

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.



\$167,780,000
ALASKA HOUSING FINANCE CORPORATION

General Mortgage Revenue Bonds II
\$109,260,000 2018 Series A **\$58,520,000 2018 Series B**

<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 2018 Series A Bonds and the 2018 Series B Bonds described above (collectively, the "Offered Bonds") (A) assuming compliance with certain covenants designed to meet the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), 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 on the 2018 Series B Bonds is included in adjusted current earnings of certain corporations for purposes of the federal alternative minimum tax for taxable years beginning before January 1, 2018; and (B) is free from taxation by the State of Alaska 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 Offered Bonds. See "Tax Matters."
<i>Redemption</i>	The Offered Bonds are subject to redemption at par prior to maturity under the circumstances described herein. See "The Offered Bonds — Redemption."
<i>Interest Rates</i>	The Offered Bonds will bear interest at the rates set forth on the inside cover page.
<i>Security</i>	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 will be secured by Acquired Obligations and amounts in the Funds and Accounts (excluding the Rebate Fund) held under the Indenture. See "Sources of Payment and Security for the Bonds" and "Acquired Obligations." 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, 2019.
<i>Denominations</i>	\$5,000 or any integral multiple thereof.
<i>Closing Date</i>	August 28, 2018.
<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>	Hilltop Securities Inc.
<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.

Jefferies

BofA Merrill Lynch
Raymond James

J.P. Morgan
Wells Fargo Securities

MATURITY SCHEDULE

\$109,260,000 2018 Series A Bonds

\$32,585,000 2018 Series A Serial Bonds @ 100%

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP[†]</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP[†]</u>
June 1, 2019	\$ 845,000	1.55%	01170RFS6	June 1, 2025	\$1,095,000	2.65%	01170RGE6
December 1, 2019	865,000	1.65	01170RFT4	December 1, 2025	1,670,000	2¾	01170RGF3
June 1, 2020	885,000	1.80	01170RFU1	June 1, 2026	1,695,000	2.85	01170RGG1
December 1, 2020	1,015,000	1.90	01170RFV9	December 1, 2026	710,000	2.90	01170RGH9
June 1, 2021	925,000	2	01170RFW7	June 1, 2027	2,195,000	2.95	01170RGJ5
December 1, 2021	945,000	2.05	01170RFX5	December 1, 2027	3,065,000	3	01170RGK2
June 1, 2022	965,000	2.15	01170RFY3	June 1, 2028	2,680,000	3.05	01170RGL0
December 1, 2022	2,480,000	2.20	01170RFZ0	December 1, 2028	415,000	3.10	01170RGM8
June 1, 2023	1,005,000	2.30	01170RGA4	June 1, 2029	2,735,000	3.20	01170RGN6
December 1, 2023	1,030,000	2.40	01170RGB2	December 1, 2029	2,125,000	3¼	01170RGP1
June 1, 2024	1,050,000	2½	01170RGC0	June 1, 2030	355,000	3.30	01170RGQ9
December 1, 2024	1,075,000	2.60	01170RGD8	December 1, 2030	760,000	3.35	01170RGR7

\$11,960,000 3.45% 2018 Series A Term Bonds due December 1, 2033 @ 100% CUSIP[†]: 01170RGS5

\$17,785,000 3.70% 2018 Series A Term Bonds due December 1, 2038 @ 100% CUSIP[†]: 01170RGT3

\$6,755,000 3¾% 2018 Series A Term Bonds due December 1, 2040 @ 100% CUSIP[†]: 01170RGU0

\$40,175,000 4% 2018 Series A Term Bonds due December 1, 2048 (PAC Bonds) @ 105.862%
CUSIP[†]: 01170RGV8

\$58,520,000 2018 Series B Bonds

\$28,465,000 2018 Series B Serial Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Priced to Yield</u>	<u>CUSIP[†]</u>
December 1, 2031	\$28,465,000	5%	2.97%	01170RGW6

\$20,000,000 3.45% 2018 Series B Term Bonds due December 1, 2033 @ 100% CUSIP[†]: 01170RGX4

\$10,055,000 3.55% 2018 Series B Term Bonds due December 1, 2035 @ 100% CUSIP[†]: 01170RGY2

[†] 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.

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 over-allot or effect transactions which stabilize or maintain the market price of the Offered Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

TABLE OF CONTENTS

	Page		Page
INTRODUCTION	1	Payment of Bonds (Section 701)	55
SOURCES OF PAYMENT AND SECURITY FOR THE		Tax Covenants (Section 706) (Article III of 2018 Series A	
BONDS	3	Supplemental Indenture and 2018 Series B Supplemental	
General	3	Indenture)	56
Mortgage Loans	3	Accounts and Reports (Section 707)	56
Debt Service Reserve Fund	4	Budgets (Section 708)	56
Special Reserve Fund	5	Corporation's Programs (Section 709)	57
Bond Coverage Certificates	5	Supplemental Indentures Effective Upon Filing with the	
Additional Bonds	5	Trustee (Section 801)	57
APPLICATION OF FUNDS	6	Supplemental Indentures Effective Upon Consent of	
THE OFFERED BONDS	6	Trustee (Section 802)	58
General	6	Powers of Amendment (Section 902)	58
Redemption	6	Events of Default (Section 1002)	59
Book Entry Only	13	Remedies (Section 1003)	59
ASSUMPTIONS REGARDING REVENUES, DEBT		Priority of Payments After Default (Section 1004)	60
SERVICE REQUIREMENTS AND PROGRAM		Bondholders' Direction of Proceedings (Section 1006)	61
EXPENSES	16	Limitation on Rights of Bondholders (Section 1007)	61
ACQUIRED OBLIGATIONS	17	Trustee (Sections 1105, 1108 and 1109)	62
Prior Series Mortgage Loans	17	Defeasance (Section 1201)	62
Collateral Mortgage Loans	18	TAX MATTERS	63
Transferred Mortgage Loans	18	Opinions of Co-Bond Counsel	63
Contributed Mortgage Loans	20	General	63
Available Mortgage Loans	20	Loan Eligibility Requirements Imposed by the Code	63
Mortgage Loan Underwriting	21	Other Requirements Imposed by the Code	65
Mortgage Servicing	24	Compliance	67
Pledge of Mortgage Loans	25	Original Issue Discount	67
Primary Mortgage Insurance	25	Original Issue Premium	68
Standard Hazard Insurance Policies	26	Backup Withholding	68
Alaska Foreclosure Law	27	Certain Additional Federal Tax Consequences	68
THE CORPORATION	28	Changes in Federal and State Tax Law	69
SUMMARY OF CERTAIN PROVISIONS OF THE		CONTINUING DISCLOSURE UNDER	
INDENTURE	41	SEC RULE 15c2-12	69
Certain Definitions (Section 101)	41	RATINGS OF THE OFFERED BONDS	70
Indenture to Constitute Contract (Section 202)	49	FINANCIAL STATEMENTS	70
Provisions for Issuance of Bonds (Sections 204 and 206)	49	LITIGATION	70
Provisions for Refunding Issues (Section 207)	50	LEGAL MATTERS	70
Application of Bond Proceeds and Other Amounts		STATE NOT LIABLE ON BONDS	70
(Sections 401 and 402)	50	LEGALITY FOR INVESTMENT	70
Establishment of Funds and Accounts (Section 502)	50	UNDERWRITING	71
Mortgage Loan Fund (Section 503)	51	FINANCIAL ADVISOR	72
Revenue Fund (Section 504)	51	FORWARD-LOOKING STATEMENTS	72
Debt Service Fund (Section 505)	52	ADDITIONAL INFORMATION	73
Redemption Fund (Section 506)	53		
Debt Service Reserve Fund (Section 507)	54		
Rebate Fund (Section 508)	54		
Creation of Additional Accounts and			
Subaccounts (Section 509)	54	APPENDIX A – FINANCIAL STATEMENTS OF THE	
Deposits and Investments (Sections 510 and 512)	54	CORPORATION	A-1
Special Reserve Fund (Section 513)	55	APPENDIX B – FORM OF OPINIONS OF CO-BOND	
Power to Issue Bonds and Pledge Revenues, Funds and		COUNSEL	B-1
Other Property (Section 705)	55	APPENDIX C – FORM OF CONTINUING	
		DISCLOSURE CERTIFICATE	C-1

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**OFFICIAL STATEMENT
OF
ALASKA HOUSING FINANCE CORPORATION**

Relating to

\$167,780,000 General Mortgage Revenue Bonds II

\$109,260,000 2018 Series A

\$58,520,000 2018 Series B

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 General Mortgage Revenue Bonds II, 2018 Series A (the “2018 Series A Bonds”) and 2018 Series B (the “2018 Series B Bonds”; together with the 2018 Series A Bonds, the “Offered Bonds”). The Offered Bonds are authorized to be issued pursuant to Chapters 55 and 56 of Title 18 of the Alaska Statutes, as amended (the “Act”), an Indenture, dated as of July 1, 2012 (the “General Indenture”), by and between the Corporation and U.S. Bank National Association, Seattle, Washington, as trustee (the “Trustee”), a 2018 Series A Supplemental Indenture, dated as of August 1, 2018 (the “2018 Series A Supplemental Indenture”), by and between the Corporation and the Trustee, and a 2018 Series B Supplemental Indenture, dated as of August 1, 2018 (the “2018 Series B Supplemental Indenture”; together with the 2018 Series A Supplemental Indenture, the “2018 Series A and B Supplemental Indenture”), by and between the Corporation and the Trustee. All bonds outstanding under the General Indenture (including additional bonds which may hereafter be issued) are referred to collectively as the “Bonds.” Each series of Bonds is issued pursuant to a Supplemental Indenture. The General Indenture and all Supplemental Indentures (including the 2018 Series A and B Supplemental Indenture) are referred to collectively as the “Indenture.” Capitalized terms used and not otherwise defined herein have the respective meanings ascribed thereto in the Indenture. See “Summary of Certain Provisions of the Indenture — Certain Definitions.”

The Corporation has previously issued three series of bonds under the General Indenture (collectively, the “Prior Series Bonds”) in an aggregate principal amount of \$295,890,000, of which \$207,300,000 aggregate principal amount was outstanding as of May 31, 2018. The Mortgage Loans (as defined below) allocable to the Prior Series Bonds consist of certain of the “Prior Series Mortgage Loans” and the “Collateral Mortgage Loans.” For certain information concerning the Prior Series Mortgage Loans and the Collateral Mortgage Loans, see “Acquired Obligations — Prior Series Mortgage Loans” and “— Collateral Mortgage Loans.”

The Corporation is permitted to issue additional bonds (including refunding bonds) pursuant to and secured under the Indenture (“Additional Bonds”), subject to certain conditions. See “Sources of Payment and Security for the Bonds — Additional Bonds.” The 2018 Series A Bonds and the 2018 Series B Bonds will be secured on a parity with each other, with the Prior Series Bonds and with any Additional Bonds.

A portion of the lendable proceeds of the 2018 Series A Bonds is expected to be used to purchase Mortgage Loans from a pool of certain previously originated Mortgage Loans (the “Available Mortgage

Loans”). However, no assurance is given as to what portion, if any, of the Available Mortgage Loans will be purchased with 2018 Series A Bonds proceeds. The balance of the lendable proceeds of the 2018 Series A Bonds is expected to be used to purchase Mortgage Loans on and after the date of issuance of the 2018 Series A Bonds. The Mortgage Loans to be financed with the proceeds of, or attributable to, the 2018 Series A Bonds are referred to herein as the “2018 Series A Bonds Mortgage Loans.” For certain information concerning the Available Mortgage Loans, see “Acquired Obligations — Available Mortgage Loans.” The remaining proceeds of the 2018 Series A Bonds are expected to be used to pay a portion of costs of issuance.

