A3
June 1, 2018	2,255,000	4.00	1.40	0118328B1
December 1, 2018	2,255,000	5.00	1.49	0118328C9
June 1, 2019	2,365,000	4.00	1.76	0118328D7
December 1, 2019	2,355,000	5.00	1.82	0118328E5
June 1, 2020	2,470,000	4.00	2.03	0118328F2
December 1, 2020	2,450,000	5.00	2.09	0118328G0
June 1, 2021	2,580,000	3.50	2.29	0118328H8
December 1, 2021	2,560,000	5.00	2.35	0118328J4
June 1, 2022	2,690,000	5.00	2.46	0118328K1
December 1, 2022	2,680,000	5.00	2.50*	0118328L9
December 1, 2023	4,610,000	5.00	2.61*	0118328M7
December 1, 2024	4,840,000	5.00	2.71*	0118328N5
December 1, 2025	5,085,000	5.00	2.76*	0118328P0
December 1, 2026	5,340,000	5.00	2.82*	0118328Q8
December 1, 2027	5,605,000	5.00	2.88*	0118328R6
December 1, 2028	5,885,000	3.25	3.34	0118328S4
December 1, 2029	6,075,000	5.00	3.00*	0118328T2
December 1, 2030	6,385,000	3.375	3.46	0118328U9
December 1, 2031	6,590,000	5.00	3.12*	0118328V7
December 1, 2032	1,740,000	5.00	3.18*	0118328W5

\$50,000,000 2012 Series B Bonds (Federally Taxable) (Variable Rate)

\$50,000,000 2012 Series B Bonds due December 1, 2042

Price: 100% CUSIP[†]: 0118327P1

[†] 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.

* Priced at the stated yield to the June 1, 2022 optional redemption date at a redemption price of 100%.

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 the offering of the Offered Bonds, the Underwriters may over-allot 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
\$149,360,000 State Capital Project Bonds II
\$99,360,000 2012 Series A
\$50,000,000 2012 Series B (Federally Taxable) (Variable Rate)

INTRODUCTION

This Official Statement (including the cover page, inside cover page and appendices) of the Alaska Housing Finance Corporation (the “Corporation”) sets forth information in connection with the Corporation’s State Capital Project Bonds II, 2012 Series A (the “2012 Series A Bonds”) and 2012 Series B (the “2012 Series B Bonds”; together with the 2012 Series A Bonds, the “Offered Bonds”). 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”), an Indenture, dated as of October 1, 2012 (the “General Indenture”), by and between the Corporation and U.S. Bank National Association, Seattle, Washington, as trustee (the “Trustee”), a 2012 Series A Supplemental Indenture, dated as of October 1, 2012 (the “2012 Series A Supplemental Indenture”), by and between the Corporation and the Trustee and a 2012 Series B Supplemental Indenture, dated as of October 1, 2012 (the “2012 Series B Supplemental Indenture”; together with the 2012 Series A Supplemental Indenture, the “2012 Series A and B 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 2012 Series A and B Supplemental Indenture) are referred to collectively as the “Indenture.” Capitalized terms used and not otherwise defined herein have the respective meanings ascribed thereto in the Indenture. See “Summary of Certain Provisions of the Indenture — Certain Definitions.”

The 2012 Series A Bonds and the 2012 Series B Bonds are the first and second Series of Bonds, respectively, issued under the Indenture. The underwriters listed on the cover page will act as underwriters with respect to the 2012 Series A Bonds. J.P. Morgan Securities LLC (“J.P. Morgan”) will act as sole underwriter with respect to the 2012 Series B Bonds. The underwriters listed on the cover page are referred to herein collectively as the “Underwriters.” The obligation of the Underwriters to purchase the 2012 Series A Bonds is *not* conditioned on the issuance and delivery of the 2012 Series B Bonds. The obligation of J.P. Morgan to purchase the 2012 Series B Bonds is *not* conditioned on the issuance and delivery of the 2012 Series A Bonds. See “Underwriting.”

Proceeds of the 2012 Series A Bonds are expected to be used to refund certain outstanding obligations of the Corporation (the “Refunded Obligations”) within 90 days of the date of issuance of the 2012 Series A Bonds and to reimburse the Corporation for certain governmental purpose expenditures. Proceeds of the 2012 Series B Bonds are expected to be

used to purchase mortgage loans on and after the date of issuance of the 2012 Series B Bonds. Upon the issuance of the Offered Bonds, the Corporation from its general unrestricted funds will pay costs of issuance. See “Application 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 Corporation is permitted to issue additional bonds (including refunding bonds) pursuant to and secured under the Indenture (“Additional Bonds”), subject to certain conditions. See “Summary of Certain Provisions of the Indenture — Issuance and Delivery of Bonds.” The Offered Bonds will be secured on a parity with any Additional Bonds.

The 2012 Series B Bonds will initially be issued in a Weekly Mode. The Corporation may elect to cause 2012 Series B Bonds to bear interest in another Mode or to Convert to Bonds bearing interest at Fixed Interest Rates or an Indexed Rate. In each such case and under other circumstances, 2012 Series B Bonds will be subject to mandatory tender for purchase. See “The Offered Bonds — Description of the 2012 Series B Bonds — Mandatory Tender.” **THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE 2012 SERIES B BONDS THAT ARE NOT IN A WEEKLY MODE.** While in a Weekly Mode, 2012 Series B Bonds also are subject to tender by the Holders thereof under the circumstances set forth in the 2012 Series B Supplemental Indenture.

J.P. Morgan initially will act as Remarketing Agent with respect to the 2012 Series B Bonds. The Corporation may replace the Remarketing Agent at any time, and the Remarketing Agent may resign as such at any time, in each case upon 30 days’ notice.

In the event and to the extent that 2012 Series B Bonds are to be tendered to the Tender Agent (defined below) for purchase under an optional or mandatory tender and in the event that the amount of funds (if any) made available to the Tender Agent from the Remarketing Agent, together with any interest paid to the Tender Agent, is less than the principal amount, plus accrued interest, if any, of the 2012 Series B Bonds to be so tendered, the Corporation is required to deposit with the Tender Agent an amount which, together with any funds made available to the Tender Agent from the Remarketing Agent, will be sufficient to pay the principal amount, plus accrued interest, if any, of such Bonds to be so tendered, all in accordance with the terms of a Tender Agreement, dated as of October 1, 2012 (the “Initial Liquidity Facility”), among the Corporation, U.S. Bank National Association, as Tender Agent (the “Tender Agent”), and the Trustee. The Corporation is required to obtain such deposit amounts from any source other than (i) moneys pledged pursuant to the Indenture to secure Bonds, (ii) revenues and assets pledged to the holders of other obligations of the Corporation, and (iii) amounts in the Corporation’s Housing Development Fund. The Corporation’s obligation to deposit such amount for the purchase of 2012 Series B Bonds under the Initial Liquidity Facility is not a source of payment of principal of and interest on the 2012 Series B Bonds, but is being undertaken solely to provide a source of funds to the Tender Agent with which to discharge its purchase obligation under the circumstances described above. **A failure by the Corporation to purchase 2012 Series B Bonds when and as required by the Initial Liquidity Facility, if such failure continues for 45 days after written notice thereof given to the Corporation by the Trustee or the holders**

of not less than 25 percent in principal amount of the Outstanding Bonds, is an Event of Default under the Indenture as described in clause (c) under “Summary of Certain Provisions of the Indenture — Events of Default.” Nothing in the Initial Liquidity Facility shall be deemed to limit the Corporation’s right under the Indenture to purchase or redeem Bonds, including tendered but unremarketed 2012 Series B Bonds, from eligible moneys pledged pursuant to the Indenture or to limit the Corporation’s right to purchase or redeem Bonds, including tendered but unremarketed 2012 Series B Bonds, from any other sources available to the Corporation.

The Corporation may provide an Alternate Liquidity Facility in substitution for the Corporation’s obligation to purchase 2012 Series B Bonds pursuant to the Initial Liquidity Facility, and in such event the Initial Liquidity Facility and the Corporation’s obligations thereunder will terminate. **THIS OFFICIAL STATEMENT IS INTENDED TO DESCRIBE 2012 SERIES B BONDS ONLY WHEN THEY ARE COVERED BY THE INITIAL LIQUIDITY FACILITY.** See “The Corporation’s Obligation to Purchase 2012 Series B Bonds.”

The Initial Liquidity Facility and the Corporation’s obligations thereunder also will terminate if the Corporation elects to (i) Convert the 2012 Series B Bonds to bear interest at Fixed Interest Rates or an Indexed Rate or (ii) redeem the 2012 Series B Bonds. No Alternate Liquidity Facility will be required in connection with the 2012 Series B Bonds subsequent to the exercise of either of the foregoing options. See “The Corporation’s Obligation to Purchase 2012 Series B Bonds.” **THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE THE 2012 SERIES B BONDS SUBSEQUENT TO THEIR CONVERSION TO FIXED INTEREST RATE BONDS OR INDEXED RATE BONDS.**

The Corporation has no taxing power. The Bonds do not constitute a debt, liability or obligation of the State of Alaska (the “State”) or a pledge of its faith and credit or taxing power. The Bonds are general obligations of the Corporation and are not insured or guaranteed by any other governmental agency.

The Bonds are, as all bonds of the Corporation currently 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 moneys in the Corporation’s Housing Development Fund. A significant portion of the assets of the Corporation is pledged to the payment of outstanding obligations of the Corporation. See Appendix A — “Financial Statements of the Corporation.”

The summaries herein of the Offered Bonds, the Indenture, the Initial Liquidity Facility, the Continuing Disclosure Certificate (defined below) 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 — “Financial Statements of the Corporation,” “The Corporation — Activities of the Corporation” and “Summary of Certain Provisions of the Indenture — Issuance and Delivery of Bonds.”

APPLICATION OF FUNDS

The proceeds of the Offered Bonds and certain amounts contributed by the Corporation are expected to be applied approximately as follows:

Refunding of Refunded Obligations	\$ 54,020,000
Reimbursement of Governmental Purpose	
Expenditures	58,384,155
Purchase of Mortgage Loans	50,000,000
Payment of Underwriting Fee	625,306
Payment of other Costs of Issuance	<u>250,000</u>
TOTAL	\$163,279,461

THE CORPORATION’S OBLIGATION TO PURCHASE 2012 SERIES B BONDS

Pursuant to the Initial Liquidity Facility, the Corporation is required to purchase those 2012 Series B Bonds that are tendered to the Tender Agent but not remarketed by the Remarketing Agent. The Initial Liquidity Facility, and the Corporation’s obligation thereunder to purchase 2012 Series B Bonds, will terminate upon (i) the conversion of the interest rate on the 2012 Series B Bonds to Fixed Interest Rates or an Indexed Rate, (ii) the provision of an Alternate Liquidity Facility, or (iii) the maturity of the 2012 Series B Bonds.

In the event that at 10:00 A.M. New York time three Business Days prior to any Tender and Purchase Date during the term of the Initial Liquidity Facility the amount of funds, if any, theretofore received by the Tender Agent from the Remarketing Agent, together with any interest theretofore paid to the Tender Agent, is less than the aggregate principal amount, plus accrued interest, if any, of the 2012 Series B Bonds to be tendered on such Tender and Purchase Date, the Tender Agent shall thereupon notify the Corporation of such event and of the amount (together with any amount of funds theretofore received by the Tender Agent from the Remarketing Agent and any interest theretofore paid to the Tender Agent) necessary to pay the aggregate principal amount, plus accrued interest, if any, of the 2012 Series B Bonds to be tendered. At 4:00 P.M. New York time on the Business Day immediately preceding such Tender and Purchase Date, if the amount of funds, if any, theretofore received by the Tender Agent from the Remarketing Agent, together with any interest theretofore paid to the Tender Agent, is less than the aggregate principal amount, plus accrued interest, if any, of the 2012 Series B Bonds to be tendered on such Tender and Purchase Date, the Tender Agent shall thereupon notify the Corporation of such event and of the amount (together with any amount of funds theretofore received by the Tender Agent from the Remarketing Agent and any interest theretofore paid to the Tender Agent) necessary to pay the aggregate principal amount, plus accrued interest, if any, of the 2012 Series B Bonds to be tendered and shall deliver a Draw Notice to the Corporation for such necessary amount, and the Corporation shall by 2:30 P.M. New York time on the Tender and Purchase Date deposit such amount with the Tender Agent from moneys not then pledged under the Indenture. Nothing in the Initial Liquidity Facility shall be deemed to limit the Corporation's right under the Indenture to purchase or redeem Bonds, including tendered but unremarketed 2012 Series B Bonds, from eligible moneys pledged pursuant to the Indenture or to limit the Corporation's right to purchase or redeem Bonds, including tendered but unremarketed 2012 Series B Bonds, from other sources available to the Corporation. By 4:30 P.M. New York time on such Tender and Purchase Date, the Tender Agent shall apply the amount so deposited, together with any amount of funds made available to the Tender Agent from the Remarketing Agent on such Tender and Purchase Date and any interest paid to the Tender Agent, to the purchase of the 2012 Series B Bonds duly tendered.

The Corporation's obligation to purchase 2012 Series B Bonds pursuant to the Initial Liquidity Facility is not a source of payment for the payment of principal of or interest on the 2012 Series B Bonds. The obligation of the Corporation to deposit moneys with the Tender Agent for the purchase of 2012 Series B Bonds pursuant to the Initial Liquidity Facility is not secured by the funds and assets held under the Indenture. **A failure by the Corporation to purchase 2012 Series B Bonds when and as required by the Initial Liquidity Facility, if such failure continues for 45 days after written notice thereof given to the Corporation by the Trustee or the holders of not less than 25 percent in principal amount of the Outstanding Bonds, is an Event of Default under the Indenture as described in clause (c) under "Summary of Certain Provisions of the Indenture — Events of Default."** No assurance can be given that moneys will be available to the Corporation to purchase tendered 2012 Series B Bonds. **In the event that any 2012 Series B Bond is tendered or deemed tendered for purchase by the Holder thereof and such Bond is unable to be remarketed and the Corporation fails to purchase such Bond, all 2012 Series B Bonds will automatically bear interest at the Maximum Rate (or at a lower rate if the Remarketing Agent determines, in its sole discretion, that such lower rate would enable the 2012 Series B Bonds to be remarketed at par).** Holders of 2012 Series B Bonds will not have the right to

tender such Bonds during such period and may be required to hold such Bonds to their maturity or prior redemption. The Corporation may establish lines of credit with external providers which may be used to fund any of its obligations, including its obligation to purchase 2012 Series B Bonds pursuant to the Initial Liquidity Facility, but has not covenanted to establish any such lines of credit.

The terms of the Initial Liquidity Facility require the Corporation to maintain the availability of funds, in an aggregate amount at least equal to the outstanding principal amount of the 2012 Series B Bonds plus accrued interest thereon at the Maximum Rate, from the following sources: (i) investments (valued in a manner that does not adversely affect the then-existing ratings on the 2012 Series B Bonds) that are not pledged under the Indenture or pursuant to other bond indentures of the Corporation if the 2012 Series B Bonds would be an eligible investment for the proceeds of the sale of such investments and if such investment in 2012 Series B Bonds would not result in the cancellation of such 2012 Series B Bonds under then-existing State law and (ii) liquidity or credit facilities with financial institutions or other entities which have short-term ratings which would not adversely affect the then-existing short-term ratings on the 2012 Series B Bonds.

Prior to the conversion (if any) of the interest rate on the 2012 Series B Bonds to Fixed Interest Rates or an Indexed Rate, the Corporation agrees that it shall maintain its obligation to purchase 2012 Series B Bonds pursuant to the Initial Liquidity Facility or furnish one or more Alternate Liquidity Facilities in substitution for such obligation. The 2012 Series B Bonds are subject to mandatory tender for purchase (with no right to retain) in connection with the delivery of an Alternate Liquidity Facility. **THIS OFFICIAL STATEMENT IS INTENDED ONLY TO DESCRIBE 2012 SERIES B BONDS THAT ARE COVERED BY THE INITIAL LIQUIDITY FACILITY.**

On the date on which any Alternate Liquidity Facility is delivered to the Trustee, the Initial Liquidity Facility will automatically terminate without any further action.

THE OFFERED BONDS

General

The Offered Bonds will be dated as set forth on the cover page and interest thereon will be payable on the dates set forth on the cover page. The Offered Bonds will be issuable in the denominations set forth on the cover page and will mature on the dates and in the amounts set forth on the inside cover page.

The 2012 Series A Bonds 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.

The 2012 Series B Bonds will bear interest from their dated date at the Effective Rate determined by the Remarketing Agent. The 2012 Series B Bonds initially will bear interest at a Weekly Rate. **THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE 2012 SERIES B BONDS THAT ARE NOT IN A WEEKLY MODE.** Interest accrued on the 2012

Series B Bonds during a Weekly Mode Period will be computed on the basis of a 360-day year for the number of days actually elapsed.

Any Holder of 2012 Series B Bonds has the option of tendering the Bonds to the Tender Agent in accordance with the provisions of the 2012 Series B Supplemental Indenture as described under “Description of the 2012 Series B Bonds” below. Pursuant to the Initial Liquidity Facility, the Corporation has the obligation to purchase, under certain conditions and from time to time, 2012 Series B Bonds in a Weekly Mode tendered or deemed tendered to the Tender Agent, which tendered 2012 Series B Bonds are not remarketed. For additional information with respect to the 2012 Series B Bonds, see also Appendix D — “Certain Definitions with Respect to the 2012 Series B Bonds.”

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

Optional Redemption

The 2012 Series A Bonds maturing on or after December 1, 2022 are subject to redemption at the option of the Corporation at 100% of the principal amount thereof, plus accrued interest, at any time on or after June 1, 2022, in whole or in part, from any source of funds.

The 2012 Series B Bonds in a Weekly Mode are subject to redemption, on any Effective Rate Date, in whole or in part, 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

If the Offered Bonds are redeemed in part by optional redemption, the Offered Bonds to be redeemed will be selected as shall be directed by the Corporation. The Indenture provides that if less than all the Offered Bonds of a particular Series and maturity are to be redeemed, the particular Offered Bonds of such Series and 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.

Description of the 2012 Series B Bonds

See Appendix D for the definitions of certain capitalized terms with respect to the 2012 Series B Bonds.

Interest on the 2012 Series B Bonds

From the date of initial authentication and delivery of the 2012 Series B Bonds to but not including October 25, 2012, the 2012 Series B Bonds will bear interest at the Weekly Rate determined in advance by the Remarketing Agent. Thereafter, 2012 Series B Bonds will bear interest, commencing on the Effective Rate Date (for 2012 Series B Bonds while in the Weekly Mode, each Thursday), at the Weekly Rate determined by the Remarketing Agent for the new Effective Rate Period. In no event shall the interest rate borne by such 2012 Series B Bonds exceed the Maximum Rate.

The Weekly Rate will be the lowest rate which, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2012 Series B Bonds on the Effective Rate Date being 100% of the principal amount thereof, and which will not exceed the Maximum Rate.

The Remarketing Agent, in determining the Weekly Rate, will take into account to the extent applicable (1) market interest rates for comparable securities held by taxable open-end municipal bond funds or other institutional or private investors with substantial portfolios (a) with interest rate adjustment periods and demand purchase options substantially identical to the 2012 Series B Bonds, (b) bearing interest at a variable rate intended to maintain par value, and (c) rated by a national credit rating agency in the same category as the 2012 Series B Bonds; (2) other financial market rates and indices that may have a bearing on the Effective Rate (including, but not limited to, rates borne by commercial paper, Treasury Bills, commercial bank prime rates, certificate of deposit rates, federal fund rates, the London Interbank Offered Rate (LIBOR), indices maintained by *The Bond Buyer*, and other publicly available taxable interest rate indices); (3) general financial market conditions; and (4) factors particular to the Corporation and the 2012 Series B Bonds.

The determination by the Remarketing Agent of the Weekly Rate to be borne by the 2012 Series B Bonds shall be conclusive and binding on the Holders of such 2012 Series B Bonds and the other Notice Parties except as provided in the Indenture. Failure by the Remarketing Agent or the Trustee to give any notice required under the Indenture, or any defect in such notice, will not affect the interest rate borne by the 2012 Series B Bonds or the rights of the Holders thereof.

If the position of Remarketing Agent is not vacant and the Remarketing Agent fails to act for any reason, the 2012 Series B Bonds will automatically bear interest in a Weekly Mode and such 2012 Series B Bonds shall bear interest to but not including the next succeeding Thursday at a rate equal to the last interest rate in effect. If a Weekly Rate for the 2012 Series B Bonds is not so determined by the Remarketing Agent for two consecutive Effective Rate Periods, the interest rate on the 2012 Series B Bonds for the next succeeding Effective Rate Period will equal

the lesser of the Alternate Rate (as defined below) and the Maximum Rate, and such interest rate will remain in effect until such time as the Remarketing Agent determines the Weekly Rate in accordance with the General Indenture, the 2012 Series B Supplemental Indenture and the Remarketing Agreement. “Alternate Rate” means the rate set forth in the following table corresponding to the then-current lowest rating of the 2012 Series B Bonds in the first two columns:

2012 Series B Bonds Short-Term Rating		2012 Series B Bonds Long-Term Rating	
<u>(S&P/Fitch)</u>		<u>(S&P/ Fitch)</u>	<u>Rate</u>
A-1/F1	and	AAA/AAA	Seven Day LIBOR + 0.05%
A-1/F1	and	AA/AA or better	Seven Day LIBOR + 0.15%
A-1/F1	and	A/A or better	Seven Day LIBOR + 0.25%
A-2/ F2	and	BBB/BBB or better	Seven Day LIBOR + 0.50%
A-3/F3 or below	and	BBB-/BBB- or below	Maximum Rate

If the position of Remarketing Agent is vacant for any reason, the 2012 Series B Bonds will automatically bear interest at the Maximum Rate.

In the event that any 2012 Series B Bond is tendered or deemed tendered for purchase by the Holder thereof and such Bond is unable to be remarketed and the Corporation fails to purchase such Bond, all 2012 Series B Bonds will automatically bear interest at the Maximum Rate (or at a lower rate if the Remarketing Agent determines, in its sole discretion, that such lower rate would enable the 2012 Series B Bonds to be remarketed at par).

Optional Tender

Holders of the 2012 Series B Bonds in a Weekly Mode may elect to tender their 2012 Series B Bonds for purchase by providing written notice to the Remarketing Agent and the Tender Agent not later than 5:00 P.M. Eastern time on any Business Day that is at least seven calendar days before the purchase date, which must be a Business Day and must be set forth in such tender notice. Such 2012 Series B Bonds will be purchased on the purchase date specified in the tender notice at a price equal to 100% of the principal amount thereof plus accrued interest. Such notice of optional tender for purchase of 2012 Series B Bonds by the Holders thereof will be irrevocable once such notice is given.

The 2012 Series B Bonds will be subject to mandatory tender for purchase as described below.

Mandatory Tender

The 2012 Series B Bonds are subject to mandatory tender for purchase (with no right to retain) (i) on each Mode Change Date, (ii) on any Conversion Date, and (iii) on each date specified by the Corporation in connection with the delivery of an Alternate Liquidity Facility (each a “Mandatory Tender Date”), at a purchase price equal to 100% of the principal amount thereof plus accrued interest. Upon any such event, the Trustee, not less than 15 days prior to such tender, shall deliver a notice of mandatory tender to the Holders thereof and the

Remarketing Agent stating the reason for the mandatory tender, the date of mandatory tender, and that all Holders of 2012 Series B Bonds subject to such mandatory tender will be deemed to have tendered their 2012 Series B Bonds upon such date.

Remarketing

On each date on which 2012 Series B Bonds are required to be purchased, the Remarketing Agent shall use its best efforts as described herein to sell such 2012 Series B Bonds at a price equal to the principal amount thereof plus accrued interest. In the event the Remarketing Agent is unable to remarket the 2012 Series B Bonds so tendered, the Corporation will purchase such Bonds in accordance with the Initial Liquidity Facility. See “The Corporation’s Obligation to Purchase 2012 Series B Bonds.”

This paragraph is applicable only if the book-entry system has been discontinued and replacement bonds have been issued or if DTC has exercised its option to surrender and exchange its 2012 Series B Bond certificates. Any 2012 Series B Bond not tendered and delivered to the Tender Agent on or prior to its Mandatory Tender Date (“Untendered Bonds”), for which there have been irrevocably deposited in trust with the Trustee the purchase price equal to the principal amount of such 2012 Series B Bonds plus accrued interest shall be deemed to have been tendered and purchased on such Mandatory Tender Date. Holders of Untendered Bonds shall not be entitled to any payment (including any interest to accrue on or after the Mandatory Tender Date) other than the principal amount of such Untendered Bonds, plus accrued interest to the day preceding the Mandatory Tender Date, and said Holders shall no longer be entitled to the benefits of the Indenture, except for the purpose of payment of the purchase price. 2012 Series B Bond certificates will be issued in place of Untendered Bonds pursuant to the Indenture and, after the issuance of the replacement 2012 Series B Bond certificates, such Untendered Bonds will be deemed purchased, canceled, and no longer Outstanding under the Indenture.

Conversion to Fixed Interest Rates or an Indexed Rate

The 2012 Series B Supplemental Indenture provides that the Corporation has the option to Convert all or a portion of the 2012 Series B Bonds on any Effective Rate Date to Fixed Interest Rates or an Indexed Rate, in accordance with the Indenture and as described herein. Prior and as a condition to the Conversion of any of the 2012 Series B Bonds, the Trustee must deliver a notice to the Holders thereof and the Remarketing Agent specifying the Conversion Date, which Date shall be not less than 30 days following the receipt of such notice. Upon any Conversion to Fixed Interest Rates or an Indexed Rate, the 2012 Series B Bonds will be subject to mandatory tender for purchase.

Special Considerations Relating to the 2012 Series B Bonds

The Remarketing Agent Is Paid by the Corporation

The Remarketing Agent’s responsibilities include determining the interest rate from time to time and remarketing 2012 Series B Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case to the terms of the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the Corporation

and is paid by the Corporation for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of 2012 Series B Bonds.

Determination of Interest Rates by the Remarketing Agent

On each Rate Determination Date, the Remarketing Agent is required to determine the interest rate that will be effective with respect to the 2012 Series B Bonds on the Effective Rate Date. Each such rate is required by the 2012 Series B Supplemental Indenture to be the lowest rate which, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2012 Series B Bonds on the Effective Rate Date being 100% of the principal amount thereof, and which will not exceed the Maximum Rate.

The Remarketing Agent Routinely Purchases Variable Rate Demand Obligations for Its Own Account

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations issued by many issuers and, in its sole discretion, purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered variable rate demand obligations, including obligations such as the 2012 Series B Bonds, for its own account and, in its sole discretion, acquires such tendered variable rate demand obligations in order to achieve a successful remarketing of the tendered variable rate demand obligations (*i.e.*, because there otherwise are not enough buyers to purchase the variable rate demand obligations) or for other reasons. However, the Remarketing Agent is not obligated to purchase variable rate demand obligations, and may cease doing so at any time without notice. If the Remarketing Agent ceases to purchase 2012 Series B Bonds, it may be necessary for the Trustee to draw on the Initial Liquidity Facility to pay tendering owners.

The Remarketing Agent may also make a secondary market in the 2012 Series B Bonds by purchasing and selling 2012 Series B Bonds other than in connection with an optional or mandatory tender and remarketing. No notice period is required under the Remarketing Agreement for such purchases. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a secondary market in the 2012 Series B Bonds. Thus, investors who purchase the 2012 Series B Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2012 Series B Bonds other than by tendering the 2012 Series B Bonds in accordance with the tender process.

The Remarketing Agent may also sell any 2012 Series B Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2012 Series B Bonds. If the Remarketing Agent purchases 2012 Series B Bonds for its own account, it may offer those 2012 Series B Bonds at a discount to par to some investors. The purchase of 2012 Series B Bonds by the Remarketing Agent may create the appearance that there is greater third-party demand for the 2012 Series B Bonds in the market than is actually the case. The practices described above also may result in fewer 2012 Series B Bonds being tendered in a remarketing.

2012 Series B Bonds May Be Offered at Different Prices on Any Date

Pursuant to the Remarketing Agreement, on each Rate Determination Date, the Remarketing Agent is required to determine the interest rate that will be effective with respect to the 2012 Series B Bonds on the Effective Rate Date. That rate is required by the 2012 Series B Supplemental Indenture to be the lowest rate necessary in the judgment of the Remarketing Agent to remarket the 2012 Series B Bonds at par, plus accrued interest, if any, on the Effective Rate Date. The interest rate will reflect, among other factors, the level of market demand for the 2012 Series B Bonds (including whether the Remarketing Agent is willing to purchase 2012 Series B Bonds for its own account). There may or may not be 2012 Series B Bonds tendered and remarketed on an Effective Rate Date, and the Remarketing Agent may or may not be able to remarket any 2012 Series B Bonds tendered for purchase on such date at par. As an owner of 2012 Series B Bonds, the Remarketing Agent may sell 2012 Series B Bonds at varying prices, including at a discount to par, to different investors on a Rate Determination Date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third-party buyers for all of the 2012 Series B Bonds at the remarketing price.

The Ability to Sell the 2012 Series B Bonds Other Than through the Tender Process May Be Limited

Investors who purchase the 2012 Series B Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2012 Series B Bonds other than by tendering the 2012 Series B Bonds in accordance with the tender process.

The Corporation may fail to purchase such tendered 2012 Series B Bonds when it is obligated to do so pursuant to the Initial Liquidity Facility. In such case, tendered 2012 Series B Bonds would be returned to holders thereof and all 2012 Series B Bonds will bear interest at the Maximum Rate (or at a lower rate if the Remarketing Agent determines, in its sole discretion, that such lower rate would enable the 2012 Series B Bonds to be remarketed at par). It is not certain that following a failure to purchase the 2012 Series B Bonds, a secondary market for the 2012 Series B Bonds will develop.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the 2012 Series B Bonds Without A Successor Being Named

Under certain circumstances the Remarketing Agent may be removed or have the ability to resign without a successor having been named. The Remarketing Agreement allows the Remarketing Agent to cease its remarketing activities under certain circumstances. In the event of such a cessation, the 2012 Series B Bonds will bear interest at the rate described in the fifth paragraph under the heading “Description of the 2012 Series B Bonds — Interest on the 2012 Series B Bonds,” and owners optionally tendering their 2012 Series B Bonds will be paid from draws on the Initial Liquidity Facility.

Book Entry Only

General

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 neither the Corporation nor the Underwriters take 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 a Standard & Poor’s rating of AA+. 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.

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 and purchase price 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, PURCHASE PRICE OR REDEMPTION PRICE OF OR INTEREST ON THE OFFERED BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS 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 OR PARTIAL TENDER AND PURCHASE OF THE OFFERED BONDS OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDHOLDER.

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.

A Beneficial Owner shall give notice to elect to have its 2012 Series B Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such 2012 Series B Bonds by causing the Direct Participant to transfer the Participant's interest in the 2012 Series B Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of 2012 Series B Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2012 Series B Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2012 Series B Bonds to the Tender Agent's DTC account.

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 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 of a Series will be made by the Trustee to the registered owner of such Offered Bond by check mailed by first class mail (or, upon request of a registered owner of \$1,000,000 or more

aggregate principal amount of Offered Bonds of such Series, by wire transfer) on the interest payment date to such registered owner as of (i) in the case of the 2012 Series A Bonds, the 20th day of the preceding month and (ii) in the case of the 2012 Series B Bonds, the immediately preceding Business Day, in each case 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 an interest payment date or the date of mailing of any notice of redemption, nor of any Offered Bond 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; the Corporation's \$161,760,000 Home Mortgage Revenue Bonds, 2009 Series A and B; and the Corporation's \$50,000,000 General Mortgage Revenue Bonds II, 2012 Series 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 the subheadings "Activities of the Corporation," "Financial Results of Operations" and "Legislative Activity/Transfers to the State — Aggregate Transfers to the State of Alaska" below was obtained from, respectively, the July 2012 Mortgage and Bond Disclosure Report of the Corporation, the audited financial statements of the Corporation as of and for the year ended June 30, 2011, and the unaudited financial statements of the Corporation as of and for the nine months ended March 31, 2012. 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:

<u>Name</u>	<u>Location</u>
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. Bruce Tangeman (designee) Deputy Commissioner Alaska Department of Revenue Juneau, Alaska
Mr. William Streur Commissioner Alaska Department of Health & Social Services	Ms. Nancy Rolfzen (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.

Michael L. Strand - Acting CFO/Senior Finance Officer. Mr. Strand joined the Corporation in 2001, and previously served as Senior Finance Officer, Finance Officer and Financial Analyst II. Prior to joining the Corporation, he served as a budget analyst for Anchorage Municipal Light and Power and as a financial analyst for VECO Alaska. Mr. Strand is a graduate of the University of Alaska, Anchorage, with Bachelor of Business Administration degrees in finance and economics.

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

Gerard Deta - Finance Officer. Mr. Deta has been with the Corporation since 2001, and previously served as Financial Analyst II. Prior to joining the Corporation, he served as an auditor with Deloitte & Touche LLP. Mr. Deta is a Certified Treasury Professional and a graduate of Southern Utah University with Bachelor of Science degrees in finance and accounting.

