

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.



\$193,855,000
ALASKA HOUSING FINANCE CORPORATION
State Capital Project Bonds II
\$150,000,000 2017 Series B (Federally Taxable) (Variable Rate)
\$43,855,000 2017 Series C

<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 opinions of Co-Bond Counsel, interest on the 2017 Series B Bonds described above (i) is <i>included</i> in gross income for Federal income tax purposes and (ii) is free from taxation by the State under existing law (<i>except</i> 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). In the opinions of Co-Bond Counsel, interest on the 2017 Series C Bonds described above (A) under existing laws, regulations, rulings and judicial decisions, (i) is excluded from gross income for Federal income tax purposes and (ii) 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, and (B) is free from taxation by the State under existing law (<i>except</i> 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). Co-Bond 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 2017 Series B Bonds and the 2017 Series C Bonds (collectively, 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 — Optional Redemption."
<i>Interest Rates;</i>	The 2017 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 2017 Series B Bonds." THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE 2017 SERIES B BONDS THAT ARE NOT IN A WEEKLY MODE PERIOD. The 2017 Series B Bonds in a Weekly Mode Period are subject to optional and mandatory tender for purchase as described under "The Offered Bonds — Description of the 2017 Series B Bonds." The 2017 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 2017 SERIES B BONDS ONLY WHEN THEY ARE COVERED BY THE INITIAL LIQUIDITY FACILITY. Payment by the Corporation of the purchase price of 2017 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 2017 Series B Bonds."
<i>Initial Liquidity Facility</i>	
<i>Security</i>	The 2017 Series C Bonds will bear interest at the rates set forth on the inside cover page. 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 Bonds are not secured by the pledge of any mortgage loans. The State has never provided, does not currently provide, and the Corporation does not expect the State to provide in the future, a source of funds for the payment of debt service on the Bonds. 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>	Each June 1 and December 1, commencing June 1, 2018.
<i>Denominations</i>	2017 Series B Bonds: \$100,000 or any integral multiple of \$5,000 in excess thereof. 2017 Series C Bonds: \$5,000 or any integral multiple thereof.
<i>Delivery Dates</i>	2017 Series B Bonds: December 7, 2017. 2017 Series C Bonds: December 21, 2017.
<i>Co-Bond Counsel</i>	Kutak Rock LLP and Law Office of Kenneth E. Vassar, LLC.
<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 Co-Bond Counsel, and to the confirmation of certain tax matters by Co-Bond Counsel, and to certain other conditions.

BofA Merrill Lynch
RBC Capital Markets

Jefferies[†]
J.P. Morgan

Raymond James
Wells Fargo Securities

December 4, 2017

[†] Sole underwriter with respect to the 2017 Series B Bonds.

MATURITY SCHEDULE

\$150,000,000 2017 Series B Bonds(Federally Taxable) (Variable Rate)

\$150,000,000 2017 Series B Bonds due December 1, 2047

Price: 100% CUSIP[†]: 011839NY9

\$43,855,000 2017 Series C Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Priced to Yield</u>	<u>CUSIP[†]</u>
June 1, 2024	\$3,765,000	5.00%	2.21%	011839PA9
December 1, 2024	3,770,000	5.00	2.26	011839PB7
June 1, 2025	3,870,000	5.00	2.34	011839PC5
December 1, 2025	3,870,000	5.00	2.39	011839PD3
June 1, 2026	4,140,000	5.00	2.43	011839PE1
December 1, 2026	4,140,000	5.00	2.48	011839PF8
June 1, 2027	4,360,000	5.00	2.52	011839PG6
December 1, 2027	4,365,000	5.00	2.56	011839PH4
June 1, 2029	2,440,000	5.00	2.68 ^{††}	011839PJ0
December 1, 2029	2,440,000	5.00	2.71 ^{††}	011839PK7
June 1, 2031	2,645,000	5.00	2.81 ^{††}	011839PL5
December 1, 2031	2,650,000	5.00	2.81 ^{††}	011839PM3
June 1, 2032	700,000	5.00	2.86 ^{††}	011839PN1
December 1, 2032	700,000	5.00	2.86 ^{††}	011839PP6

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGrawHill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. This CUSIP number has been assigned by an independent company not affiliated with the Corporation and is included solely for the convenience of the registered owners of the applicable Offered Bonds. The Corporation and the Underwriters are not responsible for the selection or uses of the CUSIP number, and no representation is made as to its correctness by the Corporation or the Underwriters on the Offered Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Offered Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Offered Bonds.

^{††} Priced at the stated yield to the December 1, 2027 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. The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information. 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 overallocate 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

\$193,855,000 State Capital Project Bonds II

\$150,000,000 2017 Series B (Federally Taxable) (Variable Rate)

\$43,855,000 2017 Series C

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, 2017 Series B (the “2017 Series B Bonds”) and 2017 Series C (the “2017 Series C Bonds”; together with the 2017 Series B 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 2017 Series B Supplemental Indenture, dated as of December 1, 2017 (the “2017 Series B Supplemental Indenture”), by and between the Corporation and the Trustee, and a 2017 Series C Supplemental Indenture, dated as of December 1, 2017 (the “2017 Series C Supplemental Indenture”; together with the 2017 Series B Supplemental Indenture, the “2017 Series B and C 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 2017 Series B and C Supplemental Indenture) are referred to collectively as the “Indenture.” The Bonds issued under the Indenture prior to the issuance of the Offered Bonds are referred to collectively as the “Prior Series Bonds.” 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 2017 Series B Bonds and the 2017 Series C Bonds are the thirteenth and fourteenth Series of Bonds, respectively, issued under the Indenture. As of October 31, 2017, there were Prior Series Bonds Outstanding in the aggregate principal amount of \$939,725,000. The Corporation is permitted to issue additional bonds (including refunding bonds) pursuant to and secured under the Indenture (“Additional Bonds”), subject to certain conditions. See “Summary of Certain Provisions of the Indenture — Issuance and Delivery of Bonds.” The Offered Bonds will be secured on a parity with the Prior Series Bonds and any Additional Bonds.

The proceeds of the Offered Bonds are expected to be used to refund certain outstanding bonds of the Corporation (the “Refunded Bonds”), for other purposes for which the Corporation

is authorized by the Act and permitted by the Indenture to expend its funds, and to pay costs of issuance. See “Application of Funds.”

Jefferies LLC will act as sole underwriter with respect to the 2017 Series B Bonds. The underwriters listed on the cover page (collectively, the “Underwriters”) will act as underwriters with respect to the 2017 Series C Bonds. The obligation of Jefferies LLC to purchase the 2017 Series B Bonds is *not* conditioned on the issuance and delivery of the 2017 Series C Bonds. The obligation of the Underwriters to purchase the 2017 Series C Bonds is *not* conditioned on the issuance and delivery of the 2017 Series B Bonds. See “Underwriting.”

THE PRIMARY SOURCE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE OFFERED BONDS WILL BE THE CORPORATION’S GENERAL UNRESTRICTED FUNDS. NO MORTGAGE LOANS WILL BE PLEDGED TO THE PAYMENT OF THE OFFERED BONDS. THE STATE HAS NEVER PROVIDED, DOES NOT CURRENTLY PROVIDE, AND THE CORPORATION DOES NOT EXPECT THE STATE TO PROVIDE IN THE FUTURE, A SOURCE OF FUNDS FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS.

The 2017 Series B Bonds will initially be issued in a Weekly Mode Period. The Corporation may elect to cause 2017 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, 2017 Series B Bonds will be subject to mandatory tender for purchase. See “The Offered Bonds — Description of the 2017 Series B Bonds — Mandatory Tender.” **THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE 2017 SERIES B BONDS THAT ARE NOT IN A WEEKLY MODE PERIOD.** While in a Weekly Mode Period, 2017 Series B Bonds also are subject to tender by the Holders thereof under the circumstances set forth in the 2017 Series B Supplemental Indenture.

Jefferies LLC initially will act as Remarketing Agent with respect to the 2017 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 2017 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 2017 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 December 1, 2017 (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 2017 Series B Bonds under the Initial Liquidity Facility is not a source of payment

of principal of and interest on the 2017 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 2017 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 2017 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 2017 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 2017 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. In such event and under other circumstances, 2017 Series B Bonds will be subject to mandatory tender for purchase. See “The Offered Bonds — Description of the 2017 Series B Bonds — Mandatory Tender.” **THIS OFFICIAL STATEMENT IS INTENDED TO DESCRIBE 2017 SERIES B BONDS ONLY WHEN THEY ARE COVERED BY THE INITIAL LIQUIDITY FACILITY.** See “The Corporation’s Obligation to Purchase 2017 Series B Bonds.”

The Initial Liquidity Facility and the Corporation’s obligations thereunder also will terminate if the Corporation elects to Convert the 2017 Series B Bonds to bear interest at Fixed Interest Rates or an Indexed Rate. No Alternate Liquidity Facility will be required in connection with the 2017 Series B Bonds subsequent to the exercise of either of the foregoing options. In each such case and under other circumstances, 2017 Series B Bonds will be subject to mandatory tender for purchase. See “The Offered Bonds — Description of the 2017 Series B Bonds — Mandatory Tender.” **THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE THE 2017 SERIES B BONDS SUBSEQUENT TO THEIR CONVERSION TO FIXED INTEREST RATE BONDS OR INDEXED RATE BONDS.** See “The Corporation’s Obligation to Purchase 2017 Series B Bonds.”

The Initial Liquidity Facility and the Corporation’s obligations thereunder also will terminate if the Corporation elects to redeem the 2017 Series B Bonds. See “The Corporation’s Obligation to Purchase 2017 Series B 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 substantially 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."

In this Official Statement "Bondholder" or "Holder" means any holder 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. (See "Book Entry Only" herein.)

The summaries herein of the Offered Bonds, the Indenture, 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." **THE PRIMARY SOURCE OF PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS WILL BE THE CORPORATION'S GENERAL UNRESTRICTED FUNDS. NO MORTGAGE LOANS WILL BE PLEDGED TO THE PAYMENT OF THE BONDS. THE STATE HAS NEVER PROVIDED, DOES NOT CURRENTLY PROVIDE, AND THE CORPORATION DOES NOT EXPECT THE STATE TO PROVIDE IN THE FUTURE, A SOURCE OF FUNDS FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS.** 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 (net of Underwriters' discount) are expected to be applied approximately as follows:

Refunding of Refunded Bonds	\$101,963,077.10
Other Authorized Purposes of the Corporation	99,879,934.87
Payment of Costs of Issuance	<u>200,000.00</u>
TOTAL	<u>\$202,043,011.97</u>

THE CORPORATION'S OBLIGATION TO PURCHASE 2017 SERIES B BONDS

Pursuant to the Initial Liquidity Facility, the Corporation is required to purchase those 2017 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 2017 Series B Bonds, will terminate upon (i) the conversion of the interest rate on the 2017 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 2017 Series B Bonds.

In the event that at 10:00 A.M. New York time three Business Days prior to any 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 2017 Series B Bonds to be tendered on such 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 2017 Series B Bonds to be tendered. At 4:00 P.M. New York time on the Business Day immediately preceding such 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 2017 Series B Bonds to be tendered on such 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 2017 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 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 2017 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 2017 Series B Bonds, from other sources available to the Corporation. By 4:30 P.M. New York time on such 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 Purchase Date and any interest paid to the Tender Agent, to the purchase of the 2017 Series B Bonds duly tendered.

The Corporation's obligation to purchase 2017 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 2017 Series B Bonds. The obligation of the Corporation to deposit moneys with the Tender Agent for the purchase of 2017 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 2017 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 2017 Series B Bonds. **In the event that any 2017 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 2017 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 2017 Series B Bonds to be remarketed at par). Holders of 2017 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 2017 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 2017 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 2017 Series B Bonds) that are not pledged under the Indenture or pursuant to other bond indentures of the Corporation if the 2017 Series B Bonds would be an eligible investment for the proceeds of the sale of such investments and if such investment in 2017 Series B Bonds would not result in the cancellation of such 2017 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 2017 Series B Bonds.

Prior to the conversion (if any) of the interest rate on the 2017 Series B Bonds to Fixed Interest Rates or an Indexed Rate, the Corporation agrees that it shall maintain its obligation to purchase 2017 Series B Bonds pursuant to the Initial Liquidity Facility or furnish one or more Alternate Liquidity Facilities in substitution for such obligation. The 2017 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 2017 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 2017 Series B Bonds will bear interest from their dated date at the Effective Rate determined by the Remarketing Agent. The 2017 Series B Bonds initially will bear interest at a Weekly Rate. **THIS OFFICIAL STATEMENT IS NOT INTENDED TO DESCRIBE 2017 SERIES B BONDS THAT ARE NOT IN A WEEKLY MODE PERIOD.** Interest accrued on the 2017 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 2017 Series B Bonds has the option of tendering the Bonds to the Tender Agent in accordance with the provisions of the 2017 Series B Supplemental Indenture as described under “Description of the 2017 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, 2017 Series B Bonds in a Weekly Mode Period tendered or deemed tendered to the Tender Agent, which tendered 2017 Series B Bonds are not remarketed. For additional information with respect to the 2017 Series B Bonds, see also Appendix C — “Certain Definitions with Respect to the 2017 Series B Bonds.”

The 2017 Series C 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 set forth on the inside cover page.

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.

Optional Redemption

The 2017 Series B Bonds in a Weekly Mode Period are subject to redemption, on any Business Day, 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.

The 2017 Series C Bonds 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 December 1, 2027, in whole or in part, from any source of funds.

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 maturity bearing the same interest rate (and otherwise of like tenor) are to be redeemed, the particular Offered Bonds of such maturity bearing the same interest rate (and otherwise of like tenor) 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 2017 Series B Bonds

See Appendix C for the definitions of certain capitalized terms with respect to the 2017 Series B Bonds.

Interest on the 2017 Series B Bonds

From the date of initial authentication and delivery of the 2017 Series B Bonds to but not including December 14, 2017, the 2017 Series B Bonds will bear interest at the Weekly Rate determined in advance by the Remarketing Agent. Thereafter, 2017 Series B Bonds will bear interest, commencing on each Effective Rate Date (for 2017 Series B Bonds while in the Weekly Mode Period, 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 2017 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 2017 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 2017 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 2017 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 2017 Series B Bonds.

The determination by the Remarketing Agent of the Weekly Rate to be borne by the 2017 Series B Bonds shall be conclusive and binding on the Holders of such 2017 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 2017 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 2017 Series B Bonds will automatically bear interest at a Weekly Rate and such 2017 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 2017 Series B Bonds is not so determined by the Remarketing Agent for two consecutive Effective Rate Periods, the interest rate on the 2017 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 2017 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 2017 Series B Bonds in the first two columns:

2017 Series B Bonds Short-Term Rating (S&P/Fitch)		2017 Series B Bonds Long-Term Rating (S&P/Fitch)		<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 2017 Series B Bonds will automatically bear interest at the Maximum Rate.

In the event that any 2017 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 2017 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 2017 Series B Bonds to be remarketed at par).

Optional Tender

Holders of the 2017 Series B Bonds in a Weekly Mode Period may elect to tender their 2017 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 2017 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 2017 Series B Bonds by the Holders thereof will be irrevocable once such notice is given.

The 2017 Series B Bonds will be subject to mandatory tender for purchase as described below.

Mandatory Tender

The 2017 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 2017 Series B Bonds subject to such mandatory tender will be deemed to have tendered their 2017 Series B Bonds upon such date.

Remarketing

On each date on which 2017 Series B Bonds are required to be purchased, the Remarketing Agent shall use its best efforts as described herein to sell such 2017 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 2017 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 2017 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 2017 Series B Bond certificates. Any 2017 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 2017 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. 2017 Series B Bond certificates will be issued in place of Untendered Bonds pursuant to the Indenture and, after the issuance of the replacement 2017 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 2017 Series B Supplemental Indenture provides that the Corporation has the option to Convert all or a portion of the 2017 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 2017 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 2017 Series B Bonds will be subject to mandatory tender for purchase.

Special Considerations Relating to the 2017 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 2017 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 2017 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 2017 Series B Bonds on the Effective Rate Date. Each such rate is required by the 2017 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 2017 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 2017 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 2017 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 2017 Series B Bonds by purchasing and selling 2017 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 2017 Series B Bonds. Thus, investors who purchase the 2017 Series B Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2017 Series B Bonds other than by tendering the 2017 Series B Bonds in accordance with the tender process.

The Remarketing Agent may also sell any 2017 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 2017 Series B Bonds. If the Remarketing Agent purchases 2017 Series B Bonds for its own account, it may offer those 2017 Series B Bonds at a discount to par to some investors. The purchase of 2017 Series B Bonds by the Remarketing Agent may create the appearance that there is greater third-party demand for the 2017 Series B Bonds in the market than is actually the case. The practices described above also may result in fewer 2017 Series B Bonds being tendered in a remarketing.

2017 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 2017 Series B Bonds on the Effective Rate Date. Each such rate is required by the 2017 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 2017 Series B Bonds on the Effective Rate Date being 100% of the principal amount thereof, and which will not exceed the Maximum Rate. There may or may not be 2017 Series B Bonds tendered and remarketed on an Effective Rate Date, and the Remarketing Agent may or may not be able to remarket any 2017 Series B Bonds tendered for purchase on such date at par. As an owner of 2017 Series B Bonds, the Remarketing Agent may sell 2017 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 2017 Series B Bonds at the remarketing price.

The Ability to Sell the 2017 Series B Bonds Other Than through the Tender Process May Be Limited

Investors who purchase the 2017 Series B Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2017 Series B Bonds other than by tendering the 2017 Series B Bonds in accordance with the tender process.

The Corporation may fail to purchase such tendered 2017 Series B Bonds when it is obligated to do so pursuant to the Initial Liquidity Facility. In such case, tendered 2017 Series B Bonds would be returned to holders thereof and all 2017 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 2017 Series B Bonds to be remarketed at par). It is not

certain that following a failure to purchase the 2017 Series B Bonds, a secondary market for the 2017 Series B Bonds will develop.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the 2017 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 2017 Series B Bonds will bear interest at the rate described in the fifth paragraph under the heading “Description of the 2017 Series B Bonds — Interest on the 2017 Series B Bonds,” and owners optionally tendering their 2017 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 all Offered Bonds of each particular Series and maturity bearing the same interest rate (and otherwise of like tenor), in the aggregate principal amount of the Offered Bonds of such Series and maturity bearing the same interest rate (and otherwise of like tenor), 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 the Offered Bonds of a particular Series and maturity bearing the same interest rate (and otherwise of like tenor) are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Offered Bonds of such Series and maturity bearing the same interest rate (and otherwise of like tenor) 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.

A Beneficial Owner shall give notice to elect to have its 2017 Series B Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such 2017 Series B Bonds by causing the Direct Participant to transfer the Participant's interest in the 2017 Series B Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of 2017 Series B Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2017 Series B Bonds are transferred by Direct

Participants on DTC's records and followed by a book-entry credit of tendered 2017 Series B Bonds to the Tender Agent's DTC account.

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

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

If bond certificates are issued, the principal 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 2017 Series B Bonds, the immediately preceding Business Day, and (ii) in the case of the 2017 Series C Bonds, the 20th day of the preceding month, 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; and the Corporation’s \$60,250,000 State Capital Project Bonds, 2002 Series C.

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. 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—Dividend to the State of Alaska” below was obtained from the October 2017 Mortgage and Bond Disclosure Report of the Corporation and the audited financial statements of the Corporation as of and for the year ended June 30, 2017. 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. Brent LeValley Chair	Senior Vice President (Ret.) Denali State Bank Fairbanks, Alaska
Mr. Alan Wilson Vice Chair	President Alaska Renovators, Inc. Juneau, Alaska
Mr. Haven Harris	Director Aleutian Pribilof Island Community Development Association Anchorage, Alaska
Ms. Carol Gore	President/CEO Cook Inlet Housing Authority Anchorage, Alaska
Mr. Sheldon Fisher	Commissioner Alaska Department of Revenue Juneau, Alaska
Ms. Valerie Davidson Commissioner Alaska Department of Health and Social Services	Mr. Randall Burns (designee) Division Director Alaska Department of Health and Social Services Juneau, Alaska
Mr. Mike Navarre Commissioner Alaska Department of Commerce, Community and Economic Development	Mr. Fred Parady (designee) Deputy Commissioner Alaska Department of Commerce, Community and Economic Development Juneau, 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: Accounting, Administrative Services, Audit, Budget, Construction, Finance, Governmental Relations and Public Affairs, Human Resources, Information Services, Mortgage, Planning, Public Housing, Research and Rural Development, Risk Management and Sourcing and Contract Compliance. Principal financial officers of the Corporation are as follows:

Bryan D. Butcher - Chief Executive Officer/Executive Director. Mr. Butcher rejoined the Corporation on August 7, 2013. Prior to his appointment as Chief Executive Officer/Executive Director, Mr. Butcher served as Commissioner of the Alaska Department of Revenue from January 2011 to August 2013, as the Corporation's director of governmental relations and public affairs from 2003 to 2011, and as a senior aide to the House and Senate Finance Committees of the Alaska Legislature for 12 years. Mr. Butcher holds a Bachelor of Science degree from the University of Oregon.

Mark Romick - Deputy Executive Director. Mr. Romick has been with the Corporation since July 1992 and previously served as the Director of Planning and Program Development. He previously worked for the Alaska State Housing Authority and the Alaska Housing Market Council. Mr. Romick holds a Master's degree in Economics from the University of Alaska.

Michael L. Strand - Chief Financial Officer/Finance Director. 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.

Gerard Deta - Senior Finance Officer. Mr. Deta has been with the Corporation since 2001, and previously served as Finance Officer and Financial Analyst II. Prior to joining the Corporation, he served as an auditor with Deloitte & Touche LLP. Mr. Deta is 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.