Proceeds of the 2018 Series B Bonds will be used, within 90 days of the date of issuance of the Offered Bonds, to refund certain outstanding obligations of the Corporation (the “Refunded Obligations”). In connection with such refunding, certain mortgage loans financed with proceeds of the Corporation’s Mortgage Revenue Bonds, 2011 Series B (the “Transferred Mortgage Loans”) and certain other amounts will be transferred to and become subject to the lien and pledge of the Indenture. For certain information concerning the Transferred Mortgage Loans, see “Acquired Obligations — Transferred Mortgage Loans.”

Upon the issuance of the Offered Bonds, the Corporation will transfer to the lien and pledge of the Indenture certain currently-unpledged mortgage loans (the “Contributed Mortgage Loans”). For certain information concerning the Contributed Mortgage Loans, see “Acquired Obligations — Contributed Mortgage Loans.”

Upon the issuance of the Offered Bonds, the Corporation from its general unrestricted funds will pay the balance of costs of issuance and make a deposit to the Debt Service Reserve Fund. See “Application of Funds” and “Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses.”

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 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, which contains the most recent audited and unaudited financial statements of the Corporation.

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

General

The Offered Bonds and the Prior Series Bonds are, and any Additional Bonds issued under the Indenture will be, general obligations of the Corporation. All Bonds issued under the Indenture rank on a parity with each other. See “Sources of Payment and Security for the Bonds — Additional Bonds.” The Corporation’s full faith and credit will be pledged for the payment of principal and redemption premium (if any) of and interest on the Offered Bonds, subject to agreements made with the holders of other obligations of the Corporation pledging particular revenues and assets and the prohibition, pursuant to the terms of the Act, on a pledge of funds in the Housing Development Fund.

The Offered Bonds and the Prior Series Bonds are, and any Additional Bonds issued under the Indenture will be, secured by all assets held in any fund or account except the Unpledged Funds established under the Indenture, subject only to the provisions of the Indenture permitting application thereof for or to the purposes and on the terms and conditions set forth therein, including payment of Program Expenses.

Amounts on deposit in the Funds and Accounts under the Indenture may be applied only as provided in the Indenture. Amounts in the Revenue Fund, however, after providing for certain mandatory transfers, including but not limited to the payment of (i) scheduled debt service on the Bonds, (ii) any amount needed to restore the Debt Service Reserve Fund and the Special Reserve Fund to their respective requirements, if any, and (iii) Program Expenses, may, subject to certain optional transfers, be withdrawn free and clear of the lien of the Indenture, but only if such withdrawal is reflected in the most recent Bond Coverage Certificate. See “Summary of Certain Provisions of the Indenture — Revenue Fund.”

Mortgage Loans

The Indenture authorizes the Corporation to issue Bonds to provide funds to enable the Corporation to acquire mortgage loans (the “Mortgage Loans”) for any type of loan the Corporation is permitted to finance under the Act. Under the Indenture, the Mortgage Loans may be made without regard to the income of the mortgagor or the location within the State of the property being financed, the availability of private mortgage insurance on the mortgaged property, the amount of down payment made on the mortgaged property, or the availability of any insurance or guaranty by any federal or state agency and may include, subject to certain conditions, loans that are not first-lien mortgage loans to homebuyers (such as multifamily, special purpose or construction loans). The Corporation will limit the amount of Mortgage Loans that are not first-lien mortgage loans to homebuyers to the extent necessary to satisfy Bond Coverage requirements. See “Sources of Payment and Security for the Bonds — Bond Coverage Certificates.”

For information concerning the Corporation’s current underwriting requirements for single-family Mortgage Loans (including the 2018 Series A Bonds Mortgage Loans), see “Acquired Obligations — Mortgage Loan Underwriting.” For information concerning the Prior Series Mortgage Loans, the Collateral Mortgage Loans, the Transferred Mortgage Loans, the Contributed Mortgage Loans and the Available Mortgage Loans, see “Acquired Obligations — Prior Series Mortgage Loans,” “— Collateral Mortgage Loans,” “— Transferred Mortgage Loans,” “— Contributed Mortgage Loans” and “— Available Mortgage Loans.”

Certain of the Prior Series Mortgage Loans, the Collateral Mortgage Loans, the Transferred Mortgage Loans and the Contributed Mortgage Loans previously were or will be transferred to the Indenture from prior related indentures that contain requirements regarding the income of the borrower,

loan-to-value ratios, primary mortgage insurance or guarantees of the Federal Housing Administration (“FHA”), the Department of Veterans Affairs (“VA”) or Rural Development (formerly the Farmers Home Administration) of the United States Department of Agriculture (“USDA” or “RD”), hazard insurance or similar provisions. No representation is made as to whether or not any such Mortgage Loan satisfies any such requirements. Neither the Corporation nor the Underwriters have reviewed such Mortgage Loans, and the Corporation is not required to substitute other mortgage loans or repurchase such Mortgage Loans if they do not in fact satisfy such requirements.

Certain of the Mortgage Loans are not first-lien loans to homebuyers. Such Mortgage Loans will not be considered when determining Bond Coverage (except to show Parity) absent the consent of the Rating Agencies (see “Sources of Payment and Security for the Bonds — Bond Coverage Certificates” below) and the statements relating to Mortgage Loans under the headings “Acquired Obligations — Mortgage Servicing,” “— Standard Homeowner Insurance Policies” and “— Alaska Foreclosure Law” may not apply to such Mortgage Loans. Currently, such Mortgage Loans consist solely of the Collateral Mortgage Loans. As of May 31, 2018, the aggregate outstanding principal balance of the Collateral Mortgage Loans was \$43,990,781.15. For information concerning Collateral Mortgage Loans, see “Acquired Obligations — Collateral Mortgage Loans.”

The Indenture permits proceeds of Bonds to be used to purchase Mortgage Certificates. However, no Mortgage Certificates are currently held under the Indenture and the Corporation does not currently intend to acquire Mortgage Certificates to be held under the Indenture in the future.

Debt Service Reserve Fund

The Indenture provides for a Debt Service Reserve Fund to be held by the Trustee, which is required to be maintained in an amount (the “Debt Service Reserve Fund Requirement”) at least equal to 2% of the sum of (i) the outstanding principal balance of all Mortgage Loans held in the Mortgage Loan Fund (other than Mortgage Loans represented by Mortgage Certificates) and (ii) the amount of assets (other than Mortgage Loans described in (i) above) in the Mortgage Loan Fund; provided, however, that a Supplemental Indenture authorizing the issuance of a Series of Bonds may provide that particular Mortgage Loans or assets in the related Series Account of the Mortgage Loan Fund, or particular subaccounts thereof, shall not be included in such calculation. The 2018 Series A and B Supplemental Indenture provides that the Collateral Mortgage Loans and the Contributed Mortgage Loans be excluded from such calculation. For information concerning Collateral Mortgage Loans and Contributed Mortgage Loans, see “Acquired Obligations — Collateral Mortgage Loans” and “— Contributed Mortgage Loans,” respectively.

If two Business Days prior to any Principal Installment Date or Interest Payment Date, the amount on deposit, or to be deposited on such Principal Installment Date or Interest Payment Date, in the Principal Account and the Interest Account is less than the amount required to pay interest on, principal of or sinking fund installments on Outstanding Bonds, any such deficiency is required to be made up with amounts in the Debt Service Reserve Fund or, if insufficient, funds of the Corporation made available by the Corporation or amounts in the Special Reserve Fund or any other Fund or Account (except for the Unpledged Funds). See “Summary of Certain Provisions of the Indenture — Debt Service Reserve Fund.” No amounts will be deposited in the Special Reserve Fund in connection with the issuance of the Offered Bonds.

Amounts on deposit in the Debt Service Reserve Fund are to be invested in Investment Securities. As of May 31, 2018, the aggregate amount of Investment Securities on deposit in the Debt Service Reserve Fund was \$4,812,637.63.

In connection with the issuance of the Offered Bonds, the Corporation expects to deposit approximately \$2,083,467 of its own available moneys to the Debt Service Reserve Fund. The amount on deposit in the Debt Service Reserve Fund will be at least equal to the Debt Service Reserve Fund Requirement on the date of issuance of the Offered Bonds.

Special Reserve Fund

The Indenture provides for a Special Reserve Fund to be held by the Trustee, which is required to be maintained in an amount (the “Special Reserve Requirement”) equal to the aggregate of all Special Reserve requirements, if any, established for the Series of Bonds Outstanding in the respective Supplemental Indentures authorizing such Series of Bonds.

No Special Reserve Fund requirement will be established for the Offered Bonds and no amounts will be deposited in the Special Reserve Fund in connection with the issuance of the Offered Bonds.

Amounts in the Special Reserve Fund, if any, are available to pay interest on, principal of or sinking fund installments on Outstanding Bonds as described above under “Debt Service Reserve Fund.”

There are currently no amounts on deposit in the Special Reserve Fund.

Bond Coverage Certificates

The Corporation is required to deliver to the Trustee a certificate demonstrating Bond Coverage (as defined under “Summary of Certain Provisions of the Indenture — Certain Definitions”) upon the occurrence of various events under the Indenture, including, but not limited to, (i) the delivery of a Series of Bonds, (ii) the disbursement of amounts from the Mortgage Loan Fund to acquire Acquired Obligations, and (iii) any release of moneys free and clear of the lien of the Indenture to the Corporation.

In addition, any such Bond Coverage Certificate delivered to the Trustee is required to conform to the requirements of the Indenture and any Supplemental Indenture, including any tax covenants contained therein. See “Summary of Certain Provisions of the Indenture — Tax Covenants.”

No assurance can be given that the assumptions used in a Bond Coverage Certificate will in fact be realized.

Additional Bonds

Additional Bonds (including Refunding Bonds) may be issued pursuant to the Indenture upon compliance with the provisions thereof, which includes the requirement that no Additional Bonds may be issued under the Indenture without the delivery to the Trustee of a certificate demonstrating Bond Coverage after issuance of such Additional Bonds. Because all Bonds rank on a parity with each other, the availability of money for repayment of the Offered Bonds could be significantly affected by the issuance of Additional Bonds. See “Sources of Payment and Security for the Bonds — Bond Coverage,” “Summary of Certain Provisions of the Indenture — Provisions for Issuance of Bonds” and “Summary of Certain Provisions of the Indenture — Provisions for Refunding Issues.”

APPLICATION OF FUNDS

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

Deposit to Series Account of the Mortgage Loan Fund	
to Purchase Mortgage Loans	\$110,864,899.40
Refunding of Refunded Obligations	63,385,000.00
Deposit of Contributed Mortgage Loans	67,286,516.29
Deposit to Debt Service Reserve Fund	3,626,039.87 [†]
Payment of Underwriting Fee	883,233.14
Payment of other Costs of Issuance	<u>250,000.00</u>
TOTAL	<u>\$246,295,688.70</u>

[†] Includes amounts transferred to the lien and pledge of the Indenture in connection with the refunding of the Refunded Obligations.