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 which it currently provides for the Self-Liquidity Bonds and will provide for the 2012 Series B 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 July 31, 2012:

<u>Bond Series</u>	<u>Amount Outstanding</u>	<u>Liquidity Provider (or Self-Liquidity)</u>	<u>Facility Expiration Date</u>
Home Mortgage Revenue Bonds, 2007 Series A, B and D	\$239,370,000	Landesbank Baden- Wuerttemberg	May 30, 2017
Home Mortgage Revenue Bonds, 2002 Series A	143,525,000	JPMorgan Chase Bank, N.A.	August 11, 2014
Home Mortgage Revenue Bonds, 2009 Series A and B	161,760,000	Self-Liquidity	NA [†]
Governmental Purpose Bonds, 2001 Series A and B	128,580,000	Self-Liquidity	NA [†]
Home Mortgage Revenue Bonds, 2009 Series D	80,870,000	Bank of America, N.A.	August 24, 2014
State Capital Project Bonds, 2002 Series C	57,955,000	Self-Liquidity	NA [†]
Governmental Purpose Bonds, 1997 Series A	14,600,000	Self-Liquidity	NA [†]
General Mortgage Revenue Bonds II, 2012 Series B	<u>50,000,000</u>	Self-Liquidity	NA [†]
	<u>\$876,660,000</u>		

[†] 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, in addition to the issuance of Bonds under the Indenture, recurring long-term debt issuances under established bond indentures described below. Such issuances constitute the majority of the Corporation's financing activities.

Mortgage Revenue Bonds and Home Mortgage Revenue Bonds. The Corporation funds its Tax-Exempt First-Time Homebuyer Program with the proceeds of Mortgage Revenue Bonds and Home Mortgage Revenue Bonds. Qualified mortgage loans and/or mortgage-backed securities are pledged as collateral for the Mortgage Revenue Bonds and Home Mortgage Revenue Bonds. Mortgage Revenue Bonds and 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 and General Mortgage Revenue Bonds II. The Corporation previously issued its General Mortgage Revenue Bonds to finance the purchase of mortgage loans or to refund other obligations of the Corporation. On July 11, 2012, the Corporation issued \$145,890,000 General Mortgage Revenue Bonds II, 2012 Series A to redeem all outstanding General Mortgage Revenue Bonds and to refund certain other obligations of the Corporation and issued \$50,000,000 General Mortgage Revenue Bonds II, 2012 Series B to finance the purchase of mortgage loans. In connection with the redemption of the General Mortgage Revenue Bonds, mortgage loans and other assets theretofore pledged as collateral for the General Mortgage Revenue Bonds will be pledged as collateral for the General Mortgage Revenue Bonds II. General Mortgage Revenue Bonds and General Mortgage Revenue Bonds II are 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 July 31, 2012 regarding bonds issued under the above-described financing programs:

Bonds Issued and Remaining Outstanding by Program

<u>Bond Program</u>	<u>Issued through 7/31/2012</u>	<u>Issued During One Month Ended 7/31/2012</u>	<u>Outstanding as of 7/31/2012</u>
Home Mortgage Revenue Bonds	\$1,262,675,000	\$ 0	\$805,435,000
Mortgage Revenue Bonds	1,449,010,353 ^{*†}	0	359,345,000
State Capital Project Bonds	680,190,000	0	333,945,000
General Housing Purpose Bonds	811,635,000	0	274,485,000
Veterans Collateralized Bonds	1,900,385,000	0	180,090,000
Housing Development Bonds	570,290,000	0	225,825,000
Governmental Purpose Bonds	973,170,000	0	143,180,000
General Mortgage Revenue Bonds	1,220,245,874	0	107,765,000
General Mortgage Revenue Bonds II	195,890,000	195,890,000	195,890,000
Other Bonds	<u>8,335,002,895</u>	<u>0</u>	<u>0</u>
Total Bonds	<u>\$17,398,494,122</u>	<u>\$195,890,000</u>	<u>\$2,625,960,000</u>

* Includes release of proceeds of \$64,350,000 Mortgage Revenue Bonds originally issued in 2009.

† Includes release of proceeds of \$128,750,000 Mortgage Revenue Bonds originally issued in 2009.

Summary of Bonds Issued and Remaining Outstanding

	<u>Issued through 7/31/2012</u>	<u>Issued During One Month Ended 7/31/2012</u>	<u>Outstanding as of 7/31/2012</u>
Tax-Exempt Bonds	\$12,813,234,122 ^{*†}	\$145,890,000 [†]	\$2,449,120,000
Taxable Bonds	<u>4,585,260,000</u>	<u>50,000,000</u>	<u>176,840,000</u>
Total Bonds	<u>\$17,398,494,122</u>	<u>\$195,890,000</u>	<u>\$2,625,960,000</u>
Self-Liquidity Bonds [‡]	\$ 775,500,000	\$ 50,000,000	\$412,895,000

* Includes release of proceeds of \$64,350,000 Mortgage Revenue Bonds originally issued in 2009.

† Includes release of proceeds of \$128,750,000 Mortgage Revenue Bonds originally issued in 2009.

‡ 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 used 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 July 31, 2012 regarding the mortgage loans financed under the above-described lending programs:

Mortgage Purchases by Program

<u>Loan Program</u>	<u>Original Principal Balance of Mortgage Loans Purchased During FY 2011</u>	<u>Original Principal Balance of Mortgage Loans Purchased During the Thirteen Months Ended 7/31/2012</u>
Tax-Exempt First-Time Homebuyer	\$102,721,624	\$127,974,705
Taxable Other	80,023,975	97,976,476
Rural	89,106,667	118,852,041
Taxable First-Time Homebuyer	49,934,157	45,191,665
Multi-Family	16,908,700	38,646,300
Veterans Mortgage Program	<u>77,717,901</u>	<u>27,858,904</u>
Total Mortgage Purchases	<u>\$416,413,024</u>	<u>\$456,500,091</u>
Streamline Refinance [†]	\$ 46,293,766	\$ 90,471,997

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

Mortgage Portfolio Summary

	<u>As of 6/30/2011</u>	<u>As of 7/31/2012</u>
Mortgages and Participation Loans	\$2,761,295,562	\$2,509,178,829
Real Estate Owned and Insurance Receivables	<u>5,469,821</u>	<u>6,253,086</u>
Total Mortgage Portfolio	<u>\$2,766,765,383</u>	<u>\$2,515,431,915</u>

Mortgage Insurance Summary[†]

<u>Type</u>	<u>Outstanding Principal Balance as of 7/31/2012</u>	<u>Percentage of Total Mortgage Loans by Outstanding Principal Balance</u>
Uninsured ^{††}	\$1,082,449,611	43.1%
Federally Insured – FHA	561,496,494	22.4
Federally Insured – VA	393,661,979	15.7
Federally Insured – RD	183,588,462	7.3
Private Mortgage Insurance ^{†††}	173,677,779	6.9
Federally Insured – HUD 184	<u>114,304,505</u>	<u>4.6</u>
TOTAL	<u>\$2,509,178,830</u>	<u>100.0%</u>

[†] 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.

<u>PMI Provider</u>	<u>Outstanding Principal Balance as of 7/31/2012</u>	<u>Percentage of Total Mortgage Loans by Outstanding Principal Balance</u>
Radian Guaranty	\$ 50,575,188	2.0%
CMG Mortgage Insurance	39,065,594	1.6
Mortgage Guaranty	33,866,774	1.3
Genworth GE	25,046,011	1.0
PMI Mortgage Insurance	22,224,584	0.9
Commonwealth	2,337,301	0.1
United Guaranty	344,979	0.0
Republic Mortgage Insurance	<u>217,348</u>	<u>0.0</u>
TOTAL	<u>\$173,677,779</u>	<u>6.9%</u>

Mortgage Delinquency and Foreclosure Summary

	<u>As of 6/30/2011</u>	<u>As of 7/31/2012</u>
Delinquent 30 Days	2.51%	2.56%
Delinquent 60 Days	1.15	1.25
Delinquent 90 Days or More	<u>1.48</u>	<u>1.65</u>
Total Mortgage Delinquency	<u>5.14%</u>	<u>5.46%</u>

	<u>Twelve Months Ended 6/30/2011</u>	<u>Thirteen Months Ended 7/31/2012</u>
Total Foreclosures	\$16,824,228	\$15,646,949

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, 2011, 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				
	2011	2010	2009	2008	2007
Total Assets and Deferred Outflows	\$4,542,040	\$4,796,817	\$4,731,425	\$4,946,119	\$4,896,900
Total Liabilities and Deferred Inflows	2,948,221	3,172,826	3,059,314	3,279,948	3,212,428
Total Fund Equity	1,593,819	1,623,991	1,672,111†	1,666,171	1,684,472
Total Operating Revenues	385,695	397,258	355,357	341,847	344,989
Total Operating Expenses	398,606	407,032	333,997	306,534	304,512
Operating Income (Loss)	(12,911)	(9,774)	21,360	35,313	40,477
Contribution to State or State agency	(20,349)	(36,772)	(15,420)	(53,614)	(346,037)
Special Item	3,088	0	0	0	0
Change in Net Assets	(30,172)	(46,546)	5,940	(18,301)	(305,560)

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

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.

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.

<u>Fiscal Year</u>	<u>Percentage of Adjusted Change in Net Assets</u>
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 March 31, 2012, 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.

<u>Transfer Type</u>	<u>Pre-FY12</u>	<u>FY12</u>	<u>Total</u>
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	318,893,000	6,889,000	325,782,000
Various Bonds’ Proceeds			
Disbursed	<u>312,415,000</u>	<u>807,000</u>	<u>313,222,000</u>
Total Transfers	<u>\$1,962,015,000</u>	<u>\$7,696,000</u>	<u>\$1,969,711,000</u>

Corporation Budget Legislation

The Corporation's fiscal year 2013 operating budget was approved by the Legislature at the same amount submitted during the fiscal year 2012 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 2013 operating budget estimated that \$27,315,600 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 101)

"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.

"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.

“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 any national securities rating service requested by the Corporation to rate the Bonds and which, at the time of consideration, provides a published rating for the Bonds.

“Rating Quality” means, with respect to any Series of Bonds, having terms, conditions and/or a credit quality such that the item stated to be of “Rating Quality” will not, as confirmed in writing received by the Trustee from each of the Rating Agencies, impair the ability of the Corporation to obtain the ratings initially from the Rating Agencies anticipated to be received with respect to such Bonds as described in the Supplemental Indenture authorizing such Bonds and, if the Bonds have been rated, will not cause any such Rating Agency to lower or withdraw the rating it has assigned to the 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.

Pledge Effected by Indenture; Indenture to Constitute a Contract (Section 201)

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 203)

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 403)

The Corporation shall direct the Trustee to invest amounts in the Accounts 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, 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 404)

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 501)

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 502)

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 503)

The Corporation shall pay or cause to be paid to the Trustee, at least two Business 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 504)

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 determine the Rebate Amount in accordance with the Code. 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 606)

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 701)

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 704)

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 706)

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 permitted by law and 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 707)

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 801, 802 and 803)

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) (A) 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 (B) 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

(ii) such change affects only Bonds which are subject to mandatory tender for purchase and such change is effective as of a date for such mandatory tender; 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 902 and 903)

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 904)

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 1001)

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 1002)

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, 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 1003)

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 1005)

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 1006)

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. 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 1201)

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 an 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 a Bond Counsel's Opinion 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

2012 Series A Bonds

Opinions of Bond Counsel and Special Tax Counsel

In the opinions of Bond Counsel and Special Tax Counsel, to be delivered on the date of issuance of the 2012 Series A Bonds, assuming compliance with certain covenants which are designed to meet the requirements of the Code, under existing laws, regulations, rulings and judicial decisions, (i) interest on the 2012 Series A Bonds is excluded from gross income for Federal income tax purposes and (ii) interest on the 2012 Series A 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 2012 Series A 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).

In the opinion of Bond Counsel, interest on the 2012 Series A Bonds is free from taxation by the State under existing law (*except* that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers by or in anticipation of death).

Compliance

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the 2012 Series A Bonds, including compliance with restrictions on the yield of investments and periodic rebate payments to the Federal government. 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, which will be delivered concurrently with the delivery of the 2012 Series A Bonds, will contain provisions and procedures relating to compliance with such requirements of the Code. The Corporation also has covenanted in the Indenture to do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid on the 2012 Series A Bonds shall not be included in gross income for Federal income tax purposes. Failure to comply with these covenants may result in interest on the 2012 Series A Bonds being included in gross income for Federal income tax purposes from the date of issuance of the 2012 Series A Bonds. The opinions of Bond Counsel and Special Tax Counsel assume the Corporation is in compliance with these covenants. Bond Counsel and Special Tax Counsel are not aware of any reason why the Corporation cannot or will not be in compliance with such covenants. *However*, Bond Counsel and Special Tax Counsel have not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2012 Series A Bonds may affect the tax status of interest on the 2012 Series A Bonds.

Original Issue Discount

2012 Series A Bonds sold at an initial public offering price that is less than the stated amount to be paid at maturity constitute "Discount Bonds." The difference between the initial public offering prices of any such Discount Bond and the stated amount to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes to the same extent as interest on such Discount Bond.

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 that 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 that 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.

Owners 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.

Original Issue Premium

2012 Series A Bonds sold at an initial public offering price that is greater than the stated amount to be paid at maturity constitute “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 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 Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium 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 2012 Series A Bonds is subject to information reporting in a manner similar to that with respect 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 excludability of interest on the 2012 Series A Bonds from gross income for Federal income tax

purposes or any other Federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Certain Additional Federal Tax Consequences

The foregoing is a brief discussion of certain Federal and State income tax matters with respect to the 2012 Series A Bonds under existing statutes. It does not purport to deal with all aspects of Federal or State taxation that may be relevant to a particular owner of 2012 Series A Bonds. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal, State and local tax consequences of owning and disposing of the 2012 Series A Bonds.

Although Bond Counsel and Special Tax Counsel will each render an opinion that interest on the 2012 Series A Bonds will be excluded from gross income for Federal income tax purposes, the accrual or receipt of interest on the 2012 Series A Bonds may otherwise affect the Federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel and Special Tax Counsel express no opinion regarding any such consequences. Purchasers of the 2012 Series A 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 or 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, are advised to consult their tax advisors as to the tax consequences of purchasing, holding or selling the 2012 Series A Bonds.

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 2012 Series A Bonds. 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 2012 Series A 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 2012 Series A Bonds or the market value thereof would be impacted thereby. Purchasers of the 2012 Series A 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 2012 Series A 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.

Recent Development

The Internal Revenue Service (the “IRS”) routinely conducts audits of municipal bonds on a random basis, as well as audits for cause or based on a targeted inquiry of a type of program or financing. The Corporation is currently responding to an IRS random audit request for documents with respect to its outstanding State Capital Project Bonds, 2006 Series A, and its Draw Down Bonds, Series 2007 A-D. The nature of the use of proceeds of, and the plan of finance with respect to, the 2012 Series A Bonds are substantially identical to that of the bonds which are the subject of the IRS inquiries. Any issues raised with regard to the bonds which are the subject of the audits could thus impact the exclusion from gross income of the interest on the 2012 Series A Bonds. As a condition to delivery of the 2012 Series A Bonds, Bond Counsel and Special Tax Counsel will provide their respective opinions as to the exemption of interest on the 2012 Series A Bonds from gross income, the forms of which are set forth as Appendices B and C, respectively.

2012 Series B Bonds

The following is a summary of certain material federal income tax consequences of the purchase, ownership and disposition of the 2012 Series B Bonds for the investors described below and is based on the advice of Bond Counsel and Special Tax Counsel. This summary is based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change. The discussion does not deal with all federal tax consequences applicable to all categories of investors, some of which may be subject to special rules, including but not limited to, partnerships or entities treated as partnerships for federal income tax purposes, pension plans and foreign investors, except as otherwise indicated. In addition, this summary is generally limited to investors that are “U.S. holders” (as defined below) who will hold the 2012 Series B Bonds as “capital assets” (generally, property held for investment) within the meaning of Section 1221 of the Code. Investors should consult their own tax advisors to determine the federal, state, local and other tax consequences of the purchase, ownership and disposition of 2012 Series B Bonds. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the “Service”) with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

As used herein, a “U.S. holder” is a “U.S. person” that is a beneficial owner of a 2012 Series B Bond. A “non U.S. holder” is a holder (or beneficial owner) of a 2012 Series B Bond that is not a U.S. person. For these purposes, a “U.S. Person” is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in the Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust’s administration and (ii) one or more United States persons have the authority to control all of the trust’s substantial decisions.

General

Although the 2012 Series B Bonds are issued by the Corporation, interest on the 2012 Series B Bonds (including original issue discount treated as interest) is not excludable from gross income for federal income tax purposes under Section 103 of the Code. Interest on the 2012 Series B Bonds (including original issue discount treated as interest) will be fully subject to federal income taxation. Thus, owners of the 2012 Series B Bonds generally must include interest (including original issue discount treated as interest) on the 2012 Series B Bonds in gross income for federal income tax purposes.

To ensure compliance with Treasury Circular 230, holders of the 2012 Series B Bonds should be aware and are hereby put on notice that: (a) the discussion in this Official Statement with respect to U.S. federal income tax consequences of owning the 2012 Series B Bonds is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer; (b) such discussion was written in connection with the promotion or marketing (within the meaning of Treasury Circular 230) of the transactions or matters addressed by such discussion; and (c) each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

Taxation of Interest Income of the 2012 Series B Bonds.

Payments of interest with regard to the 2012 Series B Bonds will be includible as ordinary income when received or accrued by the holders thereof in accordance with their respective methods of accounting and applicable provisions of the Code. If the 2012 Series B Bonds are deemed to be issued with original issue discount, Section 1272 of the Code requires the current ratable inclusion in income of original issue discount greater than a specified de minimis amount using a constant yield method of accounting. In general, original issue discount is calculated, with regard to any accrual period, by applying the instrument's yield to its adjusted issue price at the beginning of the accrual period, reduced by any qualified stated interest (as defined in the Code) allocable to the period. The aggregate original issue discount allocable to an accrual period is allocated to each day included in such period. The holder of a debt instrument must include in income the sum of the daily portions of original issue discount attributable to the number of days he owned the instrument. The legislative history of the original issue discount provisions indicates that the calculation and accrual of original issue discount should be based on the prepayment assumptions used by the parties in pricing the transaction.

Payments of interest received with respect to the 2012 Series B Bonds will also constitute investment income for purposes of certain limitations of the Code concerning the deductibility of investment interest expense. Potential holders of the 2012 Series B Bonds should consult their own tax advisors concerning the treatment of interest payments with regard to the 2012 Series B Bonds.

A purchaser (other than a person who purchases a 2012 Series B Bond upon issuance at the issue price) who buys a 2012 Series B Bond at a discount from its principal amount (or its adjusted issue price if issued with original issue discount greater than a specified de minimis amount) will be subject to the market discount rules of the Code. In general, the market discount

rules of the Code treat principal payments and gain on disposition of a debt instrument as ordinary income to the extent of accrued market discount. Each potential investor should consult his tax advisor concerning the application of the market discount rules to the 2012 Series B Bonds.

Sale or Exchange of the 2012 Series B Bonds

If a Bondholder sells a 2012 Series B Bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and the Bondholder's basis in such 2012 Series B Bond. Ordinarily, such gain or loss will be treated as a capital gain or loss. However, if a 2012 Series B Bond was subject to its initial issuance at a discount, a portion of such gain will be recharacterized as interest and therefore ordinary income.

If the terms of a 2012 Series B Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential holder of a 2012 Series B Bond should consult its own tax advisor concerning the circumstances in which the 2012 Series B Bonds would be deemed reissued and the likely effects, if any, of such reissuance.

The legal defeasance of the 2012 Series B Bonds may result in a deemed sale or exchange of such 2012 Series B Bonds under certain circumstances. Owners of such 2012 Series B Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding

Certain purchasers may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the 2012 Series B Bonds, if the purchasers, upon issuance, fail to supply the indenture trustee or their brokers with their taxpayer identification numbers, furnish incorrect taxpayer identification numbers, fail to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fail to provide the indenture trustee with a certified statement, under penalty of perjury, that they are not subject to backup withholding.

State, Local or Foreign Taxation

No representations are made regarding the tax consequences of purchase, ownership or disposition of the 2012 Series B Bonds under the tax laws of any state, locality or foreign jurisdiction (except as provided in "Exemption Under State Tax Law" below). Investors considering an investment in the 2012 Series B Bonds should consult their own tax advisors regarding such tax consequences.

Tax-Exempt Investors

In general, an entity which is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. An unrelated

trade or business is any trade or business which is not substantially related to the purpose which forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation which gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any holder of a 2012 Series B Bond incurs acquisition indebtedness with respect to a 2012 Series B Bond, interest paid or accrued with respect to such Bondholder may be excluded by such tax exempt Bondholder from the calculation of unrelated business taxable income. Each potential tax exempt holder of a 2012 Series B Bond is urged to consult its own tax advisor regarding the application of these provisions.

Certain ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the 2012 Series B Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the 2012 Series B Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Corporation or any Underwriter of the 2012 Series B Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the 2012 Series B Bonds are acquired by such plans or arrangements with respect to which the Corporation or any Underwriter is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code Sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the 2012 Series B Bonds. The sale of the 2012 Series B Bonds to a plan is in no respect a representation by the Corporation or the Underwriter

that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. **Any plan proposing to invest in the 2012 Series B Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.**

Exemption Under State Tax Law

In the opinion of Bond Counsel, interest on the 2012 Series B Bonds is free from taxation by the State under existing law (*except* that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers 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 2012 Series B 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 2012 Series B 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 2012 Series B Bonds or the market value thereof would be impacted thereby. Purchasers of the 2012 Series B 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 2012 Series B 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 the Offered Bonds 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, 2012, 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, the notices described in the Continuing Disclosure Certificate by the times set forth therein.

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 E — “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 required event notices.

RATINGS OF THE OFFERED BONDS

S&P has assigned the 2012 Series A Bonds a rating of “AA+” 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 2012 Series A Bonds. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions made by the rating agencies. S&P has assigned the 2012 Series B Bonds a rating of “AA+/A-1+” and Fitch has assigned the 2012 Series B Bonds a rating of “AA+/F1+”. The assignment of such ratings by S&P and Fitch with respect to the 2012 Series B Bonds is conditioned upon the effectiveness of the Initial Liquidity Facility at the time of delivery of the 2012 Series B Bonds. The obligation of the respective Underwriters to purchase the Offered Bonds of each Series is conditioned on the assignment by S&P and Fitch of the respective aforementioned ratings to such 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 Corporation’s financial statements as of and for the year ended June 30, 2011, included in Appendix A to this Official Statement, have been audited by Mikunda, Cottrell & Co., independent auditors, as stated in their report appearing herein.

The unaudited financial statements of the Corporation as of and for the nine months ended March 31, 2012, included in Appendix A to this Official Statement, appear without review or audit by an independent accountant.

The Corporation’s financial statements as of and for the year ended June 30, 2012 are expected to be available prior to the delivery of the Offered Bonds and will be posted to the Corporation’s website when available.

LITIGATION

There is no controversy or litigation of any material nature now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Offered Bonds, or in any way contesting or affecting the validity of the Offered Bonds or any proceedings of the Corporation taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 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 the Law Office of Kenneth E. Vassar, LLC, 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 2012 Series A Bonds are being purchased by the Underwriters. The Underwriters have jointly and severally agreed to purchase the 2012 Series A Bonds at the price of \$112,404,155.30. The Underwriters will be paid a fee of \$553,952.30 with respect to the 2012 Series A Bonds. The Bond Purchase Agreement with respect to the 2012 Series A 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 obligation of the Underwriters to purchase the 2012 Series A Bonds is *not* conditioned on the issuance and delivery of the 2012 Series B Bonds. The initial public offering prices and yields of the 2012 Series A Bonds may be changed from time to time by the Underwriters. The

Underwriters may offer and sell the 2012 Series A 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 2012 Series A Bonds set forth on the inside cover page.

The 2012 Series B Bonds are being purchased by J.P. Morgan Securities LLC. J.P. Morgan Securities LLC has agreed to purchase the 2012 Series B Bonds at the price of par. J.P. Morgan Securities LLC will be paid a fee of \$71,353.44 with respect to the 2012 Series B Bonds. The Bond Purchase Agreement with respect to the 2012 Series B Bonds provides that J.P. Morgan Securities LLC 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 obligation of J.P. Morgan Securities LLC to purchase the 2012 Series B Bonds is *not* conditioned on the issuance and delivery of the 2012 Series A Bonds. The initial public offering price of the 2012 Series B Bonds may be changed from time to time by J.P. Morgan Securities LLC. J.P. Morgan Securities LLC may offer and sell the 2012 Series B Bonds to certain dealers (including dealers depositing such Bonds into unit investment trusts, certain of which may be sponsored or managed by J.P. Morgan Securities LLC) and others at prices higher than the public offering price of the 2012 Series B Bonds set forth on the inside cover page.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the 2012 Series A Bonds, 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, each of UBSFS and CS&Co. will purchase 2012 Series A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2012 Series A Bonds that such firm sells.

Morgan Stanley, the parent company of Morgan Stanley & Co. LLC, one of the Underwriters of the 2012 Series A Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC 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. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2012 Series A Bonds.

On April 2, 2012, Raymond James Financial, Inc. (“RJF”), the parent company of Raymond James & Associates, Inc. (“Raymond James”), acquired all of the stock of Morgan Keegan & Company, Inc. (“Morgan Keegan”) from Regions Financial Corporation. Morgan Keegan and Raymond James are each registered broker-dealers. Both Morgan Keegan and Raymond James are wholly owned subsidiaries of RJF and, as such, are affiliated broker-dealer companies under the common control of RJF, utilizing “Raymond James | Morgan Keegan” as their trade name. It is anticipated that the businesses of Raymond James and Morgan Keegan will be combined. Morgan Keegan has entered into a distribution arrangement with Raymond James for the distribution of the 2012 Series A Bonds at the original issue prices. Such arrangement generally provides that Morgan Keegan will share a portion of its underwriting compensation or selling concession with Raymond James.

Each of the Underwriters and its affiliates is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Each of the Underwriters and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Corporation, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, each of the Underwriters and its 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. Each of the Underwriters and its affiliates may hold bonds that the Corporation is refunding through the issuance of the 2012 Series A Bonds and as a result may receive proceeds from such refunding.

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.

APPENDIX A

FINANCIAL STATEMENTS OF THE CORPORATION

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a component unit of the State of Alaska

**Quarterly Unaudited
Financial Statements
March 31, 2012**

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This is an unaudited quarterly publication of Alaska Housing Finance Corporation. For comments or questions:
 Website: <http://www.ahfc.us/financials/financials.cfm> or
 E-Mail: dboyce@ahfc.us

ALASKA HOUSING FINANCE CORPORATION**Exhibit A**

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

As of March 31, 2012

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total March 31, 2012
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	24,341	1,561	25,991	51,893
Investments	738,233	-	646,889	1,385,122
Accrued interest receivable	1,346	-	11,673	13,019
Inter-fund due to/from	(36,427)	(17,020)	53,447	-
Mortgage loans, notes and other loans	89,597	-	2,486,750	2,576,347
Net investment in direct financing lease	-	-	53,192	53,192
Unamortized bond issuance costs	-	-	15,580	15,580
Capital assets - non-depreciable	2,539	6,291	16,352	25,182
Capital assets - depreciable, net	9,730	4	88,962	98,696
Other assets	13,084	11,826	8,174	33,084
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	1,610	5,741	1,752	9,103
Deferred outflow of resources	-	-	191,092	191,092
Total Assets and Deferred Outflows	844,053	8,403	3,599,854	4,452,310
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	-	2,612,072	2,612,072
Short term debt	24,594	-	-	24,594
Accrued interest payable	1,406	-	36,210	37,616
Other liabilities	8,852	5,239	2,820	16,911
Derivative instrument - interest rate swaps	-	-	194,219	194,219
Intergovernmental payable	1,160	-	155	1,315
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	36,012	5,239	2,845,476	2,886,727
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	12,269	6,295	105,314	123,878
Restricted by bond resolutions	-	-	573,197	573,197
Restricted by contractual or statutory agreements	105,164	1,976	70,426	177,566
Unrestricted net assets, (deficit)	690,608	(5,107)	5,441	690,942
Total Net Assets	808,041	3,164	754,378	1,565,583

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 Nine Months Ended March 31, 2012

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total March 31, 2012
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	7,158	-	105,123	112,281
Investment interest	324	3	4,993	5,320
Net change in the fair value of investments	5,529	-	367	5,896
Net change of hedge termination	-	-	(1,169)	(1,169)
Total Investment Revenue	5,853	3	4,191	10,047
Externally funded programs	-	74,677	50,531	125,208
Rental	43	-	6,345	6,388
Other	1,942	1	580	2,523
Total Operating Revenues	14,996	74,681	166,770	256,447
<u>OPERATING EXPENSES</u>				
Interest	118	-	84,458	84,576
Mortgage and loan costs	1,077	-	7,314	8,391
Financing expenses	454	-	4,730	5,184
Provision for loan loss	(4,259)	-	604	(3,655)
Operations and administration	2,105	3,694	34,503	40,302
Rental housing operating expenses	245	1,755	9,825	11,825
Housing grants and subsidies	3,268	69,762	57,334	130,364
Total Operating Expenses	3,008	75,211	198,768	276,987
Operating Income (Loss)	11,988	(530)	(31,998)	(20,540)
<u>NONOPERATING EXPENSES,</u>				
<u>SPECIAL ITEM & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(6,889)	-	(807)	(7,696)
Special Item	-	-	-	-
Transfers - Internal	(64,926)	1,252	63,674	-
Change in Net Assets	(59,827)	722	30,869	(28,236)
Net assets at beginning of year	867,868	2,442	723,509	1,593,819
Net Assets at End of Period	808,041	3,164	754,378	1,565,583

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For the Nine Months Ended March 31, 2012

(in thousands of dollars)

Exhibit C

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total March 31, 2012
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	3,281	-	97,805	101,086
Principal payments received on mortgages and loans	8,636	-	467,907	476,543
Purchases of mortgages and loans	(303,630)	-	-	(303,630)
Receipt (payment) for loan transfers between funds	275,958	-	(275,958)	-
Payments to employees and other payroll disbursements	(17,994)	(1,185)	(9,525)	(28,704)
Payments for goods and services	(10,880)	(4,368)	(7,569)	(22,817)
Cash received for externally funded programs	-	75,983	27,199	103,182
Cash received for Federal HAP subsidies	-	-	26,110	26,110
Payments for Federal HAP subsidies	-	-	(24,845)	(24,845)
Interfund Receipts	710,807	79,421	575,946	1,366,174
Interfund Payments	(693,878)	(76,184)	(596,112)	(1,366,174)
Grant payments to other agencies	(31,578)	(69,087)	(13,157)	(113,822)
Other operating cash receipts	29,336	203	177,212	206,751
Other operating cash payments	(14,031)	-	(172,859)	(186,890)
Net cash provided by (used for) operating activities	(43,973)	4,783	272,154	232,964
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	100,305	100,305
Principal paid on bonds	-	-	(205,609)	(205,609)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(1,062)	-	-	(1,062)
Interest paid	(1,581)	-	(56,420)	(58,001)
Proceeds from issuance of short term debt	277,251	-	-	277,251
Payment of short term debt	(339,621)	-	-	(339,621)
Contributions to the State of Alaska or other State agencies	(6,758)	-	(807)	(7,565)
Transfers (to) from other funds	101,485	-	(101,485)	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	29,714	-	(264,016)	(234,302)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(1,693)	(4,784)	(123)	(6,600)
Proceeds from the disposal of capital assets	1	-	2	3
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	(3,976)	(3,976)
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	(1,525)	(1,525)
Proceeds from the direct financing lease payments	-	-	6,771	6,771
Other cash payments	(30)	-	-	(30)
Net cash provided by (used for) capital financing activities	(1,722)	(4,784)	1,149	(5,357)
<u>Cash flows from investing activities:</u>				
Purchase of investments	(2,388,112)	-	(1,953,294)	(4,341,406)
Proceeds from maturity of investments	2,387,104	-	1,937,214	4,324,318
Interest received from investments	243	3	2,019	2,265
Net cash provided by (used for) investing activities	(765)	3	(14,061)	(14,823)
Net Increase (decrease) in cash	(16,746)	2	(4,774)	(21,518)
Cash at the beginning of year	41,087	1,559	30,765	73,411
Cash at the end of period	24,341	1,561	25,991	51,893
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u>				
Operating income (loss)	11,988	(530)	(31,998)	(20,540)
<u>Adjustments:</u>				
Depreciation expense	427	3	5,035	5,465
Provision for loan losses	(4,259)	-	604	(3,655)
Amortization of bond issuance costs	-	-	2,363	2,363
Net change in the fair value of investments	(5,529)	-	(367)	(5,896)
Transfers between funds for operating activity	(64,936)	1,252	63,684	-
Interest received from investments	(243)	(3)	(2,019)	(2,265)
Interest paid	1,581	-	57,945	59,526
<u>Changes in assets and liabilities:</u>				
Net increase (decrease) in mortgages and loans	(19,036)	-	191,949	172,913
Net increase (decrease) in assets and liabilities	36,034	4,061	(15,042)	25,053
Net cash provided by (used for) operating activities	(43,973)	4,783	272,154	232,964
<u>Noncash investing, capital and financing activities:</u>				
Deferred outflow of resources			(90,156)	
Derivative instruments liability			91,325	
Net change of hedge termination			(1,169)	
Conversion of NIBP bonds to 2010 Series A-1			128,750	
Conversion of NIBP bonds from 2009 Series A-1			(128,750)	
Transfer of Investments	196		(196)	
See accompanying notes to the financial statements.				