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 October 31, 2017:

<u>Bond Series</u>	<u>Amount Outstanding</u>	<u>Liquidity Provider (or Self-Liquidity)</u>	<u>Facility Expiration Date</u>
Governmental Purpose Bonds, 1997 Series A	\$ 14,600,000	Self-Liquidity	NA [†]
Governmental Purpose Bonds, 2001 Series A and B	102,535,000	Self-Liquidity	NA [†]
State Capital Project Bonds, 2002 Series C	32,065,000	Self-Liquidity	NA [†]
Home Mortgage Revenue Bonds, 2002 Series A	37,540,000	JPMorgan Chase Bank, N.A.	December 10, 2018
Home Mortgage Revenue Bonds, 2007 Series A, B and D	236,915,000	Federal Home Loan Bank- Des Moines	May 25, 2021
Home Mortgage Revenue Bonds, 2009 Series A	80,880,000	The Bank of Tokyo Mitsubishi UFJ, Ltd.	June 28, 2019
Home Mortgage Revenue Bonds, 2009 Series B	80,880,000	Wells Fargo Bank, N.A.	January 11, 2019
Home Mortgage Revenue Bonds, 2009 Series D	<u>80,870,000</u>	Bank of America, N.A.	May 8, 2020
	<u>\$666,285,000</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. The Corporation funds its Tax-Exempt First-Time Homebuyer Program with the proceeds of Mortgage Revenue Bonds. Qualified mortgage loans and/or mortgage-backed securities are pledged as collateral for the Mortgage Revenue Bonds. Mortgage Revenue Bonds are also general obligations of the Corporation.

Home Mortgage Revenue Bonds. The Corporation funds its Rural and Taxable Programs with the proceeds of Home Mortgage Revenue Bonds. Mortgage loans and/or mortgage-backed securities are pledged as collateral for the Home Mortgage Revenue Bonds. Home Mortgage Revenue Bonds are also general obligations of the Corporation.

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

General Mortgage Revenue Bonds II. The Corporation issues General Mortgage Revenue Bonds II to finance the purchase of mortgage loans or to refund other obligations of the Corporation. Mortgage loans and other assets are pledged as collateral for the General Mortgage

Revenue Bonds II. General Mortgage Revenue Bonds II 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 and State Capital Project Bonds II. The Corporation issues State Capital Project Bonds and State Capital Project Bonds II to finance designated capital projects of State agencies and the Corporation and to refund other obligations of the Corporation. State Capital Project Bonds and State Capital Project Bonds II 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 and State Capital Project Bonds II are general obligations of the Corporation.

The following tables set forth certain information as of October 31, 2017 regarding bonds issued under the above-described financing programs and the Bonds issued under the Indenture:

Bonds Issued and Remaining Outstanding by Program

<u>Bond Program</u>	<u>Issued through</u> <u>10/31/2017</u>	<u>Issued During</u> <u>Four Months</u> <u>Ended</u> <u>10/31/2017</u>	<u>Outstanding</u> <u>as of</u> <u>10/31/2017</u>
Home Mortgage Revenue Bonds	\$ 1,262,675,000	\$ 0	\$ 517,085,000
Mortgage Revenue Bonds	1,449,010,353 [†]	0	226,805,000
State Capital Project Bonds	680,190,000	0	69,200,000
State Capital Project Bonds II	1,033,105,000	143,955,000	939,725,000
General Mortgage Revenue Bonds II	295,890,000	0	212,730,000
Governmental Purpose Bonds	973,170,000	0	117,135,000
Veterans Collateralized Bonds	1,950,385,000	0	49,400,000
Other Bonds	<u>10,937,173,769</u>	<u>0</u>	<u>0</u>
Total Bonds	<u>\$ 18,581,599,122</u>	<u>\$ 143,955,000</u>	<u>\$ 2,132,080,000</u>

[†] Includes release of proceeds of \$193,100,000 Mortgage Revenue Bonds originally issued in 2009.

Summary of Bonds Issued and Remaining Outstanding

	Issued through <u>10/31/2017</u>	Issued during Four Months Ended <u>10/31/2017</u>	Outstanding as of <u>10/31/2017</u>
Tax-Exempt Bonds	\$13,756,339,122 [†]	\$143,955,000	\$1,941,700,000
Taxable Bonds	<u>4,825,260,000</u>	<u>0</u>	<u>190,380,000</u>
Total Bonds	<u>\$18,581,599,122</u>	<u>\$143,955,000</u>	<u>\$2,132,080,000</u>
Self-Liquidity Bonds ^{††}	\$ <u>744,620,000</u>	\$ <u>0</u>	\$ <u>149,200,000</u>

[†] Includes release of proceeds of \$193,100,000 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.

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

TBA Markets. From time to time, in lieu of utilizing the proceeds of bond issues to finance certain federally insured or guaranteed mortgage loans, the Corporation pools those mortgage loans into GNMA Mortgage-Backed Securities and sells the securities into the national TBA ("To Be Announced") future delivery market.

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.

In addition to the lending programs described below, the Corporation has committed to make a loan of up to \$159,425,000 for the construction and rehabilitation of rental housing on two United States Army bases in the State, Fort Wainwright and Fort Greely, bearing interest at a rate of 6.625% per annum and amortizing over a 40-year term, of which approximately \$120 million has been funded (\$50 million on November 20, 2013, \$23.9 million on July 29, 2016, and \$46 million on June 9, 2017), with the remainder to be funded prior to the end of October 2018.

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 calculated cost of funds 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 October 31, 2017 regarding the mortgage loans financed under the above-described lending programs:

Mortgage Purchases by Program

<u>Loan Program</u>	Original Principal Balance of Mortgage Loans Purchased <u>during FY 2017</u>	Original Principal Balance of Mortgage Loans Purchased during the Four Months Ended <u>10/31/2017</u>
Taxable Other	\$174,096,325	\$60,158,963
Tax-Exempt First-Time Homebuyer	73,034,864	38,605,846
Taxable First-Time Homebuyer	62,372,968	30,920,227
Multi-Family and Special Needs	106,497,060	13,068,800
Rural	52,476,963	15,712,107
Veterans Mortgage Program	<u>6,438,712</u>	<u>8,944,963</u>
Total Mortgage Purchases	<u>\$474,916,892</u>	<u>\$167,410,906</u>
Percentage of Original Principal Balance of Total Mortgage Purchases during Period Representing Streamline Refinance Loans	1.5%	0.6%

Mortgage Portfolio Summary

	<u>As of 6/30/2017</u>	<u>As of 10/31/2017</u>
Mortgages and Participation Loans	\$2,874,049,347	\$2,933,035,835
Unconventional Loans	81,437,163	75,151,663
Real Estate Owned and Insurance Receivables	<u>4,237,298</u>	<u>3,816,591</u>
Total Mortgage Portfolio	<u>\$2,959,723,808</u>	<u>\$3,012,004,089</u>

Mortgage Insurance Summary[†]

<u>Type</u>	<u>Outstanding Principal Balance as of 10/31/2017</u>	<u>Percentage of Total Mortgage Loans by Outstanding Principal Balance</u>
Uninsured ^{††}	\$1,606,836,704	53.3%
Private Mortgage Insurance ^{†††}	720,058,857	23.9
Federally Insured – FHA	260,601,589	8.7
Federally Insured – VA	156,074,859	5.2
Federally Insured – RD	135,896,602	4.5
Federally Insured – HUD 184	<u>132,535,477</u>	<u>4.4</u>
TOTAL	<u>\$3,012,004,089</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 10/31/2017</u>	<u>Percentage of Total Mortgage Loans by Outstanding Principal Balance</u>
Radian Guaranty	\$227,779,529	7.6%
CMG Mortgage Insurance	145,372,244	4.8
Mortgage Guaranty	112,277,934	3.7
Essent Guaranty	123,233,669	4.1
United Guaranty	64,190,252	2.1
Genworth GE	43,034,687	1.4
PMI Mortgage Insurance	2,488,333	0.1
National Mortgage Insurance	1,278,303	0.0
Commonwealth	<u>403,906</u>	<u>0.0</u>
TOTAL	<u>\$720,058,857</u>	<u>23.9%</u>

Mortgage Delinquency and Foreclosure Summary

	<u>As of 6/30/2017</u>	<u>As of 10/31/2017</u>
Delinquent 30 Days	1.97%	1.76%
Delinquent 60 Days	0.94	0.52
Delinquent 90 Days or More	<u>0.95</u>	<u>0.82</u>
Total Mortgage Delinquency	<u>3.86%</u>	<u>3.10%</u>
	As of	Four Months Ended
	<u>6/30/2017</u>	<u>10/31/2017</u>
Total Foreclosures	<u>\$9,198,246</u>	<u>\$3,128,337</u>

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 position of the Corporation for each of its five most recent fiscal years, which have been derived from Note 23 to the Corporation's audited annual financial statements dated June 30, 2017, contained in Appendix A — "Financial Statements of the Corporation."

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

	Fiscal Year Ended June 30				
	2017	2016	2015	2014	2013
Total Assets and Deferred Outflows	\$3,939,741	\$3,930,554	\$3,916,302	\$4,055,203	\$3,981,230
Total Liabilities and Deferred Inflows	2,426,113	2,431,021	2,430,821	2,545,295	2,455,702
Total Net Position	1,513,628	1,499,533	1,485,481	1,509,908	1,525,528
Total Operating Revenues	249,479	274,180	290,099	308,086	315,325
Total Operating Expenses	235,134	259,979	281,594	311,471	333,220
Operating Income (Loss)	14,345	14,201	8,505	(3,385)	(17,895)
Contribution to State or State agency	(250)	(149)	(3,825)	(1,380)	(10,720)
Special Item	0	0	0	0	0
Change in Net Position	\$14,095	\$14,052	\$4,680	\$(4,765)	\$(28,615)

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.

Dividend to the State of Alaska

Following are the details of the Corporation’s dividend to the State as of June 30, 2017 (in thousands).

	<u>Dividend Due to State</u>	<u>Expenditures</u>	<u>Remaining Commitments</u>
State General Fund Transfers	\$ 794,648	\$ (788,948)	\$ 5,700
State Capital Projects Debt Service	446,870	(434,866)	12,004
State of Alaska Capital Projects	253,761	(249,410)	4,351
Corporation Capital Projects	<u>492,353</u>	<u>(463,656)</u>	<u>28,697</u>
Total	\$1,987,632	\$(1,936,880)	\$50,752

Corporation Budget Legislation

The Corporation’s fiscal year 2018 operating budget was approved by the Legislature during the fiscal year 2017 legislative session. Consistent with the Transfer Plan, the enacted fiscal year 2018 operating budget estimated that \$30.4 million would be available from the adjusted change in net position 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

2017 Series B Bonds

Opinions of Co-Bond Counsel

In the opinions of Co-Bond Counsel, to be delivered on the date of issuance of the 2017 Series B Bonds, interest on the 2017 Series B Bonds (i) is *included* in gross income for Federal income tax purposes and (ii) 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).

General

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the 2017 Series B Bonds under the Code and the Regulations, and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. Potential purchasers of the 2017 Series B Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the 2017 Series B Bonds.

In general, interest paid on the 2017 Series B Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the 2017 Series B Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Bond Premium

An investor that acquires an 2017 Series B Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any 2017 Series B Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Market Discount

An investor that acquires a 2017 Series B Bond for a price less than the adjusted issue price of such bond may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, “market discount” means (a) in the case of a 2017 Series B Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a 2017 Series B Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a 2017 Series B Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a 2017 Series B Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a 2017 Series B Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner’s gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the 2017 Series B Bond for the days during the taxable year on which the owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the 2017 Series B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding

the application of these rules as well as the advisability of making any of the elections with respect thereto.

Unearned Income Medicare Contribution Tax

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the 2017 Series B Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the 2017 Series B Bonds and to gain on the sale of a 2017 Series B Bond.

Sales or Other Dispositions

If an owner of a 2017 Series B Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a 2017 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 that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a 2017 Series B Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance

The legal defeasance of the 2017 Series B Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such 2017 Series B Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding

An owner of a 2017 Series B Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the 2017 Series B Bonds, if such owner, upon issuance of the 2017 Series B Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Foreign Investors

An owner of a 2017 Series B Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a 2017 Series B Bond will generally not be subject to United States income or withholding tax in respect of a payment on a 2017

Series B Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term “United States person” means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a 30 percent United States withholding tax will apply to interest paid and original issue discount accruing on 2017 Series B Bonds owned by foreign investors. In those instances in which payments of interest on the 2017 Series B Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of 2017 Series B Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a 2017 Series B Bond.

Tax-Exempt Investors

In general, an entity that 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 that is not substantially related to the purpose that 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 that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a 2017 Series B Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a 2017 Series B Bond is urged to consult its own tax advisor regarding the application of these provisions.

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 2017 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 2017 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 dealer of the 2017 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 2017 Series B Bonds are acquired by such plans or arrangements with respect to which the Corporation or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the 2017 Series B Bonds. The sale of the 2017 Series B Bonds to a plan is in no respect a representation by the Corporation or the Underwriters 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 2017 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.

2017 Series C Bonds

Opinions of Co-Bond Counsel

In the opinions of Co-Bond Counsel, to be delivered on the date of issuance of the 2017 Series C Bonds, (A) 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 2017 Series C Bonds is excluded from gross income for Federal income tax purposes and (ii) interest on the 2017 Series C 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 2017 Series C 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), and

(B) interest on the 2017 Series C 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 2017 Series C 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 2017 Series C 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 2017 Series C 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 2017 Series C Bonds being included in gross income for Federal income tax purposes from the date of issuance of the 2017 Series C Bonds. The opinions of Co-Bond Counsel assume the Corporation is in compliance with these covenants. Co-Bond Counsel are not aware of any reason why the Corporation cannot or will not be in compliance with such covenants. *However*, Co-Bond 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 2017 Series C Bonds may affect the tax status of interest on the 2017 Series C Bonds.

Original Issue Premium

2017 Series C 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 2017 Series C 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 2017 Series C 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 2017 Series C 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 2017 Series C 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 2017 Series C Bonds.

Although Co-Bond Counsel will each render an opinion that interest on the 2017 Series C Bonds will be excluded from gross income for Federal income tax purposes, the accrual or receipt of interest on the 2017 Series C 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. Co-Bond Counsel express no opinion regarding any such consequences. Purchasers of the 2017 Series C 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, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan 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 2017 Series C 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 Offered Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Offered Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Offered Bonds or the market value thereof would be impacted thereby. Purchasers of the Offered Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based upon existing legislation and regulations as interpreted by

relevant judicial and regulatory authorities as of the date of issuance and delivery of the Offered Bonds, and Co-Bond 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 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 with respect to each Series of the Offered Bonds. The Corporation will undertake to provide the Municipal Securities Rulemaking Board (the “MSRB”), on an annual basis on or before 180 days after the end of each fiscal year for the Corporation, commencing with the fiscal year ending June 30, 2017, the financial and operating data concerning the Corporation outlined in each 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 MSRB, the notices described in each Continuing Disclosure Certificate by the times set forth therein.

The sole and exclusive remedy for breach or default under each 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 each 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 each Continuing Disclosure Certificate, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The specific nature of the information to be provided is summarized in Appendix D — “Form of Continuing Disclosure Certificates.”

RATINGS OF THE OFFERED BONDS

S&P has assigned the 2017 Series B Bonds a rating of “AA+/A-1+” and Fitch has assigned the 2017 Series B Bonds a rating of “AA+/F1+”. The assignment of such ratings by S&P and Fitch with respect to the 2017 Series B Bonds is conditioned upon the effectiveness of the Initial Liquidity Facility at the time of delivery of the 2017 Series B Bonds. S&P has assigned the 2017 Series C Bonds a rating of “AA+” and Fitch has assigned the 2017 Series C Bonds a rating of “AA+”. The Corporation has furnished to each rating agency certain information and materials with respect to the 2017 Series C Bonds. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions made by the rating agencies. The obligation of the 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 the Offered Bonds. Each rating reflects only the view of the applicable rating agency at the time such rating was issued and an explanation of the significance of such rating may be obtained from the rating agency. There is no assurance that any such rating will continue for any given period of time or that any such ratings will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment,

circumstances so warrant. Any downward revision or withdrawal of any such rating can be expected to have an adverse effect on the market price of the Offered Bonds.

FINANCIAL STATEMENTS

The Corporation's financial statements as of and for the year ended June 30, 2017, included in Appendix A to this Official Statement, have been audited by BDO USA, LLP, independent auditors, as stated in their report appearing herein.

LITIGATION

There is no controversy or litigation of any material nature now pending or threatened to restrain or enjoin the issuance, sale, execution 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 Kutak Rock LLP, and the Law Office of Kenneth E. Vassar, LLC, Co-Bond Counsel. Certain legal matters will be passed upon 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 2017 Series B Bonds are being purchased by Jefferies LLC. Jefferies LLC has agreed to purchase the 2017 Series B Bonds at the price of \$149,874,119.29 (equal to the principal amount of the 2017 Series B Bonds, less underwriter's discount of \$125,880.71). The Bond Purchase Agreement with respect to the 2017 Series B Bonds provides that Jefferies 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 Jefferies LLC to purchase the 2017 Series B Bonds is *not* conditioned on the issuance and delivery of the 2017 Series C Bonds. The initial public offering price of the 2017 Series B Bonds may be changed from time to time by Jefferies LLC. Jefferies LLC may offer and sell the 2017 Series B Bonds to certain dealers (including dealers depositing such Bonds into unit investment trusts, certain of which may be sponsored or managed by Jefferies LLC) and others at prices higher than the public offering price of the 2017 Series B Bonds set forth on the inside cover page.

The 2017 Series C Bonds are being purchased by the Underwriters. The Underwriters have jointly and severally agreed to purchase the 2017 Series C Bonds at the price of \$52,168,892.68 (equal to the principal amount of the 2017 Series C Bonds, plus original issue premium of \$8,420,849.05, less Underwriters' discount of \$106,956.37). The Bond Purchase Agreement with respect to the 2017 Series C 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 2017 Series C Bonds is *not* conditioned on the issuance and delivery of the 2017 Series B Bonds. The initial public offering prices and yields of the 2017 Series C Bonds may be changed from time to time by the Underwriters. The Underwriters may offer and sell the 2017 Series C 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 2017 Series C Bonds set forth on the inside cover page.

The following paragraph has been provided by the Underwriters:

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 Offered Bonds and as a result may receive proceeds from such refunding.

The following paragraph has been provided by Jefferies LLC:

Jefferies LLC, an Underwriter of the Offered Bonds, has entered into an agreement (the "Agreement") with E*TRADE Securities LLC ("E*TRADE") for the retail distribution of municipal securities. Pursuant to the Agreement, Jefferies LLC will sell Offered Bonds to E*TRADE and will share a portion of its selling concession compensation with E*TRADE.

The following paragraph has been provided by J.P. Morgan Securities LLC:

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the 2017 Series C Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2017 Series C Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Offered Bonds that such firm sells.

The following two paragraphs have been provided by Wells Fargo Bank, National Association:

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group (“WFBNA”), one of the underwriters of the 2017 Series C Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the 2017 Series C Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2017 Series C Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the 2017 Series C Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

FINANCIAL ADVISOR

FirstSouthwest, a Division of Hilltop Securities Inc. (“FirstSouthwest”), 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. FirstSouthwest has agreed not to bid for the Offered Bonds either independently or as a member of a syndicate organized to submit a bid for the Offered Bonds. FirstSouthwest, 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

Financial Statements

And Independent Auditor's Report

June 30, 2017

**With Summarized Financial Information for
June 30, 2016**

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3601 C Street, Suite 600
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Independent Auditor's Report

Board of Directors
Alaska Housing Finance Corporation
Anchorage, Alaska

Report on the Financial Statements

We have audited the accompanying statements of net position, revenues, expenses and change in net position and cash flows of each major fund and the aggregate remaining fund information of the Alaska Housing Finance Corporation (Corporation), a component unit of the State of Alaska, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Alaska Housing Finance Corporation, as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 9 and the schedules of net pension liability, and pension contributions on pages 41 and 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alaska Housing Finance Corporation's basic financial statements. The accompanying supplementary 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017 on our consideration of the Alaska Housing Finance 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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alaska Housing Finance Corporation's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
November 6, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report of the Alaska Housing Finance Corporation (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 rules. 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 Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows, and the Notes to Financial Statements. These statements are presented for all of the Corporation's operations and grouped by program or function. Summarized financial information for fiscal year 2017 is also presented in Management's Discussion and Analysis 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 for the fiscal year ended June 30, 2017. This information is 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 Position (Exhibit A)* helps answer the question: "How is the Corporation's financial health at the end of the year?" The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Corporation, both financial and capital, short-term and long-term. It uses the accrual basis of accounting and economic resources measurement focus. The accrual basis of accounting is used by most private-sector companies. The resulting net position presented in the Statement of Net Position is characterized as restricted or unrestricted. Assets are restricted when their use is subject to external limits or rules such as bond resolutions, legal agreements, or statutes. Assets not included in this category are characterized as unrestricted. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or declining.

The *Statement of Revenues, Expenses and Changes in Net Position (Exhibit B)* measures the activities of the Corporation's operations over the past year and presents the operating income or (loss) and change in net position. It can be used to determine whether the Corporation has successfully recovered all of its expenses through mortgage and loan interest, investment interest, externally funded programs and other revenue sources. The Statement of Revenues, Expenses and Changes in Net Position helps answer the question: "Is the Corporation as a whole better 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 operations, non-capital and 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 the 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 Basic Financial Statements. The *Notes to Financial Statements* follow *Exhibit C*.

Major Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

For fiscal year 2017, the Corporation reports the following major funds:

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 of Alaska and debt service payments for debt issued on behalf of the State.

As of June 30, 2017, the Administrative Fund reported a net position of \$570.1 million, a decrease of \$138.0 million from June 30, 2016. The decrease in net position is the net result of an operating loss of \$9.3 million and internal transfers out to other funds of \$128.7 million. Transfers were made from the Administrative Fund to the Grant Programs in the amount of \$4.0 million; the Mortgage or Bond Funds of \$121.2 million; Other Funds or Programs of \$3.5 million. The \$121.2 million transferred from the Administrative Fund to the Mortgage or Bond Funds was used primarily for the funding of mortgage loans. Approximately \$21.3 million, or 3.7%, of the Administrative Fund's net position is invested in capital assets; \$61.2 million, or 10.7% of the total net position, is restricted by contractual or statutory agreements; and \$487.6 million, or 85.6%, is unrestricted and may be used for operations and to meet the continuing obligations of the Corporation. The change in unrestricted net position represents a decrease of 22.6% from unrestricted net position as of June 30, 2016.