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

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

Redemption

Special Redemption

Redemption from Unexpended Proceeds. The 2018 Series A Bonds are subject to redemption at the option of the Corporation at 100% of the original issue price thereof, plus accrued interest, at any time, from amounts in the 2018 Series A Account of the Mortgage Loan Fund not applied to purchase Acquired Obligations. Any amounts remaining in the 2018 Series A Account of the Mortgage Loan Fund on December 1, 2021 are required by the 2018 Series A Supplemental Indenture to be applied to redeem 2018 Series A Bonds on February 1, 2022, at 100% of the original issue price thereof, plus accrued interest. Amounts available to redeem 2018 Series A Bonds as described in this paragraph may be applied at the direction of the Corporation to any maturity of the 2018 Series A Bonds, *provided* that the ratio of Offered Bonds maturing December 1, 2048 (“PAC Bonds”) Outstanding to all 2018 Series A Bonds Outstanding immediately following such redemption may not be less than such ratio immediately prior to such redemption.

Redemption from Amounts in the 2018 Series A Special Redemption Account and the 2018 Series B Special Redemption Account of the Redemption Fund. The 2018 Series A Bonds and the 2018

Series B Bonds, *other than* the 2018 Series B Bonds maturing December 1, 2031 (the “Series B 2031 Bonds”), are subject to redemption at the option of the Corporation at 100% of the principal amount thereof, plus accrued interest, on any date beginning December 1, 2018, from amounts deposited in the 2018 Series A Special Redemption Account and the 2018 Series B Special Redemption Account, respectively, of the Redemption Fund. Amounts so available to redeem the 2018 Series A Bonds may be applied at the direction of the Corporation to any maturity of the 2018 Series A Bonds; *provided* that such amounts may be applied to redeem PAC Bonds only if and to the extent that the principal amount of such Bonds Outstanding exceeds the PAC Outstanding Amount (set forth below) for the related period, unless otherwise required by the Code or if no other 2018 Series A Bonds remain Outstanding. Amounts so available to redeem the 2018 Series B Bonds may be applied at the direction of the Corporation to any maturity of the 2018 Series B Bonds (*other than* the Series B 2031 Bonds).

Amounts deposited in the 2018 Series A Special Redemption Account and the 2018 Series B Special Redemption Account of the Redemption Fund as directed by the Corporation are expected to consist primarily of Pledged Receipts in excess of (a) scheduled debt service with respect to all Outstanding Bonds, (b) any amount required to replenish the Debt Service Reserve Fund and the Special Reserve Fund to their respective requirements, if any, and (c) any amount required to fund the payment of Program Expenses. Proceeds of the sale of Acquired Obligations constitute Pledged Receipts and may under certain circumstances be deposited in the Redemption Fund and used to redeem Bonds. See “Summary of Certain Provisions of the Indenture — Mortgage Loan Fund” and “— Corporation’s Programs.” However, the Corporation covenants in the 2018 Series A and B Supplemental Indenture not to redeem the Offered Bonds as described under this subheading “Redemption from Amounts in the 2018 Series A Special Redemption Account and the 2018 Series B Special Redemption Account of the Redemption Fund” from the proceeds of (i) a voluntary sale of Mortgage Certificates or (ii) a voluntary sale of Mortgage Loans, unless such Mortgage Loans are (a) in default, (b) not in compliance with the Corporation’s Program requirements or (c) sold in order to meet the Corporation’s tax covenants. Such voluntary Mortgage Certificate sale proceeds and voluntary Mortgage Loan sale proceeds (except from sales of Mortgage Loans described in clauses (a), (b) or (c) of the immediately preceding sentence) may only be used to redeem Offered Bonds as described below under “Redemption When Offered Bonds Outstanding are 15% or Less of Initial Amount” and “Optional Redemption.”

Applicable federal tax law requires redemption of the Offered Bonds on or before certain dates and in certain amounts in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Offered Bonds. See “Tax Matters — Other Requirements Imposed by the Code — Required Redemptions.” Current federal tax law requires a payment to the United States from certain mortgagors whose mortgage loans are originated after December 31, 1990. See “Tax Matters — Other Requirements Imposed by the Code — Recapture Provision.” Since such recapture requirement remains in effect with respect to any mortgage loan subject thereto for a period ending nine years from the closing of such mortgage loan, the Corporation is unable to predict what effect, if any, such requirement will have on the origination or prepayment of Mortgage Loans to which such provision applies.

Special Mandatory Redemption. The PAC Bonds are subject to mandatory redemption, at 100% of the principal amount thereof, plus accrued interest, from amounts deposited in the 2018 Series A Special Redemption Account of the Redemption Fund or any other source of funds available therefor, on December 1, 2018 and thereafter on each June 1 and December 1, in an amount equal to the lesser of (i) prepayments and principal repayments of 2018 Series A Bonds Mortgage Loans received as of the 60th day prior to such date (except to the extent needed to pay scheduled principal and sinking fund payments of 2018 Series A Bonds) and (ii) the amount by which the principal amount of PAC Bonds then Outstanding exceeds the PAC Outstanding Amount (set forth below and subject to adjustment as described below) for the related period.

<u>Period Ending</u>	<u>PAC Outstanding Amount</u>
December 1, 2018	\$39,790,000
June 1, 2019	38,245,000
December 1, 2019	36,160,000
June 1, 2020	33,810,000
December 1, 2020	31,320,000
June 1, 2021	28,700,000
December 1, 2021	26,120,000
June 1, 2022	23,645,000
December 1, 2022	21,270,000
June 1, 2023	18,990,000
December 1, 2023	16,810,000
June 1, 2024	14,715,000
December 1, 2024	12,710,000
June 1, 2025	10,790,000
December 1, 2025	8,955,000
June 1, 2026	7,200,000
December 1, 2026	5,520,000
June 1, 2027	3,915,000
December 1, 2027	2,380,000
June 1, 2028	915,000
December 1, 2028 and thereafter	0

The PAC Outstanding Amounts are based on assumptions (the “PAC Assumptions”) that include, among other assumptions, receipt of principal prepayments on 2018 Series A Bonds Mortgage Loans in an amount equal to 100 percent of the Securities Industry and Financial Markets Association’s (formerly known as the Bond Market Association and prior to that as the Public Securities Association) standard prepayment speed assumption model (“PSA”) for 30-year mortgage loans (as further described below). If PAC Bonds are redeemed as described above under “Redemption from Unexpended Proceeds” (an “Unexpended Proceeds Redemption”), then each PAC Outstanding Amount will be recalculated to be an amount equal to the product of (i) the original PAC Outstanding Amount and (ii) the fraction whose numerator is the remainder of (a) the original principal amount of PAC Bonds less (b) the cumulative principal amount of PAC Bonds redeemed pursuant to all such Unexpended Proceeds Redemptions, and whose denominator is the original principal amount of PAC Bonds.

The PAC Assumptions may differ from the assumptions made in establishing the dates and amounts of the Sinking Fund Payments and maturities of the 2018 Series A Bonds. See “Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses.” The Corporation makes no representation that actual experience will conform to the PAC Assumptions. If actual experience differs from the PAC Assumptions, the principal amount of PAC Bonds actually redeemed in each semiannual period pursuant to the provision described under this subheading may differ from that derived from the PAC Outstanding Amounts.

Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The PSA model represents an assumed monthly rate of prepayment of the then outstanding principal balance of a pool of new mortgage loans. PSA does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the 2018 Series A Bonds Mortgage Loans. One hundred percent PSA assumes prepayment rates of 0.2 percent per year of the then-unpaid principal balance of such mortgage loans in the first month of the life of the mortgage loans and an additional 0.2

percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of the mortgage loans, 100 percent PSA assumes a constant prepayment rate of six percent per year. Multiples will be calculated from this prepayment rate series; e.g., 200 percent PSA assumes prepayment rates will be 0.4 percent per year in month one, 0.8 percent per year in month two, reaching 12 percent per year in month 30 and remaining constant at 12 percent per year thereafter.

The weighted average life of a bond refers to the average of the length of time that will elapse from the date of issuance of such bond to the date each installment of principal is paid, weighted by the amount of such installment. The weighted average life of PAC Bonds will be influenced by, among other factors, the rate at which principal prepayments on 2018 Series A Bonds Mortgage Loans are received.

Set forth in the following table are the projected weighted average lives (in years) of PAC Bonds, based upon various rates of prepayment of the 2018 Series A Bonds Mortgage Loans expressed as percentages of the PSA standard prepayment model. The numbers set forth in the following table have not been independently verified or audited by a third party and the Corporation does not make any representation or warranty as to the accuracy of such information. The Corporation has made no projections as to the weighted average lives of PAC Bonds at rates of prepayment of the 2018 Series A Bonds Mortgage Loans exceeding 500 percent of PSA. The table assumes, among other things, that (i) all 2018 Series A Bonds Mortgage Loans will be acquired on or before October 1, 2018, (ii) all 2018 Series A Bonds Mortgage Loans are prepaid at the percentage of PSA indicated on the table, (iii) all prepayments and scheduled principal repayments of 2018 Series A Bonds Mortgage Loans are timely received and the Corporation experiences no foreclosure losses thereon, (iv) there will be no optional redemption of 2018 Series A Bonds, (v) amounts available under the Indenture to be applied to the special redemption of Bonds will only be used to redeem Bonds of the related Series, (vi) amounts available under the Indenture to be applied to the special redemption of 2018 Series A Bonds other than PAC Bonds will be applied pro rata to such other 2018 Series A Bonds then Outstanding, and (vii) the remaining Bonds of a Series will not be redeemed as a consequence of the aggregate principal amount of such Bonds then Outstanding becoming equal to or less than 15% of the original aggregate principal amount of such Bonds. Some or all of such assumptions are unlikely to reflect actual experience.

Prepayment Speed (expressed as a percentage of PSA)	Projected Weighted Average Life (in years)
0%	26.4
25	18.0
50	11.0
75	6.0
100	5.0
200	5.0
300	5.0
400	5.0
500	5.4

The PSA model does not purport to be a prediction of the anticipated rate of prepayment of the 2018 Series A Bonds Mortgage Loans, and there is no assurance that such principal prepayments will conform to any of the assumed prepayment rates. No representation is made as to the percentage of the principal balance of the 2018 Series A Bonds Mortgage Loans that will be paid as of any date or as to the overall rate of prepayment.

Redemption When Offered Bonds Outstanding are 15% or Less of Initial Principal Amount. The Offered Bonds (*other than* the Series B 2031 Bonds) are subject to redemption at 100% of the principal amount thereof, plus accrued interest, in whole on any date at the option of the Corporation, from any source of funds, if, in the case of the 2018 Series A Bonds, the aggregate principal amount of then Outstanding 2018 Series A Bonds (reduced by any 2018 Series A Bonds otherwise to be redeemed on such date) is less than or equal to 15% of the aggregate initial principal amount of the 2018 Series A Bonds (\$16,389,000) and, in the case of the 2018 Series B Bonds, the aggregate principal amount of then Outstanding 2018 Series B Bonds (reduced by any 2018 Series B Bonds otherwise to be redeemed on such date) is less than or equal to 15% of the aggregate initial principal amount of the 2018 Series B Bonds (\$8,778,000).