NOTES TO FINANCIAL STATEMENTS

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NOTES TO FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MARCH 31, 2012
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2011)

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 that are not component units of the Corporation and thus not included in the Corporation's financial statement. 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. They issue their own annual stand-alone audited financial statements.

- 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 369 of the 2010 Alaska Legislature.

There is no financial accountability between NTSC, AHCC, AGDC and the Corporation. Neither the Corporation nor the State is liable for any debt issued by these subsidiaries. They are government instrumentalities of, but have a legal existence separate and apart from, the State.

The Corporation has a new subsidiary, Alaska Corporation for Affordable Housing (ACAH), incorporated under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended. Neither the Corporation nor the State is liable for any debt issued by ACAH. It is a government instrumentality of, but has a legal existence separate and apart from, the State.

- ACAH was incorporated on February 1, 2012 in the State of Alaska pursuant to House Bill 119 of the 2011 Alaska Legislature.

ACAH was formed to benefit and support the Corporation in providing safe, quality and affordable housing and services to low-income, moderate-income and elderly Alaskans. AHFC has financial accountability for ACAH due to its fiscal dependency on AHFC. ACAH is a blended component unit of the Corporation and thus will be included on the Corporation's financial statements. As of March 31, 2012, ACAH had no activity.

NOTES TO FINANCIAL STATEMENTS

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 Fund 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. 16, 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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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):

	March 31, 2012	June 30, 2011
Restricted cash	\$ 27,553	\$ 32,325
Unrestricted	24,340	41,086
Carrying amount	\$ 51,893	\$ 73,411
Bank Balance	\$ 54,683	\$ 76,107

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	March 31, 2012	June 30, 2011	
Bank investment contracts	\$ -	\$ 35,906	\$ -	\$ -	\$ 35,906	\$ 49,002	
U. S. Treasury securities	12,098	5,515	-	-	17,613	17,173	
Securities of U. S. Government agencies and corporations	817	2,257	270	2	3,346	10,235	
Asset-backed securities	-	-	-	-	-	227	
Certificates of deposit	1,500	-	-	-	1,500	3,000	
Negotiable certificates of deposit	3,000	-	-	-	3,000	3,300	
Commercial paper & medium-term notes	568,924	728	-	-	569,652	25,051	
Guaranteed investment contracts	-	-	-	-	-	-	
Money market funds	165,823	-	-	-	165,823	741,566	
Subtotal	\$ 752,162	\$ 44,406	\$ 270	\$ 2	796,840	849,554	
GeFONSI pool					588,282	512,553	
Total AHFC Portfolio					\$ 1,385,122	\$ 1,362,107	

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):

	March 31, 2012	June 30, 2011
Restricted Investments	\$ 752,053	\$ 755,984
Unrestricted	633,069	606,123
Carrying amount	\$ 1,385,122	\$ 1,362,107

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):

	March 31, 2012	June 30, 2011
Ending unrealized holding gain	\$ 18,860	\$ 12,971
Beginning unrealized holding gain	12,971	5,265
Net change in unrealized holding gain	5,889	7,706
Net realized gain (loss)	7	60
Net increase (decrease) in fair value	\$ 5,896	\$ 7,766

NOTES TO FINANCIAL STATEMENTS

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 trusted or non-trusted, and this classification determines the applicable investment guidelines used by staff when making investment decisions. Trusted funds are invested in accordance with their respective indentures or governing agreements. Non-trusted funds are governed by the terms outlined in the Corporation's Fiscal Policies and are typically invested to meet the projected need for use of such funds.

The following securities are eligible for investment under the Corporation's Fiscal Policies:

- Obligations backed by the full faith and credit of the United States;
- Obligations of U.S. government-sponsored enterprises (GSEs) and federal agencies not backed by the full faith and credit of the United States
- Obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Money market funds rated at least "AAm" by S&P or "Aa-mf" by Moody's or "AAMmf" by Fitch;
- Banker's acceptances and negotiable certificates of deposit of any bank the unsecured short-term obligations of which are rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and which is incorporated under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank with a branch or agency licensed under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or which is a foreign bank having a long-term issuer rating of at least "AA" from S&P or "Aa2" from Moody's or "AA" from 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) where: the counterparty is designated as a primary dealer by the Federal Reserve and has a long-term debt rating of at least "A" by S&P or "A" by Moody's or "A" by Fitch or a short-term rating of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch; collateral is pledged at a minimum level of 102%, valued on a daily basis with a one-business-day cure period; the term of such repurchase agreement is one week or less; a third-party custodian acting as the Corporation's agent has possession of the collateral and holds such collateral in the Corporation's name; the agreement is evidenced by standard documents published by the Securities Industry and Financial Markets Association (SIFMA); and the securities to be repurchased are obligations backed by the full faith and credit of the United States or obligations of U.S. government-sponsored enterprises and federal agencies not backed by the full faith and credit of the United States or obligations of the World Bank rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year or "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Guaranteed investment contracts with a financial institution having outstanding unsecured long-term obligations rated, or an investment agreement rating of, at least "AA" by S&P or "Aa2" 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 "F-1" by Fitch;
- Fixed- and floating-rate notes and bonds (other than commercial paper) issued by corporate or municipal obligors and rated at least "AA" by S&P or "Aa2" by Moody's or "AA" by Fitch if maturing in excess of one year, or at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing, or with a provision for investor withdrawal or put at par, in one year or less;
- Asset-backed securities (other than asset-backed commercial paper) rated at least "AA+" by S&P or "Aa1" by Moody's or "AA+" by Fitch; and
- Investment pools managed by the State of Alaska, including the General Fund and Other Non-Segregated Investments (GeFONSI) pool.

NOTES TO FINANCIAL STATEMENTS

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 March 31, 2012, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). \$17,613,000 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	AA+	\$ 3,346
Asset-backed securities:			
	Aaa	AAA	-
Negotiable certificates of deposit:			
	P-1	A-1	2,000
	P-1	A-1+	1,000
			3,000
Certificates of deposit:			
	P-1	A-1	1,500
	P-1	A-1+	-
			1,500
Commercial paper, medium-term notes:			
	A1	A	-
	A1	AA-	256
	A2	A	1,033
	Aa1	AAA	-
	Aa1	A+	104
	Aa1	AA	-
	Aa1	AA-	101
	Aa2	AA-	263
	Aa2	AA	50
	Aa2	AA+	103
	Aa2	A+	-
	Aa3	A-	100
	Aa3	AA-	-
	Aa3	A+	105
	Aaa	AAA	696
	Aaa	AA+	5,030
	Aaa	A+	101
	P-1	A-1+	495,001
	P-1	A-1	66,709
			569,652
Money market funds:			
	--	AAAm	165,823
Unrated investments:			
Bank investment contracts			35,906
			\$ 779,227

NOTES TO FINANCIAL STATEMENTS

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.us/financials/fiscal_policies.cfm

Investment Category	Category Limit as % of Total Portfolio	Issuer Limit as % of Total Portfolio
U.S. government obligations	n/a	n/a
U.S. GSEs and agencies	n/a	35%
World Bank obligations	n/a	35%
Money market funds	n/a	n/a
Banker's acceptances, negotiable CDs	n/a	5%
Commercial paper	n/a	5%
Repurchase agreements	n/a	25%
Guaranteed investment contracts	n/a	5%
Corporate and municipal notes and bonds	n/a	5%
Asset-backed securities	20%	5%
State of Alaska investment pools	n/a	n/a

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. As of March 31, 2012, 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	\$ 588,282	42.47 %
Federated Investment Prime	164,818	11.90
Nordea North America	93,899	6.78
KELLS Fund	85,269	6.16
Autobahn Funding	73,547	5.31

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 \$54,683,000 bank balance at March 31, 2012, cash deposits in the amount of \$5,000 were uninsured and uncollateralized. Additional cash deposits in the amount of \$31,763,000 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Corporation's name.

Of the Corporation's \$1,385,122,000 investments at March 31, 2012, investments in the amount of \$631,018,000 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.

NOTES TO FINANCIAL STATEMENTS

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 March 31, 2012:

	Investment Fair Value	Modified Duration
Bank investment contracts	\$ 35,906	-
U. S. Treasury securities:		
Treasury coupon securities	16,214	0.938
Treasury discounts	1,399	0.246
Securities of U. S. Government agencies and corporations:		
Federal agency discounts	-	-
Federal agency coupon securities	3,061	1.707
Federal agency pass through securities	285	2.815
Asset-backed securities	-	-
Certificates of deposit	1,500	0.024
Negotiable certificates of deposit	3,000	0.224
Commercial paper & medium-term notes:		
Commercial paper discounts	560,578	0.135
Corporate bonds	106	2.867
Medium-term notes	8,768	0.500
Municipal bonds	-	-
Floating rate notes	200	0.213
Banker's Acceptances	-	-
Guaranteed investment contracts	-	-
Money market funds	165,823	-
	<u>\$ 796,840</u>	
Portfolio modified duration		0.075

4 INTERFUND RECEIVABLE/PAYABLE

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

	Due From			
	Administrative Fund	Energy Programs	Other Non Major Funds	Total
Administrative Fund	\$ -	\$ 17,020	\$ 19,931	\$ 36,951
Energy Programs	-	-	-	-
Other Non Major Funds	73,378	-	-	73,378
Total	<u>\$ 73,378</u>	<u>\$ 17,020</u>	<u>\$ 19,931</u>	<u>\$ 110,329</u>

The balance of \$73,378,000 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 \$17,020,000 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 \$19,931,000 due from the Other Non-Major Funds to the Administrative Fund, \$2,330,000 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.

NOTES TO FINANCIAL STATEMENTS

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

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

	March 31, 2012	June 30, 2011
Mortgage loans	\$ 2,334,251	\$ 2,535,633
Multifamily loans	236,451	225,662
Other notes receivable	92,237	88,361
	2,662,939	2,849,656
Less:		
Allowance for losses	(86,592)	(90,145)
Net Mortgage loans, notes and other loans	<u>\$ 2,576,347</u>	<u>\$ 2,759,511</u>

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):

	March 31, 2012	June 30, 2011
<u>Delinquencies and foreclosures:</u>		
Loans delinquent 30 days or more	\$ 129,678	\$ 141,825
Foreclosures during period	11,141	16,824
Loans in foreclosure process	23,952	20,925
<u>Mortgage-related commitments:</u>		
To purchase mortgage loans	92,890	73,287

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 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.

NOTES TO FINANCIAL STATEMENTS

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 March 31, 2012 was \$43,197,000. 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 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):

12 Months Ending March 31	Future Minimum Payments Due		
	Parking Garage	Building	Total
2013	\$ 3,304	\$ 3,467	\$ 6,771
2014	3,304	3,467	6,771
2015	3,304	3,467	6,771
2016	3,304	3,467	6,771
2017	3,304	3,467	6,771
Thereafter	36,336	-	36,336
Gross payments due	52,856	17,335	70,191
Less: Unearned revenue	(14,944)	(2,055)	(16,999)
Net investment in direct financing lease	\$ 37,912	\$ 15,280	\$ 53,192

8 CAPITAL ASSETS

Capital assets activity for the nine months ended March 31, 2012 and a summary of balances are shown below (in thousands):

	June 30, 2011	Additions	Reductions	March 31, 2012
Non-Depreciable Capital Assets:				
Land	\$ 13,753	\$ 2,400	\$ -	\$ 16,153
Construction in progress	2,139	6,921	(31)	9,029
Total Non-Depreciable	15,892	9,321	(31)	25,182
Depreciable Capital Assets:				
Buildings	223,486	344	(2,400)	221,430
Computers & Equipment	1,643	-	(11)	1,632
Leasehold Improvements	88	-	-	88
Vehicles	2,042	141	(95)	2,088
Less: Accumulated depreciation				
Buildings	(118,025)	(5,282)	88	(123,219)
Computers & Equipment	(1,310)	(179)	11	(1,478)
Leasehold Improvements	(88)	-	-	(88)
Vehicles	(1,760)	(92)	95	(1,757)
Total Depreciable, Net	106,076	(5,068)	(2,312)	98,696
Total Capital Assets, Net	\$ 121,968	\$ 4,253	\$ (2,343)	\$ 123,878

The depreciation expense charged by the Corporation was \$5,465,000 for the nine months ended March 31, 2012. 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 \$7,171,000 at March 31, 2012.

NOTES TO FINANCIAL STATEMENTS

9 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 March 31, 2012, 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 were held in an escrow account until being converted into long term fixed rate bonds with the proceeds being used to buy mortgages. As of March 31, 2012 all of the bonds, \$193,100,000, had been converted.

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

	Original Amount	March 31, 2012	June 30, 2011
First-Time Home Buyer Program			
<i>Mortgage Revenue Bonds, Tax-Exempt:</i>			
• 2001 Series A	\$ 32,740	\$ -	\$ 6,040
• 2001 Series B	104,450	-	33,125
Unamortized premium		-	20
• 2009 Series A-1; 3.07%, due 2027-2041	64,350	64,310	64,350
• 2009 Series A-2; 2.32%, due 2026-2041	128,750	128,750	-
• 2010 Series A; 0.85% to 4.00%, due 2012-2027	43,130	40,880	42,005
Unamortized discount		(209)	(219)
• 2010 Series B; 0.85% to 4.625%, due 2012-2040	35,680	34,930	35,305
• 2011 Series B; 0.40% to 4.05%, due 2012-2026	71,360	71,360	-
<i>Mortgage Revenue Bonds, Taxable:</i>			
• 2009 Series A	193,100	-	128,750
• 2011 Series A; 2.80% due 2015-2026	28,945	28,945	-
Total Mortgage Revenue Bonds	702,505	368,966	309,376
<i>Home Mortgage Revenue Bonds, Tax-Exempt:</i>			
• 2002 Series A; Floating Rate*; 0.22% at March 31, 2012, due 2032, 2036	170,000	165,160	165,800
Unamortized swap termination penalty		(11,372)	(12,130)
• 2006 Series A; 4.00% to 5.00%, due 2012-2036	98,675	47,280	57,135
Unamortized premium		344	422
• 2006 Series B; 4.05% to 5.00%, due 2012-2036	75,000	27,510	39,110
Unamortized premium		233	287
• 2006 Series C; 4.40% to 5.50%, due 2012-2037	75,000	24,790	42,220
Unamortized premium		589	682
• 2007 Series A; Floating Rate*; 0.39% at March 31, 2012 due 2017-2041	75,000	75,000	75,000
Unamortized deferred debt refunding expense		(1,690)	(1,740)

NOTES TO FINANCIAL STATEMENTS

	Original Amount	March 31, 2012	June 30, 2011
• 2007 Series B; Floating Rate*; 0.39% at March 31, 2012, due 2017-2041	75,000	75,000	75,000
Unamortized deferred debt refunding expense		(1,690)	(1,740)
• 2007 Series C; 4.10% to 4.80%, due 2012-2038	89,370	40,385	59,660
• 2007 Series D; Floating Rate*; 0.38% at March 31, 2012, due 2017-2041	89,370	89,370	89,370
Unamortized deferred debt refunding expense		(2,071)	(2,133)
• 2008 Series A; 3.25% to 5.35%, due 2012-2033	80,880	26,875	48,890
• 2008 Series B; 3.20% to 5.50%, due 2012-2038	80,880	38,475	60,880
Unamortized discount		(9)	(60)
• 2009 Series A; Floating Rate*; 0.17% at March 31, 2012, due 2020-2040	80,880	80,880	80,880
Unamortized deferred debt refunding expense		(1,312)	(1,346)
• 2009 Series B; Floating Rate*; 0.17% at March 31, 2012 due 2020-2040	80,880	80,880	80,880
Unamortized deferred debt refunding expense		(1,312)	(1,346)
• 2009 Series C; 1.80% to 5.25%, due 2012-2034	80,870	52,425	74,040
Unamortized discount		(33)	(37)
• 2009 Series D; Floating Rate*; 0.19% at March 31, 2012, due 2020-2040	80,870	80,870	80,870
Unamortized deferred debt refunding expense		(1,263)	(1,296)
Total Home Mortgage Revenue Bonds	1,232,675	885,314	1,009,298
Veterans Mortgage Program Bonds and Notes:			
<i>Collateralized State Guaranteed Bonds and Notes, Tax-Exempt:</i>			
• 2002 First Series; 5.00% to 5.55%, due 2012-2023	50,000	-	8,490
• 2005 First Series; 4.80%, due 2012-2035	15,000	4,085	6,290
• 2006 First Series, 4.00% to 4.90%, due 2012-2037	190,000	174,280	176,760
• 2007 & 2008 First Series, 3.45% to 5.25%, due 2012-2038	57,885	53,130	53,290
Total Veterans Mortgage Program Bonds	312,885	231,495	244,830
Other Housing Bonds:			
<i>Housing Development Bonds, Tax-Exempt:</i>			
• 2002 Series A: 4.25% to 5.20%, due 2012-2022	8,440	2,425	2,510
• 2002 Series B; 4.15% to 5.15%, due 2012-2022	8,690	5,690	5,880
• 2002 Series C; 4.15% to 5.25%, due 2012-2032	70,000	58,040	58,815
• 2004 Series A; 3.80% to 4.80%, due 2012-2026	33,060	20,210	27,795
• 2004 Series B; 3.55% to 4.75%, due 2012-2032	52,025	39,480	41,045
<i>Housing Development Bonds, Taxable:</i>			
• 2004 Series D; 4.54% to 5.60%, due 2012-2043	105,000	101,575	102,080
Sub-Total Housing Development Bonds	277,215	227,420	238,125

NOTES TO FINANCIAL STATEMENTS

	Original Amount	March 31, 2012	June 30, 2011
General Mortgage Revenue Bonds, Tax-Exempt:			
• 2002 Series A; 3.7% to 5.0%, due 2012-2040	150,000	145,180	146,415
Unamortized deferred debt refunding expense		(989)	(1,021)
Unamortized premium		439	462
Government Purpose Bonds, Tax-Exempt:			
• 1997 Series A, Floating Rate*, monthly payments, 0.14% at March 31, 2012, due 2027	33,000	14,600	14,600
• 2001 Series A, Floating Rate*, 0.18% at March 31, 2012, due 2012-2030	76,580	58,915	59,945
Unamortized swap termination penalty		(7,413)	(7,711)
• 2001 Series B, Floating Rate*, 0.18% at March 31, 2012 due 2012-2030	93,590	72,000	73,255
Total Other Housing Bonds	630,385	510,152	524,070
Non-Housing Bonds:			
State Capital Project Bonds, Tax-Exempt:			
• 2002 Series A	32,905	-	4,380
• 2002 Series C; Floating Rate*, 0.15% at March 31, 2012 due 2012-2022	60,250	60,250	60,250
• 2006 Series A; 3.50% to 5.00%, due 2012-2040	100,890	93,880	93,880
Unamortized discount		(1,276)	(1,334)
Unamortized premium		1,181	1,275
• 2007 Series A & B; 4.00% to 5.25%, due 2012-2029	95,525	84,940	88,210
Unamortized discount		(56)	(60)
Unamortized premium		2,154	2,405
Unamortized deferred debt refunding expense		(2,521)	(2,628)
• 2011 Series A; 3.00% to 5.00%, due 2012-2027	105,185	98,865	105,185
Unamortized discount		(111)	(119)
Unamortized premium		3,065	3,871
General Housing Purpose Bonds, Tax-Exempt:			
• 2005 Series A; 3.40% to 5.25%, due 2012-2041	143,235	136,880	137,450
Unamortized premium		3,026	3,142
• 2005 Series B; 3.55% to 5.25%, due 2012-2030	147,610	124,885	126,830
Unamortized deferred debt refunding expense		(8,828)	(9,340)
Unamortized premium		3,201	3,532
• 2005 Series C; 4.00% to 5.00%, due 2012-2017	16,885	16,610	16,610
Total Non-Housing Bonds	702,485	616,145	633,539
Total Bonds and Notes Payable	\$ 3,580,935	\$ 2,612,072	\$ 2,721,113

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.

NOTES TO FINANCIAL STATEMENTS

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 nine months ended March 31, 2012, the Corporation made \$176,395,000 special revenue redemptions and no current refundings. The Corporation made \$253,120,000 special revenue redemptions and no current refundings during fiscal year 2011.

During the nine months ended March 31, 2012, the Corporation converted \$128,750,000 under the federal New Issue Bond Program (NIBP). The Corporation converted \$64,350,000 under the NIBP during fiscal year 2011.

Debt Service Requirements**

For all mortgage bonds and notes in the preceding schedules, the Corporation's debt service requirements through 2017 and in five year increments thereafter to maturity are shown below (in thousands):

12 Months Ending March 31	Total Debt Service		
	Principal	Interest*	Total
2013	\$ 60,200	\$ 109,201	\$ 169,401
2014	61,990	107,264	169,254
2015	58,215	104,993	163,208
2016	59,680	102,797	162,477
2017	61,860	100,452	162,312
2018-2022	392,940	458,714	851,654
2023-2027	463,840	366,130	829,970
2028-2032	552,510	252,177	804,687
2033-2037	605,310	136,700	742,010
2038-2042	280,015	31,114	311,129
2043-2044	43,435	1,939	45,374
	<u>\$ 2,639,995</u>	<u>\$ 1,771,481</u>	<u>\$ 4,411,476</u>

* Interest requirements for variable-rate bonds have been computed using the effective interest rate at March 31, 2012

** Also see Note 10 – Derivatives.

Conduit Debt

From time to time, the Corporation has issued debt to assist private-sector entities in the acquisition or construction of facilities that help the Corporation fulfill its mission of making housing affordable for all Alaskans. The bonds are secured by the properties financed and are payable solely from rents and payments received on the underlying mortgage loans. Neither the Corporation nor the State is obligated in any manner for repayment of the bonds. Accordingly, the bonds and any related assets are not reported as assets or liabilities in the accompanying financial statements. A summary of the conduit bonds outstanding is shown below (in thousands):

	March 31, 2012	June 30, 2011
Revenue Bonds, 2010		
Birchwood Apartments Project	\$ -	\$ 1,009

NOTES TO FINANCIAL STATEMENTS

10 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 variable rate 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 March 31, 2012, 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 March 31, 2012, 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-/Baa1
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-/Baa1
SC02C ³	12/05/02	4.3030	SIFMA ⁶ +0.115%	07/01/22	A+/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	A+/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	A+/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

NOTES TO FINANCIAL STATEMENTS

The change in fair value and ending balance of the hedging derivatives as of March 31, 2012, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Assets.

Related Bond Issue	Notional Amounts	Present Values	Fair Values March 31, 2012	Fair Values June 30, 2011	Change in Fair Value
GP01A	\$ 58,915	\$ 63,465	\$ (4,550)	\$ (1,025)	\$ (3,525)
GP01B	72,000	88,966	(16,966)	(12,628)	(4,338)
E021A1	45,160	50,829	(5,669)	(2,469)	(3,200)
E021A2	120,000	144,295	(24,295)	(4,797)	(19,498)
SC02C	60,250	69,296	(9,046)	(7,171)	(1,875)
E071AB	143,622	182,287	(38,665)	(21,818)	(16,847)
E071BD	95,748	121,112	(25,364)	(13,955)	(11,409)
E091A	72,789	92,871	(20,082)	(11,238)	(8,844)
E091B	72,789	92,923	(20,134)	(11,375)	(8,759)
E091ABD	97,052	123,373	(26,321)	(14,460)	(11,861)
Total	\$ 838,325	\$ 1,029,417	\$ (191,092)	\$ (100,936)	\$ (90,156)

As of March 31, 2012, 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
2012	\$ 3,970	\$ 960	\$ 12,897	\$ 17,827
2013	12,825	1,997	27,968	42,790
2014	13,390	1,974	27,521	42,885
2015	13,955	1,950	27,053	42,958
2016	14,565	1,926	26,566	43,057
2017-2021	117,385	9,031	122,987	249,403
2022-2026	154,055	7,469	98,954	260,478
2027-2031	175,865	5,589	72,302	253,756
2032-2036	171,565	3,500	43,853	218,918
2037-2041	152,510	1,300	15,100	168,910
2042	8,240	16	140	8,396
	\$ 838,325	\$ 35,712	\$ 475,341	\$ 1,349,378

Risks

a. Credit Risk

As of March 31, 2012, 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 A+/Aa1. Of the remaining swaps, one counterparty is rated A-/Baa1, 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.

NOTES TO FINANCIAL STATEMENTS

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 March 31, 2012, SIFMA was 0.19% and 1-month LIBOR was 0.24125%, resulting in a SIFMA/LIBOR ratio of 78.8%. The 3-month LIBOR was 0.46965%, resulting in a SIFMA/LIBOR ratio of 40.5%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

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 March 31, 2012, 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	A+/Aa1

The change in fair value of the investment derivatives as of March 31, 2012, 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 March 31, 2012	Fair Values June 30, 2011	Change in Fair Value
SC02B	\$ 14,555	\$ 17,682	\$ (3,127)	\$ (1,958)	\$ (1,169)

Credit Risk

As of March 31, 2012, 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 A+/Aa1.

NOTES TO FINANCIAL STATEMENTS

11 LONG TERM LIABILITIES

The activity for the nine months ended March 31, 2012 is summarized in the following schedule (in thousands):

	June 30, 2011	Additions	Reductions	March 31, 2012	Due Within One Year
Total bonds and notes payable	\$ 2,721,113	\$ 229,055	\$ (338,096)	\$ 2,612,072	\$ 60,200
Compensated absences	4,813	2,070	(1,782)	5,101	2,132
Other liabilities	1,139	121	(800)	460	105
Total long-term liabilities	<u>\$ 2,727,065</u>	<u>\$ 231,246</u>	<u>\$ (340,678)</u>	<u>\$ 2,617,633</u>	<u>\$ 62,437</u>

12 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	March 31, 2012	June 30, 2011
Lowest	0.12%	0.21%
Highest	0.35%	0.59%

Short term debt activity for the nine months ended March 31, 2012 is summarized in the following schedule (in thousands):

	June 30, 2011	Additions	Reductions	March 31, 2012
Commercial paper	\$ 87,000	\$ 277,351	\$ (339,751)	\$ 24,600
Unamortized discount	(24)	(112)	130	(6)
Commercial paper, net	<u>\$ 86,976</u>	<u>\$ 277,239</u>	<u>\$ (339,621)</u>	<u>\$ 24,594</u>

13 TRANSFERS

Transfers for the nine months ended March 31, 2012 are summarized in the following schedule (in thousands):

	From			
	Administrative Fund	Energy Programs	Other Non- Major Funds	Total
To Administrative Fund	\$ -	\$ 11	\$ 110,123	\$ 110,134
Energy Programs	1,263	-	-	1,263
Other Non-Major Funds	173,797	-	117,558	291,355
Total	<u>\$ 175,060</u>	<u>\$ 11</u>	<u>\$ 227,681</u>	<u>\$ 402,752</u>

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.

NOTES TO FINANCIAL STATEMENTS

14 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 0.03% to 0.65% 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):

	March 31, 2012	June 30, 2011
Bond related liquidity facilities	\$ 485,400	\$ 486,040
Bond insurance	784,195	1,009,750
	<u>\$ 1,269,595</u>	<u>\$ 1,495,790</u>

15 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):

	March 31, 2012	June 30, 2011
Arbitrage expense	\$ (140)	\$ 542
Arbitrage paid	539	85
Arbitrage rebate reimbursement	-	31

16 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–FY2012 were \$1,571,498,000; payments up thru March 31, 2012 were \$1,466,334,000 resulting in total remaining commitments of \$105,164,000 as of March 31, 2012.

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.

NOTES TO FINANCIAL STATEMENTS

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 SCS 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):

	March 31, 2012		Cumulative 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	6,889		318,893	325,782
Various bond proceeds disbursed	807		312,415	313,222
Total	\$ 7,696	\$	1,962,015	\$ 1,969,711

NOTES TO FINANCIAL STATEMENTS

17 GRANTS

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

Program	March 31, 2012
<i>Administrative Programs:</i>	
▪ Loussac Place	\$ 3,268
<i>Energy Programs:</i>	
▪ ARRA State Energy Program	11,056
▪ ARRA Weatherization Assistance Program	1,345
▪ Energy Efficient Appliance Rebate	369
▪ Energy Efficiency Monitoring Research	512
▪ Energy Efficiency Conservation Block Grant	2,332
▪ Energy Efficient Home Program	14,918
▪ Low-Income Home Energy Assistance	150
▪ Low Income Weatherization Assistance	39,080
Total Energy Programs	69,762
<i>Low Rent Public Housing</i>	95
<i>Section 8 Vouchers Program</i>	22,678
<i>Other Housing Assistance Programs:</i>	
▪ AMHTA Short Term Housing Assistance	-
▪ ARRA Low Income Tax Credit	310
▪ ARRA TCAP Home	50
▪ Beneficiaries and Special Needs Housing	1,208
▪ Denali Commission	(33)
▪ Drug Elimination	26
▪ Emergency Shelter Grant	83
▪ Homeless Prevention and Rapid Re-Housing	26
▪ HOME Investment Partnership	3,042
▪ Homeless Assistance Program	5,167
▪ Homeless Information Management System	19
▪ Housing Loan Program	7,594
▪ Housing Opportunities for Persons with AIDS	484
▪ Low Income Tax Credit	-
▪ Neighborhood Stabilization	3,612
▪ Resident Opportunity and Support Service	53
▪ ROSS Neighborhood Network	-
▪ Section 8 Contract Administration	-
▪ Senior Citizen Housing Development Grant	4,846
▪ Shelter Plus Care	638
▪ Special Needs Housing	-
▪ Supplemental Housing Grant	6,492
▪ Supportive Housing Grant Match	844
▪ Technical Assistance Grant	100
Total Other Housing Assistance Programs	34,561
Total Housing Grant Expenses	130,364
▪ Legislative Appropriations	6,889
Total Non-Housing Capital Project Grants	6,889
Total Grants	\$ 137,253

In addition to grant payments made, the Corporation has advanced grant funds of \$9,674,000 and committed to third parties a sum of \$116,954,000 in grant awards at March 31, 2012.

NOTES TO FINANCIAL STATEMENTS

18 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

Affordable Housing Programs consist of Corporate owned low-income housing facilities at various locations.

- Project Based Section 8

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

NOTES TO FINANCIAL STATEMENTS

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 March 31, 2012, 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
Affordable Housing	65
Affordable Housing – Senior Units	268
Other Housing Units	33
Section 8 Vouchers – Housing Assistance:	
Housing Choice Vouchers	4,446
Single Room Occupancy	70
	<u>6,211</u>

19 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 2011 Legislature authorized additional funding for the Weatherization program of \$62,500,000 and for the Energy Rebate Program of \$37,500,000.

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 March 31, 2012 the Corporation had outstanding commitments of \$36,686,000 and had paid out \$127,623,000 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.

20 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

Plan Description

As of March 31, 2012, 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.

NOTES TO FINANCIAL STATEMENTS

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 59½. 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 6¼% 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 2012, 9.92% of covered salary is for the pension plan and 12.08% of covered salary is for the Post Employment Healthcare Plan.

Under AS39.35.255, the difference between the actuarial required contribution of 33.49% for the fiscal year 2012 and the employer rate of 22% will be funded by the State.

The State contribution to the pension plan for the Corporation for the nine months ended March 31, 2012 was \$850,000.

The Corporation's contributions to the pension plan for the nine months ended March 31, 2012 was \$1,367,000 and for the years ended June 30, 2011 and June 30, 2010 was \$1,403,000 and \$1,452,000 respectively.

The State contribution to the post employment healthcare plan for the Corporation for the nine months ended March 31, 2012 was \$1,035,000.

The Corporation's contributions to the post employment healthcare plan for the nine months ended March 31, 2012 was \$1,665,000 and for the years ended June 30, 2011 and June 30, 2010 was \$2,636,000 and \$2,559,000 respectively.

NOTES TO FINANCIAL STATEMENTS

Defined Contribution Plans

Under State law, covered employees are required to contribute 8% of their annual covered salary. For the fiscal year 2012, the Corporation is required to contribute 5.2% 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 2012, the Corporation is required to contribute 0.51% of the annual covered salary plus an annual flat dollar amount of \$1,778.09 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 than 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 nine months ended March 31, 2012, the Corporation paid additional contributions of \$320,000.

The contributions to the pension plan for the nine months ended March 31, 2012 by the employees was \$199,000 and by the Corporation was \$129,000.

The Corporation contributed \$98,000 to a health reimbursement arrangement for the nine months ended March 31, 2012.

21 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 \$175,000 per employee per year. The Corporation has provided for an estimate of the Incurred But Not Reported (IBNR) liability in the amount of \$1,446,000 and \$1,746,000 as of March 31, 2012 and June 30, 2011, 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.

22 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.