The *Grant Programs* include resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families and to assist in improving the energy efficiency of Alaskan homes, as well as tenant-based rental assistance programs for families in the private market that are administered by the Corporation under contract with HUD. These programs include the Energy Programs, the Section 8 Voucher Programs, and Other Grants. As of June 30, 2017, the net position for these three programs combined was \$8.9 million, a decrease of \$10.7 million from June 30, 2016. This was primarily due to the termination of the Energy Rebate grant from the State of Alaska, but other grants have experienced decreases in funding as well. The fund had an operating loss of \$14.7 million for fiscal year 2017, and \$4.0 million in transfers from the Administrative Fund. As the result of lower funding and fewer transfers from the Administrative Fund, there was a significant decrease in operating results between fiscal years 2017 and 2016.

The *Mortgage and Bond Funds* include resources used to assist in the financing of loan programs or to fund legislative appropriations. This fund includes the First Time Homebuyer Program Bonds, Veterans Mortgage Program Bonds, Other Housing Bonds, and Non-Housing Bonds.

As of June 30, 2017, the Mortgage and Bond Funds reported a net position of \$762.6 million, an increase of \$161.7 million from the June 30, 2016, net position of \$600.9 million. The Mortgage and Bond Funds had a net operating income of \$40.6 million in fiscal year 2017, very close to the 2016 net operating income of \$39.0 million. In 2017, mortgage loans increased by \$177.9 million and investments increased by \$29.3 million. In 2016, the net income accounted for the majority of the increase in net position. In 2017, it was transfers in from the Administrative Fund of \$121.2 million to fund mortgages and investments that contributed largely to the \$161.7 million increase in net position. Approximately \$579.0 million, or 75.9%, of the fund's net position is restricted by bond resolutions, compared to \$552.3 million, or 91.9% in fiscal year 2016. Unrestricted net position increased by \$135.1 million, or 278.4% in fiscal year 2017.

The *Other Funds and Programs* include AHFC-owned housing for low income families that is managed under contract with HUD as well as other programs that aren't specifically grants or bond funds. These programs include the Low Rent Program, the Market Rate Rental Housing Program, the Home Ownership Fund and the Senior Housing Revolving Loan Fund. Between fiscal year 2017 and fiscal year 2016, operating results were essentially the same with no significant changes in net position. Overall, the fund had an operating loss of \$3.3 million and received transfers from the Administrative Fund in the amount of \$3.7 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Alaska Corporation for Affordable Housing* ("ACAH") is a non-profit public benefit corporation that develops and operates affordable housing for Alaskans, utilizing various funding sources. ACAH is reported as a major blended component unit for the benefit of users of the financial statements. ACAH's net position at June 30, 2017, was \$21.8 million, a \$0.8 million increase from June 30, 2016. ACAH had an operating income of \$1.0 million for fiscal year 2017, as compared to an operating loss of \$189,000 for fiscal year 2016. In fiscal year 2017, \$392,000 in developer fee income was received.

FINANCIAL HIGHLIGHTS

- Operating income for fiscal year 2017 compared to fiscal year 2016 for the Corporation as a whole was almost the same -- \$14.3 million compared to \$14.2 million, respectively.
- While operating results were similar, the components of those results differed from 2017 to 2016. Even though externally funded program revenue decreased in fiscal year 2017 by \$27.7 million, or 22.4%, total housing and grant expense decreased by \$22.7 million. Rental housing expenses and operations and administration expenses for the Corporation as a whole also decreased. Rental housing expenses were \$1.3 million less than 2016, and operations and administration expenses decreased by \$1.5 million. Total operating revenues decreased by 9.0%, and total operating expenses decreased by 9.6%.
- The Corporation's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources as of June 30, 2017, by \$1.5 billion (net position).
- During the fiscal year ended June 30, 2017, the investment portfolio earned approximately 0.69% overall, as compared with 0.60% for the fiscal year ended June 30, 2016.
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2017, the mortgage loan portfolio increased by 7.2%, and the bond portfolio used to finance the loans increased by 2.0%.
- As of June 30, 2017, the weighted average interest rate on the mortgage portfolio was 4.60% and the weighted average interest rate on the bond portfolio was 3.67%, yielding a net interest margin of 0.93%.
- During the fiscal year ended June 30, 2017, the Corporation's total assets increased by \$71.4 million, or 1.9%, and deferred outflows decreased by \$62.2 million, or 26.5%, totaling a net increase in assets and deferred outflows of \$9.2 million. Total liabilities decreased by \$4.8 million, and deferred inflows decreased by \$139,000, totaling a net decrease in liabilities and deferred inflows of \$4.9 million, or 0.2%.
- On July 26, 2016, the Corporation defeased the remaining \$11,585,000 of Collateralized Bonds, 2007 First Series, and redeemed them on the first optional redemption date of June 1, 2017.
- In July 2016, the Corporation issued \$50,000,000 of Collateralized Bonds (Veterans Mortgage Program), 2016 First and Second Series. The bonds are general obligations of the Corporation, but principal and interest on the bonds are also unconditionally guaranteed by the State of Alaska. The 2016 Collateralized Bonds are tax-exempt and bear interest at fixed rates between 0.65% and 3.20%, payable on each June 1 and December 1 with a final maturity of December 1, 2046.
- In August 2016, the Corporation issued \$100,000,000 in General Mortgage Revenue Bonds II 2016 Series A. Net proceeds of the bonds totaled \$101,133,000, including a premium of \$1,133,000. The bonds are general obligations of the Corporation. The 2016 Series A bonds are tax-exempt and bear interest at fixed rates between 0.45% and 3.50%, payable on each June 1 and December 1 with a final maturity of December 1, 2046.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED STATEMENT OF NET POSITION

The following table presents condensed information about the financial position of the Corporation as of June 30, 2017 and 2016, and changes in the balances during the fiscal year ended June 30, 2017 (in thousands):

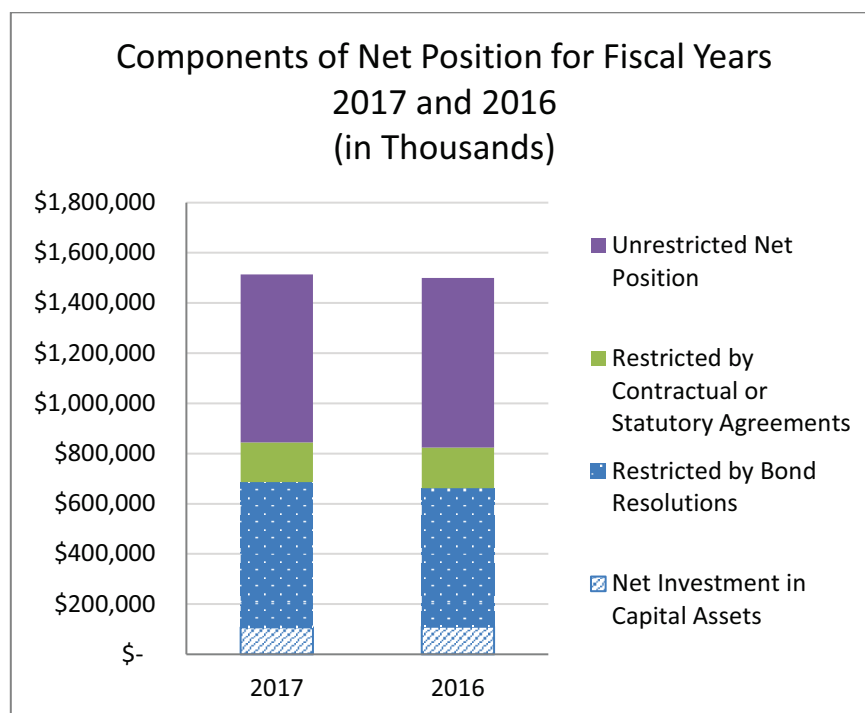
	2017	2016	Increase/(Decrease)	
Cash and investments	\$ 684,887	\$ 685,692	\$ (805)	-0.1%
Mortgage loans, notes and other loans, net	2,910,332	2,817,494	92,838	3.3%
Capital assets, net	106,762	109,821	(3,059)	-2.8%
Other assets	65,084	82,626	(17,542)	-21.2%
Total Assets	3,767,065	3,695,633	71,432	1.9%
Deferred outflow of resources	172,676	234,921	(62,245)	-26.5%
Bonds and notes payable, net	2,124,637	2,083,582	41,055	2.0%
Short term debt	82,526	71,589	10,937	15.3%
Accrued interest payable	9,622	9,628	(6)	-0.1%
Derivatives	144,903	210,543	(65,640)	-31.2%
Other liabilities	63,894	55,009	8,885	16.2%
Total liabilities	2,425,582	2,430,351	(4,769)	-0.2%
Deferred inflow of resources	531	670	(139)	-20.7%
Total net position	\$ 1,513,628	\$ 1,499,533	\$ 14,095	0.9%

The increase in total assets during FY 2017 can be attributed largely to an increase in mortgage loans. Because of the low short-term rate environment, the Corporation used some of its liquid cash to purchase longer term assets. The increase in mortgage loans was largely due to more competitive mortgage rates, expanded loan parameters and increased outreach to our industry partners.

Total liabilities decreased by \$4.8 million. Total net pension liability as of June 30, 2017, included in other liabilities above, was \$47.6 million and as of June 30, 2016, was \$37.8 million. The pension liability was determined by actuarial valuation. Short term debt increased by \$10.9 million. The major factor in the decrease of total liabilities was the decrease in derivatives. The notional amount of the swaps decreased \$22.6 million due to bond maturities and special redemptions on the related bonds. Market swap rates also increased significantly, which caused the underlying values of the derivatives to decrease correspondingly, for a total decrease of \$65.6 million. See the Debt Administration section of this report for more information on the bonds and notes payable.

The chart on the next page shows the change in the various components of net position from fiscal year 2016 to fiscal year 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS



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

The following table presents condensed information about the revenues, expenses and changes in net position for the fiscal years ended June 30, 2017 and 2016, and the variances from the prior fiscal year (in thousands):

	2017	2016	Increase/(Decrease)	
Mortgage and loan revenue	\$ 130,538	\$ 128,942	\$ 1,596	1.2%
Investment interest income	4,727	3,595	1,132	31.5%
Net change in fair value of investments	1,899	2,202	(303)	-13.8%
Externally funded programs	96,081	123,782	(27,701)	-22.4%
Rental and other revenue	16,234	15,659	575	3.7%
Total operating revenue	249,479	274,180	(24,701)	-9.0%
Interest expense	69,890	70,357	(467)	-0.7%
Mortgage and loan costs	5,259	5,005	254	5.1%
Bond financing expenses	4,512	3,556	956	26.9%
Operations and administration	56,867	58,373	(1,506)	-2.6%
Housing grants and subsidies	98,606	122,688	(24,082)	-19.6%
Total operating expense	235,134	259,979	(24,845)	-9.6%
Operating income(loss)	14,345	14,201	144	-1.0%
Contributions to the State of Alaska	(250)	(149)	(101)	67.8%
Change in net position	\$ 14,095	\$ 14,052	\$ 43	-0.3%

MANAGEMENT'S DISCUSSION AND ANALYSIS

Total operating revenues decreased by \$24.7 million, or 9.0%, during fiscal year 2017 primarily due to decreases in externally funded program revenue.

Total operating expenses decreased by a greater amount in 2017. The total decrease was \$24.8 million, or 9.6%, during fiscal year 2017. The decreases were in administrative and interest expenses, as well as grant expenses.

As shown in the table on the preceding page, the net effect of changes in operating revenues and expenses was very similar in fiscal years 2017 and 2016. There was a \$144,000 increase, or 1.0%, in operating income.

The change in net position was an increase in fiscal year 2017 of \$43,000, or 0.3%.

In fiscal year 2017, the Corporation continued its series of annual transfers to the State of Alaska and State agencies. Contributions to the State for fiscal year 2017 were \$250,000 compared to those of fiscal year 2016 of \$149,000. See Footnote No. 18 for more details about the Transfer Plan calculation.

DEBT ADMINISTRATION

As of June 30, 2017, the Corporation had \$2.1 billion in bonds and notes payable secured by assets held and the general obligation pledge of the Corporation. The Corporation's general obligation is rated by three major rating agencies as follows.

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

Significant debt activity during the year included the following:

- Issued \$150.0 million of bonds;
- Redeemed bonds through special revenue redemption provisions of their respective indentures in the amount of \$31.9 million. Refundings for fiscal year 2017 totaled \$11.1 million

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

ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION

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

The Corporation's main sources of revenue 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 these prepayments to redeem higher rate bonds, thus lowering the interest expense incurred on the Corporation's overall portfolio, or to recycle mortgages to obtain the maximum allowable spread.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. For inquiries about this report or to request additional financial information please call (907) 330-8322 or email finance@ahfc.us.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

As of June 30, 2017

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
ASSETS				
Current				
Cash	\$ 28,843	\$ 4,192	\$ 762	\$ 25,342
Investments	464,332	-	123,909	1,886
Accrued interest receivable	3,055	-	9,543	107
Inter-fund due to/from	(31,086)	(6,275)	38,009	(595)
Mortgage loans, notes and other loans	5,943	-	75,226	1,241
Net investment in direct financing lease	-	-	2,138	-
Other assets	4,389	3,618	-	1,069
Intergovernmental receivable	246	9,985	-	14
Total Current	475,722	11,520	249,587	29,064
Non Current				
Investments	1,522	-	26,895	-
Inter-fund due to/from	-	1,425	-	-
Mortgage loans, notes and other loans	201,292	-	2,573,179	40,913
Net investment in direct financing lease	-	-	27,004	-
Capital assets - non-depreciable	2,917	-	-	13,663
Capital assets - depreciable, net	18,363	47	-	68,105
Other assets	3,482	-	225	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Non Current	227,576	1,472	2,627,303	122,681
Total Assets	703,298	12,992	2,876,890	151,745
DEFERRED OUTFLOW OF RESOURCES	9,269	-	163,407	-
LIABILITIES				
Current				
Bonds payable	-	-	61,832	-
Short term debt	82,526	-	-	-
Accrued interest payable	2,473	-	7,149	-
Other liabilities	7,308	4,057	826	1,107
Intergovernmental payable	-	-	152	415
Total Current	92,307	4,057	69,959	1,522
Non Current				
Bonds payable	-	-	2,062,805	-
Other liabilities	2,018	-	-	-
Derivative instrument - interest rate swaps	-	-	144,903	-
Intergovernmental payable	-	-	-	-
Pension liability	47,645	-	-	-
Total Non Current	49,663	-	2,207,708	-
Total Liabilities	141,970	4,057	2,277,667	1,522
DEFERRED INFLOW OF RESOURCES	531	-	-	-
NET POSITION				
Net investment in capital assets	21,280	47	-	81,768
Restricted by bond resolutions	-	-	578,954	-
Restricted by contractual or statutory agreements	61,200	10,476	-	68,652
Unrestricted or (deficit)	487,586	(1,588)	183,676	(197)
Total Net Position	\$ 570,066	\$ 8,935	\$ 762,630	\$ 150,223

See accompanying notes to the financial statements.

Exhibit A

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2017
\$ 59,139	\$ 7,204	\$ 66,343
590,127	-	590,127
12,705	66	12,771
53	(53)	-
82,410	-	82,410
2,138	-	2,138
9,076	142	9,218
10,245	-	10,245
765,893	7,359	773,252
28,417	-	28,417
1,425	(1,425)	-
2,815,384	12,538	2,827,922
27,004	-	27,004
16,580	3,667	20,247
86,515	-	86,515
3,707	1	3,708
-	-	-
-	-	-
2,979,032	14,781	2,993,813
3,744,925	22,140	3,767,065
172,676	-	172,676
61,832	-	61,832
82,526	-	82,526
9,622	-	9,622
13,298	6	13,304
567	-	567
167,845	6	167,851
2,062,805	-	2,062,805
2,018	360	2,378
144,903	-	144,903
-	-	-
47,645	-	47,645
2,257,371	360	2,257,731
2,425,216	366	2,425,582
531	-	531
103,095	3,667	106,762
578,954	-	578,954
140,328	18,154	158,482
669,477	(47)	669,430
\$ 1,491,854	\$ 21,774	\$ 1,513,628

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended June 30, 2017

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
OPERATING REVENUES				
Mortgage and loans revenue	\$ 10,884	\$ -	\$ 117,985	\$ 1,553
Investment interest	1,030	5	3,658	24
Net change in the fair value of investments	1,811	-	88	-
Net change of hedge termination	-	-	1,028	-
Total Investment Revenue	2,841	5	4,774	24
Externally funded programs	-	81,885	-	13,804
Rental	291	18	-	10,587
Other	2,397	654	697	5
Total Operating Revenues	16,413	82,562	123,456	25,973
OPERATING EXPENSES				
Interest	901	-	68,989	-
Mortgage and loan costs	1,247	-	9,451	145
Bond financing expenses	341	-	4,171	-
Provision for loan loss	(1,573)	-	(4,004)	(2)
Operations and administration	24,769	12,428	4,230	15,370
Rental housing operating expenses	48	543	-	13,703
Housing grants and subsidies	-	84,284	-	26
Total Operating Expenses	25,733	97,255	82,837	29,242
Operating Income (Loss)	(9,320)	(14,693)	40,619	(3,269)
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(250)	-	-	-
Special Item	-	-	-	-
Transfers - Internal	(128,694)	4,013	121,151	3,730
Change in Net Position	(138,264)	(10,680)	161,770	461
Net position at beginning of year	708,330	19,615	600,860	149,762
Net Position at End of Period	\$ 570,066	\$ 8,935	\$ 762,630	\$ 150,223

See accompanying notes to the financial statements.

Exhibit B

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2017
\$ 130,422	\$ 116	\$ 130,538
4,717	10	4,727
1,899	-	1,899
1,028	-	1,028
7,644	10	7,654
95,689	392	96,081
10,896	259	11,155
3,753	298	4,051
248,404	1,075	249,479
69,890	-	69,890
10,843	-	10,843
4,512	-	4,512
(5,579)	(5)	(5,584)
56,797	70	56,867
14,294	2	14,296
84,310	-	84,310
235,067	67	235,134
13,337	1,008	14,345
(250)	-	(250)
-	-	-
200	(200)	-
13,287	808	14,095
1,478,567	20,966	1,499,533
\$ 1,491,854	\$ 21,774	\$ 1,513,628

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2017

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
Cash flows from operating activities:				
Interest income on mortgages and loans	\$ 14,060	\$ -	\$ 112,730	\$ 1,419
Principal payments received on mortgages and loans	18,658	-	340,931	3,182
Disbursements to fund mortgages and loans	(464,195)	-	-	-
Receipt (payment) for loan transfers between funds	363,806	-	(359,692)	(4,114)
Mortgage and loan proceeds	474,482	-	-	-
Payment of mortgage and loan proceeds to funds	(477,039)	-	-	-
Payments to employees and other payroll disbursements	(28,833)	(6,048)	-	(9,930)
Payments for goods and services	(17,157)	(2,349)	(140)	(10,935)
Cash received for externally funded programs	-	52,364	-	13,758
Cash received for Federal HAP subsidies	-	41,087	-	-
Payments for Federal HAP subsidies	-	(39,034)	-	-
Interfund receipts (payments)	14,529	(3,383)	-	(1,362)
Grant payments to other agencies	-	(45,533)	-	-
Other operating cash receipts	16,684	893	152	10,171
Other operating cash payments	(636)	-	(134)	(117)
Net cash provided by (used for) operating activities	(85,641)	(2,003)	93,847	2,072
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	150,633	-
Principal paid on bonds	-	-	(83,356)	-
Payment to defease bonds	-	-	(11,585)	-
Payment of bond issuance costs	-	-	(1,169)	-
Interest paid	(452)	-	(78,002)	-
Proceeds from issuance of short term debt	614,696	-	-	-
Payment of short term debt	(603,759)	-	-	-
Contributions to the State of Alaska or other State agencies	(250)	-	-	-
Transfers (to) from other funds	39,604	-	(38,604)	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	49,839	-	(62,083)	-
Cash flows from capital financing activities:				
Acquisition of capital assets	(183)	(19)	-	(197)
Proceeds from the disposal of capital assets	-	-	-	4
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	(5,424)	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	(2,426)	-
Proceeds from direct financing leases	-	-	6,771	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(183)	(19)	(1,079)	(193)
Cash flows from investing activities:				
Purchase of investments	(3,343,382)	-	(1,438,663)	(4,617)
Proceeds from maturity of investments	3,374,759	-	1,406,730	4,116
Interest received from investments	901	5	1,876	23
Net cash provided by (used for) investing activities	32,278	5	(30,057)	(478)
Net Increase (decrease) in cash	(3,707)	(2,017)	628	1,401
Cash at the beginning of year	32,550	6,209	134	23,941
Cash at the end of period	\$ 28,843	\$ 4,192	\$ 762	\$ 25,342
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (9,320)	\$ (14,693)	\$ 40,619	\$ (3,269)
<i>Adjustments:</i>				
Depreciation expense	999	15	-	5,787
Provision for loan losses	(1,573)	-	(4,004)	(2)
Net change in the fair value of investments	(1,811)	-	110	-
Transfers between funds for operating activity	(128,694)	4,013	121,151	3,730
Interest received from investments	(901)	(5)	(1,876)	(23)
Interest paid	452	-	79,958	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	82,777	-	(177,932)	(2,330)
Net increase (decrease) in assets, liabilities, and deferred resources	(27,570)	8,667	35,821	(1,821)
Net cash provided by (used for) operating activities	\$ (85,641)	\$ (2,003)	\$ 93,847	\$ 2,072
Noncash investing, capital and financing activities:				
Deferred outflow of resources-derivatives			71,514	
Acquisition of capital assets through foreclosures	3,343			
Derivative instruments liability			(65,640)	
Net change of hedge termination			1,243	

See accompanying notes to the financial statements.