Sinking Fund Redemption

The 2018 Series A Bonds maturing on December 1, 2033, December 1, 2038, December 1, 2040 and December 1, 2048 are subject to mandatory redemption in part from sinking fund payments at 100% of the principal amount thereof, plus accrued interest, on the respective dates and in the respective principal amounts set forth below:

Sinking Fund Payments

Date	2018 Series A Term Bonds Maturing December 1, 2033	2018 Series A Term Bonds Maturing December 1, 2038	2018 Series A Term Bonds Maturing December 1, 2040	2018 Series A Term Bonds Maturing December 1, 2048
June 1, 2031	\$1,890,000			
December 1, 2031	1,930,000			
June 1, 2032	1,970,000			
December 1, 2032	2,015,000			
June 1, 2033	2,055,000			
December 1, 2033	2,100,000 [†]			
June 1, 2034		\$1,610,000		
December 1, 2034		1,645,000		
June 1, 2035		1,680,000		
December 1, 2035		1,720,000		
June 1, 2036		1,755,000		
December 1, 2036		1,795,000		
June 1, 2037		1,835,000		
December 1, 2037		1,875,000		
June 1, 2038		1,915,000		
December 1, 2038		1,955,000 [†]		
June 1, 2039			\$2,000,000	
December 1, 2039			2,040,000	
June 1, 2040			2,085,000	
December 1, 2040			630,000 [†]	\$1,500,000
June 1, 2041				2,180,000
December 1, 2041				2,225,000
June 1, 2042				2,270,000
December 1, 2042				2,320,000
June 1, 2043				2,370,000
December 1, 2043				2,420,000
June 1, 2044				2,475,000
December 1, 2044				2,525,000
June 1, 2045				2,585,000
December 1, 2045				2,640,000
June 1, 2046				2,695,000
December 1, 2046				2,755,000
June 1, 2047				2,815,000
December 1, 2047				2,870,000
June 1, 2048				2,695,000
December 1, 2048				835,000 [†]

[†] Stated Maturity

The 2018 Series B Bonds maturing on December 1, 2033 and December 1, 2035 are subject to mandatory redemption in part from sinking fund payments at 100% of the principal amount thereof, plus accrued interest, on the respective dates and in the respective principal amounts set forth below:

<u>Date</u>	<u>2018 Series B Bonds Maturing December 1, 2033</u>	<u>2018 Series B Bonds Maturing December 1, 2035</u>
June 1, 2031	\$3,155,000	
December 1, 2031	3,225,000	
June 1, 2032	3,295,000	
December 1, 2032	3,365,000	
June 1, 2033	3,440,000	
December 1, 2033	3,520,000 [†]	
June 1, 2034		\$2,420,000
December 1, 2034		2,470,000
June 1, 2035		2,525,000
December 1, 2035		2,640,000 [†]

[†] Stated Maturity

Any redemption (other than a mandatory redemption from sinking fund payments) of Offered Bonds of a particular Series and maturity will be credited against future sinking fund payments for such Series and maturity (i) on a reasonably proportionate basis or (ii) on such other basis as shall be directed by the Corporation.

Optional Redemption

The Offered Bonds (*other than* the Series B 2031 Bonds) maturing on or after December 1, 2027 are subject to redemption at the option of the Corporation at 100% of the principal amount thereof, plus accrued interest, at any time on or after June 1, 2027, in whole or in part, from any source of funds.

The Series B 2031 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 June 1, 2028, in whole or in part, from any source of funds.

Selection of Bonds for Redemption; Purchase in Lieu of Redemption

If the Offered Bonds are redeemed in part by special redemption or optional redemption, the Offered Bonds to be redeemed will be selected as shall be directed by the Corporation. If less than all the Offered Bonds of a particular maturity of a Series are to be redeemed, the particular Offered Bonds to be redeemed will be selected by the Trustee by lot, using such method of selection as it deems proper in its discretion, or on such other basis as shall be directed by the Corporation.

In lieu of redeeming Bonds, the Corporation may from time to time, prior to notice of redemption, purchase Bonds from moneys held for redemption of Bonds, provided that such purchase may not be at a price in excess of the principal amount thereof, plus accrued interest, except as otherwise provided in the Indenture.

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. Neither failure to receive any redemption notice nor any defect in such redemption notice so given shall affect the sufficiency of the proceedings for redemption.

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 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 OF THE OFFERED BONDS OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDHOLDER.

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

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

If bond certificates are issued, the principal and interest due upon maturity or redemption of any of the Offered Bonds will be payable at the office of the Trustee, as paying agent, upon presentation and surrender of such Offered Bonds by the registered owner thereof on or after the date of maturity or redemption, as the case may be. Payment of the interest on each Offered Bond (prior to the maturity or earlier redemption thereof) will be made by the Trustee to the registered owner of such Offered Bond by check mailed by first class mail (or, upon request of a registered owner of \$1,000,000 or more aggregate principal amount of such Offered Bond, by wire transfer) on the interest payment date to such registered owner as of the 20th day of the preceding month at the address appearing on the registration books relating to the Offered Bonds.

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

ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS AND PROGRAM EXPENSES

The Corporation expects that the scheduled payments, together with prepayments received, if any, of principal of and interest on all Acquired Obligations and other amounts held under the Indenture (except the Rebate Fund) and the earnings thereon will be sufficient to pay, when due, the debt service on the Bonds and the Program Expenses in connection with the Program.

In establishing the dates and amounts of the Sinking Fund Payments and maturities of the Offered Bonds, the following assumptions, among others, were made by the Corporation:

1. no Additional Bonds will be issued;
2. the proceeds of the Offered Bonds will be applied as described above under “Introduction” on the date of issuance of the Offered Bonds;
3. a portion of the lendable proceeds of the 2018 Series A Bonds will be used on their date of issuance to purchase approximately \$60.8 million principal amount of Available Mortgage Loans that as of June 12, 2018 bore interest at the rates and had outstanding principal balances and weighted average remaining terms as described under “Acquired Obligations — Available Mortgage Loans”; a portion of the lendable proceeds of the 2018 Series A Bonds will be used on their date of issuance to purchase approximately \$19.2 million principal amount of Mortgage Loans with terms of 30 years from origination and a weighted average mortgage loan coupon rate of approximately 4.25% per annum; the balance of the lendable proceeds of the 2018 Series A Bonds will be used by October 1, 2018 to acquire approximately \$21.2 million principal amount of Mortgage Loans with terms of 30 years from origination and a weighted average mortgage loan coupon rate of approximately 4.375% per annum;
4. upon the issuance of the Offered Bonds, the Corporation from its unrestricted general funds will pay a portion of costs of issuance with respect to such Bonds and make a deposit to the Debt Service Reserve Fund as reflected under “Application of Funds”;
5. scheduled principal of and interest on Mortgage Loans will be paid on the first day of the month following the scheduled payment date therefor, and Acquired Obligations will not be prepaid or otherwise terminated prior to maturity (*except* that the Collateral Mortgage Loans were not considered in establishing the dates and amounts of the Sinking Fund Payments and maturities of the Offered Bonds);
6. losses on defaulted Mortgage Loans will not exceed any applicable insurance coverage or guarantees and recoveries upon disposition, including foreclosures or sales in lieu of foreclosures;
7. amounts in all Funds and Accounts under the Indenture will be invested at an annual rate of 1.5%; and
8. the Servicers will be paid a monthly servicing fee of one-twelfth of $\frac{3}{8}\%$ of the then outstanding aggregate principal balance of the Mortgage Loans, and other semiannual Program Expenses of the Corporation and the Trustee under the Program will be equal to .055% of the principal amount of then outstanding Acquired Obligations in the Mortgage Loan Fund.

The Corporation believes it is reasonable to make such assumptions, but no representation is made that the assumptions reflect any particular set of historical circumstances, no assurance can be given that actual receipt of amounts under the Indenture will be sufficient to pay debt service on the Bonds (including the Offered Bonds) when due and Program Expenses of the Corporation and the Trustee under

the Program, and to the extent that actual experience differs from any of the assumptions, availability of such amounts may be significantly affected. The Corporation has a history of actively recycling Mortgage Loan prepayments and excess revenues into new qualifying mortgage loans when economically appropriate and also when economically appropriate of using such amounts to redeem bonds and refund such redeemed bonds and thereafter make new qualifying mortgage loans, and presently intends to continue to do both. The Corporation currently expects to recycle prepayments and scheduled repayments of Mortgage Loans allocable to the 2018 Series B Bonds. The rate of principal payments is likely to vary considerably over time. Generally, a borrower may prepay a Mortgage Loan at any time without penalty. Because so many factors affect the rate of prepayment of a pool of mortgage loans, the Corporation cannot estimate or predict the rate of principal payments on the Mortgage Loans.

ACQUIRED OBLIGATIONS

Prior Series Mortgage Loans

As of May 31, 2018, there were Prior Series Mortgage Loans with an outstanding aggregate principal balance of \$225,816,892, bearing interest at a weighted average yield to the Indenture of approximately 4.180% per annum, with a weighted average mortgage loan coupon rate to the borrower of approximately 3.834% per annum and a weighted average remaining term of 310 months.

The following table sets forth certain information as of May 31, 2018 regarding the type of primary mortgage insurance coverage originally applicable to the Prior Series Mortgage Loans. No representation is made as to the current status of primary mortgage insurance coverage or the current loan-to-value ratios of the Prior Series Mortgage Loans. 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.

Prior Series Mortgage Loans Primary Insurance

<u>Type</u>	<u>Outstanding Principal Balance</u>	<u>Percentage of Total Prior Series Mortgage Loans by Outstanding Principal Balance</u>
Uninsured [†]	\$103,171,519	45.7%
Private Mortgage Insurance	75,181,230	33.3
FHA Insured	16,989,218	7.5
HUD 184 Guaranteed	11,896,158	5.3
VA Guaranteed	7,477,154	3.3
RD Guaranteed	<u>11,101,613</u>	<u>4.9</u>
TOTAL	<u>\$225,816,892</u>	<u>100.0%</u>

[†] Uninsured Mortgage Loans represent loans in which the original loan-to-value ratio was not in excess of 80% (90% in the case of Rural Program Mortgage Loans) and insurance coverage was therefore not required.

The following table sets forth certain information as of May 31, 2018 regarding the type of dwellings securing Prior Series Mortgage Loans.

Prior Series Mortgage Loans Dwelling Type

<u>Dwelling Type</u>	<u>Outstanding Principal Balance</u>	<u>Percentage of Total Prior Series Mortgage Loans by Outstanding Principal Balance</u>
1 Unit Detached Dwellings	\$180,844,271	80.1%
2-4 Unit Dwellings	14,845,720	6.6
Condominiums	30,126,901	13.3
TOTAL	<u>\$225,816,892</u>	<u>100.0%</u>

The following table sets forth certain information as of May 31, 2018 regarding the location of the mortgaged property securing Prior Series Mortgage Loans.

Prior Series Mortgage Loans Geographic Distribution

<u>Property Location</u>	<u>Outstanding Principal Balance</u>	<u>Percentage of Total Prior Series Mortgage Loans by Outstanding Principal Balance</u>
Anchorage	\$107,713,743	47.7%
Wasilla/Palmer	26,559,893	11.8
Juneau/Ketchikan	20,023,594	8.9
Fairbanks/North Pole	16,526,125	7.3
Kenai/Soldotna/Homer	13,454,697	6.0
Eagle River/Chugiak	12,530,403	5.5
Kodiak	5,685,867	2.5
Other Geographic Regions	<u>23,322,570</u>	<u>10.3</u>
TOTAL	<u>\$225,816,892</u>	<u>100.0%</u>

Collateral Mortgage Loans

As of May 31, 2018, there were Collateral Mortgage Loans under the Indenture financed pursuant to the Corporation's Loans to Sponsor program with an aggregate principal balance of \$10,885,662, bearing interest at a rate of 0% per annum.

As of May 31, 2018, there were Collateral Mortgage Loans under the Indenture financed pursuant to the Corporation's Soft Seconds program with an aggregate principal balance of \$33,105,120, bearing interest at a rate of 1.484% per annum, that require principal payments only to the extent of available cash flow from the related housing project.