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NOTES TO FINANCIAL STATEMENTS

23 FIVE YEAR FINANCIAL INFORMATION

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

	June 30,				
	2011	2010	2009	2008	2007
<u>Assets and Deferred Outflows</u>					
Cash	\$ 73,411	\$ 59,218	\$ 24,720	\$ 19,034	\$ 45,964
Investments	1,362,107	1,389,605	1,247,669	1,231,404	1,274,544
Accrued interest receivable	13,305	14,647	15,854	16,734	19,340
Mortgage loans, notes and other loans	2,759,511	2,971,253	3,195,444	3,450,063	3,357,754
Net investment in direct financing lease	57,476	61,222	64,802	65,203	27,085
Unamortized bond issuance costs	16,880	19,751	23,252	25,142	24,616
Capital assets, net	121,968	112,759	113,004	116,535	118,743
Other assets	36,446	40,463	46,680	22,004	28,854
Derivative instrument - interest rate swaps	-	-	-	-	-
Deferred outflow of resources	100,936	127,899	-	-	-
Total Assets and Deferred Outflows	4,542,040	4,796,817	4,731,425	4,946,119	4,896,900
<u>Liabilities and Deferred Inflows</u>					
Bonds and notes payable	2,721,113	2,832,647	2,869,153	3,136,866	3,060,887
Short term debt	86,976	149,890	149,724	112,159	119,726
Accrued interest payable	12,688	12,770	13,715	15,303	14,847
Other liabilities	24,549	47,252	26,722	15,620	16,968
Derivative instrument - interest rate swaps	102,895	130,267	-	-	-
Deferred inflow of resources	-	-	-	-	-
Total Liabilities and Deferred Inflows	2,948,221	3,172,826	3,059,314	3,279,948	3,212,428
Total Fund Equity	\$ 1,593,819	\$ 1,623,991	\$ 1,672,111 *	\$ 1,666,171	\$ 1,684,472
	June 30,				
	2011	2010	2009	2008	2007
<u>Operating Revenues</u>					
Mortgage and loans revenue	\$ 164,242	\$ 177,855	\$ 205,138	\$ 202,851	\$ 195,028
Investment interest	8,454	11,605	25,148	56,667	76,631
Net change in fair value of investments	7,766	6,317	570	255	2,214
Net change of hedge termination	410	(794)	-	-	-
Total Investment Revenue	16,630	17,128	25,718	56,922	78,845
Externally funded programs	194,411	191,968	112,587	73,603	63,043
Rental	7,996	8,697	8,577	7,695	6,988
Other	2,416	1,610	3,337	776	1,085
Total Operating Revenues	385,695	397,258	355,357	341,847	344,989
<u>Operating Expenses</u>					
Interest	122,138	130,789	149,021	147,336	158,145
Mortgage and loan costs	11,587	12,709	14,139	14,155	14,034
Operations and administration	54,100	49,678	51,421	42,812	41,410
Financing expenses	8,692	7,456	9,159	6,415	8,945
Provision for loan loss	(6,673)	515	(7,703)	7,098	5,490
Housing grants and subsidies	196,168	194,883	106,480	78,290	65,689
Rental housing operating expenses	12,594	11,002	11,480	10,428	10,799
Total Operating Expenses	398,606	407,032	333,997	306,534	304,512
Operating Income (Loss)	(12,911)	(9,774)	21,360	35,313	40,477
<u>Non-Operating & Special Item</u>					
Contribution to State or State agency	(20,349)	(36,772)	(15,420)	(53,614)	(346,037)
Special item	3,088	-	-	-	-
Change in Net Assets	\$ (30,172)	\$ (46,546)	\$ 5,940	\$ (18,301)	\$ (305,560)

*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 March 31, 2012

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds/Notes
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	24,712	-	-	-
Investments	749,339	78,391	155,253	54,263
Accrued interest receivable	1,347	1,082	3,937	1,173
Inter-fund due to/from	(36,427)	7,052	25,702	10,627
Mortgage loans, notes and other loans	89,597	324,530	929,727	251,115
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	1,874	3,900	1,165
Capital assets, non-depreciable	2,539	-	-	-
Capital assets - depreciable, net	9,730	-	-	-
Other assets	13,084	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	1,610	-	-	-
Deferred outflow of resources	-	-	160,530	-
Total Assets and Deferred Outflows	855,531	412,929	1,279,049	318,343
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	368,966	885,314	231,495
Short term debt	24,594	-	-	-
Accrued interest payable	1,406	3,431	11,646	3,658
Other liabilities	8,852	95	288	86
Derivative instrument - interest rate swaps	-	-	160,530	-
Intergovernmental payable	1,160	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	36,012	372,492	1,057,778	235,239
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	12,269	-	-	-
Restricted by bond resolutions	-	40,437	223,671	83,104
Restricted by contractual or statutory agreements	116,642	-	-	-
Unrestricted net assets, (deficit)	690,608	-	(2,400)	-
Total Net Assets (deficit)	819,519	40,437	221,271	83,104

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
-	155	27,026	51,893
217,775	130,101	-	1,385,122
3,036	2,444	-	13,019
12,054	17,943	(36,951)	-
534,059	447,319	-	2,576,347
-	53,192	-	53,192
4,515	4,126	-	15,580
-	-	22,643	25,182
-	-	88,966	98,696
-	5	19,995	33,084
-	-	-	-
-	-	7,493	9,103
21,516	9,046	-	191,092
792,955	664,331	129,172	4,452,310
510,152	616,145	-	2,612,072
-	-	-	24,594
7,657	9,818	-	37,616
240	501	6,849	16,911
21,516	12,173	-	194,219
-	155	-	1,315
-	-	-	-
539,565	638,792	6,849	2,886,727
-	-	111,609	123,878
225,985	-	-	573,197
27,405	-	33,519	177,566
-	25,539	(22,805)	690,942
253,390	25,539	122,323	1,565,583

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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 March 31, 2012

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Cash	24,341	371	24,712
Investments	738,233	11,106	749,339
Accrued interest receivable	1,346	1	1,347
Inter-fund due to/from	(36,427)	-	(36,427)
Mortgage loans, notes and other loans	89,597	-	89,597
Net investment in direct financing lease	-	-	-
Unamortized bond issuance costs	-	-	-
Capital assets - non-depreciable	2,539	-	2,539
Capital assets - depreciable, net	9,730	-	9,730
Other assets	13,084	-	13,084
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	1,610	-	1,610
Deferred outflow of resources	-	-	-
Total Assets and Deferred Outflows	844,053	11,478	855,531
<u>LIABILITIES AND DEFERRED INFLOWS</u>			
Bonds and notes payable	-	-	-
Short term debt	24,594	-	24,594
Accrued interest payable	1,406	-	1,406
Other liabilities	8,852	-	8,852
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	1,160	-	1,160
Deferred inflow of resources	-	-	-
Total Liabilities & Deferred Inflows	36,012	-	36,012
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	12,269	-	12,269
Restricted by bond resolutions	-	-	-
Restricted by contractual or statutory agreements	105,164	11,478	116,642
Unrestricted net assets, (deficit)	690,608	-	690,608
Total Net Assets (deficit)	808,041	11,478	819,519

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

As of March 31, 2012

(in thousands of dollars)

	Bonds 2001 A,B	Bonds 2009 A	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	-	-	7,804	70,587
Accrued interest receivable	-	-	426	656
Inter-fund due to/from	-	-	3,069	3,983
Mortgage loans, notes and other loans	-	-	138,907	185,623
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	828	1,046
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	-	-	151,034	261,895
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	-	139,911	229,055
Short term debt	-	-	-	-
Accrued interest payable	-	-	1,521	1,910
Other liabilities	-	-	36	59
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	-	-	141,468	231,024
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	9,566	30,871
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	-	-	9,566	30,871

Schedule 3

**Mortgage
Revenue
Bonds
Combined
Total**

[illegible]

368,966
-
3,431
95
-
-
-
<u>372,492</u>

$$\begin{array}{r} - \\ 40,437 \\ - \\ - \\ \hline 40,437 \\ \hline \end{array}$$

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of March 31, 2012

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2006 B	Bonds 2006 C
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	57,315	5,045	4,437	6,069
Accrued interest receivable	664	242	141	163
Inter-fund due to/from	2,561	1,124	1,056	1,366
Mortgage loans, notes and other loans	138,139	46,577	31,959	31,808
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	748	374	223	195
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	29,964	-	-	-
Total Assets and Deferred Outflows	229,391	53,362	37,816	39,601
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	153,788	47,624	27,743	25,379
Short term debt	-	-	-	-
Accrued interest payable	1,765	766	427	447
Other liabilities	49	17	10	11
Derivative instrument - interest rate swaps	29,964	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	185,566	48,407	28,180	25,837
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	43,825	4,955	9,636	13,764
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	43,825	4,955	9,636	13,764

Schedule 4
continued on next page

Bonds 2007 A	Bonds 2007 B	Bonds 2007 C	Bonds 2007 D	Bonds 2008 A	Bonds 2008 B	Bonds 2009 A
-	-	-	-	-	-	-
10,784	9,683	4,524	10,195	3,711	3,669	13,065
258	256	237	297	215	231	297
1,803	1,379	1,523	3,528	988	1,059	3,681
64,192	61,610	49,540	72,984	38,042	50,656	91,478
-	-	-	-	-	-	-
192	120	312	164	177	309	221
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20,191	20,164	-	23,674	-	-	22,276
97,420	93,212	56,136	110,842	43,133	55,924	131,018
73,310	73,310	40,385	87,299	26,875	38,466	79,568
-	-	-	-	-	-	-
895	897	642	1,065	461	653	852
23	21	17	24	13	15	22
20,191	20,164	-	23,674	-	-	22,276
-	-	-	-	-	-	-
-	-	-	-	-	-	-
94,419	94,392	41,044	112,062	27,349	39,134	102,718
-	-	-	-	-	-	-
3,001	-	15,092	-	15,784	16,790	28,300
-	-	-	-	-	-	-
-	(1,180)	-	(1,220)	-	-	-
3,001	(1,180)	15,092	(1,220)	15,784	16,790	28,300

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ALASKA HOUSING FINANCE CORPORATION

Schedule 4

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of March 31, 2012

(in thousands of dollars)

	Bonds 2009 B	Bonds 2009 C	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	12,580	3,974	10,202	155,253
Accrued interest receivable	306	279	351	3,937
Inter-fund due to/from	2,409	1,066	2,159	25,702
Mortgage loans, notes and other loans	93,088	67,374	92,280	929,727
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	206	425	234	3,900
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	22,329	-	21,932	160,530
Total Assets and Deferred Outflows	130,918	73,118	127,158	1,279,049
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	79,568	52,392	79,607	885,314
Short term debt	-	-	-	-
Accrued interest payable	851	773	1,152	11,646
Other liabilities	22	20	24	288
Derivative instrument - interest rate swaps	22,329	-	21,932	160,530
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	102,770	53,185	102,715	1,057,778
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	28,148	19,933	24,443	223,671
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	(2,400)
Total Net Assets (deficit)	28,148	19,933	24,443	221,271

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

As of March 31, 2012

(in thousands of dollars)

	Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	-	694	38,324	15,245
Accrued interest receivable	-	27	867	279
Inter-fund due to/from	-	545	7,924	2,158
Mortgage loans, notes and other loans	-	7,459	191,402	52,254
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	688	477
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	-	8,725	239,205	70,413
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	4,085	174,280	53,130
Short term debt	-	-	-	-
Accrued interest payable	-	70	2,720	868
Other liabilities	-	2	64	20
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	-	4,157	177,064	54,018
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	4,568	62,141	16,395
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	-	4,568	62,141	16,395

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER HOUSING BONDS

As of March 31, 2012

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	23,515	31,538	53,270	5,264
Accrued interest receivable	23	1,147	394	49
Inter-fund due to/from	31	5,286	2,422	-
Mortgage loans, notes and other loans	3,836	218,442	164,812	16,100
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	2,355	967	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	27,405	258,768	221,865	21,530
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	227,420	144,630	14,600
Short term debt	-	-	-	-
Accrued interest payable	-	3,898	2,322	1
Other liabilities	-	42	29	106
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	-	231,360	146,981	14,707
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	27,408	74,884	6,823
Restricted by contractual or statutory agreements	27,405	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	27,405	27,408	74,884	6,823

Schedule 6

Governmental Purpose Bonds 2001 A-D	Combined Total
-	-
104,188	217,775
1,423	3,036
4,315	12,054
130,869	534,059
-	-
1,076	4,515
-	-
-	-
-	-
-	-
21,516	21,516
263,387	792,955
123,502	510,152
-	-
1,436	7,657
63	240
21,516	21,516
-	-
-	-
146,517	539,565
-	-
116,870	225,985
-	27,405
-	-
116,870	253,390

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

NON-HOUSING BONDS

As of March 31, 2012

(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 Capital Project Bonds 2011 A
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	100	-
Investments	20,531	13,904	18,069	16,019
Accrued interest receivable	232	391	145	469
Inter-fund due to/from	1,528	3,402	2,003	2,323
Mortgage loans, notes and other loans	44,408	81,965	31,800	86,636
Net investment in direct financing lease	-	-	37,912	-
Unamortized bond issuance costs	411	558	532	681
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	5	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	9,046	-	-	-
Total Assets and Deferred Outflows	76,156	100,225	90,561	106,128
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	60,250	93,785	84,517	101,819
Short term debt	-	-	-	-
Accrued interest payable	757	1,403	1,342	1,602
Other liabilities	17	29	12	32
Derivative instrument - interest rate swaps	12,173	-	-	-
Intergovernmental payable	-	-	100	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	73,197	95,217	85,971	103,453
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	2,959	5,008	4,590	2,675
Total Net Assets (deficit)	2,959	5,008	4,590	2,675

Schedule 7

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
-	55	155
35,157	26,421	130,101
766	441	2,444
3,776	4,911	17,943
113,376	89,134	447,319
-	15,280	53,192
967	977	4,126
-	-	-
-	-	-
-	-	5
-	-	-
-	-	-
-	-	9,046
154,042	137,219	664,331
139,906	135,868	616,145
-	-	-
2,316	2,398	9,818
39	372	501
-	-	12,173
-	55	155
-	-	-
142,261	138,693	638,792
-	-	-
-	-	-
-	-	-
11,781	(1,474)	25,539
11,781	(1,474)	25,539

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER PROGRAM FUNDS

As of March 31, 2012

(in thousands of dollars)

	Energy Programs	Low Rent Program	Affordable Housing Programs	Section 8 Vouchers Program
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	1,561	12,380	7,371	5,713
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(17,020)	(220)	(791)	(2,839)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	-	-
Capital assets - non-depreciable	6,291	15,212	1,140	-
Capital assets - depreciable, net	4	67,850	21,067	45
Other assets	11,826	997	90	60
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	5,741	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	8,403	96,219	28,877	2,979
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	5,239	968	266	283
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	5,239	968	266	283
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	6,295	83,062	22,207	45
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	1,976	12,434	6,988	5,348
Unrestricted net assets, (deficit)	(5,107)	(245)	(584)	(2,697)
Total Net Assets (deficit)	3,164	95,251	28,611	2,696

Schedule 8

Other Programs	Combined Total
1	27,026
-	-
-	-
(16,081)	(36,951)
-	-
-	-
-	-
-	22,643
-	88,966
7,022	19,995
-	-
1,752	7,493
-	-
(7,306)	129,172
-	-
-	-
-	-
93	6,849
-	-
-	-
-	-
93	6,849
-	111,609
-	-
6,773	33,519
(14,172)	(22,805)
(7,399)	122,323

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 Nine Months Ended March 31, 2012

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds/Notes
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	7,158	8,609	38,884	12,543
Investment interest	334	101	157	59
Net change in the fair value of investments	5,529	93	123	23
Net change of hedge termination	-	-	-	-
Total Investment Revenue	5,863	194	280	82
Externally funded program	-	-	-	-
Rental	43	-	-	-
Other	1,948	-	251	-
Total Operating Revenues	15,012	8,803	39,415	12,625
<u>OPERATING EXPENSES</u>				
Interest	118	6,166	30,085	8,579
Mortgage and loan costs	1,077	711	2,824	948
Financing expenses	454	655	3,194	339
Provision for loan loss	(4,259)	4,207	(3,174)	(961)
Operations and administration	2,105	2,206	6,845	1,965
Rental housing operating expenses	245	-	-	-
Housing grants and subsidies	3,268	-	-	-
Total Operating Expenses	3,008	13,945	39,774	10,870
Operating Income (Loss)	12,004	(5,142)	(359)	1,755
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(6,889)	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(64,926)	19,378	3,196	(16,304)
Change in Net Assets	(59,811)	14,236	2,837	(14,549)
Net assets at beginning of year	879,330	26,201	218,434	97,653
Net Assets at End of Period	819,519	40,437	221,271	83,104

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
24,171	20,916	-	112,281
1,906	2,749	14	5,320
120	8	-	5,896
-	(1,169)	-	(1,169)
2,026	1,588	14	10,047
-	-	125,208	125,208
-	-	6,345	6,388
-	-	324	2,523
26,197	22,504	131,891	256,447
17,726	21,902	-	84,576
1,284	1,547	-	8,391
87	455	-	5,184
250	282	-	(3,655)
3,977	3,357	19,847	40,302
-	-	11,580	11,825
-	-	127,096	130,364
23,324	27,543	158,523	276,987
2,873	(5,039)	(26,632)	(20,540)
-	(807)	-	(7,696)
-	-	-	-
4,131	11,285	43,240	-
7,004	5,439	16,608	(28,236)
246,386	20,100	105,715	1,593,819
253,390	25,539	122,323	1,565,583

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ALASKA HOUSING FINANCE CORPORATION

Schedule 10

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**REVOLVING FUNDS**

For the Nine Months Ended March 31, 2012

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>OPERATING REVENUES</u>			
Mortgage and loans revenue	7,158	-	7,158
Investment interest	324	10	334
Net change in the fair value of investments	5,529	-	5,529
Net change of hedge termination	-	-	-
Total Investment Revenue	5,853	10	5,863
Externally funded program	-	-	-
Rental	43	-	43
Other	1,942	6	1,948
Total Operating Revenues	14,996	16	15,012
<u>OPERATING EXPENSES</u>			
Interest	118	-	118
Mortgage and loan costs	1,077	-	1,077
Financing expenses	454	-	454
Provision for loan loss	(4,259)	-	(4,259)
Operations and administration	2,105	-	2,105
Rental housing operating expenses	245	-	245
Housing grants and subsidies	3,268	-	3,268
Total Operating Expenses	3,008	-	3,008
Operating Income (Loss)	11,988	16	12,004
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>			
Contributions to the State of Alaska or other State agencies	(6,889)	-	(6,889)
Special Items	-	-	-
Transfers - Internal	(64,926)	-	(64,926)
Change in Net Assets	(59,827)	16	(59,811)
Net assets at beginning of year	867,868	11,462	879,330
Net Assets at End of Period	808,041	11,478	819,519

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Nine Months Ended March 31, 2012

(in thousands of dollars)

	Bonds 2001 A,B	Bonds 2009 A	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	990	(1)	4,677	2,943
Investment interest	1	41	13	46
Net change in the fair value of investments	-	-	7	86
Net change of hedge termination	-	-	-	-
Total Investment Revenue	1	41	20	132
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	991	40	4,697	3,075
<u>OPERATING EXPENSES</u>				
Interest	649	40	3,436	2,041
Mortgage and loan costs	68	-	397	246
Financing expenses	515	15	41	84
Provision for loan loss	(1,768)	-	506	5,469
Operations and administration	82	247	974	903
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	(454)	302	5,354	8,743
Operating Income (Loss)	1,445	(262)	(657)	(5,668)
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(16,110)	(2,334)	1,283	36,539
Change in Net Assets	(14,665)	(2,596)	626	30,871
Net assets at beginning of year	14,665	2,596	8,940	-
Net Assets at End of Period	-	-	9,566	30,871

Schedule 11

Mortgage Revenue Bonds Combined Total
<u>8,609</u>
101
93
-
<u>194</u>
-
-
-
<u>8,803</u>
6,166
711
655
4,207
2,206
-
-
<u>13,945</u>
<u>(5,142)</u>
-
-
<u>19,378</u>
<u>14,236</u>
26,201
<u>40,437</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Nine Months Ended March 31, 2012

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2006 B	Bonds 2006 C
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	6,585	2,113	1,356	1,513
Investment interest	29	6	4	6
Net change in the fair value of investments	56	3	3	3
Net change of hedge termination	-	-	-	-
Total Investment Revenue	85	9	7	9
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	251	-	-	-
Total Operating Revenues	6,921	2,122	1,363	1,522
<u>OPERATING EXPENSES</u>				
Interest	5,301	1,836	1,107	1,239
Mortgage and loan costs	480	148	91	97
Financing expenses	1,126	101	109	152
Provision for loan loss	(619)	(220)	(157)	(819)
Operations and administration	1,023	353	247	252
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	7,311	2,218	1,397	921
Operating Income (Loss)	(390)	(96)	(34)	601
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	19	363	6,723	11,131
Change in Net Assets	(371)	267	6,689	11,732
Net assets at beginning of year	44,196	4,688	2,947	2,032
Net Assets at End of Period	43,825	4,955	9,636	13,764

Schedule 12
continued on next page

Bonds 2007 A	Bonds 2007 B	Bonds 2007 C	Bonds 2007 D	Bonds 2008 A	Bonds 2008 B	Bonds 2009 A
2,488	2,651	2,204	3,133	1,829	2,323	3,111
16	13	5	16	6	6	15
9	7	2	8	2	2	9
-	-	-	-	-	-	-
25	20	7	24	8	8	24
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,513	2,671	2,211	3,157	1,837	2,331	3,135
2,090	2,105	1,768	2,498	1,449	1,936	2,132
205	207	152	246	117	152	227
107	105	164	128	155	195	57
(54)	159	(697)	190	(421)	(382)	(46)
434	442	383	521	301	385	673
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,782	3,018	1,770	3,583	1,601	2,286	3,043
(269)	(347)	441	(426)	236	45	92
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(6,178)	(11,282)	11,695	(11,223)	13,057	13,557	(12,780)
(6,447)	(11,629)	12,136	(11,649)	13,293	13,602	(12,688)
9,448	10,449	2,956	10,429	2,491	3,188	40,988
3,001	(1,180)	15,092	(1,220)	15,784	16,790	28,300

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ALASKA HOUSING FINANCE CORPORATION

Schedule 12

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Nine Months Ended March 31, 2012

(in thousands of dollars)

	Bonds 2009 B	Bonds 2009 C	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	3,137	3,094	3,347	38,884
Investment interest	14	5	16	157
Net change in the fair value of investments	8	3	8	123
Net change of hedge termination	-	-	-	-
Total Investment Revenue	22	8	24	280
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	251
Total Operating Revenues	3,159	3,102	3,371	39,415
<u>OPERATING EXPENSES</u>				
Interest	2,124	2,121	2,379	30,085
Mortgage and loan costs	232	237	233	2,824
Financing expenses	56	194	545	3,194
Provision for loan loss	(4)	(131)	27	(3,174)
Operations and administration	675	504	652	6,845
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	3,083	2,925	3,836	39,774
Operating Income (Loss)	76	177	(465)	(359)
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(12,959)	15,839	(14,766)	3,196
Change in Net Assets	(12,883)	16,016	(15,231)	2,837
Net assets at beginning of year	41,031	3,917	39,674	218,434
Net Assets at End of Period	28,148	19,933	24,443	221,271

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 Nine Months Ended March 31, 2012

(in thousands of dollars)

	Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	479	360	9,057	2,647
Investment interest	2	2	42	13
Net change in the fair value of investments	-	-	18	5
Net change of hedge termination	-	-	-	-
Total Investment Revenue	2	2	60	18
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	481	362	9,117	2,665
<u>OPERATING EXPENSES</u>				
Interest	259	201	6,164	1,955
Mortgage and loan costs	32	27	687	202
Financing expenses	83	204	35	17
Provision for loan loss	(98)	(23)	(342)	(498)
Operations and administration	56	61	1,434	414
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	332	470	7,978	2,090
Operating Income (Loss)	149	(108)	1,139	575
<u>NONOPERATING EXPENSES,</u>				
<u>SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(5,947)	(330)	(7,831)	(2,196)
Change in Net Assets	(5,798)	(438)	(6,692)	(1,621)
Net assets at beginning of year	5,798	5,006	68,833	18,016
Net Assets at End of Period	-	4,568	62,141	16,395

Schedule 13

Combined Total
<u>12,543</u>
59
23
-
<u>82</u>
-
-
-
<u>12,625</u>
8,579
948
339
(961)
1,965
-
-
<u>10,870</u>
1,755
-
-
<u>(16,304)</u>
<u>(14,549)</u>
97,653
<u>83,104</u>

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 Nine Months Ended March 31, 2012

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	619	11,344	5,099	228
Investment interest	17	31	33	3
Net change in the fair value of investments	-	16	52	6
Net change of hedge termination	-	-	-	-
Total Investment Revenue	17	47	85	9
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	636	11,391	5,184	237
<u>OPERATING EXPENSES</u>				
Interest	-	8,886	5,258	9
Mortgage and loan costs	40	450	326	-
Financing expenses	-	230	39	120
Provision for loan loss	(402)	1,441	218	-
Operations and administration	56	1,624	1,168	115
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	(306)	12,631	7,009	244
Operating Income (Loss)	942	(1,240)	(1,825)	(7)
<u>NONOPERATING EXPENSES.</u>				
<u>SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(54)	(4,668)	8,236	131
Change in Net Assets	888	(5,908)	6,411	124
Net assets at beginning of year	26,517	33,316	68,473	6,699
Net Assets at End of Period	27,405	27,408	74,884	6,823

Schedule 14

Governmental Purpose Bonds 2001 A-D	Combined Total
6,881	24,171
1,822	1,906
46	120
-	-
1,868	2,026
-	-
-	-
-	-
8,749	26,197
3,573	17,726
468	1,284
(302)	87
(1,007)	250
1,014	3,977
-	-
-	-
3,746	23,324
5,003	2,873
-	-
-	-
486	4,131
5,489	7,004
111,381	246,386
116,870	253,390

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 Nine Months Ended March 31, 2012

(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 Capital Project Bonds 2011 A
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	2,158	3,724	1,524	4,537
Investment interest	99	16	1,603	11
Net change in the fair value of investments	(18)	2	2	8
Net change of hedge termination	(1,169)	-	-	-
Total Investment Revenue	(1,088)	18	1,605	19
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	1,070	3,742	3,129	4,556
<u>OPERATING EXPENSES</u>				
Interest	2,276	3,121	2,934	2,859
Mortgage and loan costs	177	294	134	310
Financing expenses	110	40	74	81
Provision for loan loss	(184)	(190)	68	(618)
Operations and administration	342	590	246	653
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	2,721	3,855	3,456	3,285
Operating Income (Loss)	(1,651)	(113)	(327)	1,271
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(533)	-	-	-
Special Items	-	-	-	-
Transfers - Internal	1,761	(193)	307	161
Change in Net Assets	(423)	(306)	(20)	1,432
Net assets at beginning of year	3,382	5,314	4,610	1,243
Net Assets at End of Period	2,959	5,008	4,590	2,675

Schedule 15

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
5,442	3,531	20,916
125	895	2,749
(9)	23	8
-	-	(1,169)
116	918	1,588
-	-	-
-	-	-
-	-	-
5,558	4,449	22,504
5,103	5,609	21,902
369	263	1,547
67	83	455
64	1,142	282
874	652	3,357
-	-	-
-	-	-
6,477	7,749	27,543
(919)	(3,300)	(5,039)
(274)	-	(807)
-	-	-
1,034	8,215	11,285
(159)	4,915	5,439
11,940	(6,389)	20,100
11,781	(1,474)	25,539

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 Nine Months Ended March 31, 2012

(in thousands of dollars)

	Energy Programs	Low Rent Program	Affordable Housing Programs	Section 8 Vouchers Program
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	-	-	-	-
Investment interest	3	2	1	8
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	3	2	1	8
Externally funded program	74,677	10,050	1,696	26,576
Rental	-	4,749	1,595	1
Other	1	4	11	45
Total Operating Revenues	74,681	14,805	3,303	26,630
<u>OPERATING EXPENSES</u>				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	3,694	9,555	2,103	3,237
Rental housing operating expenses	1,755	7,781	1,967	77
Housing grants and subsidies	69,762	95	-	22,678
Total Operating Expenses	75,211	17,431	4,070	25,992
Operating Income (Loss)	(530)	(2,626)	(767)	638
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	1,252	3,680	784	(63)
Change in Net Assets	722	1,054	17	575
Net assets at beginning of year	2,442	94,197	28,594	2,121
Net Assets at End of Period	3,164	95,251	28,611	2,696

Schedule 16

Other Programs	Combined Total
-	-
-	14
-	-
-	-
-	14
12,209	125,208
-	6,345
263	324
12,472	131,891
-	-
-	-
-	-
-	-
1,258	19,847
-	11,580
34,561	127,096
35,819	158,523
(23,347)	(26,632)
-	-
-	-
37,587	43,240
14,240	16,608
(21,639)	105,715
(7,399)	122,323

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For the Nine Months Ended March 31, 2012

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds and Notes
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	3,281	8,256	35,717	11,436
Principal payments received on mortgages and loans	8,636	24,500	183,011	71,221
Purchases of mortgages and loans	(303,630)	-	-	-
Receipt (payment) for loan transfers between funds	275,958	(96,145)	(73,635)	(12,921)
Payments to employees and other payroll disbursements	(17,994)	-	-	-
Payments for goods and services	(10,880)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	710,807	28,080	212,942	77,732
Interfund Payments	(693,878)	(32,872)	(219,603)	(82,979)
Grant payments to other agencies	(31,578)	-	-	-
Other operating cash receipts	29,342	-	166,833	-
Other operating cash payments	(14,031)	-	(166,629)	-
Net cash provided by (used for) operating activities	(43,967)	(68,181)	138,636	64,489
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	100,305	-	-
Principal paid on bonds	-	(40,705)	(124,835)	(13,335)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(1,062)	-	-	-
Interest paid	(1,581)	(3,549)	(21,331)	(5,891)
Proceeds from issuance of short term debt	277,251	-	-	-
Payment of short term debt	(339,621)	-	-	-
Contributions to the State of Alaska or other State agencies	(6,758)	-	-	-
Transfers (to) from other funds	101,485	(73,811)	(13,619)	(8,120)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	29,714	(17,760)	(159,785)	(27,346)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(1,693)	-	-	-
Proceeds from the disposal of capital assets	1	-	-	-
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	(30)	-	-	-
Net cash provided by (used for) capital financing activities	(1,722)	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(2,399,223)	(365,771)	(407,419)	(251,332)
Proceeds from maturity of investments	2,398,206	443,571	428,397	214,128
Interest received from investments	252	71	171	61
Net cash provided by (used for) investing activities	(765)	77,871	21,149	(37,143)
Net Increase (decrease) in cash	(16,740)	(8,070)	-	-
Cash at the beginning of year	41,452	8,070	-	-
Cash at the end of period	24,712	-	-	-
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u>				
Operating income (loss)	12,004	(5,142)	(359)	1,755
<u>Adjustments:</u>				
Depreciation expense	427	-	-	-
Provision for loan losses	(4,259)	4,207	(3,174)	(961)
Amortization of bond issuance costs	-	571	1,101	129
Net change in the fair value of investments	(5,529)	(93)	(123)	(23)
Transfers between funds for operating activity	(64,936)	3,250	9,283	2,177
Interest received from investments	(252)	(71)	(171)	(61)
Interest paid	1,581	3,549	21,331	5,891
<u>Changes in assets and liabilities:</u>				
Net increase (decrease) in mortgages and loans	(19,036)	(71,645)	109,376	58,300
Net increase (decrease) in assets and liabilities	36,033	(2,807)	1,372	(2,718)
Net cash provided by (used for) operating activities	(43,967)	(68,181)	138,636	64,489

Schedule 17

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
22,892	19,504	-	101,086
89,708	99,467	-	476,543
-	-	-	(303,630)
(39,770)	(53,487)	-	-
-	-	(10,710)	(28,704)
-	-	(11,937)	(22,817)
-	-	103,182	103,182
-	-	26,110	26,110
-	-	(24,845)	(24,845)
114,313	112,061	110,239	1,366,174
(111,532)	(119,447)	(105,863)	(1,366,174)
-	-	(82,244)	(113,822)
-	1,888	8,688	206,751
-	(4,859)	(1,371)	(186,890)
75,611	55,127	11,249	232,964
-	-	-	100,305
(14,225)	(12,509)	-	(205,609)
-	-	-	-
-	-	-	(1,062)
(11,728)	(13,921)	-	(58,001)
-	-	-	277,251
-	-	-	(339,621)
-	(807)	-	(7,565)
(5,840)	-	(95)	-
-	-	-	-
(31,793)	(27,237)	(95)	(234,302)
-	-	(4,907)	(6,600)
-	-	2	3
-	-	-	-
-	(3,976)	-	(3,976)
-	-	-	-
-	(1,525)	-	(1,525)
-	6,771	-	6,771
-	-	-	(30)
-	1,270	(4,905)	(5,357)
(556,502)	(361,159)	-	(4,341,406)
511,299	328,717	-	4,324,318
1,385	311	14	2,265
(43,818)	(32,131)	14	(14,823)
-	(2,971)	6,263	(21,518)
-	3,126	20,763	73,411
-	155	27,026	51,893
2,873	(5,039)	(26,632)	(20,540)
-	-	5,038	5,465
250	282	-	(3,655)
276	286	-	2,363
(120)	(8)	-	(5,896)
4,468	4,053	41,705	-
(1,385)	(311)	(14)	(2,265)
11,728	15,446	-	59,526
49,938	45,980	-	172,913
7,583	(5,562)	(8,848)	25,053
75,611	55,127	11,249	232,964

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ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS**REVOLVING FUNDS**

For the Nine Months Ended March 31, 2012

(in thousands of dollars)