Exhibit C

Total Programs and Funds		Alaska Corporation for Affordable Housing	Total June 30, 2017
\$	128,209	\$ -	\$ 128,209
	362,771	4,811	367,582
	(464,195)	(62)	(464,257)
	-	-	-
	474,482	-	474,482
	(477,039)	-	(477,039)
	(44,811)	(47)	(44,858)
	(30,581)	(25)	(30,606)
	66,122	-	66,122
	41,087	-	41,087
	(39,034)	-	(39,034)
	9,784	(9,746)	38
	(45,533)	-	(45,533)
	27,900	5,694	33,594
	(887)	-	(887)
	8,275	625	8,900
	150,633	-	150,633
	(83,356)	-	(83,356)
	(11,585)	-	(11,585)
	(1,169)	-	(1,169)
	(78,454)	-	(78,454)
	614,696	-	614,696
	(603,759)	-	(603,759)
	(250)	-	(250)
	1,000	(1,000)	-
	-	-	-
	(12,244)	(1,000)	(13,244)
	(399)	-	(399)
	4	298	302
	-	-	-
	(5,424)	-	(5,424)
	-	-	-
	(2,426)	-	(2,426)
	6,771	-	6,771
	-	-	-
	(1,474)	298	(1,176)
	(4,786,662)	-	(4,786,662)
	4,785,605	-	4,785,605
	2,805	11	2,816
	1,748	11	1,759
	(3,695)	(66)	(3,761)
	62,834	7,270	70,104
\$	59,139	\$ 7,204	\$ 66,343
\$	13,337	\$ 1,008	\$ 14,345
	-	-	-
	6,801	-	6,801
	(5,579)	(5)	(5,584)
	(1,701)	-	(1,701)
	200	(200)	-
	(2,805)	(11)	(2,816)
	80,410	-	80,410
	-	-	-
	(97,485)	4,647	(92,838)
	15,097	(4,814)	10,283
\$	8,275	\$ 625	\$ 8,900

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NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

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NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1 AUTHORIZING LEGISLATION AND FUNDING

The Alaska Housing Finance Corporation (the "Corporation"), a public corporation and government instrumentality of the State of Alaska (the "State"), was created in 1971, and substantially modified in 1992, by acts of the Alaska State Legislature (the "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 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 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. 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 subsidiaries incorporated under the Alaska Nonprofit Corporation Act (AS 10.20) and provisions of the Alaska Housing Finance Corporation Act (AS 18.56), as amended. Each subsidiary issues annual audited financial statements. Copies may be found at the following links, or please contact AHFC to obtain a copy. The subsidiaries are as follows:

- Northern Tobacco Securitization Corporation ("NTSC") incorporated on September 29, 2000, pursuant to House Bill No. 281 of the 2000 Legislature. <https://www.ahfc.us/about-us/subsidiaries/ntsc/ntsc-financial-statements/>
- Alaska Housing Capital Corporation ("AHCC") incorporated on May 23, 2006, pursuant to Senate Bill No. 232 of the 2006 Legislature. <https://www.ahfc.us/about-us/subsidiaries/ahcc/ahcc-financial-statements/>
- Alaska Corporation for Affordable Housing ("ACAH") incorporated on February 1, 2012, pursuant to House Bill No. 119 of the 2011 Legislature. <https://www.ahfc.us/about-us/subsidiaries/alaska-corporation-affordable-housing-acah/acah-financial-statements/>

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The financial reporting entity consists of AHFC and the blended component unit ACAH. The entities are closely related and financially integrated. The board of directors for AHFC and ACAH are the same and both entities have similar mission statements. ACAH is a legally separate entity from AHFC but is considered a blended component unit of AHFC due to AHFC's operational responsibility for ACAH and the potential financial benefit or financial burden between AHFC and ACAH. AHFC is financially accountable for ACAH.

The other subsidiaries of AHFC are not closely related, nor financially integrated with AHFC. There is no financial accountability for the other subsidiaries by AHFC. They are not component units of AHFC, thus not included in these financial statements. Those subsidiaries are component units of the State.

Neither AHFC nor the State is liable for any debt issued by the subsidiaries of AHFC. They are government instrumentalities of, but have a legal existence separate and apart from, the State.

Basis of Accounting

The financial reporting entity utilizes the economic resource measurement focus and full accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles as set forth in GASB's pronouncements.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Basis of Presentation

The financial reporting entity is engaged in business-type activities that utilize enterprise funds. The basic fund financial statements are comprised of the Statement of Net Position (Exhibit A), the Statement of Revenues, Expenses and Changes in Net Position (Exhibit B), the Cash Flow Statement (Exhibit C) and the accompanying note disclosures. The supplemental section contains combining financial statements by program, purpose, or bond indenture.

The basic financial statements include a Total Funds and Programs column representing an aggregate of AHFC amounts and a Total column for the financial reporting entity, an aggregation of both AHFC and ACAH amounts.

Major Funds and Component Unit

The basic fund financial statements present the major funds of AHFC and the major component unit ACAH.

Administrative Fund: This is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation not accounted for in other funds.

Grant Programs: Resources provided to other agencies and individuals to develop and improve affordable housing units for lower income families, to assist in improving the energy efficiency of Alaska homes, and to provide tenant-based rental assistance programs for families in the private market (administered by the Corporation under contract with HUD).

Mortgage or Bond Funds: Provides resources to assist in the financing of loan programs or to fund Legislature appropriations.

Other Funds or Programs: Includes the Low Rent program and other affordable housing for low income families managed under contract with HUD, owned by AHFC. Also includes the Home Ownership Fund and the Senior Housing Revolving Loan Fund.

Component unit ACAH: A non-profit public benefit corporation that develops and operates affordable housing for Alaskans, utilizing various funding sources. ACAH is reported as a major component unit for the benefit of users of the financial statements.

Restricted Net Position

The restricted net position of the Administrative Fund consists of the Corporation's remaining commitments to the State (refer to Footnote No. 18 State Authorizations and Commitments for further details) and resources of the Affordable Housing Development Program. The remaining resources of the Administrative Fund are unrestricted.

The other financial activities of the Corporation are restricted by the Corporation's bond indentures, 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 position 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 major 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.

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. Once monies have been disbursed the mortgage loans are recorded.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

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 Owned

Real estate owned consists principally of properties acquired through foreclosure or repossession and is 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 threshold is \$5,000.

Bonds

The Corporation issues bonds to provide capital for its mortgage programs and other uses consistent with its mission. The bonds are recorded at cost plus accreted interest and premiums, less discounts. Discounts and premiums are amortized using the straight-line method.

Deferred Debt Refunding Expenses

Deferred debt refunding expenses occur when new debt is issued to replace existing debt. The differences between the carrying value of the old debt and the resources used to redeem it are called deferred debt refunding expenses. The unamortized balances of these expenses are recorded as deferred outflows of resources. These expenses are amortized over the shorter of the remaining life of the old debt or the remaining life of the new debt.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 of resources or deferred outflows of resources 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.

NOTE DISCLOSURES
TO THE 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, 2017	
Restricted cash	\$ 46,969
Unrestricted	19,374
Carrying amount	<u>\$ 66,343</u>
Bank Balance	<u>\$ 67,061</u>

Investment Valuation

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

AHFC measures its investments using quoted market prices (Level 1 inputs).

Investment Maturities

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.

	Less Than 1	1-5	6-10	More Than 10	June 30, 2017
U. S. Treasury securities	\$ 130	\$ -	\$ -	\$ -	\$ 130
Securities of U. S. Government agencies and corporations	-	20	-	-	20
Commercial paper & medium- term notes	102,503	1,500	-	26,896	130,899
Money market funds	203,362	-	-	-	203,362
Subtotal	<u>\$ 305,995</u>	<u>\$ 1,520</u>	<u>\$ -</u>	<u>\$ 26,896</u>	<u>334,411</u>
GeFONSI pool					284,133
Total AHFC Portfolio					<u>\$ 618,544</u>

Restricted Investments

A large portion of the Corporation's investments, \$203,444,000, is restricted by bond resolutions, contractual agreements, and statutory agreements, and the remainder, \$415,100,000, is unrestricted.

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, 2017	
Ending unrealized holding gain	\$ 32,528
Beginning unrealized holding gain	<u>30,617</u>
Net change in unrealized holding gain	1,911
Net realized gain (loss)	<u>(12)</u>
Net increase (decrease) in fair value	<u>\$ 1,899</u>

NOTE DISCLOSURES
TO THE 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.

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.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

The credit quality ratings of the Corporation's investments as of June 30, 2017, as determined by nationally recognized statistical rating organizations, are shown below (in thousands). The Corporation's investments included \$130,000 of U.S. Treasury securities and securities of agencies and corporations which are explicitly guaranteed by the U.S. Government and are not considered to have credit risk and therefore, are not included in the summary.

	S&P	Moody's	Investment Fair Value
Securities of U.S. Government agencies and corporations:	AA+	Aaa	\$ 20
Commercial paper, medium- term notes:	AA-	A1	1,301
	AA-	Aa2	751
	AA-	Aa3	783
	A+	A1	712
	A	A1	499
	A	A2	2,384
	A+	A2	100
	A-1+	P-1	56,612
	A-1+	N/A	249
	A-1	P-1	31,355
	Aa2	AA-	120
	Aa3	AA-	721
	N/A	Aa2e	250
	N/A	AA2	26,896
			122,733
Money market funds:	AAAm	--	203,362
Unrated investments:			
Commercial paper, medium term notes	N/A	N/A	8,166
			<u>\$ 334,281</u>

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/pros/investors/fiscal-policies>

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

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

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 June 30, 2017, 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
State of Alaska	\$ 284,133	45.94 %
Goldman Sachs	203,362	32.88

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 \$67,061,000 bank balance at June 30, 2017, cash deposits in the amount of \$1,711,000 were uninsured and uncollateralized. Additional cash deposits in the amount of \$39,260,000 were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Corporation's name.

Interest Rate Risk

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

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

Modified Duration

Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands) with their modified duration as of June 30, 2017:

U. S. Treasury securities:		
Treasury coupon securities	\$ 130	0.358
Securities of U. S. Government agencies and corporations:		
Federal agency pass through securities	20	1.205
Commercial paper & medium-term notes:		
Commercial paper discounts	86,560	0.071
Penn Housing Bonds	26,895	0.471
Medium-term notes	17,444	0.053
Money market funds	203,362	0.000
	<u>\$ 334,411</u>	
Portfolio modified duration		0.032

Investment in GeFONSI Pool

The Department of Revenue, Treasury Division (Treasury) has created a pooled environment by which it manages the investments the Commissioner has fiduciary responsibility for. Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The Fund 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 Fixed Income Pool, Short-term Liquidity Fixed Income Pool and the Intermediate-term Fixed Income Pool. The complete financial activity of the Funds is shown in the Comprehensive Annual Financial Report (CAFR) available from the Department of Administration, Division of Finance.

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.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

The accrual basis of accounting is used for the investment income and GeFONSI investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term, Short-term Liquidity and Intermediate-term Fixed Income Pools is allocated to the pool participants daily on a pro-rata basis. The fair value of the Corporation's investment in the GeFONSI pool is \$284,133,000.

For additional information on interest rate risk, credit risk, foreign exchange, derivatives, fair value, and counterparty credit risk see the separately issued report on the Invested Assets of the Commissioner of Revenue at: <http://treasury.dor.alaska.gov/Investments/Annual-Investment-Reports.aspx>.

4 INTERFUND RECEIVABLE/PAYABLE

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

Due To	Due From					
	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	Total
Administrative Fund	\$ -	\$ 6,275	\$ -	\$ 595	\$ 53	\$ 6,923
Grant Programs	-	-	-	-	1,425	1,425
Mortgage or Bond Programs	38,009	-	-	-	-	38,009
Other Funds or Programs	-	-	-	-	-	-
Alaska Corporation for Affordable Housing	-	-	-	-	-	-
Total	\$ 38,009	\$ 6,275	\$ -	\$ 595	\$ 1,478	\$ -

The balance due to the Mortgage or Bond programs 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 due to the Administrative Fund from the Grant Programs and the Other Funds or Programs resulted primarily from expenditures paid by the Administrative Fund on behalf of those programs, as well as an allocation of management and bookkeeping fees mandated by HUD.

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

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

	June 30, 2017
Mortgage loans	\$ 2,448,535
Multifamily loans	425,514
Other notes receivable	95,216
	<u>2,969,265</u>
Less:	
Allowance for losses	(58,933)
Net Mortgage loans, notes and other loans	<u>\$ 2,910,332</u>

Of the \$2,969,265,000 mortgage loans, notes, and other loans, \$82,410,000 is due within a year.

Other notes receivable include monies due to AHFC for various unconventional loan programs, monies that weren't expended by grant recipients and notes receivable due to ACAH of \$13,778,000. Included in the allowance for losses is \$1,240,000 for ACAH's notes receivable bringing ACAH's net notes receivable to \$12,538,000.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

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

		June 30, 2017
<u>Delinquencies and foreclosures:</u>		
Loans delinquent 30 days or more	\$	111,143
Foreclosures during period		9,198
Loans in foreclosure process		12,571
<u>Mortgage-related commitments:</u>		
To purchase mortgage loans		57,556

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 funding to purchase the building was originally from State Building Lease Bonds Series 1999, which were refunded by General Housing Purpose Bonds 2005 Series C, which were lastly refunded in March 2015, when the Corporation issued the State Capital Project Bonds, 2015 Series A. The Atwood Office Building is part of the Corporation's State Building Lease Program and has been leased to the State of Alaska for occupancy by its departments and agencies located in Anchorage. The lease of the building to the State was recorded as a direct financing lease. The lease expired on June 1, 2017. The State is exercising the option to purchase the Atwood Office Building and associated land, identified as Block 79, with a municipality assessed value of \$70.5 million, for \$1; the title is in the process of being transferred from the Corporation to the State. Block 102, containing lots the State currently has chosen not to transfer but has reserved the right to take ownership at a later date, was booked as a corporate asset at the assessed value of \$4,175,000, and identified as Property for Resale pending the Corporation determining next steps.

In fiscal year 2007, the Corporation began constructing a parking garage in downtown Anchorage with its Administrative Fund assets. The cost of the garage was \$44,000,000, and 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 for \$1 after December 1, 2027, which is the end of the lease. In December 2015, and June 2015, the Corporation issued the State Capital Project Bonds, 2015 Series C and the State Capital Project Bonds, 2015 Series B, respectively, to partially refund the State Capital Project Bonds, 2007 Series A, which were originally issued in September 2007 to finance the purchase of the parking garage. The lease of the garage to the State has been recorded as a direct financing lease.

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

Future Minimum Payments Due		
	Year Ending June 30,	Parking Garage
2018	\$	3,304
2019		3,304
2020		3,304
2021		3,304
2022		3,304
Thereafter		19,819
Gross payments due		36,339
Less: Unearned revenue		(7,197)
Net investment in direct financing lease	\$	29,142

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

8 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, and a summary of balances are shown below (in thousands):

	June 30, 2016	Additions	Reductions	June 30, 2017
Non-Depreciable Capital Assets:				
Land	\$ 19,812	\$ 435	\$ -	\$ 20,247
Construction in progress	-	-	-	-
Total Non-Depreciable	19,812	435	-	20,247
Depreciable Capital Assets:				
Buildings	243,097	2,973	-	246,070
Computers & Equipment	2,252	119	(15)	2,356
Vehicles	2,116	215	(35)	2,296
Less: Accumulated depreciation				
Buildings	(153,801)	(6,457)	-	(160,258)
Computers & Equipment	(1,883)	(221)	15	(2,089)
Vehicles	(1,772)	(123)	35	(1,860)
Total Depreciable, Net	90,009	(3,494)	-	86,515
Total Capital Assets, Net	\$ 109,821	\$ (3,059)	\$ -	\$ 106,762

The above capital assets include \$3,667,000 of land and land improvements that belong to ACAH.

The depreciation expense charged by the Corporation was \$6,801,000 for the year ended June 30, 2017.

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 \$4,591,000 at June 30, 2017.

9 DEFERRED OUTFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred outflows of resources as the consumption of resources that are applicable to a future period. AHFC's deferred outflows of resources at June 30, 2017, were interest rate swap derivatives of \$142,863,000, deferred debt refunding expense of \$20,544,000, and pension deferred outflows of \$9,269,000.

10 BONDS PAYABLE

All of the bonds are general obligations of the Corporation for which its full faith and credit are pledged. All of the bonds 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's obligations are not a debt of the State, and the State is not directly liable thereon except for the Veterans Mortgage Program Bonds. The Veterans Mortgage Program Bonds are backed by the full faith and credit of the State. In the event that the Corporation cannot make the Veterans Mortgage Program Bond payments, the State will pay the principal and interest payments.

Bonds outstanding as of June 30, 2017 are shown on the next two pages (in thousands):

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

	Original Amount	June 30, 2017
First-Time Home Buyer Program:		
<i>Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2009 Series A-1; 3.07%, due 2027-2041	\$ 64,350	\$ 44,430
• 2009 Series A-2; 2.32%, due 2026-2041	128,750	79,520
• 2010 Series A; 2.45% to 4.00%, due 2017-2027	43,130	28,070
Unamortized discount		(123)
• 2010 Series B; 2.45% to 4.625%, due 2017-2040	35,680	30,665
• 2011 Series B; 2.50% to 4.05%, due 2017-2026	71,360	43,740
<i>Mortgage Revenue Bonds, Taxable:</i>		
• 2011 Series A; 2.80% due 2017-2026	28,945	380
Total Mortgage Revenue Bonds	372,215	226,682
<i>Home Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2002 Series A; Floating Rate*; 0.93% at June 30, 2017, due 2032-2036	170,000	53,830
Unamortized swap termination penalty		(3,144)
• 2007 Series A; Floating Rate*; 0.87% at June 30, 2017, due 2017-2041	75,000	74,235
• 2007 Series B; Floating Rate*; 0.87% at June 30, 2017, due 2017-2041	75,000	74,235
• 2007 Series D; Floating Rate*; 0.87% at June 30, 2017, due 2017-2041	89,370	88,445
• 2009 Series A; Floating Rate*; 0.87% at June 30, 2017, due 2020-2040	80,880	80,880
• 2009 Series B; Floating Rate*; 0.87% at June 30, 2017, due 2020-2040	80,880	80,880
• 2009 Series D; Floating Rate*; 0.91% at June 30, 2017, due 2020-2040	80,870	80,870
Total Home Mortgage Revenue Bonds	652,000	530,231
Veterans Mortgage Program Bonds:		
<i>Collateralized State Guaranteed Bonds, Tax-Exempt:</i>		
• 2016 First & Second Series; 0.70% to 3.20%, due 2017-2046	50,000	49,400
Other Housing Bonds:		
<i>General Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2012 Series A; 1.65% to 4.25%, due 2017-2040	145,890	114,255
Unamortized discount		(567)
Unamortized premium		223
• 2016 Series A; 0.50% to 3.50%, due 2017-2046	100,000	98,475
Unamortized premium		1,059
<i>Governmental Purpose Bonds, Tax-Exempt:</i>		
• 1997 Series A; Floating Rate*, monthly payments, 0.87% at June 30, 2017, due 2027	33,000	14,600
• 2001 Series A; Floating Rate*; 0.87% at June 30, 2017, due 2017-2030	76,580	46,145
Unamortized swap termination penalty		(5,186)
• 2001 Series B; Floating Rate*; 0.91% at June 30, 2017, due 2017-2030	93,590	56,390
Total Other Housing Bonds	449,060	325,394

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

	Original Amount	June 30, 2017
Non-Housing Bonds:		
State Capital Project Bonds, Tax-Exempt:		
• 2002 Series C; Floating Rate*, 0.88% at June 30, 2017, due 2017-2022	60,250	34,910
• 2007 Series A & B; 4.00% to 5.25%, due 2017-2029	95,525	28,475
Unamortized discount		(29)
Unamortized premium		304
• 2011 Series A; 4.25% to 5.00%, due 2017-2027	105,185	72,365
Unamortized discount		(59)
Unamortized premium		782
• 2012 Series A; 3.25% to 5.00%, due 2017-2032	99,360	78,980
Unamortized discount		(100)
Unamortized premium		6,568
• 2013 Series A; 4.00% to 5.00%, due 2017-2032	86,765	83,710
Unamortized premium		7,190
• 2014 Series A; 4.00% to 5.00%, due 2017-2033	95,115	89,175
Unamortized discount		(58)
Unamortized premium		5,700
• 2014 Series B; 5.00%, due 2017-2029	29,285	26,835
Unamortized premium		2,907
• 2014 Series D; 3.00% to 5.00%, due 2017-2029	78,105	77,945
Unamortized premium		10,631
• 2015 Series A; 3.00% to 5.00%, due 2017-2030	111,535	105,060
Unamortized premium		13,447
• 2015 Series B; 3.00% to 5.00%, due 2017-2036	93,365	91,875
Unamortized discount		(211)
Unamortized premium		7,062
• 2015 Series C; 4.00% to 5.00%, due 2017-2035	55,620	52,190
Unamortized premium		7,276
State Capital Project Bonds, Taxable:		
• 2013 Series B; Indexed Floating Rate**, monthly payments 1.85050% at June 30, 2017, due 2043	50,000	50,000
• 2014 Series C; Indexed Floating Rate**, 1.55100% at June 30, 2017, due 2029	140,000	140,000
Total Non-Housing Bonds	1,100,110	992,930
Total Bonds Payable	\$ 2,623,385	\$ 2,124,637

Note: Debt service payments on the above mentioned bonds 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.

**Interest rates on the indexed floating rate bonds are established monthly based on an index and a prescribed spread in the underlying bond documents.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

Redemption Provisions

The bonds 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 redeem previously issued debt, called current refundings. The related discounts and costs of issuance of the old debt are classified as a deferred outflow of resources 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 the outstanding amount falls below 15% of the total issuance.

During the year ended June 30, 2017, the Corporation made special revenue redemptions in the amount of \$43,060,000.

Advance Refundings

In the fiscal years ending June 30, 2015, and June 30, 2016, the Corporation effected advanced refundings where the proceeds of issued bonds were used to defease outstanding debt of the Corporation.