Transferred Mortgage Loans

As of May 31, 2018, there were Transferred Mortgage Loans with an outstanding aggregate principal balance of \$13,598,484, bearing interest at a weighted average yield to the Corporation of approximately 4.085% per annum, with a weighted average mortgage loan coupon rate to the borrower of approximately 4.532% per annum and a weighted average remaining term of 264 months.

The following table sets forth certain information as of May 31, 2018 regarding the type of primary mortgage insurance coverage originally applicable to the Transferred Mortgage Loans. No representation is made as to the current status of primary mortgage insurance coverage or the current

loan-to-value ratios of the Transferred Mortgage Loans. 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.

Transferred Mortgage Loans Primary Insurance

<u>Type</u>	<u>Outstanding Principal Balance</u>	<u>Percentage of Total Transferred Mortgage Loans by Outstanding Principal Balance</u>
Private Mortgage Insurance	\$ 1,564,630	11.5%
Uninsured [†]	7,674,363	56.4
FHA Insured	2,370,549	17.4
RD Guaranteed	607,893	4.5
HUD 184 Guaranteed	910,013	6.7
VA Guaranteed	471,036	3.5
TOTAL	<u>\$13,598,484</u>	<u>100.0%</u>

[†] Uninsured Mortgage Loans represent loans in which the original loan-to-value ratio was not in excess of 80% (90% in the case of Rural Program Mortgage Loans) and insurance coverage was therefore not required.

The following table sets forth certain information as of May 31, 2018 regarding the type of dwellings securing Transferred Mortgage Loans.

Transferred Mortgage Loans Dwelling Type

<u>Dwelling Type</u>	<u>Outstanding Principal Balance</u>	<u>Percentage of Total Transferred Mortgage Loans by Outstanding Principal Balance</u>
1 Unit Detached Dwellings	\$11,628,376	85.5%
Condominiums	762,526	5.6
2-4 Unit Dwellings	<u>1,207,582</u>	<u>8.9</u>
TOTAL	<u>\$13,598,484</u>	<u>100.0%</u>

The following table sets forth certain information as of May 31, 2018 regarding the location of the mortgaged property securing Transferred Mortgage Loans.

Transferred Mortgage Loans Geographic Distribution

<u>Property Location</u>	<u>Outstanding Principal Balance</u>	<u>Percentage of Total Transferred Mortgage Loans by Outstanding Principal Balance</u>
Anchorage	\$ 3,540,434	26.0%
Wasilla/Palmer	1,251,250	9.2
Fairbanks/North Pole	1,124,430	8.3
Juneau/Ketchikan	880,918	6.5
Eagle River/Chugiak	211,625	1.6
Kenai/Soldotna/Homer	2,341,421	17.2
Kodiak	1,012,801	7.5
Other Geographic Regions	<u>3,235,605</u>	<u>23.7</u>
TOTAL	<u>\$13,598,484</u>	<u>100.0%</u>

Contributed Mortgage Loans

It is expected that as of the date of issuance of the Offered Bonds, the Corporation will transfer to the lien and pledge of the Indenture Contributed Mortgage Loans with an outstanding aggregate principal balance of \$67,300,000, bearing interest at a weighted average yield to the Corporation of approximately 4.670% per annum and a weighted average remaining term of 347 months.

Available Mortgage Loans

As of June 12, 2018, there were Available Mortgage Loans with an outstanding aggregate principal balance of \$60,841,867, bearing interest at a weighted average yield to the Corporation of approximately 4.536% per annum, with a weighted average mortgage loan coupon rate to the borrower of approximately 3.544% per annum and a weighted average remaining term of 343 months.

The following table sets forth certain information as of June 12, 2018 regarding the type of primary mortgage insurance coverage originally applicable to the Available Mortgage Loans. No representation is made as to the current status of primary mortgage insurance coverage or the current loan-to-value ratios of the Available Mortgage Loans. 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.

Available Mortgage Loans Primary Insurance

<u>Type</u>	<u>Outstanding Principal Balance</u>	<u>Percentage of Total Available Mortgage Loans by Outstanding Principal Balance</u>
Private Mortgage Insurance	\$26,346,011	43.3%
Uninsured [†]	15,023,970	24.7
FHA Insured	5,698,644	9.3
RD Guaranteed	7,419,350	12.2
HUD 184 Guaranteed	3,389,768	5.6
VA Guaranteed	<u>2,964,125</u>	<u>4.9</u>
TOTAL	<u>\$60,841,867</u>	<u>100.0%</u>

[†] Uninsured Mortgage Loans represent loans in which the original loan-to-value ratio was not in excess of 80% (90% in the case of Rural Program Mortgage Loans) and insurance coverage was therefore not required.

The following table sets forth certain information as of June 12, 2018 regarding the type of dwellings securing Available Mortgage Loans.

Available Mortgage Loans Dwelling Type

<u>Dwelling Type</u>	<u>Outstanding Principal Balance</u>	<u>Percentage of Total Available Mortgage Loans by Outstanding Principal Balance</u>
1 Unit Detached Dwellings	\$44,389,547	73.0%
Condominiums	14,598,045	24.0
2-4 Unit Dwellings	<u>1,854,275</u>	<u>3.0</u>
TOTAL	<u>\$60,841,867</u>	<u>100.0%</u>

The following table sets forth certain information as of June 12, 2018 regarding the location of the mortgaged property securing Available Mortgage Loans.

Available Mortgage Loans Geographic Distribution

<u>Property Location</u>	<u>Outstanding Principal Balance</u>	<u>Percentage of Total Available Mortgage Loans by Outstanding Principal Balance</u>
Anchorage	\$36,458,238	59.9%
Wasilla/Palmer	10,958,363	18.0
Fairbanks/North Pole	3,039,762	5.0
Juneau/Ketchikan	3,705,859	6.1
Eagle River/Chugiak	2,104,305	3.5
Kenai/Soldotna/Homer	1,312,763	2.2
Kodiak	1,048,950	1.7
Other Geographic Regions	<u>2,213,627</u>	<u>3.6</u>
TOTAL	<u>\$60,841,867</u>	<u>100.0%</u>

Mortgage Loan Underwriting

The following description provides certain information concerning the Corporation's current underwriting requirements for single-family Mortgage Loans (including the 2018 Series A Bonds Mortgage Loans), including requirements with respect to loan-to-value ratios, loan amounts and primary mortgage insurance. No representation is made as to whether or not the Prior Series Mortgage Loans or the Transferred Mortgage Loans conformed to such current requirements. The Collateral Mortgage Loans did not conform to such requirements. The Corporation's current underwriting requirements for single-family Mortgage Loans may be revised at any time. See "Sources of Payment and Security for the Bonds — Mortgage Loans."

Eligibility

Each Mortgage Loan must be secured by a single-family residence, duplex, triplex, or four-plex. Assuming satisfaction of the requirements described below under "— Income Limits" and "— Purchase Price Requirements," eligibility is without regard to location of the dwelling within the State. The dwelling to be purchased with proceeds of a Mortgage Loan must be designed for residential use and intended for use and used as the principal residence of the borrower, with the exception of 2-4 unit properties located in rural "small community," as defined by the State of Alaska, which allows for non-owner occupancy. A new first-lien Mortgage Loan may not be financed with respect to a dwelling securing an outstanding first-lien Mortgage Loan unless the new Mortgage Loan will retire the outstanding Mortgage Loan.

General Terms

Each Mortgage Loan must:

(1) be serviced by a servicer approved by the Corporation (see "Acquired Obligations — Mortgage Servicing" below);

(2) be secured by a first or second lien on real estate in fee simple or on a leasehold estate and (A) if a first lien, be subject only to permitted encumbrances, or (B) if a second lien, be subject only to permitted encumbrances including a first-lien mortgage;

(3) if the Mortgage Loan is secured by a first lien and if the loan-to-value ratio of the property exceeds 80% (90% in the case of Rural Program Mortgage Loans), be the subject of private mortgage insurance, federal insurance, or federal guarantee, with benefits in each case payable to the Corporation;

(4) be for the purchase or refinancing of completed, owner-occupied residential housing, the improvement or rehabilitation of owner-occupied residential housing, or the purchase or refinancing of owner-occupied residential housing together with improvement or rehabilitation of the housing, which in any case is eligible for purchase by the Corporation under the terms otherwise described in this section; and

(5) be insured by an American Land Title Association (ALTA) insurance policy issued by a title insurance company qualified to do business in the area in which the residence is located and acceptable to the Corporation, insuring the enforceable mortgage, subject only to permitted encumbrances or in the case of a second-lien mortgage, subject only to permitted encumbrances and the first-lien mortgage.

The Corporation computes the maximum amount of a second-lien Mortgage Loan so that the outstanding amount of the first-lien Mortgage Loan plus the maximum amount of the second-lien Mortgage Loan does not exceed the applicable loan-to-value ratio. All loan-to-value ratios and maximum loan amounts will be reduced if and to the extent any applicable GNMA, FNMA, FHLMC, VA, FHA, HUD or RD loan-to-value ratio or maximum loan limits are reduced for Alaska.

Loan-to-Value Ratios, Maximum Loan Amounts, and Minimum Down Payments

The Corporation requires that the loan-to-value ratio and the loan amounts for each Mortgage Loan be as follows:

(1) Other than as provided in paragraphs (3), (4), and (5) below, the loan-to-value ratio of a Mortgage Loan for the purchase of a single family residence may not exceed 95%, the loan-to-value ratio of a Mortgage Loan for the purchase of a duplex residence may not exceed 90%, and the loan-to-value ratio of a Mortgage Loan for the purchase of a triplex or four-plex residence may not exceed 80%;

(2) The maximum loan amount on a first Mortgage Loan for a 1-unit single family residence may not exceed the applicable FNMA or FHLMC maximum loan amount for the same type of property by more than 10%; for a duplex, triplex or four-plex the maximum loan amount may not exceed the limitations on first mortgages for similar housing purchased by FNMA;

(3) The amount of the guarantee plus the down payment on a mortgage loan guaranteed by the VA must equal 25% of the value of the residence based on the lesser of sales price or appraisal, and the VA guarantee must equal the maximum guarantee possible under the VA program;

(4) The maximum loan amounts, minimum down payments, and loan-to-value ratios of Mortgage Loans insured or guaranteed by FHA or HUD will be as required by FHA or HUD;

(5) The maximum loan amounts, minimum down payments, and loan-to-value ratios of Mortgage Loans guaranteed by RD will be as required by RD; and

(6) The loan-to-value ratio of a refinancing loan may not exceed the limits established by FNMA, FHLMC, FHA, VA, or RD for similar refinance loans.

Income Limits

The Corporation requires that, for each Mortgage Loan, the mortgagor's family income must be in accordance with Section 143(f) of the Code.

Purchase Price Requirements

The acquisition cost of each residence may not exceed the specified percentage of the average area purchase price of the statistical area in which the residence being finance is located, as determined by the Corporation in accordance with Section 143 of the Code.

Loan Terms

Mortgage Loans may have either a 15-year term or a 30-year term. Approximately 95% of Mortgage Loans are originated with a 30-year term.