Schedule 18

	Administrative Fund	Home Ownership Fund	Combined Total
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	3,281	-	3,281
Principal payments received on mortgages and loans	8,636	-	8,636
Purchases of mortgages and loans	(303,630)	-	(303,630)
Receipt (payment) for loan transfers between funds	275,958	-	275,958
Payments to employees and other payroll disbursements	(17,994)	-	(17,994)
Payments for goods and services	(10,880)	-	(10,880)
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund Receipts	710,807	-	710,807
Interfund Payments	(693,878)	-	(693,878)
Grant payments to other agencies	(31,578)	-	(31,578)
Other operating cash receipts	29,336	6	29,342
Other operating cash payments	(14,031)	-	(14,031)
Net cash provided by (used for) operating activities	(43,973)	6	(43,967)
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	-	-	-
Payment to defease bonds	-	-	-
Payment of bond issuance costs	(1,062)	-	(1,062)
Interest paid	(1,581)	-	(1,581)
Proceeds from issuance of short term debt	277,251	-	277,251
Payment of short term debt	(339,621)	-	(339,621)
Contributions to the State of Alaska or other State agencies	(6,758)	-	(6,758)
Transfers (to) from other funds	101,485	-	101,485
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	29,714	-	29,714
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	(1,693)	-	(1,693)
Proceeds from the disposal of capital assets	1	-	1
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	(30)	-	(30)
Net cash provided by (used for) capital financing activities	(1,722)	-	(1,722)
<u>Cash flows from investing activities:</u>			
Purchase of investments	(2,388,112)	(11,111)	(2,399,223)
Proceeds from maturity of investments	2,387,104	11,102	2,398,206
Interest received from investments	243	9	252
Net cash provided by (used for) investing activities	(765)	-	(765)
Net Increase (decrease) in cash	(16,746)	6	(16,740)
Cash at the beginning of year	41,087	365	41,452
Cash at the end of period	24,341	371	24,712
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	11,988	16	12,004
Adjustments:			
Depreciation expense	427	-	427
Provision for loan losses	(4,259)	-	(4,259)
Amortization of bond issuance costs	-	-	-
Net change in the fair value of investments	(5,529)	-	(5,529)
Transfers between funds for operating activity	(64,936)	-	(64,936)
Interest received from investments	(243)	(9)	(252)
Interest paid	1,581	-	1,581
Changes in assets and liabilities:			
Net increase (decrease) in mortgages and loans	(19,036)	-	(19,036)
Net increase (decrease) in assets and liabilities	36,034	(1)	36,033
Net cash provided by (used for) operating activities	(43,973)	6	(43,967)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Nine Months Ended March 31, 2012

(in thousands of dollars)

	Bonds 2001 A,B	Bonds 2009 A	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	790	-	4,286	3,180
Principal payments received on mortgages and loans	3,503	-	10,207	10,790
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	60	-	(23,195)	(73,010)
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	5,035	-	12,947	10,098
Interfund Payments	(4,293)	-	(14,551)	(14,028)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	5,095	-	(10,306)	(62,970)
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	100,305
Principal paid on bonds	(39,165)	-	(1,540)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(838)	(293)	(2,287)	(131)
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	25,892	(131,334)	(1,619)	33,250
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(14,111)	(131,627)	(5,446)	133,424
<u>Cash flows from capital financing activities:</u>				
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	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(34,062)	(9)	(30,454)	(301,246)
Proceeds from maturity of investments	35,007	131,627	46,191	230,746
Interest received from investments	1	9	15	46
Net cash provided by (used for) investing activities	946	131,627	15,752	(70,454)
Net Increase (decrease) in cash	(8,070)	-	-	-
Cash at the beginning of year	8,070	-	-	-
Cash at the end of period	-	-	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	1,445	(262)	(657)	(5,668)
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	(1,768)	-	506	5,469
Amortization of bond issuance costs	512	12	31	16
Net change in the fair value of investments	-	-	(7)	(86)
Transfers between funds for operating activity	(238)	250	1,111	2,127
Interest received from investments	(1)	(9)	(15)	(46)
Interest paid	838	293	2,287	131
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	3,563	-	(12,988)	(62,220)
Net increase (decrease) in assets and liabilities	744	(284)	(574)	(2,693)
Net cash provided by (used for) operating activities	5,095	-	(10,306)	(62,970)

Schedule 19

Mortgage Revenue Bonds Combined Total
8,256
24,500
-
(96,145)
-
-
-
-
28,080
(32,872)
-
-
-
<u>(68,181)</u>
100,305
(40,705)
-
-
(3,549)
-
-
-
(73,811)
-
<u>(17,760)</u>
-
-
-
-
-
-
-
-
<u>-</u>
<u>-</u>
(365,771)
443,571
71
<u>77,871</u>
(8,070)
8,070
<u>-</u>
<u>-</u>
(5,142)
-
4,207
571
(93)
3,250
(71)
3,549
(71,645)
(2,807)
<u>(68,181)</u>
<u>(68,181)</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Nine Months Ended March 31, 2012

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2006 B	Bonds 2006 C
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	6,094	1,918	1,251	1,384
Principal payments received on mortgages and loans	24,481	10,195	7,139	9,337
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(5,225)	360	82	941
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	30,260	12,171	8,167	10,578
Interfund Payments	(30,696)	(12,162)	(8,424)	(10,764)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	166,833	-	-	-
Other operating cash payments	(166,629)	-	-	-
Net cash provided by (used for) operating activities	25,118	12,482	8,215	11,476
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(640)	(9,855)	(11,600)	(17,430)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(3,510)	(1,374)	(885)	(1,071)
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	(3,058)	-	6,471	10,875
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(7,208)	(11,229)	(6,014)	(7,626)
<u>Cash flows from capital financing activities:</u>				
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	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(93,076)	(22,220)	(14,771)	(19,517)
Proceeds from maturity of investments	75,134	20,959	12,566	15,661
Interest received from investments	32	8	4	6
Net cash provided by (used for) investing activities	(17,910)	(1,253)	(2,201)	(3,850)
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)	(390)	(96)	(34)	601
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	(619)	(220)	(157)	(819)
Amortization of bond issuance costs	27	92	104	147
Net change in the fair value of investments	(56)	(3)	(3)	(3)
Transfers between funds for operating activity	2,112	364	252	257
Interest received from investments	(32)	(8)	(4)	(6)
Interest paid	3,510	1,374	885	1,071
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	19,256	10,555	7,221	10,278
Net increase (decrease) in assets and liabilities	1,310	424	(49)	(50)
Net cash provided by (used for) operating activities	25,118	12,482	8,215	11,476

Schedule 20
continued on next page

Bonds 2007 A	Bonds 2007 B	Bonds 2007 C	Bonds 2007 D	Bonds 2008 A	Bonds 2008 B	Bonds 2009 A
2,302	2,446	2,006	2,896	1,654	2,139	2,859
12,309	13,017	9,582	14,757	9,477	9,394	20,354
-	-	-	-	-	-	-
(13,126)	(8,973)	822	(11,129)	658	393	(12,424)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,074	15,272	10,869	15,856	11,457	11,260	22,058
(14,670)	(15,524)	(11,634)	(17,724)	(11,175)	(11,579)	(23,306)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
889	6,238	11,645	4,656	12,071	11,607	9,541
-	-	-	-	-	-	-
-	-	(19,275)	-	(22,015)	(22,405)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,372)	(1,386)	(1,360)	(1,644)	(1,193)	(1,490)	(1,468)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(7,995)	(13,218)	11,311	(13,095)	12,546	13,171	(14,254)
-	-	-	-	-	-	-
(9,367)	(14,604)	(9,324)	(14,739)	(10,662)	(10,724)	(15,722)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(27,592)	(25,696)	(19,007)	(31,767)	(16,244)	(16,922)	(36,729)
36,052	34,048	16,680	41,833	14,829	16,033	42,894
18	14	6	17	6	6	16
8,478	8,366	(2,321)	10,083	(1,409)	(883)	6,181
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(269)	(347)	441	(426)	236	45	92
-	-	-	-	-	-	-
(54)	159	(697)	190	(421)	(382)	(46)
5	3	162	4	154	194	6
(9)	(7)	(2)	(8)	(2)	(2)	(9)
611	598	384	719	304	387	761
(18)	(14)	(6)	(17)	(6)	(6)	(16)
1,372	1,386	1,360	1,644	1,193	1,490	1,468
(817)	4,044	10,404	3,628	10,135	9,787	7,930
68	416	(401)	(1,078)	478	94	(645)
889	6,238	11,645	4,656	12,071	11,607	9,541

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ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOME BUYERS PROGRAM

HOME MORTGAGE REVEUNE BONDS

For the Nine Months Ended March 31, 2012

(in thousands of dollars)

Schedule 20

	Bonds 2009 B	Bonds 2009 C	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	2,852	2,834	3,082	35,717
Principal payments received on mortgages and loans	18,784	6,578	17,607	183,011
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(12,203)	416	(14,227)	(73,635)
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	20,685	9,295	20,940	212,942
Interfund Payments	(21,723)	(9,450)	(20,772)	(219,603)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	166,833
Other operating cash payments	-	-	-	(166,629)
Net cash provided by (used for) operating activities	8,395	9,673	6,630	138,636
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(21,615)	-	(124,835)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(1,462)	(1,627)	(1,489)	(21,331)
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	(14,314)	14,915	(16,974)	(13,619)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(15,776)	(8,327)	(18,463)	(159,785)
<u>Cash flows from capital financing activities:</u>				
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	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(36,572)	(14,173)	(33,133)	(407,419)
Proceeds from maturity of investments	43,938	12,822	44,948	428,397
Interest received from investments	15	5	18	171
Net cash provided by (used for) investing activities	7,381	(1,346)	11,833	21,149
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)	76	177	(465)	(359)
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	(4)	(131)	27	(3,174)
Amortization of bond issuance costs	5	192	6	1,101
Net change in the fair value of investments	(8)	(3)	(8)	(123)
Transfers between funds for operating activity	765	506	1,263	9,283
Interest received from investments	(15)	(5)	(18)	(171)
Interest paid	1,462	1,627	1,489	21,331
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	6,581	6,994	3,380	109,376
Net increase (decrease) in assets and liabilities	(467)	316	956	1,372
Net cash provided by (used for) operating activities	8,395	9,673	6,630	138,636

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Nine Months Ended March 31, 2012

(in thousands of dollars)

	Collateralized Bonds 2002 First Series	Collateralized Bonds/Notes 2005 First & Second Series	Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	422	330	8,322	2,362
Principal payments received on mortgages and loans	2,677	3,140	52,210	13,194
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	900	24	(14,795)	950
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	3,344	3,016	57,079	14,293
Interfund Payments	(3,100)	(3,484)	(60,775)	(15,620)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	4,243	3,026	42,041	15,179
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(8,490)	(2,205)	(2,480)	(160)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(297)	(156)	(4,133)	(1,305)
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	4,437	(596)	(9,350)	(2,611)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(4,350)	(2,957)	(15,963)	(4,076)
<u>Cash flows from capital financing activities:</u>				
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	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(13,305)	(5,118)	(180,791)	(52,118)
Proceeds from maturity of investments	13,410	5,047	154,670	41,001
Interest received from investments	2	2	43	14
Net cash provided by (used for) investing activities	107	(69)	(26,078)	(11,103)
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)	149	(108)	1,139	575
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(98)	(23)	(342)	(498)
Amortization of bond issuance costs	83	-	31	15
Net change in the fair value of investments	-	-	(18)	(5)
Transfers between funds for operating activity	(22)	265	1,519	415
Interest received from investments	(2)	(2)	(43)	(14)
Interest paid	297	156	4,133	1,305
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	3,577	3,164	37,415	14,144
Net increase (decrease) in assets and liabilities	259	(426)	(1,793)	(758)
Net cash provided by (used for) operating activities	4,243	3,026	42,041	15,179

Schedule 21

Combined Total
11,436
71,221
-
(12,921)
-
-
-
-
77,732
(82,979)
-
-
-
<u>64,489</u>
-
(13,335)
-
-
(5,891)
-
-
-
(8,120)
-
<u>(27,346)</u>
-
-
-
-
-
-
-
-
<u>-</u>
<u>-</u>
(251,332)
214,128
61
<u>(37,143)</u>
-
-
<u>-</u>
<u>-</u>
1,755
-
(961)
129
(23)
2,177
(61)
5,891
58,300
(2,718)
<u>64,489</u>
<u>64,489</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER HOUSING BONDS

For the Nine Months Ended March 31, 2012

(in thousands of dollars)

	Senior Housing Revolving Loan Fund	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	528	10,950	4,803	310
Principal payments received on mortgages and loans	1,929	31,472	22,483	1,190
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	13,924	(34,135)	(20,383)	-
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	2,580	46,908	26,713	-
Interfund Payments	(2,466)	(42,592)	(27,381)	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	16,495	12,603	6,235	1,500
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(10,705)	(1,235)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(6,001)	(3,513)	(9)
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	-	(5,598)	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	(22,304)	(4,748)	(9)
<u>Cash flows from capital financing activities:</u>				
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	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(25,219)	(208,584)	(119,894)	(7,111)
Proceeds from maturity of investments	8,711	218,253	118,371	5,617
Interest received from investments	13	32	36	3
Net cash provided by (used for) investing activities	(16,495)	9,701	(1,487)	(1,491)
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)	942	(1,240)	(1,825)	(7)
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	(402)	1,441	218	-
Amortization of bond issuance costs	-	171	35	6
Net change in the fair value of investments	-	(16)	(52)	(6)
Transfers between funds for operating activity	(54)	1,799	1,253	131
Interest received from investments	(13)	(32)	(36)	(3)
Interest paid	-	6,001	3,513	9
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	15,853	(2,663)	2,100	1,190
Net increase (decrease) in assets and liabilities	169	7,142	1,029	180
Net cash provided by (used for) operating activities	16,495	12,603	6,235	1,500

Schedule 22

Governmental Purpose Bonds 2001 A-D	Combined Total
6,301	22,892
32,634	89,708
-	-
824	(39,770)
-	-
-	-
-	-
-	-
38,112	114,313
(39,093)	(111,532)
-	-
-	-
-	-
<u>38,778</u>	<u>75,611</u>
-	-
(2,285)	(14,225)
-	-
-	-
(2,205)	(11,728)
-	-
-	-
-	-
(242)	(5,840)
-	-
<u>(4,732)</u>	<u>(31,793)</u>
-	-
-	-
-	-
-	-
-	-
-	-
-	-
<u>-</u>	<u>-</u>
(195,694)	(556,502)
160,347	511,299
1,301	1,385
<u>(34,046)</u>	<u>(43,818)</u>
-	-
-	-
<u>-</u>	<u>-</u>
5,003	2,873
-	-
(1,007)	250
64	276
(46)	(120)
1,339	4,468
(1,301)	(1,385)
2,205	11,728
33,458	49,938
(937)	7,583
<u>38,778</u>	<u>75,611</u>

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

NON-HOUSING BONDS

For the Nine Months Ended March 31, 2012

(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 Capital Project Bonds 2011 A
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	1,973	3,427	1,380	4,206
Principal payments received on mortgages and loans	11,923	17,494	8,501	16,047
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	(9,404)	-	-
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	14,428	19,620	8,583	19,763
Interfund Payments	(13,953)	(21,004)	(9,920)	(20,334)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	1,833	-
Other operating cash payments	-	-	(2,127)	-
Net cash provided by (used for) operating activities	14,371	10,133	8,250	19,682
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(438)	-	(3,270)	(6,320)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(362)	(2,105)	(2,078)	(2,466)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	(533)	-	-	-
Transfers (to) from other funds	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(1,333)	(2,105)	(5,348)	(8,786)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	(3,942)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(1,316)	-	-	-
Proceeds from the direct financing lease payments	-	-	3,304	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(5,258)	-	3,304	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(45,151)	(59,886)	(56,883)	(39,166)
Proceeds from maturity of investments	37,256	51,842	50,364	28,259
Interest received from investments	115	16	19	11
Net cash provided by (used for) investing activities	(7,780)	(8,028)	(6,500)	(10,896)
Net Increase (decrease) in cash	-	-	(294)	-
Cash at the beginning of year	-	-	394	-
Cash at the end of period	-	-	100	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(1,651)	(113)	(327)	1,271
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(184)	(190)	68	(618)
Amortization of bond issuance costs	64	15	45	79
Net change in the fair value of investments	18	(2)	(2)	(8)
Transfers between funds for operating activity	396	619	276	630
Interest received from investments	(115)	(16)	(19)	(11)
Interest paid	1,678	2,105	2,078	2,466
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	11,923	8,090	8,501	16,047
Net increase (decrease) in assets and liabilities	2,242	(375)	(2,370)	(174)
Net cash provided by (used for) operating activities	14,371	10,133	8,250	19,682

Schedule 23

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
5,073	3,445	19,504
20,907	24,595	99,467
-	-	-
(18,499)	(25,584)	(53,487)
-	-	-
-	-	-
-	-	-
-	-	-
24,361	25,306	112,061
(26,084)	(28,152)	(119,447)
-	-	-
-	55	1,888
-	(2,732)	(4,859)
5,758	(3,067)	55,127
-	-	-
(536)	(1,945)	(12,509)
-	-	-
-	-	-
(3,274)	(3,636)	(13,921)
-	-	-
-	-	-
(274)	-	(807)
-	-	-
-	-	-
(4,084)	(5,581)	(27,237)
-	-	-
-	-	-
-	-	-
(34)	-	(3,976)
-	-	-
(209)	-	(1,525)
-	3,467	6,771
-	-	-
(243)	3,467	1,270
(90,722)	(69,351)	(361,159)
89,165	71,831	328,717
126	24	311
(1,431)	2,504	(32,131)
-	(2,677)	(2,971)
-	2,732	3,126
-	55	155
(919)	(3,300)	(5,039)
-	-	-
64	1,142	282
29	54	286
9	(23)	(8)
1,034	1,098	4,053
(126)	(24)	(311)
3,483	3,636	15,446
2,408	(989)	45,980
(224)	(4,661)	(5,562)
5,758	(3,067)	55,127

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER PROGRAM FUNDS

For the Nine Months Ended March 31, 2012

(in thousands of dollars)

	Energy Programs	Low Rent Program	Affordable Housing Programs	Section 8 Vouchers Program
<u>Cash flows from operating activities:</u>				
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	(1,185)	(5,413)	(1,107)	(2,331)
Payments for goods and services	(4,368)	(5,833)	(1,201)	(279)
Cash received for externally funded programs	75,983	10,222	1,697	2,828
Cash received for Federal HAP subsidies	-	-	-	26,110
Payments for Federal HAP subsidies	-	-	-	(24,845)
Interfund Receipts	79,421	11,024	2,236	2,581
Interfund Payments	(76,184)	(12,265)	(2,329)	(983)
Grant payments to other agencies	(69,087)	-	-	-
Other operating cash receipts	203	4,753	1,641	214
Other operating cash payments	-	(32)	-	(315)
Net cash provided by (used for) operating activities	4,783	2,456	937	2,980
<u>Cash flows from noncapital financing activities:</u>				
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	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(4,784)	(103)	-	(20)
Proceeds from the disposal of capital assets	-	1	-	1
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	(4,784)	(102)	-	(19)
<u>Cash flows from investing activities:</u>				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	3	2	1	8
Net cash provided by (used for) investing activities	3	2	1	8
Net Increase (decrease) in cash	2	2,356	938	2,969
Cash at the beginning of year	1,559	10,024	6,433	2,744
Cash at the end of period	1,561	12,380	7,371	5,713
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(530)	(2,626)	(767)	638
<i>Adjustments:</i>				
Depreciation expense	3	4,157	868	10
Provision for loan losses	-	-	-	-
Amortization of bond issuance costs	-	-	-	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	1,252	2,060	774	(63)
Interest received from investments	(3)	(2)	(1)	(8)
Interest paid	-	-	-	-
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	-	-	-	-
Net increase (decrease) in assets and liabilities	4,061	(1,133)	63	2,403
Net cash provided by (used for) operating activities	4,783	2,456	937	2,980

Schedule 24

Other Programs	Combined Total
-	-
-	-
-	-
-	-
(674)	(10,710)
(256)	(11,937)
12,452	103,182
-	26,110
-	(24,845)
14,977	110,239
(14,102)	(105,863)
(13,157)	(82,244)
1,877	8,688
(1,024)	(1,371)
93	11,249

-	-
-	-
-	-
-	-
-	-
-	-
-	-
(95)	(95)
-	-
(95)	(95)

-	(4,907)
-	2
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	(4,905)

-	-
-	-
-	14
-	14
(2)	6,263
3	20,763
1	27,026

(23,347)	(26,632)
-	5,038
-	-
-	-
-	-
37,682	41,705
-	(14)
-	-
-	-
(14,242)	(8,848)
93	11,249

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a component unit of the State of Alaska

Financial Statements
And Independent Auditor's Report

June 30, 2011

With Summarized Financial Information for
June 30, 2010

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This 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

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, 2011, 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 2010 financial statements and in our report dated September 20, 2010, 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, 2011, 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 26, 2011, 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.

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 26, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2010 is also presented here in the Management's Discussion and Analysis and the footnotes to facilitate and enhance the understanding of the Corporation's financial position, and the results of operations 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, 2011. 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*.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 2011, 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, 2011, the Administrative Fund reported net assets of \$868 million, an increase of \$48 million from June 30, 2010. The increase in net assets can be primarily attributed to Operating income of \$22 million, internal transfers to the Administrative fund of \$40 million, and a special item gain of \$3 million offset by contributions to the State of Alaska of \$17 million. Approximately \$12 million of the Administrative Fund's net assets are invested in capital assets net of related debt or 1%, \$126 million, or 15%, are restricted by contractual or statutory agreements and \$730 million, or 84%, are unrestricted and may be used for operations and to meet the continuing obligations of the Corporation.

The Administrative Fund reported operating income of \$22 million for FY 2011, a \$1 million decrease from FY 2010 due primarily to a decrease of \$6 million in loan revenue offset by a increase in the fair value of investments of \$2 million and a decrease in total operating expenses of \$3 million.

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 \$13 million.
- The Corporation's assets exceeded its liabilities, as of June 30, 2011, 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, 2011, mortgage loans decreased by 7%.
- During the fiscal year ended June 30, 2011, the Corporation's total assets decreased by \$227 million and total liabilities, without derivatives, decreased by \$197 million.
- The Corporation realized a gain of \$3 million from the sale of land.
- The Corporation purchased the Corporate headquarters building for \$12 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED STATEMENT OF NET ASSETS

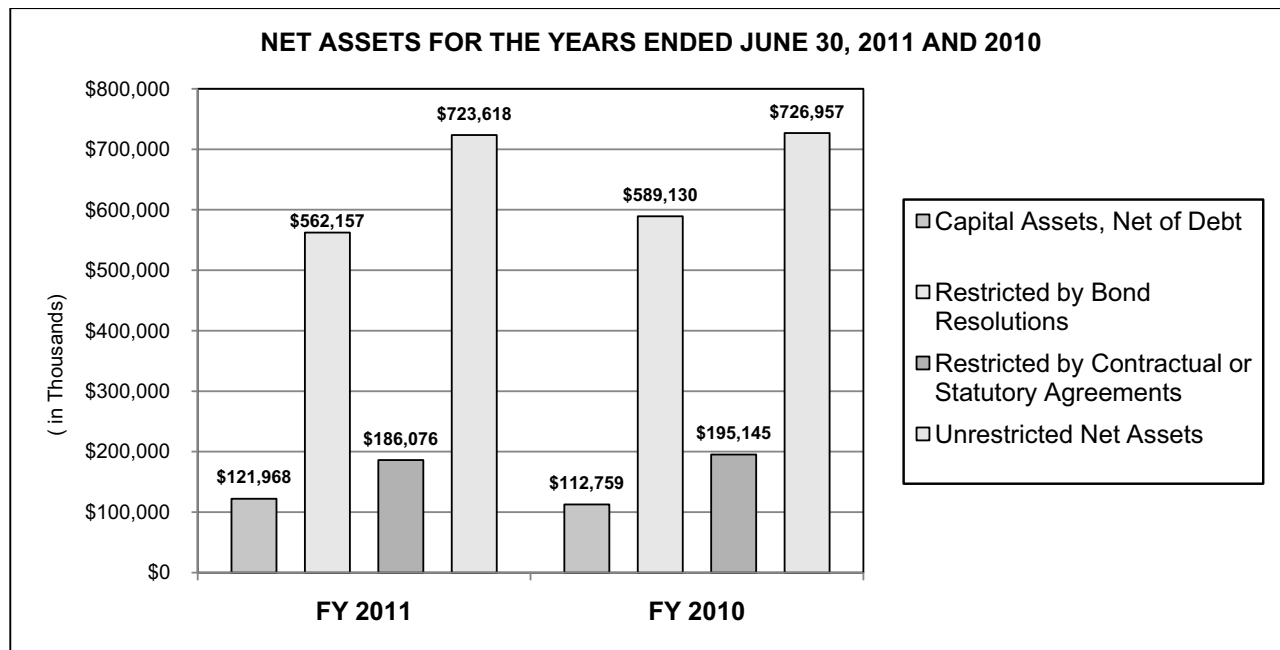
The following table presents condensed information about the financial position of the Corporation as of June 30, 2011 and 2010, and changes in the balances of selected items during the fiscal year ended June 30, 2011 (in thousands):

	2011	2010	Change	Increase (Decrease)
Investments	1,362,107	1,389,605	(27,498)	(2.0) %
Mortgage loans, notes and other loans, net	2,759,511	2,971,253	(211,742)	(7.1) %
Capital assets, net	121,968	112,759	9,209	8.2 %
Total assets, excluding deferred outflows	4,441,104	4,668,918	(227,814)	(4.9) %
Bonds and notes, net	2,721,113	2,832,647	(111,534)	(3.9) %
Short term debt	86,976	149,890	(62,914)	(42.0) %
Total liabilities, excluding derivatives	2,845,326	3,042,559	(197,233)	(6.5) %
Total net assets, net	1,593,819	1,623,991	(30,172)	(1.9) %

The decrease in total assets during FY 2011 can be primarily attributed to decreases in investments and mortgage loans. The decrease in mortgage loans resulted from collection of loan payments exceeding new loan purchases.

The decrease in total liabilities is primarily attributed to decreases in bond debt and short term debt.

The chart below represents the classification of unrestricted and restricted net assets, and capital assets, net of debt, for FY 2011 and FY 2010.

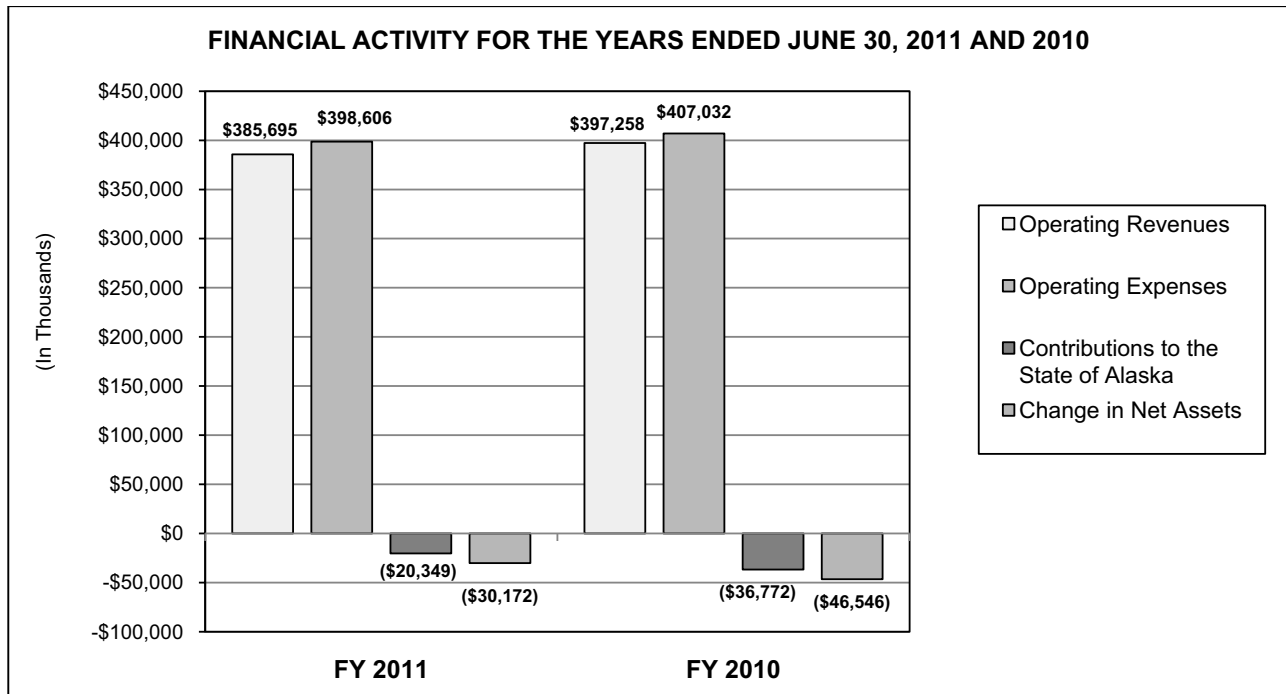


MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2011 and 2010, and the variances from the prior fiscal year (in thousands):

	2011	2010	Change Increase (Decrease)	
Mortgage and loan revenue	164,242	177,855	(13,613)	(7.7) %
Investment interest income	8,454	11,605	(3,151)	(27.2) %
Net change in the fair value of investments	7,766	6,317	1,449	22.9 %
Externally funded programs	194,411	191,968	2,443	1.3 %
Total operating revenues	385,695	397,258	(11,563)	(2.9) %
Interest expense	122,138	130,789	(8,651)	(6.6) %
Operations and administration	54,100	49,678	4,422	8.9 %
Housing grants and subsidies	196,168	194,883	1,285	0.7 %
Total operating expenses	398,606	407,032	(8,426)	(2.1) %
Operating loss	(12,911)	(9,774)	3,137	(32.1) %
Contributions to the SOA or other State agencies	(20,349)	(36,772)	(16,423)	(44.7) %
Special item	3,088	-	3,088	100.0 %
Change in net assets	(30,172)	(46,546)	16,374	(35.2) %



MANAGEMENT'S DISCUSSION AND ANALYSIS

Total operating revenues decreased by \$12 million, or 3%, during FY 2011 primarily due to decreases in mortgage and loan revenue and net investment earnings.

Total operating expenses decreased by \$8 million, or 2% during FY 2011 primarily due to decreases in interest expense and loan loss offset by an increase in operations and administration expense.

The net effect of changes in operating revenues and expenses was a \$3 million or 32 % increase in operating loss from FY 2010.

During the fiscal year 2011, the Corporation recorded a gain on the sale of land in the amount of \$3 million. The land was not used in the regular course of business. Because the sale of land was unique in nature and not part of the normal operations of the Corporation, the gain on the sale was treated as a special item on the Corporation's Statement of Revenues, Expenses and Changes in Net Assets.

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 2011 were \$20 million and for FY 2010 were \$37 million. In FY 2011 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, 2011, the Corporation had \$2.7 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 \$79 million in Tax-Exempt Home Mortgage Revenue Bonds;
- Issued \$105 million in State Capital Projects Bonds
- Redeemed bonds through surplus redemption provisions of their respective indentures in the amount of \$253 million;
- Converted \$64 million bonds under the federal New Issue Bond Program.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.us.