A summary of all defeased debt, as of June 30, 2017, follows (in thousands):

	Date Defeased	June 30, 2017
State Capital Project Bonds, 2007 Series A and B	June 2015	\$ 34,230
State Capital Project Bonds, 2007 Series B	December 2015	3,765
		<u>\$ 37,995</u>

Debt Service Requirements**

For all bonds in the preceding schedules, the Corporation's debt service requirements through 2021 and in five year increments thereafter to maturity are shown below (in thousands):

Year Ended June 30	Total Debt Service		
	Principal	Interest*	Total
2018	\$ 61,832	\$ 75,795	\$ 137,627
2019	64,170	73,643	137,813
2020	78,110	71,155	149,265
2021	114,970	67,196	182,166
2022	89,115	62,933	152,048
2023-2027	468,135	257,286	725,421
2028-2032	650,095	150,123	800,218
2033-2037	300,615	68,831	369,446
2038-2042	185,680	22,110	207,790
2043-2047	58,243	1,644	59,887
	<u>\$ 2,070,965</u>	<u>\$ 850,716</u>	<u>\$ 2,921,681</u>

* Interest requirements have been computed for hedged variable rate bonds using the associated fixed swap rates and for unhedged variable rate bonds using interest rates in effect at June 30, 2017.

** 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.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

A summary of all conduit debt as of June 30, 2017 follows (in thousands):

	Maximum Issue Amount	Balance at June 30, 2017
Revenue Bonds, 2016 (Muldoon Garden Project)	\$ 3,920	\$ 2,187

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 Position, 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.

AHFC categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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. These measurements are Level 2 inputs. 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 risks, position size, transaction and financing costs, and the use of capital profit. The fair value represents the current price to settle swap assets 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 2017, the Corporation had not posted any collateral and was not required to post any collateral.

Hedging Derivatives

The significant terms and credit ratings of the Corporation's hedging derivatives as of June 30, 2017, 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-/A3
GP01B	08/02/01	4.1427	67% of 1M LIBOR	12/01/30	AA/Aa3
E021A1 ²	10/09/08	2.9800	70% of 3M LIBOR ⁵	06/01/32	AA-/Aa2
E021A2	10/09/08	3.4480	70% of 1M LIBOR	12/01/36	AA/Aa3
SC02C ³	12/05/02	4.3030	SIFMA ⁶ +0.115%	07/01/22	A+/Aa2
E071AB	05/31/07	3.7345	70% of 3M LIBOR	12/01/41	AA-/Aa2
E071BD	05/31/07	3.7200	70% of 3M LIBOR	12/01/41	A+/Aa2
E091A	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	AA-/Aa1
E091B	05/28/09	3.7610	70% of 3M LIBOR	12/01/40	AA-/Aa2
E091ABD	05/28/09	3.7400	70% of 3M LIBOR	12/01/40	A+/Aa2

1. Governmental Purpose Bonds

2. Home Mortgage Revenue Bonds

3. State Capital Project Bonds

4. London Interbank Offered Rate ("LIBOR") 1 month

5. London Interbank Offered Rate 3 month

6. Securities Industry and Financial Markets Municipal Swap Index

7. Standard & Poor's/Moody's

NOTE DISCLOSURES
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The change in fair value and ending balance of the hedging derivatives as of June 30, 2017, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values		Change in Fair Value
			June 30, 2017	June 30, 2016	
GP01A	\$ 46,145	\$ 49,412	\$ (3,267)	\$ (6,015)	\$ 2,748
GP01B	56,390	66,878	(10,488)	(15,029)	4,541
E021A1	37,540	41,693	(4,153)	(6,789)	2,636
E021A2	16,290	16,778	(488)	(1,102)	614
SC02C	34,910	37,455	(2,545)	(4,423)	1,878
E071AB	142,149	177,775	(35,626)	(50,897)	15,271
E071BD	94,766	118,275	(23,509)	(33,699)	10,190
E091A	72,789	92,017	(19,228)	(27,504)	8,276
E091B	72,789	91,599	(18,810)	(26,721)	7,911
E091ABD	97,052	121,800	(24,748)	(35,295)	10,547
Total	\$ 670,820	\$ 813,682	\$ (142,862)	\$ (207,474)	\$ 64,612

As of June 30, 2017, 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
2018	\$ 18,705	\$ 5,870	\$ 18,427	\$ 43,002
2019	19,560	5,703	17,895	43,158
2020	23,740	5,528	17,340	46,608
2021	28,230	5,302	16,616	50,148
2022	29,750	5,049	15,811	50,610
2023-2027	136,545	21,579	67,705	225,829
2028-2032	152,050	15,099	48,060	215,209
2033-2037	135,305	8,933	28,814	173,052
2038-2042	126,935	2,591	8,380	137,906
	\$ 670,820	\$ 75,654	\$ 239,048	\$ 985,522

Credit Risk

As of June 30, 2017, 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 38% of the total notional amount of the swaps is held with one counterparty rated "AA-/Aa2". Another 34% of the total notional amount of the swaps is held with another counterparty rated "A+/Aa2". Of the remaining swaps, one counterparty is rated "AA/Aa3", another counterparty is rated "AA-/Aa1", and the remaining counterparty is rated "A-/A3", approximating 11%, 11%, and 7% respectively, of the total notional amount of the swaps.

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.

Basis Risk

All of the Corporation's variable-rate bond interest payments related to interest rate swaps 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, 2017, SIFMA was 0.91% and 1-month LIBOR was 1.22611%, resulting in a SIFMA/LIBOR ratio of 74.2%. The 3-month LIBOR was 1.29639%, resulting in a SIFMA/LIBOR ratio of 70.2%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

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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. An additional payment of \$150,000 was made to a former counterparty in fiscal year 2013 as settlement of any and all claims relating to that counterparty's swap termination. This payment was expensed as insurance and financing expense in fiscal year 2013.

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 Home Mortgage Revenue Bonds, 2002 Series A 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 Governmental Purpose Bonds, 2001 Series A and B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the un-swapped portion of the debt.

Investment Derivative

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

The significant terms and credit ratings of the Corporation's investment derivative as of June 30, 2017, 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+/Aa2

The change in fair value of the investment derivatives as of June 30, 2017, is shown below (in thousands) and is presented on the net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values		Change in Fair Value
			June 30, 2017	June 30, 2016	
SC02B	\$ 14,555	\$ 16,595	\$ (2,040)	\$ (3,069)	\$ 1,029

Credit Risk

As of June 30, 2017, 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+/Aa2".

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12 LONG TERM LIABILITIES

The activity for the year ended June 30, 2017, is summarized in the following schedule (in thousands):

	June 30, 2016	Additions	Reductions	June 30, 2017	Due Within One Year
Total bonds and notes payable	\$ 2,083,582	\$ 151,133	\$ (110,078)	\$ 2,124,637	\$ 61,832
Compensated absences	4,338	2,639	(2,793)	4,184	2,167
Other liabilities	812	213	(1,025)	-	-
Total long-term liabilities	<u>\$ 2,088,732</u>	<u>\$ 153,985</u>	<u>\$ (113,896)</u>	<u>\$ 2,128,821</u>	<u>\$ 63,999</u>

13 SHORT TERM DEBT

The Corporation has a taxable commercial paper program. Commercial paper is used to refund certain tax-exempt debt until new debt replaces it. Individual maturities range up to 270 days from date of issuance. The maximum aggregate outstanding principal balance authorized by the Corporation's Board of Directors is \$150,000,000. The lowest yield fiscal year ended June 30, 2017 has been 0.45% and the highest 1.17%.

Short term debt activity for the year ended June 30, 2017, is summarized in the following schedule (in thousands):

	June 30, 2016	Additions	Reductions	June 30, 2017
Commercial paper	\$ 71,600	\$ 615,207	\$ (604,207)	\$ 82,600
Unamortized discount	(11)	(498)	435	(74)
Commercial paper, net	<u>\$ 71,589</u>	<u>\$ 614,709</u>	<u>\$ (603,772)</u>	<u>\$ 82,526</u>

14 DEFERRED INFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred inflows of resources as the acquisition of resources that are applicable to a future period. AHFC's deferred inflows of resources at June 30, 2017, represent the difference between projected and actual investment earnings in State of Alaska's Public Employees' Retirement System Defined Benefit Retirement Plan of \$531,000.

15 TRANSFERS

Transfers for the year ended June 30, 2017, are summarized in the following schedule (in thousands):

	From					
	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	Total
Administrative Fund	\$ -	\$ 43,290	\$ 400,994	\$ 13,504	\$ 262	\$ 458,050
Grant Programs	47,303	-	-	-	-	47,303
T Mortgage or Bond Programs	522,145	-	-	-	-	522,145
o Other Funds or Programs	17,234	-	-	-	-	17,234
Alaska Corporation for Affordable Housing	62	-	-	-	-	62
Total	<u>\$ 586,744</u>	<u>\$ 43,290</u>	<u>\$ 400,994</u>	<u>\$ 13,504</u>	<u>\$ 262</u>	<u>\$ -</u>

Transfers are used to:

- (1) move cash between the Administrative Fund and the Mortgage or Bond Programs to subsidize debt service payments or satisfy bond indenture requirements;
- (2) move mortgages between the Administrative Fund and the Mortgage or Bond Programs;
- (3) record expenditures paid on behalf of the Grant Programs, the Mortgage or Bond Programs, and the Other Funds or Programs by the Administrative Fund;
- (4) move cash and mortgages between various Mortgage or Bond Programs; or
- (5) record any non-reimbursable expenditures paid by the Administrative Fund on behalf of ACAH and cash transferred between the Administrative Fund and ACAH.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

16 OTHER CREDIT ARRANGEMENTS

The Corporation currently has certain outstanding debt obligations with which it has entered into standby bond purchase agreements to provide liquidity in the event of un-remarketed tenders and/or bond insurance contracts to guarantee the payment of debt service. At June 30, 2017, the Corporation had unused standby bond purchase agreements of \$533,375,000 and bond insurance of \$28,475,000.

17 YIELD RESTRICTION AND ARBITRAGE REBATE

Most mortgages purchased with the proceeds of tax-exempt mortgage revenue 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 mortgage revenue 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. It is possible to overestimate liability, and therefore overpayments result in a receivable from the government. Such is the case with the latest calculation. Prior payments totaled \$1,235,000; however the latest rebate liability reserve requirement is \$1,010,000. The amount of arbitrage due to the Corporation as of June 30, 2017 is \$225,000.

18 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". Following are the details of AHFC's dividend to the State as of June 30, 2017, (in thousands):

	Dividend Due to State	Expenditures	Remaining Commitments
State General Fund Transfers	\$ 794,648	\$ (788,948)	\$ 5,700
State Capital Projects Debt Service	446,870	(434,866)	12,004
State of Alaska Capital Projects	253,761	(249,410)	4,351
AHFC Capital Projects	492,353	(463,656)	28,697
Total	<u>\$ 1,987,632</u>	<u>\$ (1,936,880)</u>	<u>\$ 50,752</u>

Transfer Plan with the State

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

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

The Corporation has issued \$196,345,000 principal amount of State Capital Project Bonds pursuant to the 1998 Act, \$74,535,000 principal amount of State Capital Project Bonds pursuant to the 2000 Act, \$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

NOTE DISCLOSURES
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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 the adjusted change in net position 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.

19 HOUSING GRANTS AND SUBSIDIES EXPENSES

The grant programs are funded from HUD, federal, State and Corporate proceeds. The Corporation paid grants to third parties for the following programs (in thousands):

	June 30, 2017
Affordable Housing Development Program	\$ 1
Beneficiaries and Special Needs Housing	2,302
Continuum of Care Homeless Assistance	1,822
Domestic Violence	1,527
Drug Elimination	41
Emergency Shelter Grant (ESG)	212
Energy Efficiency Monitoring Research	1,003
Energy Efficient Home Program	8,211
HOME Investment Partnership	4,128
Homeless Assistance Program	8,625
Housing Choice Vouchers	33,054
Housing Loan Program	4,142
Housing Opportunities for Persons with AIDS	588
Low Income Weatherization Assistance	7,151
Low Income Home Energy Assistance	300
Non-Elderly Disabled (NED)	264
Parolees (TBRA)	841
Section 8 Rehabilitaton	460
Senior Citizen Housing Development Grant	2,209
Supplemental Housing Grant	5,466
Technical Assistance Grant	6
Utility Allowance Payments for Low Rent	25
Veterans Affairs Supportive Housing	1,791
Youth (TBRA)	141
Total Housing Grants and Subsidies Expenses	\$ 84,310

In addition to grant payments made, the Corporation had advanced grant funds of \$3,334,000 and committed to third parties a sum of \$35,307,000 in grant awards as of June 30, 2017.

20 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

Description of Plans

As of June 30, 2017, 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.

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PERS is administered by the State. 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.

PERS audited financial statements are available at www.doa.alaska.gov/drb.

Defined Benefit Pension and Post Employment Health Care Plans (*Employees hired prior to July 1, 2006*)

Employee Benefits:

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 between July 1, 1986, and 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 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. 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 between July 1, 1996, and June 30, 2006, 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.

This plan was closed to new entrants as of June 30, 2006.

Funding Policy:

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 fiscal year 2017, 14.96% of covered salary is for the pension plan and 7.04% of covered salary is for the post-employment healthcare plan.

Under AS39.35.255, the difference between the actuarial required contribution of 26.14% for fiscal year 2017 and the employer rate of 22% is funded by the State.

The Corporation's contributions to the defined benefit post-employment healthcare plan for the year ended June 30, 2017, totaled \$973,000, and for the years ended June 30, 2016, and June 30, 2015, totaled \$1,334,000 and \$1,543,000, respectively.

Pension Liabilities:

At June 30, 2017, the Corporation reported a liability for its proportionate share to the net pension liability in the amount of \$47,645,000. This amount reflected State pension support provided to the Corporation in the amount of \$6,003,000. The total net pension liability associated with the Corporation was \$53,648,000.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2015 and rolled forward to June 30, 2016.

Pension Expense:

For the year ended June 30, 2017, the Corporation recognized pension expense of \$9,606,000 and revenue of \$917,000 for support provided by the State.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

As of June 30, 2017, the Corporation's deferred outflows of resources related to pensions of \$9,269,000 were due to a change in its proportionate share of contributions to the pension plan of \$1,683,000, a difference between projected and actual investment earnings of \$4,683,000, a difference between expected and actual experience of \$4,000, changes in assumptions of \$220,000 and contributions to the pension plan subsequent to the measurement date of \$2,679,000. This amount will be recognized as a reduction in the net pension liability in the next fiscal year. The Corporation's deferred inflows of resources related to pension of \$531,000 were due to a difference between projected and actual investment earnings.

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The amounts recognized as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows (in thousands):

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
2018	\$ 2,178	\$ (132)	\$ 2,046
2019	996	(133)	863
2020	2,047	(133)	1,914
2021	1,369	(133)	1,236
	<u>\$ 6,590</u>	<u>\$ (531)</u>	<u>\$ 6,059</u>

Actuarial Assumptions:

The total pension liability for fiscal year ended June 30, 2017, was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016. The valuation was prepared assuming an inflation rate of 3.12%. Salary increases were determined by grading by age and service to range from 4.34% to 8.55%. Investment rate of return was calculated at 8.00%, net of pension plan investment expenses, based on an average inflation rate of 3.12% and a real rate of return of 4.88%.

Mortality rates were based on the RP-2000 table, 2000 Base Year projected to 2018 with Projection scale BB.

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term Expected Real Rate of Return
Domestic Equity	5.35 %
Global Equity (non-U.S.)	5.55
Private Equity	6.25
Fixed Income Composite	0.80
Real Estate	3.65
Alternative Equity	4.70

Discount rate:

The discount rate used to ensure the total pension liability was 8%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Corporation's proportionate share of the net pension liability to changes in the discount rate:

The following presents the Corporation's proportionate share of the net pension liability using the discount rate of 8% and what it would be if the discount was 1% (7%) lower or 1% higher (9%), (in thousands).

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Corporation's proportionate share of the net pension liability	\$61,364	\$47,645	\$36,073

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Defined Contribution Pension and Post-Employment Health Care Plans (*Employees hired on or after July 1, 2006*):

Employee Benefits

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

Funding Policy

Under State law, covered employees are required to contribute 8% 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 fiscal year 2017, 6.35% of covered salary is split 5.17% for the pension plan and 1.18% for the post-employment healthcare plan. Then, to offset additional individual post-employment healthcare cost, an annual flat dollar amount of \$2,049.36, representing 3% of total annual covered compensation in the Plan, is deposited in an HRA Account for each covered employee.

Additionally, 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 after the HRA contributions, the Corporation must pay that additional amount. This additional amount is used to reduce the defined benefit plan's unfunded liability. For the year ended June 30, 2017, the Corporation paid additional contributions of \$900,000. These contributions equal \$612,000 for the defined benefit pension and \$288,000 for the defined benefit post-employment healthcare plans.

The contributions to the pension plan for the year ended June 30, 2017, by the employees totaled \$585,000 and by the Corporation totaled \$378,000.

The Corporation contributed \$332,000 to a health reimbursement arrangement for the year ended June 30, 2017.

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 \$3,316,000 as of June 30, 2017.

Litigation

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

Contingent Liabilities

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

Subsequent Events

In July 2017, per Board Resolution 2017-19, the Corporation issued \$8.2M in conduit bonds for Grass Creek North II, a 45-unit multi-family rental facility in Anchorage, Alaska. The Bond does not constitute indebtedness liability of the Corporation nor of the State of Alaska; it is payable solely by the Borrower per the Loan Agreement terms.

Also in July 2017, the Corporation sold its \$143,955,000 State Capital Project Bonds II, 2017 Series A (the "2017 Bonds"). The 2017 Bonds are tax-exempt general obligations of the Corporation with a final maturity of December 1, 2032. Interest is payable each June 1 and December 1 at fixed rates between 2% and 5%. The 2017 Bonds will be delivered on September 6, 2017. Proceeds of the 2017 Bonds will be used to reimburse the Corporation for certain capital project expenditures; to refund certain of the Corporation's outstanding taxable commercial paper notes; to fully refund on a current refunding basis the Corporation's State Capital Project Bonds, 2007 Series A and B, on December

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

1, 2017; to refund on a current refunding basis the December 1, 2017, maturities of certain of the Corporation's various State Capital Project Bonds and State Capital Project Bonds II; and to refund on an advanced refunding basis the non-December 1, 2017, maturities of the Corporation's State Capital Project Bonds, 2011 Series A (the "Defeased Bonds"). Assets and liabilities related to the Defeased Bonds will be removed from the Statement of Net Position upon delivery of the 2017 Bonds on September 6, 2017.

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.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

23 FIVE YEAR FINANCIAL INFORMATION

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

	2017	2016	June 30, 2015	2014	2013
Assets					
Cash	\$ 66,343	\$ 70,104	\$ 50,348	\$ 77,026	\$ 59,207
Investments	618,544	615,588	816,244	1,063,200	1,218,693
Accrued interest receivable	12,771	12,325	11,606	12,357	11,559
Mortgage loans, notes and other loans	2,910,332	2,817,494	2,662,893	2,536,596	2,305,667
Net investment in direct financing lease	29,142	34,555	39,732	44,664	48,777
Unamortized bond issuance costs	-	-	-	-	10,855
Capital assets, net	106,762	109,821	116,057	120,248	125,483
Other assets	23,171	35,746	47,982	44,533	64,919
Derivative instrument - interest rate swaps	-	-	-	-	-
Total Assets	3,767,065	3,695,633	3,744,862	3,898,624	3,845,160
Deferred Outflow of Resources	172,676	234,921	171,440	156,579	136,070
Liabilities					
Bonds and notes payable	2,124,637	2,083,582	2,201,527	2,308,710	2,257,875
Short term debt	82,526	71,589	16,899	64,993	28,388
Accrued interest payable	9,622	9,628	9,397	10,147	9,947
Other liabilities	63,894	55,009	49,522	21,079	20,857
Derivative instrument - interest rate swaps	144,903	210,543	150,199	140,366	138,635
Total Liabilities	2,425,582	2,430,351	2,427,544	2,545,295	2,455,702
Deferred Inflow of Resources	531	670	3,277	-	-
Total Net Position	\$ 1,513,628	\$ 1,499,533	\$ 1,485,481	\$ 1,509,908	\$ 1,525,528
Operating Revenues					
Mortgage and loans revenue	\$ 130,538	\$ 128,942	\$ 126,140	\$ 120,740	\$ 125,059
Investment interest	4,727	3,595	4,388	6,532	6,385
Net change in fair value of investments	1,899	2,754	1,627	2,450	1,545
Net change of hedge termination	1,028	(552)	11	37	1,158
Total Investment Revenue	7,654	5,797	6,026	9,019	9,088
Externally funded programs	96,081	123,782	146,236	163,739	168,152
Rental	11,155	10,707	9,342	8,951	8,701
Other	4,051	4,952	2,355	5,637	4,325
Total Operating Revenues	249,479	274,180	290,099	308,086	315,325
Operating Expenses					
Interest	69,890	70,357	75,349	81,184	94,409
Mortgage and loan costs	10,843	10,836	11,327	9,442	10,098
Operations and administration	4,512	58,373	53,287	58,771	56,663
Financing expenses	(5,584)	3,556	5,064	4,415	12,419
Provision for loan loss	56,867	(5,831)	(5,741)	(5,688)	(4,753)
Housing grants and subsidies	14,296	107,054	125,222	149,188	150,460
Rental housing operating expenses	84,310	15,634	17,086	14,159	13,924
Total Operating Expenses	235,134	259,979	281,594	311,471	333,220
Operating Income (Loss)	14,345	14,201	8,505	(3,385)	(17,895)
Non-Operating & Special Item					
Contribution to State or State agency	(250)	(149)	(3,825)	(1,380)	(10,720)
Special item	-	-	-	-	-
Change in Net Position	\$ 14,095	\$ 14,052	\$ 4,680	\$ (4,765)	\$ (28,615)

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Corporation's Proportionate Share of the Net Pension Liability (in thousands):

	2017	2016	2015	2014
The Corporation's proportion of the net pension liability (asset)	0.852380%	0.780600%	0.6082139%	0.59869601%
The Corporation's proportionate share of the net pension liability (asset)	\$ 47,645	\$ 37,859	\$ 28,368	\$ 31,440
State's proportionate share of the net pension liability (asset) associated with the Corporation	6,003	10,856	22,644	26,434
Total	<u>\$ 53,648</u>	<u>\$ 48,715</u>	<u>\$ 51,012</u>	<u>\$ 57,874</u>
The Corporation's covered employee payroll	\$ 15,252	\$16,314	\$17,189	\$17,815
The Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	312.39%	232.06%	165.04%	176.48%
Plan fiduciary net position as a percentage of the total pension liability	59.55%	63.96%	62.37%	56.04%

Information in this table is presented based on the Plan measurement date. For June 30, 2017, the plan measurement date is June 30, 2016.