Lender Qualification

The Corporation acquires the Mortgage Loans from its approved lenders (the "Lenders"). There are currently 25 Lenders approved by the Corporation. All of the Lenders must have an office in Alaska. The Corporation requires each Lender to provide audited financial statements and proof of insurance to the Corporation on an annual basis. Lenders must maintain policies of worker's compensation insurance (minimum coverage of \$100,000 per person per occurrence) and general liability insurance (minimum coverage of \$1,000,000 per occurrence), and a fidelity bond and errors and omissions insurance (coverage based on origination volume; minimum of \$300,000). The Corporation also performs annual audits of at least 10% of the loans purchased from each Lender during each year to assure compliance with AHFC underwriting standards and program requirements.

Underwriting Process

Mortgage Loans undergo one of three underwriting processes: Full Underwriting process (1%), Program Compliance process (54%), or Delegated process (45%), respectively.

Under the Full Underwriting process, the Corporation performs a full underwriting of the Mortgage Loan. The Corporation uses this process only for loans originated by regional housing authorities in the State of Alaska and for the smallest lenders.

Under the Program Compliance process, the Lender determines the applicant's creditworthiness and adequacy of the subject property for collateral. The Corporation reviews each loan undergoing the Program Compliance process, but only to determine eligibility based on any applicable income limitations, acquisition cost limitations, or other relevant tax-compliance criteria. Newly-approved Lenders generally originate Mortgage Loans under the Program Compliance process. The Corporation audits all Mortgage Loans originated by each newly-approved Lender for a period of generally six to 12 months (depending on origination volume) under the Program Compliance process as a prerequisite to advancing to Delegated underwriting.

The Corporation permits its most experienced Lenders to underwrite Mortgage Loans using the Delegated process. Under the Delegated process, the Lender underwrites the complete loan, which

includes eligibility based on income, creditworthiness, adequacy of the subject property as collateral, and program compliance.

Mortgage Servicing

Prior to purchasing any Mortgage Loan, the Corporation requires the originating institution (which generally thereafter acts as the servicer (the “Servicer”)) to furnish to the Corporation the original mortgage note and a copy of the title insurance policy in an amount equal to the unpaid principal due on the Mortgage Loan. The Corporation also requires generally that all taxes, assessments and water and sewage charges have been duly paid and that a hazard insurance policy exist in an amount equal to the unpaid principal due on the mortgage. The Servicer services the mortgage loan for a fee, charged monthly at an annual rate. As compensation for servicing loans for the Corporation, the Servicer is paid servicing fees pursuant to the contractual agreements in place, generally not less than $\frac{3}{8}$ of 1% on the unpaid principal due on such mortgage loan. The Corporation has adopted standards for qualifying eligible servicing institutions and underwriting and servicing guidelines with respect to the recording of and collection of principal and interest on the Mortgage Loans and the rendering to the Corporation of an accounting of funds collected. The servicing of a Mortgage Loan includes the responsibility for foreclosure, but not the bearing of any expenses thereof. The Servicer is expected to utilize collection and foreclosure prevention techniques during the various stages of delinquency to meet the goal of bringing delinquent Mortgage Loans current in the shortest time possible. The Servicers’ collection policies and procedures address loss mitigation methods which include, but are not limited to, working with distressed borrowers on a temporary forbearance of less than or equal to a full payment and/or repayment of the delinquency. The Corporation requires its Servicers to have a collection program to address early payment defaults and to encourage listing the property for sale to avoid foreclosure. Foreclosures are undertaken when it has been determined the borrowers are unable to maintain their mortgage payments. See “Acquired Obligations — Primary Mortgage Insurance.” The Servicer is required to pay, from the mortgage payments, taxes, assessments, levies and charges, and premiums for hazard insurance and mortgage insurance, as they may become due.

All collected principal and interest payments on the Mortgage Loans are required to be deposited by the Servicer in a depository bank to be held in escrow for the Trustee. Such funds (net of applicable servicing fees) are remitted to the depository by the Servicer on the day following receipt when total collections of such Servicer equal or exceed \$2,500. Such funds are held in a custodial account and invested for the benefit of the Trustee pending their transfer once a month to the Trustee. Additional monthly payments on the Mortgage Loans, representing payments for such items as property taxes and mortgage insurance, are retained by the Servicer and applied as necessary.

The Corporation maintains detailed Mortgage Loan collection information on its internal data processing system. The Corporation’s system generates the collection reports and consolidates actual collections by individual bond series.

The Corporation reviews individual Servicer reports to ascertain the extent of mortgagor payment delinquencies and Servicer processing delays in order to determine the appropriate corrective action, if any, to be taken by the Corporation or the Servicer. Under the Corporation’s monitoring system, a Servicer is subject to enhanced review when its monthly reports for two consecutive months show delinquency rates more than 1.50 times the average delinquency rates experienced by the Servicer group as a whole.

Pledge of Mortgage Loans

The assignment to the Corporation of each deed of trust relating to a Mortgage Loan deposited in the Mortgage Loan Fund is required to be recorded with the appropriate real property recording office for the jurisdiction in which the mortgaged property is located. The Indenture pledges, to the Trustee and the owners of the Bonds, the Mortgage Loans, the related deeds of trust, the Pledged Receipts and any and all assets held in any Fund or Account (except the Rebate Fund) under the Indenture. Section 18.56.120 of the Act provides that such a pledge is valid and binding from the time the pledge is made and, further, that any assets or revenues so pledged are immediately subject to the lien of the pledge without physical delivery or any further act and without regard to whether any third-party has notice of the lien of the pledge. Physical custody of each mortgage note is retained by the Corporation and the related deed of trust is retained by the originating lending institution. Notwithstanding the fact that the Trustee does not have physical possession of those instruments, and while Co-Bond Counsel is unaware of any controlling judicial precedent, it is the opinion of Co-Bond Counsel that the effect of (i) recording the assignment in the form described, (ii) execution and delivery of the Indenture and (iii) the statutory provisions referred to above afford the Trustee (on behalf of owners of the Bonds) a fully perfected security interest in the Mortgage Loans which have been so assigned.

Primary Mortgage Insurance

The following description of certain types of primary mortgage insurance and guarantees (relating to individual Mortgage Loans), and of the Corporation's requirements with respect to such insurance or guarantees for single-family Mortgage Loans, is only a brief outline of current provisions thereof and does not purport to summarize or describe all such current provisions. Although certain of the Transferred Mortgage Loans and the Contributed Mortgage Loans may originally have been insured by FHA, guaranteed by VA, HUD or RD or insured under a private mortgage insurance policy, no representation is made as to whether or not such insurance or guarantees or the original loan to value ratios with respect to Transferred Mortgage Loans conformed to the following description. The Corporation makes no representations about the financial condition of any of the private mortgage insurance companies or their ability to make full and timely payment to us of claims on the Mortgage Loans on which they may experience losses.

Any first lien Mortgage Loan with an original principal amount exceeding 80% (90% in the case of Rural Program Mortgage Loans) of the value of the mortgaged property is required to be (i) insured by the FHA, (ii) guaranteed by the VA, HUD or RD, or (iii) insured under a private mortgage insurance policy in an amount (a) equal to 35% of the Mortgage Loan if the original loan-to-value ratio is between 95.00% and 100.00%, (b) equal to 30% of the Mortgage Loan if the original loan-to-value ratio is between 90.00% and 95.00%, (c) equal to 25% of the Mortgage Loan if the original loan-to-value ratio is between 85.00% and 90.00% and is a 30 year mortgage; equal to 12% of the Mortgage Loan if the original loan-to-value ratio is between 85.00% and 90.00% and is a 15 year mortgage or (d) equal to 12% of the Mortgage Loan if the original loan-to-value ratio is between 80.00% and 85.00% and is a 30 year mortgage; equal to 6% of the Mortgage Loan if the original loan-to-value ratio is between 80.00% and 85.00% and is a 15 year mortgage. FHA insurance coverage and the HUD guarantee equal 100% of the outstanding principal balance of all FHA-insured or HUD-guaranteed Mortgage Loans. The maximum guarantee that may be issued by the VA is based on the size of the Mortgage Loan, as follows: (1) for a Mortgage Loan of not more than \$45,000, 50% of the original principal amount of the Mortgage Loan; (2) for a Mortgage Loan greater than \$45,000 but not more than \$56,250, \$22,500; (3) for a Mortgage Loan greater than \$56,250 but not more than \$144,000, the lesser of \$36,000 or 40% of the original principal amount of the Mortgage Loan; (4) for a Mortgage Loan greater than \$144,000 but not more than \$453,100, 25% of the original principal amount of the Mortgage Loan; and (5) for a Mortgage Loan in excess of \$453,100, the lesser of the applicable "maximum guaranty amount" or 25% of the original

principal amount of the Mortgage Loan. Such “maximum guaranty amount” currently is 25% of the Freddie Mac conforming loan limit (such limit is currently \$679,650 in Alaska). For all VA-guaranteed Mortgage Loans, the VA guarantee plus the down payment must be at least 25% of the original Mortgage Loan amount. The RD guarantee covers the lesser of (a) any loss up to 90% of the original principal amount of the Mortgage Loan or (b) any loss in full up to 35% of the original principal amount of the Mortgage Loan plus 85% of the remaining 65% of the principal amount actually advanced to the mortgagor on any additional loss. The FHA insurance or VA, HUD or RD guarantee must be maintained for the entire period during which the Corporation owns an interest in the Mortgage Loan. A private mortgage insurance policy is required to be maintained in force and effect (a) for the period during which the Corporation owns an interest in the Mortgage Loan or (b) until the outstanding principal amount of the Mortgage Loan is reduced to loan-to-values of 80% and 90% for Rural Programs of the lesser of the original appraised value of the mortgaged property or the original sale price of the mortgaged property and the loan is current or (c) renovation of the property if the loan-to-value is 80% of the origination “as completed” appraised value and the loan is current. The cost of any such insurance or guarantee will be paid by the mortgagor.

In general, FHA, VA, HUD and RD regulations and private mortgage insurance contracts provide for the payment of insurance benefits to a mortgage lender upon the failure of a mortgagor to make any payment or to perform any obligation under the insured or guaranteed mortgage loan and the continuance of such failure for a stated period. In order to receive payment of insurance benefits, a mortgage lender, such as the Corporation, normally must acquire title to the property, either through foreclosure or conveyance in lieu of foreclosure, and convey such title to the insurer or guarantor. In general, primary mortgage insurance benefits, as limited by the amount of coverage indicated above, are based upon the amount of unpaid principal, interest and advances of the mortgage loan at the date of institution of foreclosure proceedings or the acquisition of the property after default, as the case may be, adjusted to reflect certain payments paid or received by the mortgage lender. Where property to be conveyed to an insurer has been damaged, it is generally required, as a condition to payment of an insurance claim, that such property be restored to its original condition (reasonable wear and tear excepted) by the mortgage lender prior to such conveyance. FHA, HUD, VA and RD servicing rules require servicers to perform loss mitigation techniques to resolve delinquencies. The Servicers’ collection policies and procedures address loss mitigation methods which include, but are not limited to, working with distressed borrowers on a temporary forbearance of less than or equal to a full payment and/or repayment of the delinquency. Foreclosures are undertaken when it has been determined the borrowers are unable to maintain their mortgage payments. For those particular borrowers who can no longer afford their mortgage payments, Servicers work with the insurer or guarantor for evaluation and completion of a short sale with the insurer or guarantor participating in the loss.

Standard Hazard Insurance Policies

The following is a brief description of standard hazard insurance policies and reference must be made to the actual underlying policies for a complete and accurate description.

Each mortgagor is required to maintain for the mortgaged property a standard hazard insurance policy in an amount which is not less than (i) the maximum insurable value of the mortgaged property or (ii) the unpaid principal amount of the Mortgage Loan, whichever is less. The insurance policy is required to be written by an insurance company qualified to do business in the State. The mortgagor pays the cost of the standard hazard insurance policy.