ALASKA HOUSING FINANCE CORPORATION

Exhibit A

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

As of June 30, 2011

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2011
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	41,087	1,559	30,765	73,411
Investments	731,500	-	630,607	1,362,107
Accrued interest receivable	1,440	-	11,865	13,305
Inter-fund due to/from	(8,385)	(14,123)	22,508	-
Mortgage loans, notes and other loans	178,172	-	2,581,339	2,759,511
Net investment in direct financing lease	-	-	57,476	57,476
Unamortized bond issuance costs	-	-	16,880	16,880
Capital assets - non-depreciable	139	1,076	14,677	15,892
Capital assets - depreciable, net	12,160	8	93,908	106,076
Other assets	8,668	10,006	4,757	23,431
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	1,267	10,186	1,562	13,015
Deferred outflow of resources	-	-	100,936	100,936
Total Assets and Deferred Outflows	966,048	8,712	3,567,280	4,542,040
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	-	2,721,113	2,721,113
Short term debt	86,976	-	-	86,976
Accrued interest payable	1,300	-	11,388	12,688
Other liabilities	8,875	6,270	5,011	20,156
Derivative instrument - interest rate swaps	-	-	102,895	102,895
Intergovernmental payable	1,029	-	3,364	4,393
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	98,180	6,270	2,843,771	2,948,221
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	12,299	1,084	108,585	121,968
Restricted by bond resolutions	-	-	562,157	562,157
Restricted by contractual or statutory agreements	125,377	1,732	58,967	186,076
Unrestricted net assets, (deficit)	730,192	(374)	(6,200)	723,618
Total Net Assets	867,868	2,442	723,509	1,593,819

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, 2011

(in thousands of dollars)

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2011
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	13,668	-	150,574	164,242
Investment interest	537	5	7,912	8,454
Net change in the fair value of investments	7,822	-	(56)	7,766
Net change of hedge termination	-	-	410	410
Total Investment Revenue	8,359	5	8,266	16,630
Externally funded programs	-	115,490	78,921	194,411
Rental	28	-	7,968	7,996
Other	1,849	2	565	2,416
Total Operating Revenues	23,904	115,497	246,294	385,695
<u>OPERATING EXPENSES</u>				
Interest	429	-	121,709	122,138
Mortgage and loan costs	1,394	-	10,193	11,587
Financing expenses	497	-	8,195	8,692
Provision for loan loss	(2,128)	-	(4,545)	(6,673)
Operations and administration	1,779	4,732	47,589	54,100
Rental housing operating expenses	161	331	12,102	12,594
Housing grants and subsidies	-	110,644	85,524	196,168
Total Operating Expenses	2,132	115,707	280,767	398,606
Operating Income (Loss)	21,772	(210)	(34,473)	(12,911)
<u>NONOPERATING EXPENSES.</u>				
<u>SPECIAL ITEM & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(16,568)	-	(3,781)	(20,349)
Special Item (note 24)	3,088	-	-	3,088
Transfers - Internal	39,519	854	(40,373)	-
Change in Net Assets	47,811	644	(78,627)	(30,172)
Net assets at beginning of year	820,057	1,798	802,136	1,623,991
Net Assets at End of Period	867,868	2,442	723,509	1,593,819

See accompanying notes to the financial statements.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2011

(in thousands of dollars)

Exhibit C

	Administrative Fund	Energy Programs	Other Non-Major Funds	Total June 30, 2011
Cash flows from operating activities:				
Interest income on mortgages and loans	8,559	-	143,008	151,567
Principal payments received on mortgages and loans	26,135	-	587,239	613,374
Purchases of mortgages and loans	(415,918)	-	-	(415,918)
Receipt (payment) for loan transfers between funds	402,025	-	(402,025)	-
Payments to employees and other payroll disbursements	(22,171)	(1,114)	(12,361)	(35,646)
Payments for goods and services	(12,594)	(3,723)	(8,968)	(25,285)
Cash received for externally funded programs	-	114,677	44,310	158,987
Cash received for Federal HAP subsidies	-	-	38,944	38,944
Payments for Federal HAP subsidies	-	-	(37,940)	(37,940)
Interfund Receipts	1,006,742	115,579	793,904	1,916,225
Interfund Payments	(1,021,891)	(115,345)	(778,989)	(1,916,225)
Grant payments to other agencies	(12,128)	(109,664)	(36,509)	(158,301)
Other operating cash receipts	39,392	282	8,564	48,238
Other operating cash payments	(11,989)	-	(125)	(12,114)
Net cash provided by (used for) operating activities	(13,838)	692	339,052	325,906
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	173,711	173,711
Principal paid on bonds	-	-	(295,748)	(295,748)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(1,580)	-	-	(1,580)
Interest paid	(444)	-	(118,911)	(119,355)
Proceeds from issuance of short term debt	625,296	-	-	625,296
Payment of short term debt	(688,167)	-	-	(688,167)
Contributions to the State of Alaska or other State agencies	(40,795)	-	(3,781)	(44,576)
Transfers (to) from other funds	123,839	-	(123,839)	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	18,149	-	(368,568)	(350,419)
Cash flows from capital financing activities:				
Acquisition of capital assets	(2,199)	(1,083)	(13,098)	(16,380)
Proceeds from the disposal of capital assets	-	-	9	9
Proceeds from the issuance of capital notes	-	-	14,215	14,215
Principal paid on capital notes	-	-	(3,798)	(3,798)
Payment of bond issuance costs	(84)	-	-	(84)
Interest paid on capital notes	-	-	(3,020)	(3,020)
Proceeds from the direct financing lease payments	-	-	6,771	6,771
Other cash payments	(411)	-	-	(411)
Net cash provided by (used for) capital financing activities	(2,694)	(1,083)	1,079	(2,698)
Cash flows from investing activities:				
Purchase of investments	(5,325,329)	-	(1,228,983)	(6,554,312)
Proceeds from maturity of investments	5,326,435	-	1,263,346	6,589,781
Interest received from investments	552	5	5,378	5,935
Net cash provided by (used for) investing activities	1,658	5	39,741	41,404
Net Increase (decrease) in cash	3,275	(386)	11,304	14,193
Cash at the beginning of year	37,812	1,945	19,461	59,218
Cash at the end of period	41,087	1,559	30,765	73,411
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	21,772	(210)	(34,473)	(12,911)
Adjustments:				
Depreciation expense	436	4	6,670	7,110
Provision for loan losses	(2,128)	-	(4,545)	(6,673)
Amortization of bond issuance costs	-	-	4,534	4,534
Net change in the fair value of investments	(7,822)	-	56	(7,766)
Transfers between funds for operating activity	(43,019)	950	42,069	-
Interest received from investments	(552)	(5)	(5,378)	(5,935)
Interest paid	444	-	121,931	122,375
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	12,242	-	185,214	197,456
Net increase (decrease) in assets and liabilities	4,789	(47)	22,974	27,716
Net cash provided by (used for) operating activities	(13,838)	692	339,052	325,906
Noncash investing, capital and financing activities:				
Non cash transfer of capital asset	11,961	-	(11,961)	-
Non cash transfer of investments from non-major funds	42	-	(110)	-
non cash transfer of investments to other non-major funds	-	-	68	-
Deferred outflow of resources	-	-	26,964	-
Derivative instruments liability	-	-	(27,374)	-
Net change of hedge termination	-	-	410	-
Conversion of NIBP bonds to 2009 Series A-1	-	-	64,350	-
Conversion of NIBP bonds from 2009 Series A-1	-	-	(64,350)	-
See accompanying notes to the financial statements.				

NOTES TO FINANCIAL STATEMENTS

FOOTNOTE INDEX

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011
(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 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 Fund 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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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, 2011	June 30, 2010
Restricted cash	\$ 32,325	\$ 21,407
Unrestricted	41,086	37,811
Carrying amount	<u>\$ 73,411</u>	<u>\$ 59,218</u>
Bank Balance	<u>\$ 76,107</u>	<u>\$ 62,323</u>

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)				June 30, 2011	June 30, 2010
	Less Than 1	1-5	6-10	More Than 10		
Bank investment contracts	\$ -	\$ 49,002	\$ -	\$ -	\$ 49,002	\$ 101,004
U. S. Treasury securities	12,013	5,160	-	-	17,173	22,601
Securities of U. S. Government agencies and corporations	7,758	2,328	142	7	10,235	8,336
Asset-backed securities	227	-	-	-	227	313
Certificates of deposit	3,000	-	-	-	3,000	-
Negotiable certificates of deposit	3,300	-	-	-	3,300	-
Commercial paper & medium- term notes	22,052	1,599	-	1,400	25,051	42,759
Guaranteed investment contracts	-	-	-	-	-	-
Money market funds	741,566	-	-	-	741,566	759,942
Subtotal	<u>\$ 789,916</u>	<u>\$ 58,089</u>	<u>\$ 142</u>	<u>\$ 1,407</u>	<u>849,554</u>	<u>934,955</u>
GeFONSI pool					512,553	454,650
Total AHFC Portfolio					<u>\$ 1,362,107</u>	<u>\$ 1,389,605</u>

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, 2011	June 30, 2010
Restricted investments	\$ 755,984	\$ 800,987
Unrestricted	606,123	588,618
Carrying amount	<u>\$ 1,362,107</u>	<u>\$ 1,389,605</u>

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, 2011	June 30, 2010
Ending unrealized holding gain	\$ 12,971	\$ 5,265
Beginning unrealized holding gain	5,265	1,937
Net change in unrealized holding gain	7,706	3,328
Net realized gain (loss)	60	2,989
Net increase (decrease) in fair value	<u>\$ 7,766</u>	<u>\$ 6,317</u>

NOTES TO FINANCIAL STATEMENTS

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 "AAA" 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.

NOTES TO FINANCIAL STATEMENTS

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, 2011, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). \$17,173,000 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 at the end of this footnote.

	Moody's	S & P	Investment Fair Value
Securities of U. S. Government agencies and Corporations:			
	Aaa	AAA	\$ 6,086
Asset-backed securities:			
	Aaa	AAA	227
Negotiable certificates of deposit:			
	P-1	A-1+	-
	--	AAA	1,200
			1,200
Commercial paper, medium-term notes:			
	--	A+	1,400
	A1	AA-	264
	A1	AA+	-
	Aa1	AAA	-
	Aa1	A+	154
	Aa1	AA	-
	Aa1	AA-	-
	Aa2	AA-	106
	Aa2	AA	52
	Aa2	AA+	104
	Aa2	A+	-
	Aa3	A-	100
	Aa3	AA-	264
	Aa3	A+	158
	Aaa	AAA	1,261
	Aaa	--	253
	Aaa	A+	100
	P-1	A-1+	6,304
	P-1	A-1	13,031
			23,551
Money market funds:			
	--	AAAm	741,566
Unrated investments:			
Bank investment contracts			49,002
Certificates of deposit			3,000
Commercial paper			1,500
Negotiable certificates of deposit			2,100
U. S. government agency securities			4,149
			59,751
			\$ 832,381

NOTES TO FINANCIAL STATEMENTS

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, 2011, 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	\$ 512,553	37.63 %
Fidelity Prime	316,690	23.25
Federated Investment Prime	254,648	18.70
GSE Global Escrow Agreement	129,003	9.47

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 \$76,107,000 bank balance at June 30, 2011, cash deposits in the amount of \$10,946,000 were uninsured and uncollateralized. Additional cash deposits in the amount of \$46,065,000 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Corporation's name.

Of the Corporation's \$1,362,107,000 investments at June 30, 2011, investments in the amount of \$107,988,000 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.

NOTES TO FINANCIAL STATEMENTS

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, 2011:

	Investment Fair Value	Modified Duration
Bank investment contracts	\$ 49,002	-
U. S. Treasury securities:		
Treasury coupon securities	15,802	1.485
Treasury discounts	1,371	0.212
Securities of U. S. Government agencies and corporations:		
Federal agency discounts	6,999	0.040
Federal agency coupon securities	3,087	1.615
Federal agency pass through securities	149	3.721
Asset-backed securities	227	-
Certificates of deposit	3,000	0.391
Negotiable certificates of deposit	3,300	0.073
Commercial paper & medium-term notes:		
Commercial paper discounts	20,731	0.042
Corporate bonds	104	3.547
Medium-term notes	2,616	1.125
Municipal bonds	-	-
Floating rate notes	1,600	11.028
Banker's Acceptances	-	-
Guaranteed investment contracts	-	-
Money market funds	741,566	-
	<u>\$ 849,554</u>	
Portfolio modified duration		0.039

NOTES TO FINANCIAL STATEMENTS

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. The complete financial activity of the funds is shown in the Comprehensive Annual Financial Report available from the Division of Finance in the Department of Administration.

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, 2011, the Corporation's share of pool investments was as follows (in thousands):

Investment Type	Fair Value		
	Short-term Fixed Income Pool	Intermediate- term Fixed Income Pool	Total
Commercial Paper	\$ 21,375	\$ 795	\$ 22,170
Corporate Bonds	94,549	40,586	135,135
Mortgage-backed	4,389	8,027	12,416
Other Asset-backed	94,861	3,772	98,633
Overnight Sweep Account (LMCS)	2,550	-	2,550
U.S. Government Agency	5,275	10,595	15,870
U.S. Gov. Agency Discount Notes	7,817	-	7,817
U.S. Treasury Bills	44,689	-	44,689
U.S. Treasury Notes	-	158,507	158,507
U.S. Treasury Strip	-	145	145
Yankees:			
Corporate	1,867	6,721	8,588
Government	-	1,796	1,796
Total Invested Assets	277,372	230,944	508,316
Pool related net assets (liabilities)	235	4,002	4,237
Net Invested Assets	\$ 277,607	\$ 234,946	\$ 512,553

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, 2011, the expected average life of individual fixed rate securities ranged from one day to one year and the expected average life of floating rate securities ranged from eight days to fourteen 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.

NOTES TO FINANCIAL STATEMENTS

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 effective duration of the Intermediate-term Fixed Income Pool to the following:

Intermediate-term Fixed Income Pool - $\pm$ 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, 2011, was 2.54 years.

At June 30, 2011, the effective duration by investment type was as follows:

	Intermediate-term Fixed Income Pool
Commercial Paper	0.05
Corporate Bonds	2.01
Mortgage-Backed	1.52
Other Asset-Backed	1.08
U.S. Treasury Notes	3.09
U.S. Treasury Strip	6.37
U.S. Government Agency	2.65
Yankees:	
Corporate	2.28
Government	1.92
Portfolio Effective Duration (in years)	2.53

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.

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.

NOTES TO FINANCIAL STATEMENTS

At June 30, 2011, 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	6.95 %	- %
Commercial Paper	Not Rated	0.75	0.31
Corporate Bonds	AAA	23.65	10.25
Corporate Bonds	AA	1.45	1.07
Corporate Bonds	A	3.20	3.20
Corporate Bonds	BBB	-	1.39
Corporate Bonds	Not Rated	5.78	-
Mortgage-backed	AAA	1.58	2.79
Mortgage-backed	AA	-	0.06
Mortgage-backed	A	-	0.02
Mortgage-backed	Not Rated	-	0.28
Other Asset-backed	AAA	30.49	1.32
Other Asset-backed	A	0.07	-
Other Asset-backed	CCC	-	0.02
Other Asset-backed	Not Rated	3.62	-
U.S. Government Agency	AAA	1.90	3.47
U.S. Government Agency Discount Notes	Not Rated	2.82	0.69
U.S. Treasury Bills	AAA	16.10	-
U.S. Treasury Notes	AAA	-	62.13
U.S. Treasury Strip	AAA	-	0.06
Yankees:			
Corporate	AAA	-	0.98
Corporate	AA	0.49	1.02
Corporate	A	0.11	0.40
Corporate	BBB	-	0.23
Corporate	Not Rated	0.07	-
Government	AA	-	0.65
Government	A	-	0.01
Government	Not Rated	-	0.05
No Credit Exposure		0.97	9.60
		<u>100.00 %</u>	<u>100.00 %</u>

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.

At June 30, 2011, the fund did not have more than five percent of their investments in any one company or affiliated group.

NOTES TO FINANCIAL STATEMENTS

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	\$ -	\$ 14,123	\$ 27,455	\$ 41,578
Energy Programs	-	-	-	-
Other Non Major Funds	49,963	-	-	49,963
Total	\$ 49,963	\$ 14,123	\$ 27,455	\$ 91,541

The balance of \$49,963,000 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 \$14,123,000 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 \$27,455,000 due from the Other Non-Major Funds to the Administrative Fund, \$2,392,000 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, 2011	June 30, 2010
Mortgage loans	\$2,535,633	\$ 2,763,089
Multifamily loans	225,662	216,672
Other notes receivable	88,361	88,448
	<u>2,849,656</u>	<u>3,068,209</u>
Less:		
Allowance for losses	(90,145)	(96,956)
Net Mortgage loans, notes and other loans	<u>\$2,759,511</u>	<u>\$ 2,971,253</u>

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, 2011	June 30, 2010
<u>Delinquencies and foreclosures:</u>		
Loans delinquent 30 days or more	\$ 141,825	\$ 159,120
Foreclosures during period	16,824	13,775
Loans in foreclosure process	20,925	21,291
<u>Mortgage-related commitments:</u>		
To purchase mortgage loans	73,287	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.

NOTES TO FINANCIAL STATEMENTS

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 June 30, 2011 was \$45,000,000. 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):

12 Months Ending June 30	Future Minimum Payments Due		
	Parking Garage	Building	Total
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
2016	3,304	3,467	6,771
Thereafter	39,640	3,467	43,107
Gross payments due	56,160	20,802	76,962
Less: Unearned revenue	(16,559)	(2,927)	(19,486)
Net investment in direct financing lease	\$ 39,601	\$ 17,875	\$ 57,476

NOTES TO FINANCIAL STATEMENTS

9 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011 and a summary of balances are shown below (in thousands):

	July 1, 2010	Additions	Reductions	June 30, 2011
Non-Depreciable Capital Assets:				
Land	\$ 13,753	\$ -	\$ -	\$ 13,753
Construction in progress	2,714	4,131	(4,706)	2,139
Total Non-Depreciable	16,467	4,131	(4,706)	15,892
Depreciable Capital Assets:				
Buildings	206,786	16,700	-	223,486
Computers & Equipment	1,625	108	(90)	1,643
Leasehold Improvements	88	-	-	88
Vehicles	2,062	86	(106)	2,042
Less: Accumulated depreciation				
Buildings	(111,271)	(6,754)	-	(118,025)
Computers & Equipment	(1,150)	(250)	90	(1,310)
Leasehold Improvements	(88)	-	-	(88)
Vehicles	(1,760)	(106)	106	(1,760)
Total Depreciable, Net	96,292	9,784	-	106,076
Total Capital Assets, Net	\$ 112,759	\$ 13,915	\$ (4,706)	\$ 121,968

In March 2011, proceeds from the State Capital Project Bonds 2011 Series A were used to purchase the Corporation's headquarters building. The depreciable capital asset is shown in the Administrative Fund.

The depreciation expense charged by the Corporation was \$7,110,000 for the year ended June 30, 2011. 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 \$5,551,000 at June 30, 2011.

NOTES TO FINANCIAL STATEMENTS

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, 2011, 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 June 30, 2011, \$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	June 30, 2011	June 30, 2010
First-Time Home Buyer Program			
<i>Mortgage Revenue Bonds, Tax-Exempt:</i>			
• 1998 Series A	\$ 70,000	\$ -	\$ 14,585
• 1999 Series A1 & A2	200,000	-	56,205
Unamortized discount		-	(53)
• 2000 Series A	58,315	-	28,920
• 2000 Series C	68,785	-	20,015
• 2001 Series A; 4.25% to 5.2%, due 2011-2031	32,740	6,040	14,665
• 2001 Series B; 5.0% to 5.23%, due 2011-2026	104,450	33,125	33,195
Unamortized premium		20	37
• 2009 Series A-1; 3.07%, due 2027-2041	64,350	64,350	-
• 2010 Series A; 0.55% to 4.0%, due 2011-2027	43,130	42,005	-
Unamortized discount		(219)	-
• 2010 Series B; 0.55% to 4.625%, due 2011-2040	35,680	35,305	-
<i>Mortgage Revenue Bonds, Taxable:</i>			
• 2009 Series A; Floating Rate*, 0.06% at June 30, 2011, due 2011	193,100	128,750	193,100
Total Mortgage Revenue Bonds	870,550	309,376	360,669
<i>Home Mortgage Revenue Bonds, Tax-Exempt:</i>			
• 2002 Series A; Floating Rate*; 3.0% at June 30, 2011, due 2032, 2036	170,000	165,800	167,060
Unamortized swap termination penalty		(12,130)	(12,639)
• 2006 Series A; 3.95% to 5.0%, due 2011-2036	98,675	57,135	70,790
Unamortized premium		422	586
• 2006 Series B; 4.0% to 5.0%, due 2011-2036	75,000	39,110	50,795
Unamortized premium		287	403
• 2006 Series C; 4.4% to 5.5%, due 2011-2037	75,000	42,220	53,835
Unamortized premium		682	864
• 2007 Series A, Floating Rate*; 0.07% at June 30, 2011 due 2017-2041	75,000	75,000	75,000
Unamortized deferred debt refunding		(1,740)	(1,807)

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2011	June 30, 2010
• 2007 Series B; Floating Rate*; 0.08% at June 30, 2011, due 2017-2041	75,000	75,000	75,000
Unamortized deferred debt refunding		(1,740)	(1,807)
• 2007 Series C; 4.05% to 4.80% due 2011-2038	89,370	59,660	74,145
• 2007 Series D; Floating Rate*; 0.06% at June 30, 2011, due 2017-2041	89,370	89,370	89,370
Unamortized deferred debt refunding		(2,133)	(2,215)
• 2008 Series A; 2.9%-5.40%, due 2011-2038	80,880	48,890	64,415
• 2008 Series B; 2.95%-5.50%, due 2011-2038	80,880	60,880	73,845
Unamortized discount		(60)	(76)
• 2009 Series A; Floating Rate*; 0.05% at June 30, 2011, due 2020-2040	80,880	80,880	80,880
Unamortized deferred debt refunding		(1,346)	(1,392)
• 2009 Series B; Floating Rate*; 0.05% at June 30, 2011, due 2020-2040	80,880	80,880	80,880
Unamortized deferred debt refunding		(1,346)	(1,392)
• 2009 Series C; 1.5% to 5.35%; due 2011-2039	80,870	74,040	80,870
Unamortized discount		(37)	(42)
• 2009 Series D; Floating Rate*; 0.05% at June 30, 2011, due 2020-2040	80,870	80,870	80,870
Unamortized deferred debt refunding		(1,296)	(1,340)
Total Home Mortgage Revenue Bonds	1,232,675	1,009,298	1,096,898
Veterans Mortgage Program Bonds and Notes:			
<i>Collateralized State Guaranteed Bonds and Notes, Tax-Exempt:</i>			
• 1999 First Series	110,000	-	28,255
• 2000 First Series	70,000	-	14,545
• 2002 First Series; 4.95% to 5.55%, due 2011-2023	50,000	8,490	12,510
• 2005 First Series; 4.8% due 2011-2035	15,000	6,290	9,340
• 2006 First Series; 4.0% to 4.9%, due 2011-2037	190,000	176,760	181,005
• 2007 & 2008 First Series, 3.45% to 5.25%, due 2012-2038	57,885	53,290	54,680
Total Veterans Mortgage Program Bonds	492,885	244,830	300,335
Other Housing Bonds:			
<i>Housing Development Bonds, Tax-Exempt:</i>			
• 2002 Series A; 4.15% to 5.2%, due 2011-2022	8,440	2,510	2,675
• 2002 Series B; 4.05% to 5.15%, due 2011-2022	8,690	5,880	6,255
• 2002 Series C; 4.05% to 5.25%, due 2011-2032	70,000	58,815	60,310
• 2004 Series A; 3.55% to 4.85%, due 2011-2030	33,060	27,795	28,650
• 2004 Series B; 3.3% to 4.75%, due 2011-2032	52,025	41,045	42,565
<i>Housing Development Bonds, Taxable:</i>			
• 2004 Series D; 4.35% to 5.6%, due 2011-2043	105,000	102,080	103,040
Sub-Total Housing Development Bonds	277,215	238,125	243,495

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2011	June 30, 2010
General Mortgage Revenue Bonds, Tax-Exempt:			
• 2002 Series A; 3.7% to 5.0%, due 2011-2040	150,000	146,415	148,825
Unamortized deferred debt refunding expense		(1,021)	(1,065)
Unamortized premium		462	496
Government Purpose Bonds, Tax-Exempt:			
• 1997 Series A, Floating Rate*, monthly payments, 0.03% at June 30, 2011, due 2027	33,000	14,600	14,600
• 2001 Series A, Floating Rate*, 0.02% at June 30, 2011, due 2011-2030	76,580	59,945	61,950
Unamortized swap termination penalty		(7,711)	(8,108)
• 2001 Series B, Floating Rate*, 0.02% at June 30, 2011, due 2011-2030	93,590	73,255	75,700
Total Other Housing Bonds	630,385	524,070	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		-	95
• 2002 Series C; Floating Rate*, 0.05% at June 30, 2011, due 2012-2022	60,250	60,250	60,250
• 2006 Series A; 3.5% to 5.0%, due 2012-2040	100,890	93,880	95,510
Unamortized discount		(1,334)	(1,410)
Unamortized premium		1,275	1,424
• 2007 Series A & B; 4.0% to 5.25%, due 2011-2029	95,525	88,210	91,355
Unamortized discount		(60)	(65)
Unamortized premium		2,405	2,795
Unamortized deferred debt refunding expense		(2,628)	(2,770)
• 2011 Series A; 2.0% to 5.0%, due 2011-2027	105,185	105,185	-
Unamortized discount		(119)	-
Unamortized premium		3,871	-
General Housing Purpose Bonds, Tax-Exempt:			
• 2005 Series A; 3.25% to 5.25%, due 2011-2041	143,235	137,450	138,570
Unamortized premium		3,142	3,296
• 2005 Series B; 3.55% to 5.25%, due 2011-2030	147,610	126,830	130,610
Unamortized deferred debt refunding expense		(9,340)	(10,023)
Unamortized premium		3,532	4,030
• 2005 Series C; 4.0% to 5.0%, due 2012-2017	16,885	16,610	16,660
Total Non-Housing Bonds	702,485	633,539	538,852
Total Bonds and Notes Payable	\$ 3,928,980	\$ 2,721,113	\$ 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.

NOTES TO FINANCIAL STATEMENTS

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, 2011, the Corporation made \$253,120,000 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 year ended June 30, 2011, 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 2016 and in five year increments thereafter to maturity are shown below (in thousands):

12 Months Ending June 30	Total Debt Service		
	Principal	Interest*	Total
2012	\$ 183,095	\$ 114,554	\$ 297,649
2013	63,380	112,133	175,513
2014	61,220	109,675	170,895
2015	56,240	107,291	163,531
2016	58,315	104,943	163,258
2017-2021	372,925	482,902	855,827
2022-2026	432,545	390,701	823,246
2027-2031	550,120	276,530	826,650
2032-2036	488,810	156,997	645,807
2037-2041	459,195	42,362	501,557
2042-2043	23,430	1,005	24,435
	<u>\$2,749,275</u>	<u>\$ 1,899,093</u>	<u>\$ 4,648,368</u>

* Interest requirements for variable-rate bonds have been computed using the effective interest rate at June 30, 2011

** Also see Note 11 – Derivatives.

Conduit Debt

From time to time, the Corporation has issued debt to assist private-sector entities in the acquisition or construction of facilities that help the Corporation fulfill its mission of making housing affordable for all Alaskans. The bonds are secured by the properties financed and are payable solely from rents and payments received on the underlying mortgage loans. Neither the Corporation nor the State is obligated in any manner for repayment of the bonds. Accordingly, the bonds and any related assets are not reported as assets or liabilities in the accompanying financial statements. A summary of the conduit bonds outstanding is shown below (in thousands):

	June 30, 2011	June 30, 2010
Revenue Bonds, 2010		
Birchwood Apartments Project	\$ 1,009	\$ -

NOTES TO FINANCIAL STATEMENTS

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 variable rate 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, 2011, 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 June 30, 2011, 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

NOTES TO FINANCIAL STATEMENTS

The change in fair value and ending balance of the hedging derivatives as of June 30, 2011, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Assets.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2011	Fair Values June 30, 2010	Change in Fair Value
GP01A	\$ 59,945	\$ 60,970	\$ (1,025)	\$ (2,008)	\$ 983
GP01B	73,255	85,883	(12,628)	(14,848)	2,220
E021A1	45,800	48,269	(2,469)	(3,493)	1,024
E021A2	120,000	124,797	(4,797)	(6,965)	2,168
SC02C	60,250	67,421	(7,171)	(7,669)	498
E071AB	143,622	165,440	(21,818)	(27,723)	5,905
E071BD	95,748	109,703	(13,955)	(17,879)	3,924
E091A	72,789	84,027	(11,238)	(14,293)	3,055
E091B	72,789	84,164	(11,375)	(14,462)	3,087
E091ABD	97,052	111,512	(14,460)	(18,559)	4,099
Total	<u>\$841,250</u>	<u>\$ 942,186</u>	<u>\$ (100,936)</u>	<u>\$ (127,899)</u>	<u>\$ 26,963</u>

As of June 30, 2011, 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
2012	\$ 6,895	\$ 5,308	\$ 29,230	\$ 41,433
2013	12,825	5,223	28,945	46,993
2014	13,390	5,117	28,488	46,995
2015	13,955	5,006	28,010	46,971
2016	14,565	4,891	27,513	46,969
2017-2021	117,385	22,490	127,462	267,337
2022-2026	154,055	18,296	102,685	275,036
2027-2031	175,865	12,656	75,151	263,672
2032-2036	171,565	5,708	45,682	222,955
2037-2041	152,510	351	15,803	168,664
2042	8,240	3	147	8,390
	<u>\$ 841,250</u>	<u>\$ 85,049</u>	<u>\$ 509,116</u>	<u>\$ 1,435,415</u>

Risks

a. Credit Risk

As of June 30, 2011, 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.

NOTES TO FINANCIAL STATEMENTS

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, 2011, SIFMA was 0.09% and 1-month LIBOR was 0.1856%, resulting in a SIFMA/LIBOR ratio of 48.5%. The 3-month LIBOR was 0.2458%, resulting in a SIFMA/LIBOR ratio of 36.6%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

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, 2011, 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, 2011, 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, 2011	Fair Values June 30, 2010	Change in Fair Value
SC02B	\$ 14,555	\$ 16,513	\$ (1,958)	\$ (2,368)	\$ 410

Credit Risk

As of June 30, 2011, 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.

NOTES TO FINANCIAL STATEMENTS

12 LONG TERM LIABILITIES

The activity for the year ended June 30, 2011 is summarized in the following schedule (in thousands):

	July 1, 2010	Additions	Reductions	June 30, 2011	Due Within One Year
Total bonds and notes payable	\$ 2,832,647	\$ 252,276	\$ (363,810)	\$ 2,721,113	\$ 183,095
Compensated absences	4,641	2,840	(2,668)	4,813	2,011
Other liabilities	652	800	(313)	1,139	793
Total long-term liabilities	<u>\$ 2,837,940</u>	<u>\$ 255,916</u>	<u>\$ (366,791)</u>	<u>\$ 2,727,065</u>	<u>\$ 185,899</u>

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, 2011	June 30, 2010
Lowest	0.21%	0.25%
Highest	0.59%	1.25%

Short term debt activity for the year ended June 30, 2011 is summarized in the following schedule (in thousands):

	July 1, 2010	Additions	Reductions	June 30, 2011
Commercial paper	\$ 150,000	\$ 625,639	\$ (688,639)	\$ 87,000
Unamortized discount	(110)	(385)	471	(24)
Commercial paper, net	<u>\$ 149,890</u>	<u>\$ 625,254</u>	<u>\$ (688,168)</u>	<u>\$ 86,976</u>

14 TRANSFERS

Transfers for the year ended June 30, 2011 are summarized in the following schedule (in thousands):

		From			
		Administrative Fund	Energy Programs	Other Non- Major Funds	Total
T o	Administrative Fund	\$ -	\$ -	\$ 290,682	\$ 290,682
	Energy Programs	950	-	-	950
	Other Non-Major Funds	250,213	96	216,094	466,403
	Total	<u>\$ 251,163</u>	<u>\$ 96</u>	<u>\$ 506,776</u>	<u>\$ 758,035</u>

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.

NOTES TO FINANCIAL STATEMENTS

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 $\frac{1}{4}$ to $\frac{1}{2}$ 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):

	June 30, 2011	June 30, 2010
Bond related liquidity facilities	\$ 486,040	\$ 487,300
Bond insurance	1,009,750	1,067,205
	<u>\$ 1,495,790</u>	<u>\$ 1,554,505</u>

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, 2011	June 30, 2010
Arbitrage expense	\$ 542	\$ (572)
Arbitrage paid	85	1,061
Arbitrage rebate reimbursement	31	-

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 June 30, 2011 were \$1,423,006,000, resulting in total remaining commitments of \$125,377,000 as of June 30, 2011.

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.

NOTES TO FINANCIAL STATEMENTS

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 SCS 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):

	June 30, 2011	Cumulative 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	16,568	302,325	318,893
Various bond proceeds disbursed	3,781	308,634	312,415
Total	<u>\$ 20,349</u>	<u>\$ 1,941,666</u>	<u>\$ 1,962,015</u>

NOTES TO FINANCIAL STATEMENTS

18 GRANTS

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

Program	June 30, 2011
<i>Energy Programs:</i>	
▪ ARRA State Energy Program	\$ 1,695
▪ ARRA Weatherization Assistance Program	2,025
▪ Energy Efficient Appliance Rebate	235
▪ Energy Efficiency Monitoring Research	1,188
▪ Energy Efficiency Conservation Block Grant	1,542
▪ Energy Efficient Home Program	55,000
▪ Low-Income Home Energy Assistance	700
▪ Low Income Weatherization Assistance	48,259
Total Energy Programs	110,644
<i>Section 8 Vouchers Program</i>	30,536
<i>Other Housing Assistance Programs:</i>	
▪ AMHTA Short Term Housing Assistance	-
▪ ARRA Low Income Tax Credit	2,604
▪ ARRA TCAP Home	2,789
▪ Beneficiaries and Special Needs Housing	2,781
▪ Denali Commission	3,279
▪ Drug Elimination	84
▪ Emergency Shelter Grant	213
▪ Homeless Prevention and Rapid Re-Housing	351
▪ HOME Investment Partnership	3,516
▪ Homeless Assistance Program	5,026
▪ Homeless Information Management System	19
▪ Housing Loan Program	5,845
▪ Housing Opportunities for Persons with AIDS	630
▪ Low Income Tax Credit	-
▪ Neighborhood Stabilization	4,753
▪ Resident Opportunity and Support Service	89
▪ ROSS Neighborhood Network	39
▪ Section 8 Contract Administration	6,377
▪ Senior Citizen Housing Development Grant	5,237
▪ Shelter Plus Care	689
▪ Special Needs Housing	2,123
▪ Supplemental Housing Grant	7,396
▪ Supportive Housing Grant Match	1,062
▪ Technical Assistance Grant	86
Total Other Housing Assistance Programs	54,988
Total Housing Grant Expenses	196,168
▪ Legislative Appropriations	16,568
Total Non-Housing Capital Project Grants	16,568
Total Grants	\$ 212,736

In addition to grant payments made, the Corporation has advanced grant funds of \$7,316,000 and committed to third parties a sum of \$177,484,000 in grant awards at June 30, 2011.