This pension table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

The Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Corporation's Contributions (in thousands)

	2017	2016	2015	2014
Contractually required contributions	\$ 2,679	\$ 2,475	\$ 2,403	\$ 2,128
Contributions in relation to the contractually required contributions	2,679	2,475	2,403	2,128
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
The Corporation's covered employee payroll	13,817	15,252	16,314	17,189
Contributions as a percentage of covered-employee payroll	19.39%	16.23%	14.73%	12.38%

This table reports the Corporation's pension contributions to PERS during fiscal year 2017. These contributions are reported as a deferred outflow of resources on the June 30, 2017 basic financial statements.

This pension table is intended to present 10 years of information. Additional years will be added to the schedule as they become available.

The Plan is reporting no changes in benefit terms from the prior measurement period.

The Plan is reporting no changes in assumptions from the prior measurement period.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of June 30, 2017

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
ASSETS				
Current				
Cash	\$ 28,843	\$ 382	\$ 30	\$ -
Investments	464,332	19,371	42,307	15,653
Accrued interest receivable	3,055	854	2,602	185
Inter-fund due to/from	(31,086)	4,140	9,764	1,661
Mortgage loans, notes and other loans	5,943	6,626	21,425	1,659
Net investment in direct financing lease	-	-	-	-
Other assets	4,389	-	-	-
Intergovernmental receivable	246	-	-	-
Total Current	475,722	31,373	76,128	19,158
Non Current				
Investments	1,522	-	13,994	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	201,292	254,960	709,937	43,437
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	2,917	-	-	-
Capital assets - depreciable, net	18,363	-	-	-
Other assets	3,482	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Non Current	227,576	254,960	723,931	43,437
Total Assets	703,298	286,333	800,059	62,595
DEFERRED OUTFLOW OF RESOURCES				
	9,269	-	134,053	-
LIABILITIES				
Current				
Bonds payable	-	8,747	5,090	1,280
Short term debt	82,526	-	-	-
Accrued interest payable	2,473	588	1,607	99
Other liabilities	7,308	79	277	13
Intergovernmental payable	-	-	-	-
Total Current	92,307	9,414	6,974	1,392
Non Current				
Bonds payable	-	217,937	525,141	48,120
Other liabilities	2,018	-	-	-
Derivative instrument - interest rate swaps	-	-	126,562	-
Intergovernmental payable	-	-	-	-
Pension liability	47,645	-	-	-
Total Non Current	49,663	217,937	651,703	48,120
Total Liabilities	141,970	227,351	658,677	49,512
DEFERRED INFLOW OF RESOURCES				
	531	-	-	-
NET POSITION				
Net investment in capital assets	21,280	-	-	-
Restricted by bond resolutions	-	58,982	275,435	13,083
Restricted by contractual or statutory agreements	61,200	-	-	-
Unrestricted or (deficit)	487,586	-	-	-
Total Net Position	\$ 570,066	\$ 58,982	\$ 275,435	\$ 13,083

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ 198	\$ 152	\$ 36,738	\$ 66,343
42,353	4,225	1,886	590,127
1,435	4,467	173	12,771
6,431	16,013	(6,923)	-
14,099	31,417	1,241	82,410
-	2,138	-	2,138
-	-	4,829	9,218
-	-	9,999	10,245
64,516	58,412	47,943	773,252
12,901	-	-	28,417
-	-	-	-
479,022	1,085,823	53,451	2,827,922
-	27,004	-	27,004
-	-	17,330	20,247
-	-	68,152	86,515
225	-	1	3,708
-	-	-	-
-	-	-	-
492,148	1,112,827	138,934	2,993,813
556,664	1,171,239	186,877	3,767,065
14,954	14,400	-	172,676
12,935	33,780	-	61,832
-	-	-	82,526
836	4,019	-	9,622
178	279	5,170	13,304
-	152	415	567
13,949	38,230	5,585	167,851
312,459	959,148	-	2,062,805
-	-	360	2,378
13,756	4,585	-	144,903
-	-	-	-
-	-	-	47,645
326,215	963,733	360	2,257,731
340,164	1,001,963	5,945	2,425,582
-	-	-	531
-	-	85,482	106,762
231,454	-	-	578,954
-	-	97,282	158,482
-	183,676	(1,832)	669,430
\$ 231,454	\$ 183,676	\$ 180,932	\$ 1,513,628

ALASKA HOUSING FINANCE CORPORATION

Schedule 2

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION**ADMINISTRATIVE FUND**

As of June 30, 2017

(in thousands of dollars)

	Administrative Fund
ASSETS	
Current	
Cash	\$ 28,843
Investments	464,332
Accrued interest receivable	3,055
Inter-fund due to/from	(31,086)
Mortgage loans, notes and other loans	5,943
Net investment in direct financing lease	-
Other assets	4,389
Intergovernmental receivable	246
Total Current	<u>475,722</u>
Non Current	
Investments	1,522
Inter-fund due to/from	-
Mortgage loans, notes and other loans	201,292
Net investment in direct financing lease	-
Capital assets - non-depreciable	2,917
Capital assets - depreciable, net	18,363
Other assets	3,482
Derivative instrument - interest rate swaps	-
Intergovernmental receivable	-
Total Non Current	<u>227,576</u>
Total Assets	<u>703,298</u>
DEFERRED OUTFLOW OF RESOURCES	<u>9,269</u>
LIABILITIES	
Current	
Bonds payable	-
Short term debt	82,526
Accrued interest payable	2,473
Other liabilities	7,308
Intergovernmental payable	-
Total Current	<u>92,307</u>
Non Current	
Bonds payable	-
Other liabilities	2,018
Derivative instrument - interest rate swaps	-
Intergovernmental payable	-
Pension liability	47,645
Total Non Current	<u>49,663</u>
Total Liabilities	<u>141,970</u>
DEFERRED INFLOW OF RESOURCES	<u>531</u>
NET POSITION	
Net investment in capital assets	21,280
Restricted by bond resolutions	-
Restricted by contractual or statutory agreements	61,200
Unrestricted or (deficit)	487,586
Total Net Position	<u>\$ 570,066</u>

ALASKA HOUSING FINANCE CORPORATION

Schedule 3

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

As of June 30, 2017

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
ASSETS			
Current			
Cash	\$ -	\$ 382	\$ 382
Investments	7,401	11,970	19,371
Accrued interest receivable	360	494	854
Inter-fund due to/from	1,643	2,497	4,140
Mortgage loans, notes and other loans	2,657	3,969	6,626
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
Total Current	12,061	19,312	31,373
Non Current			
Investments	-	-	-
Inter-fund due to/from	-	-	-
Mortgage loans, notes and other loans	103,022	151,938	254,960
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	-	-	-
Total Non Current	103,022	151,938	254,960
Total Assets	115,083	171,250	286,333
DEFERRED OUTFLOW OF RESOURCES			
	-	-	-
LIABILITIES			
Current			
Bonds payable	3,311	5,436	8,747
Short term debt	-	-	-
Accrued interest payable	307	281	588
Other liabilities	33	46	79
Intergovernmental payable	-	-	-
Total Current	3,651	5,763	9,414
Non Current			
Bonds payable	99,732	118,205	217,937
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
Pension liability	-	-	-
Total Non Current	99,732	118,205	217,937
Total Liabilities	103,383	123,968	227,351
DEFERRED INFLOW OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	11,700	47,282	58,982
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
Total Net Position	\$ 11,700	\$ 47,282	\$ 58,982

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of June 30, 2017

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
ASSETS				
Current				
Cash	\$ 30	\$ -	\$ -	\$ -
Investments	3,410	5,177	3,635	7,506
Accrued interest receivable	336	281	342	387
Inter-fund due to/from	1,105	884	714	2,968
Mortgage loans, notes and other loans	2,667	2,326	2,344	2,849
Net investment in direct financing lease	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Current	7,548	8,668	7,035	13,710
Non Current				
Investments	839	1,724	1,664	2,213
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	85,278	80,967	80,653	101,840
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Non Current	86,117	82,691	82,317	104,053
Total Assets	93,665	91,359	89,352	117,763
DEFERRED OUTFLOW OF RESOURCES				
	4,641	19,942	19,926	23,580
LIABILITIES				
Current				
Bonds payable	-	1,590	1,590	1,910
Short term debt	-	-	-	-
Accrued interest payable	138	230	229	269
Other liabilities	27	39	44	49
Intergovernmental payable	-	-	-	-
Total Current	165	1,859	1,863	2,228
Non Current				
Bonds payable	50,686	72,645	72,645	86,535
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	4,641	18,605	18,589	21,941
Intergovernmental payable	-	-	-	-
Pension liability	-	-	-	-
Total Non Current	55,327	91,250	91,234	108,476
Total Liabilities	55,492	93,109	93,097	110,704
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	42,814	18,192	16,181	30,639
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
Total Net Position	\$ 42,814	\$ 18,192	\$ 16,181	\$ 30,639

Schedule 4

Bonds 2009 A		Bonds 2009 B		Bonds 2009 D		Home Mortgage Revenue Bonds Combined Total	
\$	-	\$	-	\$	-	\$	30
	8,792		7,720		6,067		42,307
	392		388		476		2,602
	1,126		1,655		1,312		9,764
	3,468		3,757		4,014		21,425
	-		-		-		-
	-		-		-		-
	-		-		-		-
	13,778		13,520		11,869		76,128
	2,373		2,533		2,648		13,994
	-		-		-		-
	111,707		120,908		128,584		709,937
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	114,080		123,441		131,232		723,931
	127,858		136,961		143,101		800,059
	22,364		21,946		21,654		134,053
	-		-		-		5,090
	-		-		-		-
	247		247		247		1,607
	33		34		51		277
	-		-		-		-
	280		281		298		6,974
	80,880		80,880		80,870		525,141
	-		-		-		-
	21,291		20,874		20,621		126,562
	-		-		-		-
	-		-		-		-
	102,171		101,754		101,491		651,703
	102,451		102,035		101,789		658,677
	-		-		-		-
	-		-		-		-
	47,771		56,872		62,966		275,435
	-		-		-		-
	-		-		-		-
\$	47,771	\$	56,872	\$	62,966	\$	275,435

ALASKA HOUSING FINANCE CORPORATION

Schedule 5

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION**VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED**

As of June 30, 2017

(in thousands of dollars)

	Collateralized Bonds 2007 & 2008 First Series	Collateralized Bonds 2016 First & Second Series	Veterans Mortgage Program Bonds Combined Total
ASSETS			
Current			
Cash	\$ -	\$ -	\$ -
Investments	-	15,653	15,653
Accrued interest receivable	-	185	185
Inter-fund due to/from	-	1,661	1,661
Mortgage loans, notes and other loans	-	1,659	1,659
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
Total Current	-	19,158	19,158
Non Current			
Investments	-	-	-
Inter-fund due to/from	-	-	-
Mortgage loans, notes and other loans	-	43,437	43,437
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental receivable	-	-	-
Total Non Current	-	43,437	43,437
Total Assets	-	62,595	62,595
DEFERRED OUTFLOW OF RESOURCES			
	-	-	-
LIABILITIES			
Current			
Bonds payable	-	1,280	1,280
Short term debt	-	-	-
Accrued interest payable	-	99	99
Other liabilities	-	13	13
Intergovernmental payable	-	-	-
Total Current	-	1,392	1,392
Non Current			
Bonds payable	-	48,120	48,120
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Intergovernmental payable	-	-	-
Pension liability	-	-	-
Total Non Current	-	48,120	48,120
Total Liabilities	-	49,512	49,512
DEFERRED INFLOW OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	-	13,083	13,083
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
Total Net Position	\$ -	\$ 13,083	\$ 13,083

ALASKA HOUSING FINANCE CORPORATION

Schedule 6

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

OTHER HOUSING BONDS

As of June 30, 2017

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
ASSETS					
Current					
Cash	\$ -	\$ 158	\$ -	\$ 40	\$ 198
Investments	8,088	18,021	87	16,157	42,353
Accrued interest receivable	442	199	227	567	1,435
Inter-fund due to/from	3,250	933	-	2,248	6,431
Mortgage loans, notes and other loans	5,543	2,343	512	5,701	14,099
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total Current	17,323	21,654	826	24,713	64,516
Non Current					
Investments	2,778	4,447	5,676	-	12,901
Inter-fund due to/from	-	-	-	-	-
Mortgage loans, notes and other loans	182,896	75,741	16,566	203,819	479,022
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	225	225
Derivative instrument - interest rate swaps	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total Non Current	185,674	80,188	22,242	204,044	492,148
Total Assets	202,997	101,842	23,068	228,757	556,664
DEFERRED OUTFLOW OF RESOURCES					
	1,198	-	-	13,756	14,954
LIABILITIES					
Current					
Bonds payable	3,670	3,400	-	5,865	12,935
Short term debt	-	-	-	-	-
Accrued interest payable	342	199	8	287	836
Other liabilities	107	21	-	50	178
Intergovernmental payable	-	-	-	-	-
Total Current	4,119	3,620	8	6,202	13,949
Non Current					
Bonds payable	110,241	96,134	14,600	91,484	312,459
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	13,756	13,756
Intergovernmental payable	-	-	-	-	-
Pension liability	-	-	-	-	-
Total Non Current	110,241	96,134	14,600	105,240	326,215
Total Liabilities	114,360	99,754	14,608	111,442	340,164
DEFERRED INFLOW OF RESOURCES					
	-	-	-	-	-
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	89,835	2,088	8,460	131,071	231,454
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-
Total Net Position	\$ 89,835	\$ 2,088	\$ 8,460	\$ 131,071	\$ 231,454

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

NON-HOUSING BONDS

As of June 30, 2017

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B
ASSETS				
Current				
Cash	\$ -	\$ 152	\$ -	\$ -
Investments	4,018	6	8	14
Accrued interest receivable	197	30	321	484
Inter-fund due to/from	656	45	1,697	822
Mortgage loans, notes and other loans	1,081	182	2,406	2,267
Net investment in direct financing lease	-	2,138	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Current	5,952	2,553	4,432	3,587
Non Current				
Investments	-	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	38,589	4,663	82,270	92,071
Net investment in direct financing lease	-	27,004	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Non Current	38,589	31,667	82,270	92,071
Total Assets	44,541	34,220	86,702	95,658
DEFERRED OUTFLOW OF RESOURCES				
	2,545	861	-	-
LIABILITIES				
Current				
Bonds payable	5,750	4,160	2,425	4,420
Short term debt	-	-	-	-
Accrued interest payable	956	117	297	303
Other liabilities	17	2	23	22
Intergovernmental payable	-	152	-	-
Total Current	6,723	4,431	2,745	4,745
Non Current				
Bonds payable	29,160	24,591	70,662	81,027
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	4,585	-	-	-
Intergovernmental payable	-	-	-	-
Pension liability	-	-	-	-
Total Non Current	33,745	24,591	70,662	81,027
Total Liabilities	40,468	29,022	73,407	85,772
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	6,618	6,059	13,295	9,886
Total Net Position	\$ 6,618	\$ 6,059	\$ 13,295	\$ 9,886

State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	State Capital Project Bonds II 2014 C	State Capital Project Bonds II 2014 D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	Non-Housing Bonds Combined Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152
121	3	6	16	2	12	5	14	4,225
505	407	134	911	325	476	454	223	4,467
2,397	1,755	667	1,598	775	1,929	2,186	1,486	16,013
4,121	2,765	810	6,530	2,736	3,477	3,212	1,830	31,417
-	-	-	-	-	-	-	-	2,138
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
7,144	4,930	1,617	9,055	3,838	5,894	5,857	3,553	58,412
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
151,668	102,100	30,513	210,564	88,691	120,292	104,814	59,588	1,085,823
-	-	-	-	-	-	-	-	27,004
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
151,668	102,100	30,513	210,564	88,691	120,292	104,814	59,588	1,112,827
158,812	107,030	32,130	219,619	92,529	126,186	110,671	63,141	1,171,239
-	-	-	-	-	4,817	4,460	1,717	14,400
3,225	4,800	1,590	-	115	3,530	730	3,035	33,780
-	-	-	-	-	-	-	-	-
406	366	112	181	324	396	346	215	4,019
34	30	12	25	28	38	33	15	279
-	-	-	-	-	-	-	-	152
3,665	5,196	1,714	206	467	3,964	1,109	3,265	38,230
137,674	90,017	28,152	140,000	88,461	114,978	97,995	56,431	959,148
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	4,585
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
137,674	90,017	28,152	140,000	88,461	114,978	97,995	56,431	963,733
141,339	95,213	29,866	140,206	88,928	118,942	99,104	59,696	1,001,963
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
17,473	11,817	2,264	79,413	3,601	12,061	16,027	5,162	183,676
\$ 17,473	\$ 11,817	\$ 2,264	\$ 79,413	\$ 3,601	\$ 12,061	\$ 16,027	\$ 5,162	\$ 183,676

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

OTHER PROGRAM FUNDS

As of June 30, 2017

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
ASSETS				
Current				
Cash	\$ 979	\$ 3,114	\$ 99	\$ 4,192
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(2,617)	(2,698)	(960)	(6,275)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Other assets	570	284	2,764	3,618
Intergovernmental receivable	5,114	120	4,751	9,985
Total Current	4,046	820	6,654	11,520
Non Current				
Investments	-	-	-	-
Inter-fund due to/from	-	-	1,425	1,425
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	47	-	47
Other assets	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Non Current	-	47	1,425	1,472
Total Assets	4,046	867	8,079	12,992
DEFERRED OUTFLOW OF RESOURCES				
	-	-	-	-
LIABILITIES				
Current				
Bonds payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	1,533	4	2,520	4,057
Intergovernmental payable	-	-	-	-
Total Current	1,533	4	2,520	4,057
Non Current				
Bonds payable	-	-	-	-
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental payable	-	-	-	-
Pension liability	-	-	-	-
Total Non Current	-	-	-	-
Total Liabilities	1,533	4	2,520	4,057
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	-	47	-	47
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	2,769	1,561	6,146	10,476
Unrestricted or (deficit)	(256)	(745)	(587)	(1,588)
Total Net Position	\$ 2,513	\$ 863	\$ 5,559	\$ 8,935

Schedule 8

Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
\$ 13,599	\$ 11,743	\$ -	\$ -	\$ 25,342	\$ 7,204	\$ 36,738
-	-	358	1,528	1,886	-	1,886
-	-	24	83	107	66	173
(666)	(387)	55	403	(595)	(53)	(6,923)
-	-	349	892	1,241	-	1,241
-	-	-	-	-	-	-
941	128	-	-	1,069	142	4,829
14	-	-	-	14	-	9,999
13,888	11,484	786	2,906	29,064	7,359	47,943
-	-	-	-	-	-	-
-	-	-	-	-	(1,425)	-
-	-	11,296	29,617	40,913	12,538	53,451
-	-	-	-	-	-	-
12,533	1,130	-	-	13,663	3,667	17,330
51,091	17,014	-	-	68,105	-	68,152
-	-	-	-	-	1	1
-	-	-	-	-	-	-
-	-	-	-	-	-	-
63,624	18,144	11,296	29,617	122,681	14,781	138,934
77,512	29,628	12,082	32,523	151,745	22,140	186,877
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
841	257	2	7	1,107	6	5,170
415	-	-	-	415	-	415
1,256	257	2	7	1,522	6	5,585
-	-	-	-	-	-	-
-	-	-	-	-	360	360
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	360	360
1,256	257	2	7	1,522	366	5,945
-	-	-	-	-	-	-
63,624	18,144	-	-	81,768	3,667	85,482
-	-	-	-	-	-	-
12,824	11,232	12,080	32,516	68,652	18,154	97,282
(192)	(5)	-	-	(197)	(47)	(1,832)
\$ 76,256	\$ 29,371	\$ 12,080	\$ 32,516	\$ 150,223	\$ 21,774	\$ 180,932

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

COMBINED - ALL FUNDS

For the Year Ended June 30, 2017

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
OPERATING REVENUES				
Mortgage and loans revenue	\$ 10,884	\$ 11,464	\$ 33,047	\$ 2,277
Investment interest	1,030	282	583	128
Net change in the fair value of investments	1,811	(3)	(12)	(1)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	2,841	279	571	127
Externally funded programs	-	-	-	-
Rental	291	-	-	-
Other	2,397	-	-	-
Total Operating Revenues	16,413	11,743	33,618	2,404
OPERATING EXPENSES				
Interest	901	7,514	21,146	1,147
Mortgage and loan costs	1,247	1,094	2,950	188
Bond financing expenses	341	33	2,696	744
Provision for loan loss	(1,573)	(1,608)	(2,085)	452
Operations and administration	24,769	544	1,337	69
Rental housing operating expenses	48	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	25,733	7,577	26,044	2,600
Operating Income (Loss)	(9,320)	4,166	7,574	(196)
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(250)	-	-	-
Special Item	-	-	-	-
Transfers - Internal	(128,694)	(3,984)	2,356	6,712
Change in Net Position	(138,264)	182	9,930	6,516
Net position at beginning of year	708,330	58,800	265,505	6,567
Net Position at End of Period	\$ 570,066	\$ 58,982	\$ 275,435	\$ 13,083