In general, a standard insurance policy form of fire with extended coverage policy insures against physical damage to or destruction of the improvements on the property by fire, lightning, explosion, smoke, windstorm, hail, riot, strike, and civil commotion, subject to the conditions and exclusions

particularized in each policy. Policies typically exclude physical damage resulting from the following: war, revolution, governmental action, floods and other water-related causes, earth movement (including earthquakes, landslides and mud-slides), nuclear reactions, wet or dry rot, vermin, rodents, insects or domestic animals, theft, and, in certain cases, vandalism.

Alaska Foreclosure Law

The real estate security instrument customarily used in the State is the deed of trust. The parties to the deed of trust are the trustor (debtor), trustee and beneficiary (lender). Trustees are commonly title insurance companies. Both summary and judicial foreclosure proceedings are permitted. The deed of trust does not effect a conveyance of legal title, which remains in the trustor. The beneficiary acquires a security interest (lien) which may be enforced in accordance with the terms of the deed of trust and State statutes. Failure of the trustor to perform any of the covenants of the deed of trust generally constitutes an event of default entitling the beneficiary to declare a default and exercise its right of foreclosure.

Summary foreclosure may be used if provided for in the deed of trust. All deeds of trust securing Mortgage Loans transferred to a Series Account of the Mortgage Loan Fund contain provisions which permit summary foreclosure. Following a default by the trustor, upon request of the beneficiary and not less than 90 days before the sale, the trustee must record a notice of default in the recording district in which the property is located. Within 10 days of the recording the notice of default, the trustee must mail a copy of the notice of default to the trustor, any successors in interest to the trustor, anyone in possession or occupying the property, and anyone who has an interest subsequent to the interest of the trustee in the deed of trust. In addition to the mailed notice requirement, notice of sale of real property shall be published on an Internet website beginning at least 45 days before the date of the sale. If the default may be cured by the payment of money, the trustor may cure the default at any time prior to sale by payment of the sum in default without acceleration of the principal which would not then be due in the absence of default, plus actual costs and attorney's fees due to the default. If default has been cured under the same deed of trust after notice of default two or more times, the trustee may elect to refuse payment and continue the foreclosure proceeding to sale. Notice of the sale must be posted in three public places within five miles of where the sale is to be held, not less than thirty days before the day of sale and by publishing a copy of the notice four times, once a week for four successive weeks, in a newspaper of general circulation published nearest the place of sale. The sale must also be published for at least 45 days preceding the sale on an eligible internet site. The sale must be made at public auction at a courthouse of the superior court in the judicial district where the property is located, unless the deed of trust provides for a different place. After the sale, an affidavit of mailing the notice of default, an affidavit of publication of the notice and an affidavit of internet publication must be recorded in the recording district where the property is located. The foreclosure sale and conveyance transfers all the title and interest which the trustor had in the property sold at the time of the execution of the deed of trust plus all interest the trustor may have acquired before the sale and extinguishes all junior liens. There is no right of redemption unless otherwise provided by the deed of trust. A deficiency judgment is prohibited where summary foreclosure is utilized.

Judicial foreclosure is also permitted. A deficiency judgment is allowed where judicial foreclosure is utilized, but judicial foreclosure is much more time-consuming than summary foreclosure. The judgment debtor under a judicial foreclosure proceeding has the right to redeem the property within 12 months from the order of confirmation of the sale. If the judgment debtor redeems the property, title to the property reverts to the debtor. Otherwise, within 60 days after the order confirming the sale, any subsequent lien creditor can redeem the property. There can be as many redemptions as there are subsequent lien creditors. Upon expiration of the redemption period, the purchaser or redeemer is entitled to a Clerk's Deed to the property.

THE CORPORATION

Certain Definitions

“Authority” means the Alaska State Housing Authority.

“Board” means the Board of Directors of the Corporation.

“Department” means the former Department of Community and Regional Affairs.

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

“Division” means The Public Housing Division of the Corporation.

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

“Self-Liquidity Bonds” means, collectively, the Corporation’s \$33,000,000 Governmental Purpose Bonds (University of Alaska), 1997 Series A; the Corporation’s \$170,170,000 Governmental Purpose Bonds, 2001 Series A and B; the Corporation’s \$60,250,000 State Capital Project Bonds, 2002 Series C; the Corporation’s \$150,000,000 State Capital Project Bonds II, 2017 Series B; and the Corporation’s \$90,000,000 State Capital Project Bonds II, 2018 Series A.

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 May 2018 Mortgage and Bond Disclosure Report of the Corporation, the audited financial statements of the Corporation as of and for the year ended June 30, 2017, and the unaudited financial statements of the Corporation as of and for the nine months ended March 31, 2018. 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
Mr. Olen Harris	Executive Director North Pacific Rim Housing Authority Anchorage, Alaska
Mr. Sheldon Fisher Commissioner Alaska Department of Revenue	Mr. Mike Barnhill (designee) Deputy 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 May 31, 2018:

<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	99,630,000	Self-Liquidity	NA [†]
State Capital Project Bonds, 2002 Series C	29,160,000	Self-Liquidity	NA [†]
Home Mortgage Revenue Bonds, 2002 Series A	36,750,000	JPMorgan Chase Bank, N.A.	December 10, 2018
Home Mortgage Revenue Bonds, 2007 Series A, B and D	234,405,000	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	80,870,000	Bank of America, N.A.	May 8, 2020
State Capital Project Bonds II, 2017 Series B	150,000,000	Self-Liquidity	NA [†]
State Capital Project Bonds II, 2018 Series A	<u>90,000,000</u>	Self-Liquidity	NA [†]
	<u>\$897,175,000</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 May 31, 2018 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 5/31/2018</u>	<u>Issued During Eleven Months Ended 5/31/2018</u>	<u>Outstanding as of 5/31/2018</u>
Home Mortgage Revenue Bonds	\$ 1,262,675,000	\$ 0	\$ 513,785,000
Mortgage Revenue Bonds	1,449,010,353 [†]	0	216,605,000
State Capital Project Bonds	680,190,000	0	35,395,000
State Capital Project Bonds II	1,352,530,000	463,380,000	1,154,080,000
General Mortgage Revenue Bonds II	295,890,000	0	207,300,000
Governmental Purpose Bonds	973,170,000	0	114,230,000
Veterans Collateralized Bonds	1,950,385,000	0	48,765,000
Other Bonds	<u>10,937,173,769</u>	<u>0</u>	<u>0</u>
Total Bonds	<u>\$18,901,024,122</u>	<u>\$463,380,000</u>	<u>\$2,290,160,000</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>5/31/2018</u>	Issued during Eleven Months Ended <u>5/31/2018</u>	Outstanding as of <u>5/31/2018</u>
Tax-Exempt Bonds	\$13,835,764,122 [†]	\$223,380,000	\$1,910,160,000
Taxable Bonds	<u>5,065,260,000</u>	<u>240,000,000</u>	<u>380,000,000</u>
Total Bonds	<u>\$18,901,024,122</u>	<u>\$463,380,000</u>	<u>\$2,290,160,000</u>
Self-Liquidity Bonds ^{††}	<u>\$984,620,000</u>	<u>\$240,000,000</u>	<u>\$383,390,000</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 \$145 million has been funded (\$50 million on November 20, 2013, \$24 million on July 29, 2016, \$46 million on June 9, 2017, and \$25 million on January 12, 2018), 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 May 31, 2018 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 during FY 2017	Original Principal Balance of Mortgage Loans Purchased during the Eleven Months Ended 5/31/2018
Taxable Other	\$174,096,325	\$173,754,820
Tax-Exempt First-Time Homebuyer	73,034,864	103,520,503
Taxable First-Time Homebuyer	62,372,968	83,313,364
Multi-Family and Special Needs	106,497,060	52,381,450
Rural	52,476,963	49,395,186
Veterans Mortgage Program	<u>6,438,712</u>	<u>29,205,226</u>
Total Mortgage Purchases	<u>\$474,916,892</u>	<u>\$491,570,549</u>
Percentage of Original Principal Balance of Total Mortgage Purchases during Period Representing Streamline Refinance Loans	1.5%	0.4%

Mortgage Portfolio Summary

	<u>As of 6/30/2017</u>	<u>As of 5/31/2018</u>
Mortgages and Participation Loans	\$2,874,049,347	\$3,075,970,749
Unconventional Loans	81,437,163	75,224,722
Real Estate Owned and Insurance Receivables	<u>4,237,298</u>	<u>6,231,188</u>
Total Mortgage Portfolio	<u>\$2,959,723,808</u>	<u>\$3,157,426,659</u>

Mortgage Insurance Summary[†]

<u>Type</u>	<u>Outstanding Principal Balance as of 5/31/2018</u>	<u>Percentage of Total Mortgage Loans by Outstanding Principal Balance</u>
Uninsured ^{††}	\$ 1,728,147,203	54.7%
Private Mortgage Insurance ^{†††}	756,541,646	24.0
Federally Insured – FHA	247,930,457	7.8
Federally Insured – VA	163,043,186	5.2
Federally Insured – RD	133,104,390	4.2
Federally Insured – HUD 184	<u>128,659,777</u>	<u>4.1</u>
TOTAL	<u>\$3,157,426,659</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 5/31/2018</u>	<u>Percentage of Total Mortgage Loans by Outstanding Principal Balance</u>
Radian Guaranty	\$242,225,693	7.7%
CMG Mortgage Insurance	137,949,793	4.4
Mortgage Guaranty	113,925,254	3.6
Essent Guaranty	145,726,800	4.6
United Guaranty	66,086,831	2.1
Genworth GE	48,227,819	1.5
PMI Mortgage Insurance	1,396,578	0.1
National Mortgage Insurance	603,584	0.0
Commonwealth	<u>399,294</u>	<u>0.0</u>
TOTAL	<u>\$756,541,646</u>	<u>24.0%</u>

Mortgage Delinquency and Foreclosure Summary

	<u>As of 6/30/2017</u>	<u>As of 5/31/2018</u>
Delinquent 30 Days	1.97%	2.04%
Delinquent 60 Days	0.94	0.77
Delinquent 90 Days or More	<u>0.95</u>	<u>1.00</u>
Total Mortgage Delinquency	<u>3.86%</u>	<u>3.81%</u>
	As of	Eleven Months Ended
	<u>6/30/2017</u>	<u>5/31/2018</u>
Total Foreclosures	<u>\$9,198,246</u>	<u>\$10,051,989</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

The following is a summary of certain provisions of the Indenture. The summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Indenture. For a description of certain provisions of the Indenture relating to the Offered Bonds, see “The Offered Bonds” and “Sources of Payment and Security for the Bonds.”

Certain Definitions (Section 101)

“Acquired Obligation” means (a) any Mortgage Loan credited or to be credited to a Fund or Account pursuant to the Indenture or any Supplemental Indenture authorizing the issuance of a Series of Bonds, (b) any Collateral Mortgage Asset that has been released from the lien of its Prior Indenture and is credited or to be credited to a Fund or Account pursuant to the Indenture or any Supplemental Indenture, or (c) any Mortgage Certificate that (i) represents an Acquired Obligation described in (a) or (b) of this definition and (ii) is credited or to be credited to any Fund or Account pursuant to the Indenture or any Supplemental Indenture authorizing the issuance of a Series of Bonds.