NOTES TO FINANCIAL STATEMENTS

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

Affordable Housing Programs consist of Corporate owned low-income housing facilities at various locations and contract administration of HUD contracts directly with landlords:

- Project Based Section 8
- 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

NOTES TO FINANCIAL STATEMENTS

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 June 30, 2011, 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
Affordable Housing	65
Affordable Housing – Senior Units	268
Other Housing Units	33
Section 8 Vouchers – Housing Assistance:	
Housing Choice Vouchers	4,415
Single Room Occupancy	70
	<u>6,180</u>

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, 2011 the Corporation had outstanding commitments of \$38,708,000 and had paid out \$112,706,000 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, 2011, 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.

NOTES TO FINANCIAL STATEMENTS

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 59½. 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 employee's 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 year ended June 30, 2011 was \$654,000.

The Corporation's contributions to the pension plan for the year ended June 30, 2011 was \$1,403,000 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 year ended June 30, 2011 was \$1,006,000.

The Corporation's contributions to the post employment healthcare plan for the year ended June 30, 2011 was \$2,636,000 and for the years ended June 30, 2010 and June 30, 2009 was \$2,559,000 and \$2,740,000 respectively.

NOTES TO FINANCIAL STATEMENTS

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 than 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, 2011, the Corporation paid additional contributions of \$321,000.

The contributions to the pension plan for the year ended June 30, 2011 by the employees was \$202,000 and by the Corporation was \$134,000.

The Corporation contributed \$100,000 to a health reimbursement arrangement for the year ended June 30, 2011.

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 \$1,746,000 and \$1,235,000 as of June 30, 2011 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.

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 SPECIAL ITEM

On June 17, 2011 the Corporation sold its land on 34th Avenue, with a cost of \$1,459,000, for \$4,547,000 resulting in a special item gain of \$3,088,000.

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NOTES TO FINANCIAL STATEMENTS

25 FIVE YEAR FINANCIAL INFORMATION

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

	June 30,				
	2011	2010	2009	2008	2007
Assets and Deferred Outflows					
Cash	\$ 73,411	\$ 59,218	\$ 24,720	\$ 19,034	\$ 45,964
Investments	1,362,107	1,389,605	1,247,669	1,231,404	1,274,544
Accrued interest receivable	13,305	14,647	15,854	16,734	19,340
Mortgage loans, notes and other loans	2,759,511	2,971,253	3,195,444	3,450,063	3,357,754
Net investment in direct financing lease	57,476	61,222	64,802	65,203	27,085
Unamortized bond issuance costs	16,880	19,751	23,252	25,142	24,616
Capital assets, net	121,968	112,759	113,004	116,535	118,743
Other assets	36,446	40,463	46,680	22,004	28,854
Derivative instrument - interest rate swaps	-	-	-	-	-
Deferred outflow of resources	100,936	127,899	-	-	-
Total Assets and Deferred Outflows	4,542,040	4,796,817	4,731,425	4,946,119	4,896,900
Liabilities and Deferred Inflows					
Bonds and notes payable	2,721,113	2,832,647	2,869,153	3,136,866	3,060,887
Short term debt	86,976	149,890	149,724	112,159	119,726
Accrued interest payable	12,688	12,770	13,715	15,303	14,847
Other liabilities	24,549	47,252	26,722	15,620	16,968
Derivative instrument - interest rate swaps	102,895	130,267	-	-	-
Deferred inflow of resources	-	-	-	-	-
Total Liabilities and Deferred Inflows	2,948,221	3,172,826	3,059,314	3,279,948	3,212,428
Total Fund Equity	\$1,593,819	\$1,623,991	\$1,672,111 *	\$1,666,171	\$1,684,472
	June 30,				
	2011	2010	2009	2008	2007
Operating Revenues					
Mortgage and loans revenue	\$ 164,242	\$ 177,855	\$ 205,138	\$ 202,851	\$ 195,028
Investment interest	8,454	11,605	25,148	56,667	76,631
Net change in fair value of investments	7,766	6,317	570	255	2,214
Net change of hedge termination	410	(794)	-	-	-
Total Investment Revenue	16,630	17,128	25,718	56,922	78,845
Externally funded programs	194,411	191,968	112,587	73,603	63,043
Rental	7,996	8,697	8,577	7,695	6,988
Other	2,416	1,610	3,337	776	1,085
Total Operating Revenues	385,695	397,258	355,357	341,847	344,989
Operating Expenses					
Interest	122,138	130,789	149,021	147,336	158,145
Mortgage and loan costs	11,587	12,709	14,139	14,155	14,034
Operations and administration	54,100	49,678	51,421	42,812	41,410
Financing expenses	8,692	7,456	9,159	6,415	8,945
Provision for loan loss	(6,673)	515	(7,703)	7,098	5,490
Housing grants and subsidies	196,168	194,883	106,480	78,290	65,689
Rental housing operating expenses	12,594	11,002	11,480	10,428	10,799
Total Operating Expenses	398,606	407,032	333,997	306,534	304,512
Operating Income (Loss)	(12,911)	(9,774)	21,360	35,313	40,477
Non-Operating & Special Item					
Contribution to State or State agency	(20,349)	(36,772)	(15,420)	(53,614)	(346,037)
Special item	3,088	-	-	-	-
Change in Net Assets	\$ (30,172)	\$ (46,546)	\$ 5,940	\$ (18,301)	\$ (305,560)

*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, 2011

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds/Notes
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	41,452	8,070	-	-
Investments	742,596	156,064	176,108	17,233
Accrued interest receivable	1,441	610	4,356	1,394
Inter-fund due to/from	(8,385)	2,129	18,216	5,078
Mortgage loans, notes and other loans	178,172	168,172	1,028,071	318,555
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	1,383	5,000	1,294
Capital assets, non-depreciable	139	-	-	-
Capital assets - depreciable, net	12,160	-	-	-
Other assets	8,668	-	32	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	1,267	-	-	-
Deferred outflow of resources	-	-	80,112	-
Total Assets and Deferred Outflows	977,510	336,428	1,311,895	343,554
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	309,376	1,009,298	244,830
Short term debt	86,976	-	-	-
Accrued interest payable	1,300	802	3,743	970
Other liabilities	8,875	49	308	101
Derivative instrument - interest rate swaps	-	-	80,112	-
Intergovernmental payable	1,029	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	98,180	310,227	1,093,461	245,901
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	12,299	-	-	-
Restricted by bond resolutions	-	26,201	218,434	97,653
Restricted by contractual or statutory agreements	136,839	-	-	-
Unrestricted net assets, (deficit)	730,192	-	-	-
Total Net Assets (deficit)	879,330	26,201	218,434	97,653

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
-	3,126	20,763	73,411
172,453	97,653	-	1,362,107
2,989	2,515	-	13,305
14,431	10,108	(41,577)	-
578,708	487,833	-	2,759,511
-	57,476	-	57,476
4,791	4,412	-	16,880
-	-	15,753	15,892
-	-	93,916	106,076
-	29	14,702	23,431
-	-	-	-
-	-	11,748	13,015
13,653	7,171	-	100,936
787,025	670,323	115,305	4,542,040
524,070	633,539	-	2,721,113
-	-	-	86,976
1,966	3,907	-	12,688
950	521	9,352	20,156
13,653	9,130	-	102,895
-	3,126	238	4,393
-	-	-	-
540,639	650,223	9,590	2,948,221
-	-	109,669	121,968
219,869	-	-	562,157
26,517	-	22,720	186,076
-	20,100	(26,674)	723,618
246,386	20,100	105,715	1,593,819

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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, 2011

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Cash	41,087	365	41,452
Investments	731,500	11,096	742,596
Accrued interest receivable	1,440	1	1,441
Inter-fund due to/from	(8,385)	-	(8,385)
Mortgage loans, notes and other loans	178,172	-	178,172
Net investment in direct financing lease	-	-	-
Unamortized bond issuance costs	-	-	-
Capital assets - non-depreciable	139	-	139
Capital assets - depreciable, net	12,160	-	12,160
Other assets	8,668	-	8,668
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	1,267	-	1,267
Deferred outflow of resources	-	-	-
Total Assets and Deferred Outflows	966,048	11,462	977,510
<u>LIABILITIES AND DEFERRED INFLOWS</u>			
Bonds and notes payable	-	-	-
Short term debt	86,976	-	86,976
Accrued interest payable	1,300	-	1,300
Other liabilities	8,875	-	8,875
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	1,029	-	1,029
Deferred inflow of resources	-	-	-
Total Liabilities & Deferred Inflows	98,180	-	98,180
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	12,299	-	12,299
Restricted by bond resolutions	-	-	-
Restricted by contractual or statutory agreements	125,377	11,462	136,839
Unrestricted net assets, (deficit)	730,192	-	730,192
Total Net Assets (deficit)	867,868	11,462	879,330

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

As of June 30, 2011

(in thousands of dollars)

	Bonds 1998 A	Bonds 1999 A	Bonds 2000 A-D	Bonds 2001 A,B
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	8,070
Investments	-	-	-	945
Accrued interest receivable	-	-	-	233
Inter-fund due to/from	-	-	-	717
Mortgage loans, notes and other loans	-	-	-	43,558
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	-	512
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	-	-	-	54,035
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	-	-	39,185
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	168
Other liabilities	-	-	-	17
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	-	-	-	39,370
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	-	14,665
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	-	-	-	14,665

Schedule 3

Bonds 2009 A	Bonds 2009 A-1 2010 A, B	Mortgage Revenue Bonds Combined Total
-	-	8,070
131,586	23,533	156,064
-	377	610
1	1,411	2,129
-	124,614	168,172
-	-	-
12	859	1,383
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
131,599	150,794	336,428
128,750	141,441	309,376
-	-	-
253	381	802
-	32	49
-	-	-
-	-	-
-	-	-
129,003	141,854	310,227
-	-	-
2,596	8,940	26,201
-	-	-
-	-	-
2,596	8,940	26,201

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of June 30, 2011

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2006 B	Bonds 2006 C
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	39,317	3,782	2,228	2,211
Accrued interest receivable	763	255	162	204
Inter-fund due to/from	2,010	1,088	767	1,139
Mortgage loans, notes and other loans	155,755	56,898	39,023	41,237
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	775	466	326	342
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	32	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	7,266	-	-	-
Total Assets and Deferred Outflows	205,918	62,489	42,506	45,133
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	153,670	57,557	39,397	42,902
Short term debt	-	-	-	-
Accrued interest payable	731	227	152	187
Other liabilities	55	17	10	12
Derivative instrument - interest rate swaps	7,266	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	161,722	57,801	39,559	43,101
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	44,196	4,688	2,947	2,032
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	44,196	4,688	2,947	2,032

Schedule 4
continued on next page

Bonds 2007 A	Bonds 2007 B	Bonds 2007 C	Bonds 2007 D	Bonds 2008 A	Bonds 2008 B	Bonds 2009 A
-	-	-	-	-	-	-
19,235	18,028	2,195	20,252	2,294	2,777	19,222
271	274	259	313	234	271	344
1,151	1,069	714	1,594	1,228	698	2,345
62,103	64,465	59,225	75,636	47,515	60,035	98,632
-	-	-	-	-	-	-
197	123	474	168	331	502	227
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,394	11,354	-	13,025	-	-	12,443
94,351	95,313	62,867	110,988	51,602	64,283	133,213
73,260	73,260	59,660	87,237	48,890	60,820	79,534
-	-	-	-	-	-	-
227	229	233	273	206	257	223
22	21	18	24	15	18	25
11,394	11,354	-	13,025	-	-	12,443
-	-	-	-	-	-	-
-	-	-	-	-	-	-
84,903	84,864	59,911	100,559	49,111	61,095	92,225
-	-	-	-	-	-	-
9,448	10,449	2,956	10,429	2,491	3,188	40,988
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9,448	10,449	2,956	10,429	2,491	3,188	40,988

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ALASKA HOUSING FINANCE CORPORATION

Schedule 4

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of June 30, 2011

(in thousands of dollars)

	Bonds 2009 B	Bonds 2009 C	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	19,937	2,620	22,010	176,108
Accrued interest receivable	325	304	377	4,356
Inter-fund due to/from	1,290	875	2,248	18,216
Mortgage loans, notes and other loans	99,047	73,808	94,692	1,028,071
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	212	617	240	5,000
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	32
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	12,581	-	12,049	80,112
Total Assets and Deferred Outflows	133,392	78,224	131,616	1,311,895
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	79,534	74,003	79,574	1,009,298
Short term debt	-	-	-	-
Accrued interest payable	223	281	294	3,743
Other liabilities	23	23	25	308
Derivative instrument - interest rate swaps	12,581	-	12,049	80,112
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	92,361	74,307	91,942	1,093,461
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	41,031	3,917	39,674	218,434
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	41,031	3,917	39,674	218,434

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, 2011

(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
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	-	-	301	623
Accrued interest receivable	-	-	58	37
Inter-fund due to/from	-	-	243	63
Mortgage loans, notes and other loans	-	-	13,645	10,601
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	83	-
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	-	-	14,330	11,324
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	-	8,490	6,290
Short term debt	-	-	-	-
Accrued interest payable	-	-	38	25
Other liabilities	-	-	4	3
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	-	-	8,532	6,318
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	5,798	5,006
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	-	-	5,798	5,006

Schedule 5

Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
-	-	-
12,186	4,123	17,233
1,000	299	1,394
4,000	772	5,078
228,450	65,859	318,555
-	-	-
719	492	1,294
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
246,355	71,545	343,554
176,760	53,290	244,830
-	-	-
689	218	970
73	21	101
-	-	-
-	-	-
-	-	-
177,522	53,529	245,901
-	-	-
68,833	18,016	97,653
-	-	-
-	-	-
68,833	18,016	97,653

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER HOUSING BONDS

As of June 30, 2011

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	-	-
Investments	7,008	41,191	51,696	3,763
Accrued interest receivable	94	1,257	461	132
Inter-fund due to/from	135	9,442	1,667	-
Mortgage loans, notes and other loans	19,287	218,088	160,123	17,290
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	2,526	1,002	123
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	26,524	272,504	214,949	21,308
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	238,125	145,856	14,600
Short term debt	-	-	-	-
Accrued interest payable	-	1,013	585	1
Other liabilities	7	50	35	8
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	7	239,188	146,476	14,609
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	33,316	68,473	6,699
Restricted by contractual or statutory agreements	26,517	-	-	-
Unrestricted net assets, (deficit)	-	-	-	-
Total Net Assets (deficit)	26,517	33,316	68,473	6,699

Schedule 6

Governmental Purpose Bonds 2001 A-D	Combined Total
-	-
68,795	172,453
1,045	2,989
3,187	14,431
163,920	578,708
-	-
1,140	4,791
-	-
-	-
-	-
-	-
-	-
13,653	13,653
251,740	787,025
125,489	524,070
-	-
367	1,966
850	950
13,653	13,653
-	-
-	-
140,359	540,639
-	-
111,381	219,869
-	26,517
-	-
111,381	246,386

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

NON-HOUSING BONDS

As of June 30, 2011

(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 Capital Project Bonds 2011 A
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	-	-	394	-
Investments	12,655	5,858	11,549	5,104
Accrued interest receivable	301	443	174	556
Inter-fund due to/from	1,950	1,939	629	1,675
Mortgage loans, notes and other loans	56,234	90,678	40,369	102,535
Net investment in direct financing lease	-	-	39,601	-
Unamortized bond issuance costs	475	573	577	760
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	29	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Deferred outflow of resources	7,171	-	-	-
Total Assets and Deferred Outflows	78,786	99,520	93,293	110,630
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	64,630	93,821	87,927	108,937
Short term debt	-	-	-	-
Accrued interest payable	1,611	351	347	411
Other liabilities	33	34	15	39
Derivative instrument - interest rate swaps	9,130	-	-	-
Intergovernmental payable	-	-	394	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	75,404	94,206	88,683	109,387
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	-	-	-
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted net assets, (deficit)	3,382	5,314	4,610	1,243
Total Net Assets (deficit)	3,382	5,314	4,610	1,243

Schedule 7

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
-	2,732	3,126
33,609	28,878	97,653
743	298	2,515
1,956	1,959	10,108
115,848	82,169	487,833
-	17,875	57,476
996	1,031	4,412
-	-	-
-	-	-
-	-	29
-	-	-
-	-	-
-	-	7,171
153,152	134,942	670,323
140,592	137,632	633,539
-	-	-
581	606	3,907
39	361	521
-	-	9,130
-	2,732	3,126
-	-	-
141,212	141,331	650,223
-	-	-
-	-	-
-	-	-
11,940	(6,389)	20,100
11,940	(6,389)	20,100

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER PROGRAM FUNDS

As of June 30, 2011

(in thousands of dollars)

	Energy Programs	Low Rent Program	Affordable Housing Programs	Section 8 Vouchers Program
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Cash	1,559	10,024	6,433	2,744
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(14,123)	(766)	(680)	(478)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Unamortized bond issuance costs	-	-	-	-
Capital assets - non-depreciable	1,076	13,547	1,130	-
Capital assets - depreciable, net	8	71,939	21,934	35
Other assets	10,006	863	45	61
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	10,186	-	-	-
Deferred outflow of resources	-	-	-	-
Total Assets and Deferred Outflows	8,712	95,607	28,862	2,362
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Bonds and notes payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	6,270	1,172	268	241
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	238	-	-
Deferred inflow of resources	-	-	-	-
Total Liabilities & Deferred Inflows	6,270	1,410	268	241
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	1,084	85,486	23,064	35
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	1,732	9,527	6,107	4,117
Unrestricted net assets, (deficit)	(374)	(816)	(577)	(2,031)
Total Net Assets (deficit)	2,442	94,197	28,594	2,121

Schedule 8

Other Programs	Combined Total
3	20,763
-	-
-	-
(25,530)	(41,577)
-	-
-	-
-	-
-	15,753
-	93,916
3,727	14,702
-	-
1,562	11,748
-	-
(20,238)	115,305
-	-
-	-
-	-
1,401	9,352
-	-
-	238
-	-
1,401	9,590
-	109,669
-	-
1,237	22,720
(22,876)	(26,674)
(21,639)	105,715

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, 2011

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds/Notes
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	13,668	12,967	58,294	19,655
Investment interest	556	887	350	749
Net change in the fair value of investments	7,822	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	8,378	887	350	749
Externally funded program	-	-	-	-
Rental	28	-	-	-
Other	1,851	-	-	-
Total Operating Revenues	23,925	13,854	58,644	20,404
<u>OPERATING EXPENSES</u>				
Interest	429	11,179	45,386	13,570
Mortgage and loan costs	1,394	937	4,103	1,371
Financing expenses	497	2,234	3,192	737
Provision for loan loss	(2,128)	730	(6,058)	(1,424)
Operations and administration	1,779	3,425	9,537	3,161
Rental housing operating expenses	161	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	2,132	18,505	56,160	17,415
Operating Income (Loss)	21,793	(4,651)	2,484	2,989
<u>NONOPERATING EXPENSES</u>				
<u>SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(16,568)	-	-	-
Special Items	3,088	-	-	-
Transfers - Internal	39,519	(15,832)	15,721	(9,630)
Change in Net Assets	47,832	(20,483)	18,205	(6,641)
Net assets at beginning of year	831,498	46,684	200,229	104,294
Net Assets at End of Period	879,330	26,201	218,434	97,653

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
35,638	24,020	-	164,242
2,829	3,060	23	8,454
-	(56)	-	7,766
-	410	-	410
2,829	3,414	23	16,630
-	-	194,411	194,411
-	-	7,968	7,996
-	-	565	2,416
38,467	27,434	202,967	385,695
24,429	27,133	12	122,138
1,937	1,845	-	11,587
1,358	674	-	8,692
(1,103)	3,310	-	(6,673)
5,440	4,533	26,225	54,100
-	-	12,433	12,594
-	-	196,168	196,168
32,061	37,495	234,838	398,606
6,406	(10,061)	(31,871)	(12,911)
-	(3,781)	-	(20,349)
-	-	-	3,088
(59,827)	13,588	16,461	-
(53,421)	(254)	(15,410)	(30,172)
299,807	20,354	121,125	1,623,991
246,386	20,100	105,715	1,593,819

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ALASKA HOUSING FINANCE CORPORATION

Schedule 10

(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, 2011

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>OPERATING REVENUES</u>			
Mortgage and loans revenue	13,668	-	13,668
Investment interest	537	19	556
Net change in the fair value of investments	7,822	-	7,822
Net change of hedge termination	-	-	-
Total Investment Revenue	8,359	19	8,378
Externally funded program	-	-	-
Rental	28	-	28
Other	1,849	2	1,851
Total Operating Revenues	23,904	21	23,925
<u>OPERATING EXPENSES</u>			
Interest	429	-	429
Mortgage and loan costs	1,394	-	1,394
Financing expenses	497	-	497
Provision for loan loss	(2,128)	-	(2,128)
Operations and administration	1,779	-	1,779
Rental housing operating expenses	161	-	161
Housing grants and subsidies	-	-	-
Total Operating Expenses	2,132	-	2,132
Operating Income (Loss)	21,772	21	21,793
<u>NONOPERATING EXPENSES,</u>			
<u>SPECIAL ITEMS & TRANSFERS</u>			
Contributions to the State of Alaska or other State agencies	(16,568)	-	(16,568)
Special Items	3,088	-	3,088
Transfers - Internal	39,519	-	39,519
Change in Net Assets	47,811	21	47,832
Net assets at beginning of year	820,057	11,441	831,498
Net Assets at End of Period	867,868	11,462	879,330

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2011

(in thousands of dollars)

	Bonds 1998 A	Bonds 1999 A	Bonds 2000 A-D	Bonds 2001 A,B
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	1,111	3,305	2,293	2,828
Investment interest	99	361	130	10
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	99	361	130	10
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	1,210	3,666	2,423	2,838
<u>OPERATING EXPENSES</u>				
Interest	533	2,476	2,365	2,284
Mortgage and loan costs	75	230	150	195
Financing expenses	273	795	742	139
Provision for loan loss	(539)	(1,310)	(1,470)	143
Operations and administration	114	352	226	409
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	456	2,543	2,013	3,170
Operating Income (Loss)	754	1,123	410	(332)
<u>NONOPERATING EXPENSES,</u>				
<u>SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(11,669)	(23,014)	(2,348)	7,192
Change in Net Assets	(10,915)	(21,891)	(1,938)	6,860
Net assets at beginning of year	10,915	21,891	1,938	7,805
Net Assets at End of Period	-	-	-	14,665

Schedule 11

Bonds 2009 A	Bonds 2009 A-1 2010 A, B	Mortgage Revenue Bonds Combined Total
-	3,430	12,967
217	70	887
-	-	-
-	-	-
217	70	887
-	-	-
-	-	-
-	-	-
217	3,500	13,854
321	3,200	11,179
-	287	937
190	95	2,234
-	3,906	730
1,163	1,161	3,425
-	-	-
-	-	-
1,674	8,649	18,505
(1,457)	(5,149)	(4,651)
-	-	-
-	-	-
(82)	14,089	(15,832)
(1,539)	8,940	(20,483)
4,135	-	46,684
2,596	8,940	26,201

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2011

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2006 B	Bonds 2006 C
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	9,588	3,470	2,274	2,488
Investment interest	61	14	12	13
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	61	14	12	13
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	9,649	3,484	2,286	2,501
<u>OPERATING EXPENSES</u>				
Interest	6,573	2,966	2,067	2,414
Mortgage and loan costs	665	238	152	160
Financing expenses	685	153	131	127
Provision for loan loss	(519)	(1,489)	(1,004)	(441)
Operations and administration	1,452	526	364	385
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	8,856	2,394	1,710	2,645
Operating Income (Loss)	793	1,090	576	(144)
<u>NONOPERATING EXPENSES,</u>				
<u>SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	1,702	761	(303)	68
Change in Net Assets	2,495	1,851	273	(76)
Net assets at beginning of year	41,701	2,837	2,674	2,108
Net Assets at End of Period	44,196	4,688	2,947	2,032

Schedule 12
continued on next page

Bonds 2007 A	Bonds 2007 B	Bonds 2007 C	Bonds 2007 D	Bonds 2008 A	Bonds 2008 B	Bonds 2009 A
3,514	3,753	3,444	4,443	3,011	3,672	4,604
32	29	14	31	14	13	33
-	-	-	-	-	-	-
-	-	-	-	-	-	-
32	29	14	31	14	13	33
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,546	3,782	3,458	4,474	3,025	3,685	4,637
2,862	2,858	3,175	3,404	2,908	3,495	3,038
270	281	235	340	194	239	333
171	129	141	188	128	128	74
(54)	(165)	(197)	61	(329)	(315)	(429)
573	592	559	698	448	561	905
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,822	3,695	3,913	4,691	3,349	4,108	3,921
(276)	87	(455)	(217)	(324)	(423)	716
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(49)	655	(126)	377	(264)	(469)	4,300
(325)	742	(581)	160	(588)	(892)	5,016
9,773	9,707	3,537	10,269	3,079	4,080	35,972
9,448	10,449	2,956	10,429	2,491	3,188	40,988

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ALASKA HOUSING FINANCE CORPORATION

Schedule 12

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2011

(in thousands of dollars)

	Bonds 2009 B	Bonds 2009 C	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	4,568	4,490	4,975	58,294
Investment interest	35	10	39	350
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	35	10	39	350
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	4,603	4,500	5,014	58,644
<u>OPERATING EXPENSES</u>				
Interest	3,022	3,531	3,073	45,386
Mortgage and loan costs	334	338	324	4,103
Financing expenses	76	87	974	3,192
Provision for loan loss	(419)	27	(785)	(6,058)
Operations and administration	907	693	874	9,537
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	3,920	4,676	4,460	56,160
Operating Income (Loss)	683	(176)	554	2,484
<u>NONOPERATING EXPENSES,</u>				
<u>SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	4,068	318	4,683	15,721
Change in Net Assets	4,751	142	5,237	18,205
Net assets at beginning of year	36,280	3,775	34,437	200,229
Net Assets at End of Period	41,031	3,917	39,674	218,434

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, 2011

(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
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	1,397	679	875	578
Investment interest	399	269	3	3
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	399	269	3	3
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	1,796	948	878	581
<u>OPERATING EXPENSES</u>				
Interest	1,047	526	569	387
Mortgage and loan costs	93	44	57	40
Financing expenses	528	278	45	(202)
Provision for loan loss	(508)	(162)	(22)	(82)
Operations and administration	139	66	124	97
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	1,299	752	773	240
Operating Income (Loss)	497	196	105	341
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	(13,246)	(7,404)	135	200
Change in Net Assets	(12,749)	(7,208)	240	541
Net assets at beginning of year	12,749	7,208	5,558	4,465
Net Assets at End of Period	-	-	5,798	5,006

Schedule 13

Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
12,753	3,373	19,655
52	23	749
-	-	-
-	-	-
52	23	749
-	-	-
-	-	-
-	-	-
12,805	3,396	20,404
8,387	2,654	13,570
901	236	1,371
51	37	737
(1,625)	975	(1,424)
2,120	615	3,161
-	-	-
-	-	-
9,834	4,517	17,415
2,971	(1,121)	2,989
-	-	-
-	-	-
3,756	6,929	(9,630)
6,727	5,808	(6,641)
62,106	12,208	104,294
68,833	18,016	97,653

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, 2011

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	1,233	16,707	6,071	323
Investment interest	8	21	112	5
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	8	21	112	5
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	1,241	16,728	6,183	328
<u>OPERATING EXPENSES</u>				
Interest	-	12,281	7,092	31
Mortgage and loan costs	87	673	397	-
Financing expenses	-	218	65	38
Provision for loan loss	68	(1,229)	155	-
Operations and administration	180	2,111	1,475	156
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	335	14,054	9,184	225
Operating Income (Loss)	906	2,674	(3,001)	103
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	343	(5,974)	7,255	180
Change in Net Assets	1,249	(3,300)	4,254	283
Net assets at beginning of year	25,268	36,616	64,219	6,416
Net Assets at End of Period	26,517	33,316	68,473	6,699

Schedule 14

Governmental Purpose Bonds 2001 A-D	Combined Total
11,304	35,638
2,683	2,829
-	-
-	-
2,683	2,829
-	-
-	-
-	-
13,987	38,467
5,025	24,429
780	1,937
1,037	1,358
(97)	(1,103)
1,518	5,440
-	-
-	-
8,263	32,061
5,724	6,406
-	-
-	-
(61,631)	(59,827)
(55,907)	(53,421)
167,288	299,807
111,381	246,386

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, 2011

(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 Capital Project Bonds 2011 A
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	2,876	5,073	2,510	1,204
Investment interest	170	25	1,644	3
Net change in the fair value of investments	(42)	-	-	-
Net change of hedge termination	410	-	-	-
Total Investment Revenue	538	25	1,644	3
Externally funded program	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	3,414	5,098	4,154	1,207
<u>OPERATING EXPENSES</u>				
Interest	3,136	4,197	3,966	1,442
Mortgage and loan costs	247	413	219	82
Financing expenses	190	68	83	94
Provision for loan loss	138	666	(252)	2,550
Operations and administration	517	839	369	949
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	4,228	6,183	4,385	5,117
Operating Income (Loss)	(814)	(1,085)	(231)	(3,910)
<u>NONOPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	(263)	(927)	-	-
Special Items	-	-	-	-
Transfers - Internal	5,171	751	733	5,153
Change in Net Assets	4,094	(1,261)	502	1,243
Net assets at beginning of year	(712)	6,575	4,108	-
Net Assets at End of Period	3,382	5,314	4,610	1,243

Schedule 15

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
7,827	4,530	24,020
190	1,028	3,060
(14)	-	(56)
-	-	410
176	1,028	3,414
-	-	-
-	-	-
-	-	-
8,003	5,558	27,434
6,837	7,555	27,133
534	350	1,845
106	133	674
449	(241)	3,310
1,108	751	4,533
-	-	-
-	-	-
9,034	8,548	37,495
(1,031)	(2,990)	(10,061)
(2,591)	-	(3,781)
-	-	-
952	828	13,588
(2,670)	(2,162)	(254)
14,610	(4,227)	20,354
11,940	(6,389)	20,100

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, 2011

(in thousands of dollars)

	Energy Programs	Low Rent Program	Affordable Housing Programs	Section 8 Vouchers Program
<u>OPERATING REVENUES</u>				
Mortgage and loans revenue	-	-	-	-
Investment interest	5	5	3	10
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	5	5	3	10
Externally funded program	115,490	11,940	2,244	35,757
Rental	-	5,872	2,097	(1)
Other	2	11	-	8
Total Operating Revenues	115,497	17,828	4,344	35,774
<u>OPERATING EXPENSES</u>				
Interest	-	12	-	-
Mortgage and loan costs	-	-	-	-
Financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	4,732	13,115	2,832	4,089
Rental housing operating expenses	331	10,072	1,922	108
Housing grants and subsidies	110,644	-	-	30,536
Total Operating Expenses	115,707	23,199	4,754	34,733
Operating Income (Loss)	(210)	(5,371)	(410)	1,041
<u>NONOPERATING EXPENSES,</u>				
<u>SPECIAL ITEMS & TRANSFERS</u>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Items	-	-	-	-
Transfers - Internal	854	4,321	833	(83)
Change in Net Assets	644	(1,050)	423	958
Net assets at beginning of year	1,798	95,247	28,171	1,163
Net Assets at End of Period	2,442	94,197	28,594	2,121

Schedule 16

Other Programs	Combined Total
-	-
-	23
-	-
-	-
-	23
28,980	194,411
-	7,968
544	565
29,524	202,967
-	12
-	-
-	-
-	-
1,457	26,225
-	12,433
54,988	196,168
56,445	234,838
(26,921)	(31,871)
-	-
-	-
10,536	16,461
(16,385)	(15,410)
(5,254)	121,125
(21,639)	105,715

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, 2011

(in thousands of dollars)

	Combined Revolving Funds	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds and Notes
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	8,559	12,019	55,009	18,760
Principal payments received on mortgages and loans	26,135	37,033	234,981	93,134
Purchases of mortgages and loans	(415,918)	-	-	-
Receipt (payment) for loan transfers between funds	402,025	(91,129)	(110,335)	(86,281)
Payments to employees and other payroll disbursements	(22,171)	-	-	-
Payments for goods and services	(12,594)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund Receipts	1,006,742	48,943	294,681	115,193
Interfund Payments	(1,021,891)	(49,063)	(290,058)	(111,920)
Grant payments to other agencies	(12,128)	-	-	-
Other operating cash receipts	39,394	-	-	-
Other operating cash payments	(11,989)	-	-	-
Net cash provided by (used for) operating activities	(13,836)	(42,197)	184,278	28,886
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	78,581	-	-
Principal paid on bonds	-	(129,920)	(88,020)	(55,505)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	(1,580)	-	-	-
Interest paid	(444)	(11,122)	(45,216)	(13,836)
Proceeds from issuance of short term debt	625,296	-	-	-
Payment of short term debt	(688,167)	-	-	-
Contributions to the State of Alaska or other State agencies	(40,795)	-	-	-
Transfers (to) from other funds	123,839	55,726	(18,905)	(5,781)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	18,149	(6,735)	(152,141)	(75,122)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(2,199)	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	(84)	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from the direct financing lease payments	-	-	-	-
Other cash payments	(411)	-	-	-
Net cash provided by (used for) capital financing activities	(2,694)	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(5,325,349)	(176,786)	(447,007)	(136,975)
Proceeds from maturity of investments	5,326,435	233,070	414,513	182,357
Interest received from investments	572	718	357	854
Net cash provided by (used for) investing activities	1,658	57,002	(32,137)	46,236
Net Increase (decrease) in cash	3,277	8,070	-	-
Cash at the beginning of year	38,175	-	-	-
Cash at the end of period	41,452	8,070	-	-
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u>				
Operating income (loss)	21,793	(4,651)	2,484	2,989
<u>Adjustments:</u>				
Depreciation expense	436	-	-	-
Provision for loan losses	(2,128)	730	(6,058)	(1,424)
Amortization of bond issuance costs	-	2,107	895	919
Net change in the fair value of investments	(7,822)	-	-	-
Transfers between funds for operating activity	(43,019)	1,351	12,054	3,031
Interest received from investments	(572)	(718)	(357)	(854)
Interest paid	444	11,122	45,216	13,836
<u>Changes in assets and liabilities:</u>				
Net increase (decrease) in mortgages and loans	12,242	(54,096)	124,646	6,853
Net increase (decrease) in assets and liabilities	4,790	1,958	5,398	3,536
Net cash provided by (used for) operating activities	(13,836)	(42,197)	184,278	28,886