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ 16,675	\$ 54,522	\$ 1,669	\$ 130,538
541	2,124	39	4,727
94	10	-	1,899
-	1,028	-	1,028
635	3,162	39	7,654
-	-	96,081	96,081
-	-	10,864	11,155
697	-	957	4,051
18,007	57,684	109,610	249,479
10,508	28,674	-	69,890
1,478	3,741	145	10,843
587	111	-	4,512
1,364	(2,127)	(7)	(5,584)
688	1,592	27,868	56,867
-	-	14,248	14,296
-	-	84,310	84,310
14,625	31,991	126,564	235,134
3,382	25,693	(16,954)	14,345
-	-	-	(250)
-	-	-	-
6,629	109,438	7,543	-
10,011	135,131	(9,411)	14,095
221,443	48,545	190,343	1,499,533
\$ 231,454	\$ 183,676	\$ 180,932	\$ 1,513,628

ALASKA HOUSING FINANCE CORPORATION

Schedule 10

(A Component Unit of the State of Alaska)

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

For the Year Ended June 30, 2017

(in thousands of dollars)

	Administrative Fund
OPERATING REVENUES	
Mortgage and loans revenue	\$ 10,884
Investment interest	1,030
Net change in the fair value of investments	1,811
Net change of hedge termination	-
Total Investment Revenue	<u>2,841</u>
Externally funded programs	-
Rental	291
Other	<u>2,397</u>
Total Operating Revenues	<u>16,413</u>
OPERATING EXPENSES	
Interest	901
Mortgage and loan costs	1,247
Bond financing expenses	341
Provision for loan loss	(1,573)
Operations and administration	24,769
Rental housing operating expenses	48
Housing grants and subsidies	-
Total Operating Expenses	<u>25,733</u>
Operating Income (Loss)	(9,320)
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS	
Contributions to the State of Alaska or other State agencies	(250)
Special Item	-
Transfers - Internal	<u>(128,694)</u>
Change in Net Position	(138,264)
Net position at beginning of year	<u>708,330</u>
Net Position at End of Period	<u><u>\$ 570,066</u></u>

ALASKA HOUSING FINANCE CORPORATION

Schedule 11

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2017

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
OPERATING REVENUES			
Mortgage and loans revenue	\$ 4,892	\$ 6,572	11,464
Investment interest	102	180	282
Net change in the fair value of investments	(1)	(2)	(3)
Net change of hedge termination	-	-	-
Total Investment Revenue	101	178	279
Externally funded programs	-	-	-
Rental	-	-	-
Other	-	-	-
Total Operating Revenues	4,993	6,750	11,743
OPERATING EXPENSES			
Interest	3,829	3,685	7,514
Mortgage and loan costs	456	638	1,094
Bond financing expenses	13	20	33
Provision for loan loss	(629)	(979)	(1,608)
Operations and administration	209	335	544
Rental housing operating expenses	-	-	-
Housing grants and subsidies	-	-	-
Total Operating Expenses	3,878	3,699	7,577
Operating Income (Loss)	1,115	3,051	4,166
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS			
Contributions to the State of Alaska or other State agencies	-	-	-
Special Item	-	-	-
Transfers - Internal	(610)	(3,374)	(3,984)
Change in Net Position	505	(323)	182
Net position at beginning of year	11,195	47,605	58,800
Net Position at End of Period	\$ 11,700	\$ 47,282	\$ 58,982

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Year Ended June 30, 2017

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
OPERATING REVENUES				
Mortgage and loans revenue	\$ 4,805	\$ 3,870	\$ 3,901	\$ 5,023
Investment interest	88	63	61	90
Net change in the fair value of investments	(1)	(2)	(1)	(2)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	87	61	60	88
Externally funded programs	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	4,892	3,931	3,961	5,111
OPERATING EXPENSES				
Interest	2,697	2,905	2,904	3,403
Mortgage and loan costs	430	369	353	449
Bond financing expenses	647	182	160	224
Provision for loan loss	(471)	(208)	(161)	(344)
Operations and administration	247	160	150	193
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	3,550	3,408	3,406	3,925
Operating Income (Loss)	1,342	523	555	1,186
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Item	-	-	-	-
Transfers - Internal	(342)	327	21	540
Change in Net Position	1,000	850	576	1,726
Net position at beginning of year	41,814	17,342	15,605	28,913
Net Position at End of Period	\$ 42,814	\$ 18,192	\$ 16,181	\$ 30,639

Schedule 12

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
\$ 4,721	\$ 5,066	\$ 5,661	33,047
88	96	97	583
(2)	(2)	(2)	(12)
-	-	-	-
86	94	95	571
-	-	-	-
-	-	-	-
-	-	-	-
4,807	5,160	5,756	33,618
3,102	3,095	3,040	21,146
407	442	500	2,950
536	397	550	2,696
(193)	(251)	(457)	(2,085)
174	193	220	1,337
-	-	-	-
-	-	-	-
4,026	3,876	3,853	26,044
781	1,284	1,903	7,574
-	-	-	-
-	-	-	-
860	520	430	2,356
1,641	1,804	2,333	9,930
46,130	55,068	60,633	265,505
\$ 47,771	\$ 56,872	\$ 62,966	\$ 275,435

ALASKA HOUSING FINANCE CORPORATION

Schedule 13

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2017

(in thousands of dollars)

	Collateralized Bonds 2007 & 2008 First Series	Collateralized Bonds 2016 First & Second Series	Veterans Mortgage Program Bonds Combined Total
OPERATING REVENUES			
Mortgage and loans revenue	\$ 57	\$ 2,220	2,277
Investment interest	1	127	128
Net change in the fair value of investments	-	(1)	(1)
Net change of hedge termination	-	-	-
Total Investment Revenue	1	126	127
Externally funded programs	-	-	-
Rental	-	-	-
Other	-	-	-
Total Operating Revenues	58	2,346	2,404
OPERATING EXPENSES			
Interest	42	1,105	1,147
Mortgage and loan costs	5	183	188
Bond financing expenses	-	744	744
Provision for loan loss	-	452	452
Operations and administration	-	69	69
Rental housing operating expenses	-	-	-
Housing grants and subsidies	-	-	-
Total Operating Expenses	47	2,553	2,600
Operating Income (Loss)	11	(207)	(196)
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS			
Contributions to the State of Alaska or other State agencies	-	-	-
Special Item	-	-	-
Transfers - Internal	(6,578)	13,290	6,712
Change in Net Position	(6,567)	13,083	6,516
Net position at beginning of year	6,567	-	6,567
Net Position at End of Period	\$ -	\$ 13,083	\$ 13,083

ALASKA HOUSING FINANCE CORPORATION

Schedule 14

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
OTHER HOUSING BONDS

For the Year Ended June 30, 2017

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
OPERATING REVENUES					
Mortgage and loans revenue	\$ 6,330	\$ 2,498	\$ 542	\$ 7,305	16,675
Investment interest	145	122	63	211	541
Net change in the fair value of investments	(5)	108	(4)	(5)	94
Net change of hedge termination	-	-	-	-	-
Total Investment Revenue	140	230	59	206	635
Externally funded programs	-	-	-	-	-
Rental	-	-	-	-	-
Other	-	-	-	697	697
Total Operating Revenues	6,470	2,728	601	8,208	18,007
OPERATING EXPENSES					
Interest	4,125	1,978	97	4,308	10,508
Mortgage and loan costs	554	262	-	662	1,478
Bond financing expenses	11	441	31	104	587
Provision for loan loss	1,173	789	10	(608)	1,364
Operations and administration	243	138	-	307	688
Rental housing operating expenses	-	-	-	-	-
Housing grants and subsidies	-	-	-	-	-
Total Operating Expenses	6,106	3,608	138	4,773	14,625
Operating Income (Loss)	364	(880)	463	3,435	3,382
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS					
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Special Item	-	-	-	-	-
Transfers - Internal	3,583	2,968	34	44	6,629
Change in Net Position	3,947	2,088	497	3,479	10,011
Net position at beginning of year	85,888	-	7,963	127,592	221,443
Net Position at End of Period	\$ 89,835	\$ 2,088	\$ 8,460	\$ 131,071	\$ 231,454

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

NON-HOUSING BONDS

For the Year Ended June 30, 2017

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B
OPERATING REVENUES				
Mortgage and loans revenue	\$ 2,102	\$ 347	\$ 4,254	\$ 5,144
Investment interest	34	1,259	35	40
Net change in the fair value of investments	1	-	1	1
Net change of hedge termination	1,028	-	-	-
Total Investment Revenue	1,063	1,259	36	41
Externally funded programs	-	-	-	-
Rental	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	3,165	1,606	4,290	5,185
OPERATING EXPENSES				
Interest	1,960	1,411	3,402	2,519
Mortgage and loan costs	172	26	326	292
Bond financing expenses	49	11	4	5
Provision for loan loss	(176)	(489)	(88)	(579)
Operations and administration	100	15	213	89
Rental housing operating expenses	-	-	-	-
Housing grants and subsidies	-	-	-	-
Total Operating Expenses	2,105	974	3,857	2,326
Operating Income (Loss)	1,060	632	433	2,859
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Item	-	-	-	-
Transfers - Internal	(845)	1,167	6,965	6,731
Change in Net Position	215	1,799	7,398	9,590
Net position at beginning of year	6,403	4,260	5,897	296
Net Position at End of Period	\$ 6,618	\$ 6,059	\$ 13,295	\$ 9,886

Schedule 15

State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	State Capital Project Bonds II 2014 C	State Capital Project Bonds II 2014 D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	Non-Housing Bonds Combined Total
\$ 7,471	\$ 5,250	\$ 1,638	\$ 9,526	\$ 4,299	\$ 5,954	\$ 5,434	\$ 3,103	54,522
51	45	14	43	30	494	47	32	2,124
1	1	-	1	1	1	1	1	10
-	-	-	-	-	-	-	-	1,028
52	46	14	44	31	495	48	33	3,162
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
7,523	5,296	1,652	9,570	4,330	6,449	5,482	3,136	57,684
3,337	3,282	810	1,716	2,290	3,057	3,217	1,673	28,674
509	384	142	382	362	499	412	235	3,741
7	5	2	8	4	7	6	3	111
(517)	(386)	(137)	424	(15)	(151)	15	(28)	(2,127)
166	111	79	131	128	232	211	117	1,592
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,502	3,396	896	2,661	2,769	3,644	3,861	2,000	31,991
4,021	1,900	756	6,909	1,561	2,805	1,621	1,136	25,693
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
9,490	6,438	1,841	59,039	(173)	9,416	6,644	2,725	109,438
13,511	8,338	2,597	65,948	1,388	12,221	8,265	3,861	135,131
3,962	3,479	(333)	13,465	2,213	(160)	7,762	1,301	48,545
\$ 17,473	\$ 11,817	\$ 2,264	\$ 79,413	\$ 3,601	\$ 12,061	\$ 16,027	\$ 5,162	\$ 183,676

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2017

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
OPERATING REVENUES				
Mortgage and loans revenue	\$ -	\$ -	\$ -	-
Investment interest	1	4	-	5
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	1	4	-	5
Externally funded programs	14,653	41,692	25,540	81,885
Rental	-	18	-	18
Other	-	29	625	654
Total Operating Revenues	14,654	41,743	26,165	82,562
OPERATING EXPENSES				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Bond financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	3,869	5,470	3,089	12,428
Rental housing operating expenses	15	361	167	543
Housing grants and subsidies	16,665	38,078	29,541	84,284
Total Operating Expenses	20,549	43,909	32,797	97,255
Operating Income (Loss)	(5,895)	(2,166)	(6,632)	(14,693)
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Special Item	-	-	-	-
Transfers - Internal	2,163	745	1,105	4,013
Change in Net Position	(3,732)	(1,421)	(5,527)	(10,680)
Net position at beginning of year	6,245	2,284	11,086	19,615
Net Position at End of Period	\$ 2,513	\$ 863	\$ 5,559	\$ 8,935

Schedule 16

Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
\$ -	\$ -	\$ 369	\$ 1,184	1,553	\$ 116	1,669
5	4	3	12	24	10	39
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5	4	3	12	24	10	39
11,383	2,421	-	-	13,804	392	96,081
8,189	2,398	-	-	10,587	259	10,864
5	-	-	-	5	298	957
19,582	4,823	372	1,196	25,973	1,075	109,610
-	-	-	-	-	-	-
-	-	36	109	145	-	145
-	-	-	-	-	-	-
-	-	4	(6)	(2)	(5)	(7)
12,234	3,082	16	38	15,370	70	27,868
11,222	2,481	-	-	13,703	2	14,248
25	1	-	-	26	-	84,310
23,481	5,564	56	141	29,242	67	126,564
(3,899)	(741)	316	1,055	(3,269)	1,008	(16,954)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,710	419	16	1,585	3,730	(200)	7,543
(2,189)	(322)	332	2,640	461	808	(9,411)
78,445	29,693	11,748	29,876	149,762	20,966	190,343
\$ 76,256	\$ 29,371	\$ 12,080	\$ 32,516	\$ 150,223	\$ 21,774	\$ 180,932

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, 2017

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	\$ 14,060	\$ 10,514	\$ 30,447	\$ 2,882
Principal payments received on mortgages and loans	18,658	37,957	114,287	10,421
Disbursements to fund mortgages and loans	(464,195)	-	-	-
Receipt (payment) for loan transfers between funds	363,806	(9,035)	(92,758)	(3,158)
Mortgage and loan proceeds	474,482	-	-	-
Payment of mortgage and loan proceeds to funds	(477,039)	-	-	-
Payments to employees and other payroll disbursements	(28,833)	-	-	-
Payments for goods and services	(17,157)	-	(140)	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	14,529	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	16,684	-	-	-
Other operating cash payments	(636)	-	-	-
Net cash provided by (used for) operating activities	(85,641)	39,436	51,836	10,145
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	49,500
Principal paid on bonds	-	(27,660)	(11,515)	(600)
Payment to defease bonds	-	-	-	(11,585)
Payment of bond issuance costs	-	-	-	(739)
Interest paid	(452)	(7,552)	(20,126)	(1,549)
Proceeds from issuance of short term debt	614,696	-	-	-
Payment of short term debt	(603,759)	-	-	-
Contributions to the State of Alaska or other State agencies	(250)	-	-	-
Transfers (to) from other funds	39,604	(4,605)	(3,999)	(33,227)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	49,839	(39,817)	(35,640)	1,800
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(183)	-	-	-
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 direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(183)	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(3,343,382)	(187,723)	(398,684)	(89,085)
Proceeds from maturity of investments	3,374,759	188,219	381,966	77,023
Interest received from investments	901	267	552	117
Net cash provided by (used for) investing activities	32,278	763	(16,166)	(11,945)
Net Increase (decrease) in cash	(3,707)	382	30	-
Cash at the beginning of year	32,550	-	-	-
Cash at the end of period	\$ 28,843	\$ 382	\$ 30	\$ -
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u>				
Operating income (loss)	\$ (9,320)	\$ 4,166	\$ 7,574	\$ (196)
<i>Adjustments:</i>				
Depreciation expense	999	-	-	-
Provision for loan losses	(1,573)	(1,608)	(2,085)	452
Net change in the fair value of investments	(1,811)	3	12	1
Transfers between funds for operating activity	(128,694)	(3,984)	2,356	6,712
Interest received from investments	(901)	(267)	(552)	(117)
Interest paid	452	7,552	20,126	1,549
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	82,777	27,102	14,017	(31,025)
Net increase (decrease) in assets, liabilities and deferred resources	(27,570)	6,472	10,388	32,769
Net cash provided by (used for) operating activities	\$ (85,641)	\$ 39,436	\$ 51,836	\$ 10,145

Schedule 17

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ 15,748	\$ 53,139	\$ 1,419	\$ 128,209
61,414	116,852	7,993	367,582
-	-	(62)	(464,257)
(137,659)	(117,082)	(4,114)	-
-	-	-	474,482
-	-	-	(477,039)
-	-	(16,025)	(44,858)
-	-	(13,309)	(30,606)
-	-	66,122	66,122
-	-	41,087	41,087
-	-	(39,034)	(39,034)
-	-	(14,491)	38
-	-	(45,533)	(45,533)
-	152	16,758	33,594
-	(134)	(117)	(887)
(60,497)	52,927	694	8,900
101,133	-	-	150,633
(14,470)	(29,111)	-	(83,356)
-	-	-	(11,585)
(430)	-	-	(1,169)
(9,991)	(38,784)	-	(78,454)
-	-	-	614,696
-	-	-	(603,759)
-	-	-	(250)
3,086	141	(1,000)	-
-	-	-	-
79,328	(67,754)	(1,000)	(13,244)
-	-	(216)	(399)
-	-	302	302
-	-	-	-
-	(5,424)	-	(5,424)
-	-	-	-
-	(2,426)	-	(2,426)
-	6,771	-	6,771
-	-	-	-
-	(1,079)	86	(1,176)
(433,866)	(329,305)	(4,617)	(4,786,662)
414,712	344,810	4,116	4,785,605
521	419	39	2,816
(18,633)	15,924	(462)	1,759
198	18	(682)	(3,761)
-	134	37,420	70,104
\$ 198	\$ 152	\$ 36,738	\$ 66,343
\$ 3,382	\$ 25,693	\$ (16,954)	\$ 14,345
-	-	5,802	6,801
1,364	(2,127)	(7)	(5,584)
104	(10)	-	(1,701)
6,629	109,438	7,543	-
(521)	(419)	(39)	(2,816)
9,991	40,740	-	80,410
-	-	-	-
(80,606)	(107,420)	2,317	(92,838)
(840)	(12,968)	2,032	10,283
\$ (60,497)	\$ 52,927	\$ 694	\$ 8,900

ALASKA HOUSING FINANCE CORPORATION**Schedule 18**

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS**ADMINISTRATIVE FUND**

For the Year Ended June 30, 2017

(in thousands of dollars)

	Administrative Fund
<u>Cash flows from operating activities:</u>	
Interest income on mortgages and loans	\$ 14,060
Principal payments received on mortgages and loans	18,658
Disbursements to fund mortgages and loans	(464,195)
Receipt (payment) for loan transfers between funds	363,806
Mortgage and loan proceeds	474,482
Payment of mortgage and loan proceeds to funds	(477,039)
Payments to employees and other payroll disbursements	(28,833)
Payments for goods and services	(17,157)
Cash received for externally funded programs	-
Cash received for Federal HAP subsidies	-
Payments for Federal HAP subsidies	-
Interfund receipts (payments)	14,529
Grant payments to other agencies	-
Other operating cash receipts	16,684
Other operating cash payments	(636)
Net cash provided by (used for) operating activities	(85,641)
<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	(452)
Proceeds from issuance of short term debt	614,696
Payment of short term debt	(603,759)
Contributions to the State of Alaska or other State agencies	(250)
Transfers (to) from other funds	39,604
Other cash payments	-
Net cash provided by (used for) noncapital financing activities	49,839
<u>Cash flows from capital financing activities:</u>	
Acquisition of capital assets	(183)
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 direct financing leases	-
Other cash payments	-
Net cash provided by (used for) capital financing activities	(183)
<u>Cash flows from investing activities:</u>	
Purchase of investments	(3,343,382)
Proceeds from maturity of investments	3,374,759
Interest received from investments	901
Net cash provided by (used for) investing activities	32,278
Net Increase (decrease) in cash	(3,707)
Cash at the beginning of year	32,550
Cash at the end of period	\$ 28,843
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (9,320)
Adjustments:	
Depreciation expense	999
Provision for loan losses	(1,573)
Net change in the fair value of investments	(1,811)
Transfers between funds for operating activity	(128,694)
Interest received from investments	(901)
Interest paid	452
Changes in assets, liabilities and deferred resources:	
For the Year Ended June 30, 2017	82,777
Net increase (decrease) in assets, liabilities and deferred resources	(27,570)
Net cash provided by (used for) operating activities	\$ (85,641)

ALASKA HOUSING FINANCE CORPORATION
Schedule 19

(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, 2017

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	\$ 4,488	\$ 6,026	\$ 10,514
Principal payments received on mortgages and loans	13,241	24,716	37,957
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(5,733)	(3,302)	(9,035)
Mortgage and loan proceeds	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-
Payments to employees and other payroll disbursements	-	-	-
Payments for goods and services	-	-	-
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	-	-	-
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
Net cash provided by (used for) operating activities	11,996	27,440	39,436
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(7,090)	(20,570)	(27,660)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(3,826)	(3,726)	(7,552)
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	(856)	(3,749)	(4,605)
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	(11,772)	(28,045)	(39,817)
<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 direct financing leases	-	-	-
Other cash payments	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-
<u>Cash flows from investing activities:</u>			
Purchase of investments	(63,590)	(124,133)	(187,723)
Proceeds from maturity of investments	63,270	124,949	188,219
Interest received from investments	96	171	267
Net cash provided by (used for) investing activities	(224)	987	763
Net Increase (decrease) in cash	-	382	382
Cash at the beginning of year	-	-	-
Cash at the end of period	\$ -	\$ 382	\$ 382
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 1,115	\$ 3,051	\$ 4,166
<i>Adjustments:</i>			
Depreciation expense	-	-	-
Provision for loan losses	(629)	(979)	(1,608)
Net change in the fair value of investments	1	2	3
Transfers between funds for operating activity	(610)	(3,374)	(3,984)
Interest received from investments	(96)	(171)	(267)
Interest paid	3,826	3,726	7,552
<i>Changes in assets, liabilities and deferred resources:</i>			
Net (increase) decrease in mortgages and loans	6,791	20,311	27,102
Net increase (decrease) in assets, liabilities and deferred resources	1,598	4,874	6,472
Net cash provided by (used for) operating activities	\$ 11,996	\$ 27,440	\$ 39,436