Schedule 17

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
34,221	22,999	-	151,567
125,123	96,968	-	613,374
-	-	-	(415,918)
(77,128)	(37,152)	-	-
-	-	(13,475)	(35,646)
-	-	(12,691)	(25,285)
-	-	158,987	158,987
-	-	38,944	38,944
-	-	(37,940)	(37,940)
157,280	119,225	174,161	1,916,225
(157,878)	(119,992)	(165,423)	(1,916,225)
-	-	(146,173)	(158,301)
75	218	8,551	48,238
-	(61)	(64)	(12,114)
81,693	82,205	4,877	325,906
-	95,130	-	173,711
(12,230)	(10,073)	-	(295,748)
-	-	-	-
-	-	-	(1,580)
(24,092)	(24,645)	-	(119,355)
-	-	-	625,296
-	-	-	(688,167)
-	(3,781)	-	(44,576)
(64,973)	(89,906)	-	-
-	-	-	-
(101,295)	(33,275)	-	(350,419)
-	(11,961)	(2,220)	(16,380)
-	-	9	9
-	14,215	-	14,215
-	(3,798)	-	(3,798)
-	-	-	(84)
-	(3,020)	-	(3,020)
-	6,771	-	6,771
-	-	-	(411)
-	2,207	(2,211)	(2,698)
(295,563)	(172,632)	-	(6,554,312)
312,218	121,188	-	6,589,781
2,947	464	23	5,935
19,602	(50,980)	23	41,404
-	157	2,689	14,193
-	2,969	18,074	59,218
-	3,126	20,763	73,411
6,406	(10,061)	(31,871)	(12,911)
-	-	6,674	7,110
(1,103)	3,310	-	(6,673)
330	283	-	4,534
-	56	-	(7,766)
6,042	6,165	14,376	-
(2,947)	(464)	(23)	(5,935)
24,092	27,665	-	122,375
47,995	59,816	-	197,456
878	(4,565)	15,721	27,716
81,693	82,205	4,877	325,906

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ALASKA HOUSING FINANCE CORPORATION**Schedule 18**

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS**REVOLVING FUNDS**

For the Year Ended June 30, 2011

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Combined Total
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	8,559	-	8,559
Principal payments received on mortgages and loans	26,135	-	26,135
Purchases of mortgages and loans	(415,918)	-	(415,918)
Receipt (payment) for loan transfers between funds	402,025	-	402,025
Payments to employees and other payroll disbursements	(22,171)	-	(22,171)
Payments for goods and services	(12,594)	-	(12,594)
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund Receipts	1,006,742	-	1,006,742
Interfund Payments	(1,021,891)	-	(1,021,891)
Grant payments to other agencies	(12,128)	-	(12,128)
Other operating cash receipts	39,392	2	39,394
Other operating cash payments	(11,989)	-	(11,989)
Net cash provided by (used for) operating activities	(13,838)	2	(13,836)
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	-	-	-
Payment to defease bonds	-	-	-
Payment of bond issuance costs	(1,580)	-	(1,580)
Interest paid	(444)	-	(444)
Proceeds from issuance of short term debt	625,296	-	625,296
Payment of short term debt	(688,167)	-	(688,167)
Contributions to the State of Alaska or other State agencies	(40,795)	-	(40,795)
Transfers (to) from other funds	123,839	-	123,839
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	18,149	-	18,149
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	(2,199)	-	(2,199)
Proceeds from the disposal of capital assets	-	-	-
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	(84)	-	(84)
Interest paid on capital notes	-	-	-
Proceeds from the direct financing lease payments	-	-	-
Other cash payments	(411)	-	(411)
Net cash provided by (used for) capital financing activities	(2,694)	-	(2,694)
<u>Cash flows from investing activities:</u>			
Purchase of investments	(5,325,329)	(20)	(5,325,349)
Proceeds from maturity of investments	5,326,435	-	5,326,435
Interest received from investments	552	20	572
Net cash provided by (used for) investing activities	1,658	-	1,658
Net Increase (decrease) in cash	3,275	2	3,277
Cash at the beginning of year	37,812	363	38,175
Cash at the end of period	41,087	365	41,452
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	21,772	21	21,793
Adjustments:			
Depreciation expense	436	-	436
Provision for loan losses	(2,128)	-	(2,128)
Amortization of bond issuance costs	-	-	-
Net change in the fair value of investments	(7,822)	-	(7,822)
Transfers between funds for operating activity	(43,019)	-	(43,019)
Interest received from investments	(552)	(20)	(572)
Interest paid	444	-	444
Changes in assets and liabilities:			
Net increase (decrease) in mortgages and loans	12,242	-	12,242
Net increase (decrease) in assets and liabilities	4,789	1	4,790
Net cash provided by (used for) operating activities	(13,838)	2	(13,836)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2011

(in thousands of dollars)

	Bonds 1998 A	Bonds 1999 A	Bonds 2000 A-D	Bonds 2001 A,B
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	958	2,873	1,967	2,649
Principal payments received on mortgages and loans	3,677	9,701	7,324	8,027
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	349	229	461	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	4,380	13,044	10,085	10,966
Interfund Payments	(4,636)	(12,577)	(9,293)	(10,679)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	4,728	13,270	10,544	11,053
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(14,585)	(56,205)	(48,935)	(8,695)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(596)	(2,705)	(2,606)	(2,338)
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	8,692	38,680	36,544	6,461
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(6,489)	(20,230)	(14,997)	(4,572)
<u>Cash flows from capital financing activities:</u>				
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	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(8,854)	(24,479)	(37,734)	(13,961)
Proceeds from maturity of investments	10,509	31,054	42,044	15,540
Interest received from investments	106	385	143	10
Net cash provided by (used for) investing activities	1,761	6,960	4,453	1,589
Net Increase (decrease) in cash	-	-	-	8,070
Cash at the beginning of year	-	-	-	-
Cash at the end of period	-	-	-	8,070
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	754	1,123	410	(332)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(539)	(1,310)	(1,470)	143
Amortization of bond issuance costs	271	789	736	134
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	(525)	(1,564)	(180)	416
Interest received from investments	(106)	(385)	(143)	(10)
Interest paid	596	2,705	2,606	2,338
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	4,026	9,930	7,785	8,117
Net increase (decrease) in assets and liabilities	251	1,982	800	247
Net cash provided by (used for) operating activities	4,728	13,270	10,544	11,053

Schedule 19

Bonds 2009 A	Bonds 2009 A-1 2010 A, B	Mortgage Revenue Bonds Combined Total
-	3,572	12,019
-	8,304	37,033
-	-	-
-	(92,258)	(91,129)
-	-	-
-	-	-
-	-	-
-	-	-
-	10,468	48,943
-	(11,878)	(49,063)
-	-	-
-	-	-
-	-	-
-	(81,792)	(42,197)
-	78,581	78,581
-	(1,500)	(129,920)
-	-	-
-	-	-
(68)	(2,809)	(11,122)
-	-	-
-	-	-
-	-	-
(65,637)	30,986	55,726
-	-	-
(65,705)	105,258	(6,735)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(6)	(91,752)	(176,786)
65,705	68,218	233,070
6	68	718
65,705	(23,466)	57,002
-	-	8,070
-	-	-
-	-	8,070
(1,457)	(5,149)	(4,651)
-	-	-
-	3,906	730
148	29	2,107
-	-	-
1,205	1,999	1,351
(6)	(68)	(718)
68	2,809	11,122
-	(83,954)	(54,096)
42	(1,364)	1,958
-	(81,792)	(42,197)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2011

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2006 A	Bonds 2006 B	Bonds 2006 C
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	9,085	3,239	2,159	2,315
Principal payments received on mortgages and loans	28,528	11,051	11,652	9,279
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(24,500)	2,131	673	1,063
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	37,991	14,452	14,083	11,878
Interfund Payments	(37,623)	(14,293)	(13,814)	(11,597)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	13,481	16,580	14,753	12,938
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(1,260)	(13,655)	(11,685)	(11,615)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(5,821)	(3,184)	(2,229)	(2,648)
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	(2,638)	-	(1,134)	(595)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(9,719)	(16,839)	(15,048)	(14,858)
<u>Cash flows from capital financing activities:</u>				
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	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(103,766)	(17,942)	(17,840)	(15,668)
Proceeds from maturity of investments	99,940	18,186	18,123	17,575
Interest received from investments	64	15	12	13
Net cash provided by (used for) investing activities	(3,762)	259	295	1,920
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)	793	1,090	576	(144)
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	(519)	(1,489)	(1,004)	(441)
Amortization of bond issuance costs	31	130	115	110
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	2,227	467	367	363
Interest received from investments	(64)	(15)	(12)	(13)
Interest paid	5,821	3,184	2,229	2,648
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	4,028	13,182	12,325	10,342
Net increase (decrease) in assets and liabilities	1,164	31	157	73
Net cash provided by (used for) operating activities	13,481	16,580	14,753	12,938

Schedule 20
continued on next page

Bonds 2007 A	Bonds 2007 B	Bonds 2007 C	Bonds 2007 D	Bonds 2008 A	Bonds 2008 B	Bonds 2009 A
3,340	3,576	3,203	4,190	2,845	3,424	4,356
20,315	15,696	11,214	18,675	14,153	12,425	22,544
-	-	-	-	-	-	-
(11,790)	(11,969)	1,853	(10,781)	1,443	1,256	(19,733)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
23,733	19,591	15,650	22,756	17,503	15,844	28,189
(23,661)	(19,276)	(14,420)	(22,871)	(17,002)	(15,852)	(26,906)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,937	7,618	17,500	11,969	18,942	17,097	8,450
-	-	-	-	-	-	-
-	-	(14,485)	-	(15,525)	(12,965)	-
-	-	-	-	-	-	-
(2,821)	(2,818)	(3,230)	(3,350)	(2,972)	(3,531)	(3,013)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,563)	(941)	(1,167)	(1,592)	(1,408)	(1,070)	(1,450)
-	-	-	-	-	-	-
(4,384)	(3,759)	(18,882)	(4,942)	(19,905)	(17,566)	(4,463)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(34,407)	(31,690)	(20,378)	(35,956)	(20,062)	(19,053)	(37,060)
26,822	27,801	21,746	28,897	21,010	19,509	33,039
32	30	14	32	15	13	34
(7,553)	(3,859)	1,382	(7,027)	963	469	(3,987)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(276)	87	(455)	(217)	(324)	(423)	716
-	-	-	-	-	-	-
(54)	(165)	(197)	61	(329)	(315)	(429)
6	4	137	6	125	125	8
-	-	-	-	-	-	-
808	795	501	947	417	516	1,039
(32)	(30)	(14)	(32)	(15)	(13)	(34)
2,821	2,818	3,230	3,350	2,972	3,531	3,013
8,525	3,727	13,067	7,894	15,596	13,681	2,811
139	382	1,231	(40)	500	(5)	1,326
11,937	7,618	17,500	11,969	18,942	17,097	8,450

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(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
 FIRST TIME HOME BUYERS PROGRAM
 HOME MORTGAGE REVENUE BONDS
 For the Year Ended June 30, 2011
(in thousands of dollars)

	Bonds 2009 B	Bonds 2009 C	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	4,370	4,136	4,771	55,009
Principal payments received on mortgages and loans	24,210	4,876	30,363	234,981
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(19,875)	(1,467)	(18,639)	(110,335)
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	29,399	9,186	34,426	294,681
Interfund Payments	(28,586)	(9,015)	(35,142)	(290,058)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	9,518	7,716	15,779	184,278
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(6,830)	-	(88,020)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(2,996)	(3,548)	(3,055)	(45,216)
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	(2,149)	(441)	(2,757)	(18,905)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(5,145)	(10,819)	(5,812)	(152,141)
<u>Cash flows from capital financing activities:</u>				
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	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(37,767)	(14,390)	(41,028)	(447,007)
Proceeds from maturity of investments	33,359	17,483	31,023	414,513
Interest received from investments	35	10	38	357
Net cash provided by (used for) investing activities	(4,373)	3,103	(9,967)	(32,137)
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)	683	(176)	554	2,484
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(419)	27	(785)	(6,058)
Amortization of bond issuance costs	7	83	8	895
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	1,049	680	1,878	12,054
Interest received from investments	(35)	(10)	(38)	(357)
Interest paid	2,996	3,548	3,055	45,216
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	4,335	3,409	11,724	124,646
Net increase (decrease) in assets and liabilities	902	155	(617)	5,398
Net cash provided by (used for) operating activities	9,518	7,716	15,779	184,278

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2011

(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
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	1,236	601	840	560
Principal payments received on mortgages and loans	6,566	3,112	3,615	4,241
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(63)	(149)	(448)	(662)
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	8,105	3,984	4,602	4,910
Interfund Payments	(7,804)	(3,714)	(4,456)	(4,802)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	8,040	3,834	4,153	4,247
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(28,255)	(14,545)	(4,020)	(3,050)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(1,189)	(601)	(587)	(401)
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	10,567	3,893	(669)	(1,183)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(18,877)	(11,253)	(5,276)	(4,634)
<u>Cash flows from capital financing activities:</u>				
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	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(13,994)	(6,844)	(5,619)	(5,441)
Proceeds from maturity of investments	24,377	13,952	6,739	5,825
Interest received from investments	454	311	3	3
Net cash provided by (used for) investing activities	10,837	7,419	1,123	387
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)	497	196	105	341
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(508)	(162)	(22)	(82)
Amortization of bond issuance costs	524	276	43	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	(430)	(129)	135	198
Interest received from investments	(454)	(311)	(3)	(3)
Interest paid	1,189	601	587	401
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	6,503	2,963	3,167	3,579
Net increase (decrease) in assets and liabilities	719	400	141	(187)
Net cash provided by (used for) operating activities	8,040	3,834	4,153	4,247

Schedule 21

Collateralized Bonds 2006 First Series	Collateralized Bonds 2007 & 2008 First Series	Combined Total
12,265	3,258	18,760
62,601	12,999	93,134
-	-	-
(54,635)	(30,324)	(86,281)
-	-	-
-	-	-
-	-	-
-	-	-
77,202	16,390	115,193
(74,883)	(16,261)	(111,920)
-	-	-
-	-	-
-	-	-
22,550	(13,938)	28,886
-	-	-
(4,245)	(1,390)	(55,505)
-	-	-
-	-	-
(8,400)	(2,658)	(13,836)
-	-	-
-	-	-
(15,516)	(2,873)	(5,781)
-	-	-
(28,161)	(6,921)	(75,122)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(85,603)	(19,474)	(136,975)
91,158	40,306	182,357
56	27	854
5,611	20,859	46,236
-	-	-
-	-	-
-	-	-
-	-	-
2,971	(1,121)	2,989
-	-	-
(1,625)	975	(1,424)
42	34	919
-	-	-
2,456	801	3,031
(56)	(27)	(854)
8,400	2,658	13,836
7,966	(17,325)	6,853
2,396	67	3,536
22,550	(13,938)	28,886

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, 2011

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 2002 A	Governmental Purpose Bonds 1997 A
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	1,158	16,243	5,805	332
Principal payments received on mortgages and loans	4,621	45,146	27,963	1,168
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	163	(20,019)	(45,813)	-
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	6,269	57,928	34,174	-
Interfund Payments	(5,780)	(61,403)	(33,774)	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	31	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	6,431	37,926	(11,645)	1,500
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(5,370)	(2,410)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(12,297)	(7,090)	(33)
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	-	(1,570)	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	(19,237)	(9,500)	(33)
<u>Cash flows from capital financing activities:</u>				
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	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(6,438)	(108,821)	(56,834)	(2,406)
Proceeds from maturity of investments	-	90,111	77,859	933
Interest received from investments	7	21	120	6
Net cash provided by (used for) investing activities	(6,431)	(18,689)	21,145	(1,467)
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)	906	2,674	(3,001)	103
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	68	(1,229)	155	-
Amortization of bond issuance costs	-	159	56	7
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	180	2,272	1,663	180
Interest received from investments	(7)	(21)	(120)	(6)
Interest paid	-	12,297	7,090	33
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	4,784	25,127	(17,850)	1,168
Net increase (decrease) in assets and liabilities	500	(3,353)	362	15
Net cash provided by (used for) operating activities	6,431	37,926	(11,645)	1,500

Schedule 22

Governmental Purpose Bonds 2001 A-D	Combined Total
10,683	34,221
46,225	125,123
-	-
(11,459)	(77,128)
-	-
-	-
-	-
-	-
58,909	157,280
(56,921)	(157,878)
-	-
44	75
-	-
47,481	81,693
-	-
(4,450)	(12,230)
-	-
-	-
(4,672)	(24,092)
-	-
-	-
-	-
(63,403)	(64,973)
-	-
(72,525)	(101,295)
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
(121,064)	(295,563)
143,315	312,218
2,793	2,947
25,044	19,602
-	-
-	-
-	-
5,724	6,406
-	-
(97)	(1,103)
108	330
-	-
1,747	6,042
(2,793)	(2,947)
4,672	24,092
34,766	47,995
3,354	878
47,481	81,693

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, 2011

(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 Capital Project Bonds 2011 A
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	2,729	4,807	2,330	1,554
Principal payments received on mortgages and loans	12,655	20,625	11,365	4,122
Purchases of mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(12,151)	(18,240)	-	-
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	14,593	24,697	14,169	4,001
Interfund Payments	(15,386)	(25,437)	(13,699)	(5,676)
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	144	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	2,440	6,452	14,309	4,001
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	95,130
Principal paid on bonds	(415)	(1,630)	(3,145)	-
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(758)	(4,275)	(4,219)	(1,439)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	(263)	(927)	-	-
Transfers (to) from other funds	4,938	-	-	(94,844)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	3,502	(6,832)	(7,364)	(1,153)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	(11,961)
Proceeds from the disposal of capital assets	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	14,215
Principal paid on capital notes	(3,731)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(2,600)	-	-	-
Proceeds from the direct financing lease payments	-	-	3,304	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(6,331)	-	3,304	2,254
<u>Cash flows from investing activities:</u>				
Purchase of investments	(26,369)	(26,972)	(17,484)	(18,504)
Proceeds from maturity of investments	26,579	27,327	7,364	13,399
Interest received from investments	179	25	15	3
Net cash provided by (used for) investing activities	389	380	(10,105)	(5,102)
Net Increase (decrease) in cash	-	-	144	-
Cash at the beginning of year	-	-	250	-
Cash at the end of period	-	-	394	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(814)	(1,085)	(231)	(3,910)
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	138	666	(252)	2,550
Amortization of bond issuance costs	76	32	50	17
Net change in the fair value of investments	42	-	-	-
Transfers between funds for operating activity	692	1,047	398	1,975
Interest received from investments	(179)	(25)	(15)	(3)
Interest paid	3,358	4,275	4,219	1,439
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	504	2,385	11,365	4,122
Net increase (decrease) in assets and liabilities	(1,377)	(843)	(1,225)	(2,189)
Net cash provided by (used for) operating activities	2,440	6,452	14,309	4,001

Schedule 23

General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
7,309	4,270	22,999
23,796	24,405	96,968
-	-	-
(4,789)	(1,972)	(37,152)
-	-	-
-	-	-
-	-	-
-	-	-
33,073	28,692	119,225
(31,112)	(28,682)	(119,992)
-	-	-
-	74	218
-	(61)	(61)
28,277	26,726	82,205
-	-	95,130
(1,053)	(3,830)	(10,073)
-	-	-
-	-	-
(6,573)	(7,381)	(24,645)
-	-	-
-	-	-
(2,591)	-	(3,781)
-	-	(89,906)
-	-	-
(10,217)	(11,211)	(33,275)
-	-	(11,961)
-	-	-
-	-	14,215
(67)	-	(3,798)
-	-	-
(420)	-	(3,020)
-	3,467	6,771
-	-	-
(487)	3,467	2,207
(46,703)	(36,600)	(172,632)
28,928	17,591	121,188
202	40	464
(17,573)	(18,969)	(50,980)
-	13	157
-	2,719	2,969
-	2,732	3,126
(1,031)	(2,990)	(10,061)
-	-	-
449	(241)	3,310
33	75	283
14	-	56
1,225	828	6,165
(202)	(40)	(464)
6,993	7,381	27,665
19,007	22,433	59,816
1,789	(720)	(4,565)
28,277	26,726	82,205

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, 2011

(in thousands of dollars)

	Energy Programs	Low Rent Program	Affordable Housing Programs	Section 8 Vouchers Program
<u>Cash flows from operating activities:</u>				
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	(1,114)	(6,960)	(1,496)	(2,889)
Payments for goods and services	(3,723)	(6,920)	(1,491)	(288)
Cash received for externally funded programs	114,677	12,560	2,244	4,222
Cash received for Federal HAP subsidies	-	-	-	31,874
Payments for Federal HAP subsidies	-	-	-	(30,894)
Interfund Receipts	115,579	14,755	2,921	3,157
Interfund Payments	(115,345)	(17,240)	(2,846)	(4,516)
Grant payments to other agencies	(109,664)	-	-	-
Other operating cash receipts	282	5,908	2,092	56
Other operating cash payments	-	(6)	(2)	(56)
Net cash provided by (used for) operating activities	692	2,097	1,422	666
<u>Cash flows from noncapital financing activities:</u>				
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	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(1,083)	(1,137)	-	-
Proceeds from the disposal of capital assets	-	9	-	-
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	(1,083)	(1,128)	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	5	5	3	10
Net cash provided by (used for) investing activities	5	5	3	10
Net Increase (decrease) in cash	(386)	974	1,425	676
Cash at the beginning of year	1,945	9,050	5,008	2,068
Cash at the end of period	1,559	10,024	6,433	2,744
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(210)	(5,371)	(410)	1,041
<i>Adjustments:</i>				
Depreciation expense	4	5,495	1,164	11
Provision for loan losses	-	-	-	-
Amortization of bond issuance costs	-	-	-	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	950	2,711	263	(83)
Interest received from investments	(5)	(5)	(3)	(10)
Interest paid	-	-	-	-
<i>Changes in assets and liabilities:</i>				
Net increase (decrease) in mortgages and loans	-	-	-	-
Net increase (decrease) in assets and liabilities	(47)	(733)	408	(293)
Net cash provided by (used for) operating activities	692	2,097	1,422	666

Schedule 24

Other Programs	Combined Total
-	-
-	-
-	-
-	-
(1,016)	(13,475)
(269)	(12,691)
25,284	158,987
7,070	38,944
(7,046)	(37,940)
37,749	174,161
(25,476)	(165,423)
(36,509)	(146,173)
213	8,551
-	(64)
-	4,877

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

-	(2,220)
-	9
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	(2,211)

-	-
-	-
-	23
-	23

-	2,689
3	18,074
3	20,763

(26,921)	(31,871)
-	6,674
-	-
-	-
-	-
10,535	14,376
-	(23)
-	-
-	-
-	-
16,386	15,721
-	4,877

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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 \$99,360,000 aggregate principal amount of State Capital Project Bonds II, 2012 Series A (the “2012 Series A Bonds”) and \$50,000,000 aggregate principal amount of State Capital Project Bonds II, 2012 Series B (the “2012 Series B Bonds”; together with the 2012 Series A Bonds, the “2012 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 2012 Bonds are authorized and issued pursuant to the Act and a resolution of the Corporation adopted June 20, 2012, and are issued pursuant to the Indenture authorized by said resolution by and between the Corporation and U.S. Bank, National Association, as trustee (the “Trustee”), dated as of October 1, 2012, and the 2012 Series A Supplemental Indenture by and between the Corporation and the Trustee, dated as of October 1, 2012, and the 2012 Series B Supplemental Indenture by and between the Corporation and the Trustee, dated as of October 1, 2012, executed pursuant to said Indenture (together, the “Indenture”).

The 2012 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 2012 Series A Bonds in order for interest on the 2012 Series A 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 permitted by law and necessary or desirable to ensure that interest on the 2012 Series A 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 Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 as to matters affecting the tax-exempt status of the 2012 Series A 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 2012 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 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 2012 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 2012 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 statutes and court decisions, interest on the 2012 Series A Bonds is excluded from gross income for Federal income tax purposes.

7. Interest on the 2012 Series A Bonds 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 2012 Series A 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 2012 Series A Bonds.

8. Interest on the 2012 Series B Bonds is *included* in gross income for Federal income tax purposes. We express no opinion regarding any other consequences affecting the Federal income tax liability of a recipient of interest on the 2012 Series B Bonds.

9. Under existing laws, interest on the 2012 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 estate and inheritance taxes and taxes of transfers by or in anticipation of death).

10. 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 2012 Bond, or the interest thereon, if any change occurs or action is taken upon the advice or approval of other counsel.

Very truly yours,

Law Office of Kenneth E. Vassar, LLC

By: _____

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FORM OF OPINION OF SPECIAL TAX COUNSEL

Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, Alaska 99504

\$149,360,000
Alaska Housing Finance Corporation
State Capital Project Bonds II
\$99,360,000 2012 Series A
\$50,000,000 2012 Series B

Ladies and Gentlemen:

We have acted as Special Tax Counsel in connection with the issuance and sale of \$99,360,000 aggregate principal amount of Alaska Housing Finance Corporation State Capital Project Bonds II, 2012 Series A (the “2012 Series A Bonds”) and \$50,000,000 aggregate principal amount of Alaska Housing Finance Corporation State Capital Project Bonds II, 2012 Series B (the “2012 Series B Bonds”; together with the 2012 Series A Bonds, the “Bonds”). The Bonds will be issued pursuant to the State Capital Project Bonds II Indenture by and between the Alaska Housing Finance Corporation (the “Corporation”) and U.S. Bank, National Association, as trustee (the “Trustee”), dated as of October 1, 2012 (the “Indenture”), the 2012 Series A Supplemental Indenture by and between the Corporation and the Trustee, dated as of October 1, 2012, authorizing the issuance of the 2012 Series A Bonds (the “2012 Series A Supplemental Indenture”), and the 2012 Series B Supplemental Indenture by and between the Corporation and the Trustee, dated as of October 1, 2012, authorizing the issuance of the 2012 Series B Bonds (collectively with the 2012 Series A Supplemental Indenture, the “Supplemental Indenture”). 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 and the Supplemental Indenture, the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the “Tax Certificate”) 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 (the “Code”), under existing laws, regulations, rulings and judicial decisions, interest on the 2012 Series A Bonds is excluded from gross income for Federal income tax purposes.

We are further of the opinion that interest on the 2012 Series A Bonds 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 2012 Series A 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 are further of the opinion that interest on the 2012 Series B Bonds is *included* in gross income for Federal income tax purposes.

Any federal tax advice contained in this opinion was written to support the marketing of the 2012 Series B Bonds and is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding any penalties that may be imposed under the Code. All taxpayers should seek advice based on such taxpayer's particular circumstances from an independent tax advisor.

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 the Law Office of Kenneth E. Vassar, LLC as to the validity of the Bonds under the Constitution and laws of the State of Alaska.

Very truly yours,

/s/ Kutak Rock LLP

CERTAIN DEFINITIONS WITH RESPECT TO THE 2012 SERIES B BONDS

“Alternate Liquidity Facility” means any Liquidity Facility subsequent to the Initial Liquidity Facility that the Corporation may provide pursuant to the 2012 Series B Supplemental Indenture. This Official Statement is intended to describe 2012 Series B Bonds only when they are covered by the Initial Liquidity Facility.

“Bondholder” or “Holder” means, for purposes of this Official Statement, any Holder (as defined under the Indenture) of Offered Bonds, except that (i) where the context so requires, such terms shall mean Holders of Bonds under the Indenture and (ii) except under “Tax Matters” herein, so long as the Offered Bonds are immobilized in the custody of DTC, such terms shall mean, for purposes of giving notice to such Bondholders or Holders, DTC or its nominee. (“Book Entry Only” herein.)

“Conversion Date” means the Business Day on which any of the 2012 Series B Bonds are Converted to Fixed Interest Rates or an Indexed Rate.

“Convert”, “Converted” or “Conversion”, as appropriate, means the conversion of the interest rate on the 2012 Series B Bonds to Fixed Interest Rates or an Indexed Rate as herein described.

“Effective Rate” means the rate of interest, which rate shall be less than or equal to the Maximum Rate, payable on the 2012 Series B Bonds prior to Conversion, determined for each Effective Rate Period.

“Effective Rate Date” means the date on which the 2012 Series B Bonds begin to bear interest at the Effective Rate.

“Effective Rate Period” means the period during which interest accrues under a particular Mode from one Effective Rate Date to and including the day preceding the next Effective Rate Date.

“Fixed Interest Rates” means long-term interest rates fixed to maturity of an 2012 Series B Bond, established in accordance with the 2012 Series B Supplemental Indenture. This Official Statement is not intended to describe the 2012 Series B Bonds following a Conversion to Fixed Interest Rates.

“Indexed Rate” means an index-based variable rate determined in accordance with the 2012 Series B Supplemental Indenture. This Official Statement is not intended to describe the 2012 Series B Bonds following a Conversion to an Indexed Rate.

“Liquidity Facility” means, for purposes of the 2012 Series B Bonds, any Liquidity Facility provided pursuant to the 2012 Series B Supplemental Indenture by the Corporation, including the Initial Liquidity Facility.

“Maximum Rate” means, with respect to 2012 Series B Bonds bearing interest at a Weekly Rate, 12% per annum.

“Mode” means the manner in which the interest rate on the 2012 Series B Bonds is determined, consisting of a Daily Rate, Weekly Rate, Monthly Rate, Quarterly Rate or Semiannual Rate. This Official Statement is not intended to describe 2012 Series B Bonds bearing interest at other than a Weekly Rate.

“Mode Change” means a change in Mode Period.

“Mode Change Date” means the effective date of a Mode Change.

“Mode Period” means each period beginning on the first Effective Rate Date for the 2012 Series B Bonds, or the first Effective Rate Date following a change from one Mode to another, and ending on the date immediately preceding the first Effective Rate Date following the next such change in Mode.

“Notice Parties” means the Corporation, the Remarketing Agent, the Tender Agent, and the Trustee.

“Rate Determination Date” means the date on which the Effective Rate for the Effective Rate Period following each such Rate Determination Date is determined, which, with respect to an Effective Rate Period during which the 2012 Series B Bonds are to bear interest at a Weekly Rate, is the first Business Day preceding the related Effective Rate Date.

“Remarketing Agent” means J.P. Morgan and its successors and assigns, unless another remarketing agent shall be duly appointed in accordance with the Indenture.

“Seven Day LIBOR” means, with respect to any Effective Rate Period, the per annum rate (rounded, if necessary, to the nearest one-hundredth of one percent) for deposits in United States dollars for seven days that appears on the Official LIBOR Page as of 11:00 a.m., London, England time, on the second Business Day immediately preceding the Effective Rate Date; provided that if such rate does not appear on the Official LIBOR Page or if fewer than two offered rates appear thereon, then Seven Day LIBOR means the rate determined by the Trustee to be the arithmetic mean (rounded, if necessary, to the nearest one-hundredth of one percent) of two or more quotations, requested and received by the Trustee from the principal London, England office of at least two major banks that are engaged in transactions in the London, England interbank market, for United States dollar deposits for seven days to prime banks in the London, England interbank market as of 11:00 a.m., London, England time, on the date such quotations are requested and received; and provided, further, that if on such date fewer than two quotations are received, Seven Day LIBOR means the arithmetic mean (rounded, if necessary, to the nearest one-hundredth of one percent) of the offered rates that one or more leading banks in New York, New York (other than the Trustee or a bank owned by or affiliated with the Trustee) are quoting, as of 11:00 a.m., New York time, on such date, to leading European banks for United States dollar deposits for seven days; and provided, further, that if such New York banks are not quoting such rates, Seven Day LIBOR means the Seven Day LIBOR applicable to the immediately preceding Effective Rate Period.

“Tender Agent” means U.S. Bank National Association, organized and existing under the laws of the United States of America, and its successors and assigns.

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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 \$99,360,000 aggregate principal amount of its State Capital Project Bonds II, 2012 Series A (the “2012 Series A Bonds”) and \$50,000,000 aggregate principal amount of its State Capital Project Bonds II, 2012 Series B (the “2012 Series B Bonds”; together with the 2012 Series A Bonds, 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 October 1, 2012 (the “Master Indenture”), a 2012 Series A Supplemental Indenture, dated as of October 1, 2012, by and between the Corporation and the Trustee, and a 2012 Series B Supplemental Indenture, dated as of October 1, 2012, by and between the Corporation and the Trustee (collectively, together with the Master Indenture, 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 September 19, 2012.

“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, 2012) 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 constituting 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 Subject 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 Corporation or the sale of all or substantially all of the assets of the Corporation, 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 Subject 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: _____, 2012

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: \$149,360,000 State Capital Project Bonds II,
2012 Series A and 2012 Series B

Date of Issuance: October 17, 2012

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: _____

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