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, 2017

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	\$ 4,458	\$ 3,530	\$ 3,587	\$ 4,657
Principal payments received on mortgages and loans	14,397	11,430	11,945	17,496
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(5,390)	(8,599)	(10,412)	(15,580)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	(140)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	-	-	-
Other operating cash payments	-	-	-	-
Net cash provided by (used for) operating activities	13,325	6,361	5,120	6,573
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(9,060)	(765)	(765)	(925)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(2,024)	(2,839)	(2,837)	(3,322)
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	(1,085)	(350)	(678)	(423)
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(12,169)	(3,954)	(4,280)	(4,670)
<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 direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(48,030)	(42,462)	(45,250)	(58,707)
Proceeds from maturity of investments	46,819	39,996	44,352	56,722
Interest received from investments	85	59	58	82
Net cash provided by (used for) investing activities	(1,126)	(2,407)	(840)	(1,903)
Net Increase (decrease) in cash	30	-	-	-
Cash at the beginning of year	-	-	-	-
Cash at the end of period	\$ 30	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 1,342	\$ 523	\$ 555	\$ 1,186
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(471)	(208)	(161)	(344)
Net change in the fair value of investments	1	2	1	2
Transfers between funds for operating activity	(342)	327	21	540
Interest received from investments	(85)	(59)	(58)	(82)
Interest paid	2,024	2,839	2,837	3,322
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	8,367	1,817	113	2,585
Net increase (decrease) in assets, liabilities and deferred resources	2,489	1,120	1,812	(636)
Net cash provided by (used for) operating activities	\$ 13,325	\$ 6,361	\$ 5,120	\$ 6,573

Schedule 20

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
\$ 4,337	\$ 4,669	\$ 5,209	\$ 30,447
20,110	18,727	20,182	114,287
-	-	-	-
(16,996)	(16,173)	(19,608)	(92,758)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	(140)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
7,451	7,223	5,783	51,836
-	-	-	-
-	-	-	(11,515)
-	-	-	-
-	-	-	-
(3,036)	(3,026)	(3,042)	(20,126)
-	-	-	-
-	-	-	-
-	-	-	-
(279)	(394)	(790)	(3,999)
-	-	-	-
(3,315)	(3,420)	(3,832)	(35,640)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(65,674)	(64,019)	(74,542)	(398,684)
61,451	60,128	72,498	381,966
87	88	93	552
(4,136)	(3,803)	(1,951)	(16,166)
-	-	-	30
-	-	-	-
\$ -	\$ -	\$ -	\$ 30
\$ 781	\$ 1,284	\$ 1,903	\$ 7,574
-	-	-	-
(193)	(251)	(457)	(2,085)
2	2	2	12
860	520	430	2,356
(87)	(88)	(93)	(552)
3,036	3,026	3,042	20,126
1,570	2,056	(2,491)	14,017
1,482	674	3,447	10,388
\$ 7,451	\$ 7,223	\$ 5,783	\$ 51,836

ALASKA HOUSING FINANCE CORPORATION
Schedule 21

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2017

(in thousands of dollars)

	Collateralized Bonds 2007 & 2008 First Series	Collateralized Bonds 2016 First & Second Series	Veterans Mortgage Program Bonds Combined Total
<u>Cash flows from operating activities:</u>			
Interest income on mortgages and loans	\$ 64	\$ 2,818	\$ 2,882
Principal payments received on mortgages and loans	411	10,010	10,421
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	-	(3,158)	(3,158)
Mortgage and loan proceeds	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-
Payments to employees and other payroll disbursements	-	-	-
Payments for goods and services	-	-	-
Cash received for externally funded programs	-	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Interfund receipts (payments)	-	-	-
Grant payments to other agencies	-	-	-
Other operating cash receipts	-	-	-
Other operating cash payments	-	-	-
Net cash provided by (used for) operating activities	475	9,670	10,145
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	49,500	49,500
Principal paid on bonds	-	(600)	(600)
Payment to defease bonds	(11,585)	-	(11,585)
Payment of bond issuance costs	-	(739)	(739)
Interest paid	(544)	(1,005)	(1,549)
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	8,059	(41,286)	(33,227)
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	(4,070)	5,870	1,800
<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 direct financing leases	-	-	-
Other cash payments	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-
<u>Cash flows from investing activities:</u>			
Purchase of investments	(474)	(88,611)	(89,085)
Proceeds from maturity of investments	4,067	72,956	77,023
Interest received from investments	2	115	117
Net cash provided by (used for) investing activities	3,595	(15,540)	(11,945)
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)	\$ 11	\$ (207)	\$ (196)
<i>Adjustments:</i>			
Depreciation expense	-	-	-
Provision for loan losses	-	452	452
Net change in the fair value of investments	-	1	1
Transfers between funds for operating activity	(6,578)	13,290	6,712
Interest received from investments	(2)	(115)	(117)
Interest paid	544	1,005	1,549
<i>Changes in assets, liabilities and deferred resources:</i>			
Net (increase) decrease in mortgages and loans	14,071	(45,096)	(31,025)
Net increase (decrease) in assets, liabilities and deferred resources	(7,571)	40,340	32,769
Net cash provided by (used for) operating activities	\$ 475	\$ 9,670	\$ 10,145

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, 2017

(in thousands of dollars)

Schedule 22

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
<u>Cash flows from operating activities:</u>					
Interest income on mortgages and loans	\$ 5,834	\$ 2,626	\$ 527	\$ 6,761	\$ 15,748
Principal payments received on mortgages and loans	27,382	2,601	973	30,458	61,414
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	(24,375)	(82,173)	-	(31,111)	(137,659)
Mortgage and loan proceeds	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-	-
Payments for goods and services	-	-	-	-	-
Cash received for externally funded programs	-	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	-	-	-	-	-
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts	-	-	-	-	-
Other operating cash payments	-	-	-	-	-
Net cash provided by (used for) operating activities	8,841	(76,946)	1,500	6,108	(60,497)
<u>Cash flows from noncapital financing activities:</u>					
Proceeds from the issuance of bonds	-	101,133	-	-	101,133
Principal paid on bonds	(7,325)	(1,525)	-	(5,620)	(14,470)
Payment to defease bonds	-	-	-	-	-
Payment of bond issuance costs	-	(430)	-	-	(430)
Interest paid	(4,252)	(1,852)	(93)	(3,794)	(9,991)
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	232	4,723	(2,000)	131	3,086
Other cash payments	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(11,345)	102,049	(2,093)	(9,283)	79,328
<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 direct financing leases	-	-	-	-	-
Other cash payments	-	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-	-
<u>Cash flows from investing activities:</u>					
Purchase of investments	(106,042)	(157,231)	(30,399)	(140,194)	(433,866)
Proceeds from maturity of investments	108,407	132,167	30,930	143,208	414,712
Interest received from investments	139	119	62	201	521
Net cash provided by (used for) investing activities	2,504	(24,945)	593	3,215	(18,633)
Net Increase (decrease) in cash	-	158	-	40	198
Cash at the beginning of year	-	-	-	-	-
Cash at the end of period	\$ -	\$ 158	\$ -	\$ 40	\$ 198
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 364	\$ (880)	\$ 463	\$ 3,435	\$ 3,382
<i>Adjustments:</i>					
Depreciation expense	-	-	-	-	-
Provision for loan losses	1,173	789	10	(608)	1,364
Net change in the fair value of investments	5	108	(4)	(5)	104
Transfers between funds for operating activity	3,583	2,968	34	44	6,629
Interest received from investments	(139)	(119)	(62)	(201)	(521)
Interest paid	4,252	1,852	93	3,794	9,991
<i>Changes in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	1,453	(78,084)	(1,016)	(2,959)	(80,606)
Net increase (decrease) in assets, liabilities and deferred resources	(1,850)	(3,580)	1,982	2,608	(840)
Net cash provided by (used for) operating activities	\$ 8,841	\$ (76,946)	\$ 1,500	\$ 6,108	\$ (60,497)

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, 2017

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2007 A & B	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B
<u>Cash flows from operating activities:</u>				
Interest income on mortgages and loans	\$ 3,921	\$ 331	\$ 4,448	\$ 4,857
Principal payments received on mortgages and loans	6,744	662	9,776	10,351
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(988)	(142)	(9,164)	(8,664)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	-	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	-	152	-	-
Other operating cash payments	-	(134)	-	-
Net cash provided by (used for) operating activities	9,677	869	5,060	6,544
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(386)	(3,995)	(2,005)	(4,250)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(2,103)	(1,424)	(3,620)	(3,750)
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	(1,000)	1,141	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) noncapital financing activities	(3,489)	(4,278)	(5,625)	(8,000)
<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	(5,124)	-	(300)	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(1,956)	-	(470)	-
Proceeds from direct financing leases	-	3,304	-	-
Other cash payments	-	-	-	-
Net cash provided by (used for) capital financing activities	(7,080)	3,304	(770)	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(22,093)	(5,501)	(27,828)	(33,082)
Proceeds from maturity of investments	22,953	5,619	29,129	34,499
Interest received from investments	32	5	34	39
Net cash provided by (used for) investing activities	892	123	1,335	1,456
Net Increase (decrease) in cash	-	18	-	-
Cash at the beginning of year	-	134	-	-
Cash at the end of period	\$ -	\$ 152	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 1,060	\$ 632	\$ 433	\$ 2,859
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(176)	(489)	(88)	(579)
Net change in the fair value of investments	(1)	-	(1)	(1)
Transfers between funds for operating activity	(845)	1,167	6,965	6,731
Interest received from investments	(32)	(5)	(34)	(39)
Interest paid	4,059	1,424	3,620	3,750
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	5,609	29	(6,087)	(5,673)
Net increase (decrease) in assets, liabilities and deferred resources	3	(1,889)	252	(504)
Net cash provided by (used for) operating activities	\$ 9,677	\$ 869	\$ 5,060	\$ 6,544

State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A	State Capital Project Bonds II 2014 B	State Capital Project Bonds II 2014 C	State Capital Project Bonds II 2014 D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	Non-Housing Bonds Combined Total
\$ 7,156	\$ 4,913	\$ 1,508	\$ 8,486	\$ 3,957	\$ 5,535	\$ 5,098	\$ 2,929	\$ 53,139
13,801	10,686	3,788	10,979	8,793	15,531	16,211	9,530	116,852
-	-	-	-	-	-	-	-	-
(14,546)	(6,866)	(2,976)	(19,821)	(9,408)	(17,632)	(18,689)	(8,186)	(117,082)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	152
-	-	-	-	-	-	-	-	(134)
6,411	8,733	2,320	(356)	3,342	3,434	2,620	4,273	52,927
-	-	-	-	-	-	-	-	-
(3,055)	(5,940)	(1,515)	-	(110)	(4,205)	(705)	(2,945)	(29,111)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(4,741)	(4,540)	(1,399)	(1,647)	(3,896)	(4,820)	(4,177)	(2,667)	(38,784)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	141
-	-	-	-	-	-	-	-	-
(7,796)	(10,480)	(2,914)	(1,647)	(4,006)	(9,025)	(4,882)	(5,612)	(67,754)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(5,424)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(2,426)
-	-	-	-	-	3,467	-	-	6,771
-	-	-	-	-	-	-	-	-
-	-	-	-	-	3,467	-	-	(1,079)
(35,384)	(32,135)	(10,718)	(34,706)	(23,351)	(43,688)	(38,187)	(22,632)	(329,305)
36,720	33,837	11,298	36,667	23,985	45,760	40,403	23,940	344,810
49	45	14	42	30	52	46	31	419
1,385	1,747	594	2,003	664	2,124	2,262	1,339	15,924
-	-	-	-	-	-	-	-	18
-	-	-	-	-	-	-	-	134
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152
\$ 4,021	\$ 1,900	\$ 756	\$ 6,909	\$ 1,561	\$ 2,805	\$ 1,621	\$ 1,136	25,693
-	-	-	-	-	-	-	-	-
(517)	(386)	(137)	424	(15)	(151)	15	(28)	(2,127)
(1)	(1)	-	(1)	(1)	(1)	(1)	(1)	(10)
9,490	6,438	1,841	59,039	(173)	9,416	6,644	2,725	109,438
(49)	(45)	(14)	(42)	(30)	(52)	(46)	(31)	(419)
4,741	4,540	1,399	1,647	3,896	4,820	4,177	2,667	40,740
(9,542)	(3,083)	(968)	(67,415)	(295)	(11,091)	(8,520)	(384)	(107,420)
(1,732)	(630)	(557)	(917)	(1,601)	(2,312)	(1,270)	(1,811)	(12,968)
\$ 6,411	\$ 8,733	\$ 2,320	\$ (356)	\$ 3,342	\$ 3,434	\$ 2,620	\$ 4,273	\$ 52,927

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, 2017

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal	Low Rent Program
<u>Cash flows from operating activities:</u>					
Interest income on mortgages and loans	\$ -	\$ -	\$ -	\$ -	\$ -
Principal payments received on mortgages and loans	-	-	-	-	-
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	-	-
Mortgage and loan proceeds	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-
Payments to employees and other payroll disbursements	(1,034)	(4,120)	(894)	(6,048)	(8,093)
Payments for goods and services	(1,237)	(398)	(714)	(2,349)	(8,892)
Cash received for externally funded programs	17,515	5,689	29,160	52,364	11,580
Cash received for Federal HAP subsidies	-	41,087	-	41,087	-
Payments for Federal HAP subsidies	-	(39,034)	-	(39,034)	-
Interfund receipts (payments)	1,671	(4,704)	(350)	(3,383)	(809)
Grant payments to other agencies	(16,937)	(744)	(27,852)	(45,533)	-
Other operating cash receipts	-	351	542	893	7,828
Other operating cash payments	-	-	-	-	(82)
Net cash provided by (used for) operating activities	(22)	(1,873)	(108)	(2,003)	1,532
<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	-	(19)	-	(19)	(197)
Proceeds from the disposal of capital assets	-	-	-	-	4
Proceeds from the issuance of capital notes	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Other cash payments	-	-	-	-	-
Net cash provided by (used for) capital financing activities	-	(19)	-	(19)	(193)
<u>Cash flows from investing activities:</u>					
Purchase of investments	-	-	-	-	-
Proceeds from maturity of investments	-	-	-	-	-
Interest received from investments	1	4	-	5	5
Net cash provided by (used for) investing activities	1	4	-	5	5
Net Increase (decrease) in cash	(21)	(1,888)	(108)	(2,017)	1,344
Cash at the beginning of year	1,000	5,002	207	6,209	12,255
Cash at the end of period	\$ 979	\$ 3,114	\$ 99	\$ 4,192	\$ 13,599
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ (5,895)	\$ (2,166)	\$ (6,632)	\$ (14,693)	\$ (3,899)
<i>Adjustments:</i>					
Depreciation expense	-	15	-	15	4,571
Provision for loan losses	-	-	-	-	-
Net change in the fair value of investments	-	-	-	-	-
Transfers between funds for operating activity	2,163	745	1,105	4,013	1,710
Interest received from investments	(1)	(4)	-	(5)	(5)
Interest paid	-	-	-	-	-
<i>Changes in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	-	-	-	-	-
Net increase (decrease) in assets, liabilities and deferred resources	3,711	(463)	5,419	8,667	(845)
Net cash provided by (used for) operating activities	\$ (22)	\$ (1,873)	\$ (108)	\$ (2,003)	\$ 1,532

Schedule 24

Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
\$ -	\$ 333	\$ 1,086	\$ 1,419	\$ -	\$ 1,419
-	400	2,782	3,182	4,811	7,993
-	-	-	-	(62)	(62)
-	(768)	(3,346)	(4,114)	-	(4,114)
-	-	-	-	-	-
-	-	-	-	-	-
(1,837)	-	-	(9,930)	(47)	(16,025)
(2,043)	-	-	(10,935)	(25)	(13,309)
2,178	-	-	13,758	-	66,122
-	-	-	-	-	41,087
-	-	-	-	-	(39,034)
(553)	-	-	(1,362)	(9,746)	(14,491)
-	-	-	-	-	(45,533)
2,343	-	-	10,171	5,694	16,758
(35)	-	-	(117)	-	(117)
53	(35)	522	2,072	625	694
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(1,000)	(1,000)
-	-	-	-	-	-
-	-	-	-	(1,000)	(1,000)
-	-	-	(197)	-	(216)
-	-	-	4	298	302
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(193)	298	86
-	(737)	(3,880)	(4,617)	-	(4,617)
-	769	3,347	4,116	-	4,116
4	3	11	23	11	39
4	35	(522)	(478)	11	(462)
57	-	-	1,401	(66)	(682)
11,686	-	-	23,941	7,270	37,420
\$ 11,743	\$ -	\$ -	\$ 25,342	\$ 7,204	\$ 36,738
\$ (741)	\$ 316	\$ 1,055	\$ (3,269)	\$ 1,008	\$ (16,954)
1,216	-	-	5,787	-	5,802
-	4	(6)	(2)	(5)	(7)
-	-	-	-	-	-
419	16	1,585	3,730	(200)	7,543
(4)	(3)	(11)	(23)	(11)	(39)
-	-	-	-	-	-
-	(360)	(1,970)	(2,330)	4,647	2,317
(837)	(8)	(131)	(1,821)	(4,814)	2,032
\$ 53	\$ (35)	\$ 522	\$ 2,072	\$ 625	\$ 694

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FORMS OF OPINIONS OF CO-BOND COUNSEL

On the date of issuance of the 2017 Series B Bonds, Co-Bond Counsel propose to issue approving opinions in substantially the following form:

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 \$150,000,000 aggregate principal amount of State Capital Project Bonds II, 2017 Series B (the “2017 Series B 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 2017 Series B Bonds are authorized and issued pursuant to the Act and a resolution of the Corporation adopted June 28, 2017, and are issued pursuant to the Indenture by and between the Corporation and U.S. Bank, National Association, as trustee (the “Trustee”), dated as of October 1, 2012, and the 2017 Series B Supplemental Indenture by and between the Corporation and the Trustee, dated as of December 1, 2017, executed pursuant to said Indenture (together, the “Indenture”).

The 2017 Series B 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.

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 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 2017 Series B 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 2017 Series B 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 2017 Series B 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. Interest on the 2017 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 2017 Series B Bonds.

7. Under existing laws, interest on the 2017 Series B 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).

Very truly yours,

On the date of issuance of the 2017 Series C Bonds, Co-Bond Counsel propose to issue approving opinions in substantially the following form:

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 \$43,855,000 aggregate principal amount of State Capital Project Bonds II, 2017 Series C (the “2017 Series C 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 2017 Series C Bonds are authorized and issued pursuant to the Act and a resolution of the Corporation adopted June 28, 2017, and are issued pursuant to the Indenture by and between the Corporation and U.S. Bank, National Association, as trustee (the “Trustee”), dated as of October 1, 2012, and the 2017 Series C Supplemental Indenture by and between the Corporation and the Trustee, dated as of December 1, 2017, executed pursuant to said Indenture (together, the “Indenture”).

The 2017 Series C 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 2017 Series C Bonds in order for interest on the 2017 Series C 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 2017 Series C 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, and assumed compliance with, various statements, representations and covenants 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 2017 Series C 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 2017 Series C 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 2017 Series C 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 2017 Series C 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, regulations, rulings and court decisions, interest on the 2017 Series C Bonds is excluded from gross income for Federal income tax purposes.

7. Interest on the 2017 Series C 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 2017 Series C 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 2017 Series C Bonds.

8. Under existing laws, interest on the 2017 Series C 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).

9. Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken, upon the advice or with the opinion of counsel. Except to the extent of our concurrence therewith, we express no opinion as to any 2017 Series C Bond, or the interest thereon, if any change occurs or action is taken upon the advice or approval of other counsel.

Very truly yours,

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CERTAIN DEFINITIONS WITH RESPECT TO THE 2017 SERIES B BONDS

“Alternate Liquidity Facility” means any standby bond purchase agreement or similar agreement (not including a Non-Conforming Liquidity Facility or Self Liquidity) providing liquidity for the 2017 Series B Bonds, or any portion thereof, delivered by the Corporation in substitution for an existing 2017 Liquidity Facility pursuant to the terms of the 2017 Series B Supplemental Indenture. This Official Statement is intended to describe 2017 Series B Bonds only when they are covered by the Initial Liquidity Facility.

“Conversion Date” means the Business Day on which any of the 2017 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 2017 Series B Bonds to Fixed Interest Rates or an Indexed Rate as described in the 2017 Series B Supplemental Indenture.

“Effective Rate” means the rate of interest, which rate shall be less than or equal to the Maximum Rate, payable on the 2017 Series B Bonds prior to Conversion, determined for each Effective Rate Period applicable to such 2017 Series B Bonds.

“Effective Rate Date” means the date on which the 2017 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 for such Mode.

“Fixed Interest Rates” means long-term interest rates fixed to maturity of a 2017 Series B Bond, established in accordance with the 2017 Series B Supplemental Indenture. This Official Statement is not intended to describe the 2017 Series B Bonds following a Conversion to Fixed Interest Rates.

“Indexed Rate” means a per annum index-based variable rate determined in accordance with the 2017 Series B Supplemental Indenture. This Official Statement is not intended to describe the 2017 Series B Bonds following a Conversion to an Indexed Rate.

“Maximum Rate” means, with respect to 2017 Series B Bonds bearing interest at a Weekly Rate, 12% per annum.

“Mode” means the manner in which the interest rate on the 2017 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 2017 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 2017 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 2017 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 Jefferies LLC 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. If Seven Day LIBOR is not available, the Corporation will select a comparable rate index in good faith from such sources as it shall determine to be comparable to Seven Day LIBOR, and the Trustee shall calculate the rate based on such index.

“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.

“2017 Liquidity Facility” means, as applicable, the Initial Liquidity Facility or any Alternate Liquidity Facility, Non-Conforming Liquidity Facility, or Self Liquidity.

FORM OF CONTINUING DISCLOSURE CERTIFICATES

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the Alaska Housing Finance Corporation (the “Corporation”) in connection with the issuance of \$_____ aggregate principal amount of its State Capital Project Bonds II, 2017 Series __ (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”), and a 2017 Series __ Supplemental Indenture, dated as of December 1, 2017, by and between the Corporation and the Trustee (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 December 4, 2017.

“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, 2017) which is consistent with the requirements of Section 4 of this Certificate. The Annual Report shall be provided not later than 180 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.

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.

[†] 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 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: December __, 2017

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: \$_____ State Capital Project Bonds II,
 2017 Series ____

Date of Issuance: December __, 2017

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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