“Appreciated Amount” means, with respect to a Deferred Interest Bond, (i) as of any date of computation with respect to any Deferred Interest Bond up to the date, if any, set forth in the Supplemental Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable Interest Payment Dates, an amount equal to the initial principal amount of such Deferred Interest Bond plus the interest accrued on such Deferred Interest Bond from the date of original issuance of such Deferred Interest Bond to the applicable Interest Payment Date next preceding the date of computation or the date of computation if an applicable Interest Payment Date, such interest amount to accrue at the rate per annum set forth in the Supplemental Indenture authorizing such Deferred Interest Bonds, compounded on each applicable Interest Payment Date, plus, if such date of computation shall not be an applicable Interest Payment Date, a portion of the difference between the Appreciated Amount as of the immediately preceding applicable Interest Payment Date (or the date of original issuance if the date of computation is prior to the first applicable Interest Payment Date succeeding the date of original issuance) and the Appreciated Amount as of the immediately succeeding applicable Interest Payment Date, calculated based upon an assumption that the Appreciated Amount accrues in equal daily amounts on the basis set forth in the Supplemental Indenture authorizing such Deferred Interest Bond; and (ii) as of any date of computation on and after the date, if any, set forth in the Supplemental Indenture authorizing such Deferred Interest Bond as the date on which such Deferred Interest Bond shall commence to bear interest payable thereafter on applicable Interest Payment Dates, the Appreciated Amount as of such current interest payment commencement date.

“Bond Coverage” means a condition which will be deemed to exist as of any date of certification if either the test set forth in paragraph (A) below or the test set forth in paragraph (B) below is met as of such date:

(A) The Corporation delivers to the Trustee a Certificate certifying that the schedules attached thereto show Parity and receipt and application of Eligible Funds (including assets that are anticipated to be transferred to any Fund specified in the applicable Supplemental Indenture from any Prior Indentures as described in the following sentence but not including Eligible Funds to be derived from any Mortgage Loan that is not secured by a Mortgage constituting a first lien on the property encumbered by such Mortgage) which are in any Fund sufficient and available to provide timely payment of the principal of and interest on the Bonds on each Payment Date and Program Expenses, up to the amount permitted to be paid out of the Revenue Fund pursuant to the Indenture, from (and including) the first interest payment date that is or that follows the date of certification to the maturity of the Bonds. To the extent that satisfaction of the requirement of the preceding sentence requires application of amounts from a Prior Indenture, the Corporation shall include as part of the Certificate described in the preceding sentence a schedule showing the availability of such amounts for transfer in accordance with the terms of such Prior Indenture when and as scheduled in such Certificate and the Corporation shall attach to such Certificate such cash flow projections (based upon the assumptions described in this definition) as may be necessary to demonstrate such availability of such assets. For purposes of the first sentence of this paragraph (a), the Corporation shall not include Eligible Funds to be derived from Residential Housing that is intended to provide housing for more than four families unless the Corporation has first obtained a letter from each Rating Agency stating that the inclusion of Eligible Funds to be derived from such Residential Housing is acceptable to such Rating Agency. In each case the Certificate must show sufficient funds under each of the following sets of assumptions and assume the redemption of Bonds in accordance with all applicable provisions of the Indenture:

(1) assuming receipt of Scheduled Payments (but no prepayments not theretofore received) on any Mortgage Loan or mortgage loans represented by Mortgage Certificates or other assets anticipated to be available pursuant to a Collateral Pledge;

(2) assuming prepayment of 100% of the principal of, and payment of 100% of accrued interest on, all the Mortgage Loans and mortgage loans represented by all the Mortgage Certificates and other assets anticipated to be available pursuant to a Collateral Pledge on the day after the date of certification; and

(3) assuming receipt of Scheduled Payments to, and such 100% prepayment on, the day after the first Payment Date on the Bonds following the date of certification.

(B) The Corporation delivers to the Trustee a Bond Coverage Certificate certifying as to another calculation (including, without limitation, any definition or component thereof) that is of Rating Quality.

Any Certificate delivered to the Trustee pursuant to this definition must conform to the requirements of the Indenture and either (A) or (B) of this definition. When the Corporation delivers a Bond Coverage Certificate under (A) of this definition, the schedules attached to the Certificate will be based upon the Investment Assumptions and the Mortgage Certificate and Loan Assumptions in addition to the assumptions required elsewhere in this definition, and will provide a detailed calculation of all data relevant thereto, setting forth in detail each of the items required to be set forth in such Certificate. The Trustee will review each such Certificate as to its conformity to the requirements of this definition, but as to the actual calculations and conformity to the assumptions required in this definition the Trustee will have no responsibility to verify the same and will be fully protected in relying on such Certificate. For purposes of this definition as applied to Bonds bearing interest at a variable rate, any assumptions made in the calculation of interest in connection with the issuance of such Bonds will be as set forth in the related Supplemental Indenture authorizing the issuance of such Bonds, and any assumptions made in the calculation of interest in connection with the other matters arising under the Indenture will be as set forth in the related Supplemental Indenture authorizing the issuance of such Bonds or as set forth in an Authorized Officer's Certificate consistent with the related Supplemental Indenture authorizing the issuance of such Bonds. The Corporation may, in its discretion, establish Pledged Mortgage Groupings in accordance with the Indenture for purposes of calculating Bond Coverage under this definition.

"Cash Equivalent" means a letter of credit, insurance policy, surety, guarantee or other security arrangement (a) provided by an institution (which may include the Corporation) which has received a rating of its claims-paying ability or unsecured long-term debt rating from each Rating Agency then rating the applicable Series of Bonds at least equal to the then-existing rating on such Series of Bonds or whose unsecured debt securities are rated at least the then-existing rating on such Series of Bonds (or the highest rating of short-term obligations if the Cash Equivalent is a short-term instrument) by such Rating Agency or (b) otherwise of Rating Quality.

"Collateral Mortgage Asset" means any asset that is the subject of a Collateral Pledge.

"Collateral Pledge" means a pledge by the Corporation with respect to all assets, or any identified portion of the assets, released or to be released to the Corporation from the lien and pledge of any Prior Indenture pursuant to which the Corporation (i) pledges such assets as security for the Bonds when and as such assets are released from such Prior Indenture and delivered to, or upon the order of, the Corporation and (ii) agrees to deliver such assets upon their release from the Prior Indenture directly to the Trustee for deposit in the Revenue Fund and covenants to so deliver such assets or to take such steps as may be available to the Corporation to cause such assets to be so delivered to the Trustee; the specific assets to be included in a Collateral Pledge shall be identified in the Supplemental Indenture authorizing the issuance of Bonds.

“Deferred Interest Bond” means any Bond designated as such by the Supplemental Indenture authorizing the issuance of such Bond but shall not include any such Bond from and after the date, if any, on which such Bond will bear interest that is payable to the holder of such Bond prior to its scheduled maturity.

“Eligible Funds” (a) means any Pledged Receipts or any moneys or Investment Securities which are at any time on deposit in any Fund (except the Unpledged Funds), or (b) has such other meaning as may be established by a Supplemental Indenture authorizing the issuance of a Series of Bonds.

“Investment Agreement” means a guaranteed investment contract which may be entered into between the Corporation or the Trustee and any major insurance company, bank (including any foreign bank with a branch or agency organized or licensed under the laws of the United States or any state thereof, but only if the investment contract with such foreign bank is accompanied by an opinion of counsel admitted in the foreign jurisdiction of the corporate headquarters of said foreign bank to the effect that such investment contract is valid and enforceable under the laws of such foreign jurisdiction, and including the Trustee) or other corporation having outstanding unsecured obligations rated at least AA-/A-1 or equivalent by each Rating Agency; provided that any Investment Agreement also: (i) shall clearly state the exact entity of the obligor, the value of invested funds guaranteed, the fixed or determinable rate of guaranteed interest, and the termination date (revision in any of these terms requiring either approval of 100% of the Bondholders, notification of the Rating Agencies or original document language setting forth minimum standards for extensions, substitutions or other terms); (ii) shall contain either an unconditional, irrevocable obligation to pay by the obligor and be written in favor of the Trustee or provision for collateralization at a level acceptable to the Rating Agencies; (iii) shall not be cancelable for failure to cover any fees or premiums from an unrated source and its enforceability shall be warranted; (iv) shall provide that demands for funds be honored upon not more than fourteen days’ notice (or such other notice as set forth in the second following sentence) and be credited to the Trustee in immediately available funds; (v) shall permit requests consistent with the Bond terms including all Bond payment dates and redemptions; (vi) shall clearly establish the basis for compounding or computation, and provide that all guaranteed interest accrue to the Bond payment date; (vii) shall provide that failure to meet surety, collateral or other provisions, if any, will result in acceleration of the agreement or assumption by an entity of Rating Quality; (viii) shall provide for written reports to the Trustee on no less than a monthly basis as to the amount held under the Investment Agreement and the interest earned thereon during the reporting period; and (ix) shall be terminable by the Trustee upon the written direction of the Corporation if necessary to preserve the tax-exempt status of the Bonds; provided, however, that in lieu of any and all the provisions of this definition, an Investment Agreement shall be of Rating Quality. In the event that any Investment Agreement is entered into and has a term greater than one year, the Corporation shall promptly notify the Rating Agencies of such entry, identifying the parties thereto. The Trustee shall provide the party entering into an Investment Agreement with the Corporation with written notice (x) at least one Business Day prior to the date of withdrawal of principal amounts under the Investment Agreement (i) to purchase Bonds which are subject to a tender or put provision and which have not been remarketed by the date of purchase pursuant to such tender or put provision or (ii) as necessary upon the receipt of written instructions from the Corporation to preserve the exclusion of interest on the Bonds from federal income taxation, and (y) not later than the day the Trustee is required to provide Bondholders with notice in connection with a partial redemption of the Bonds or conversion of the Bonds to a Fixed Rate.

“Investment Assumptions” means an annual rate of 2.5%; provided, however, that if, at the date of any Bond Coverage Certificate to be delivered investment earnings assumptions used by the Rating Agencies are higher than the assumed annual rate set forth in this definition (as evidenced in writing from each Rating Agency) or if actual investment earnings may be calculated for any period (including any period commencing in the future in the case of amounts which when received will be invested under an

Investment Agreement) by reason of the existence of a rate assured by an Investment Agreement, then “Investment Assumptions” will mean the earnings at the earning assumptions used by the Rating Agencies or the earnings on the Investment Agreement (but only until the termination date of such Investment Agreement) as the case may be; provided, however, that “Investment Assumptions” may be modified by Supplemental Indenture if such modification will not adversely affect the Unenhanced Ratings then assigned to any Bonds by the Rating Agencies.

“Investment Securities” means and includes any of the following investments, if and to the extent the same are at the time legal investments by the Corporation of the funds to be invested therein:

(1) direct obligations of or obligations insured or guaranteed by the United States of America or agencies or instrumentalities of the United States;

(2) demand and time deposits with, negotiable certificates of deposit of, or banker’s acceptances issued by any bank or trust company the unsecured short-term obligations of which are rated A-1+ or equivalent by each Rating Agency and which is (i) incorporated or organized 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 (ii) 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 (iii) a foreign bank having a long-term issuer credit rating of at least AA+ or equivalent from each Rating Agency;

(3) repurchase obligations held by the Trustee or a third party acting as agent for the Trustee with a maturity date not in excess of 30 days with respect to (a) any security described in paragraph (1) above, or (b) any other security issued or guaranteed by an agency or instrumentality of the United States of America, in either case entered into with the Trustee or any other bank or trust company (acting as principal) that meets the requirements for such entities as described in paragraph (2) above;

(4) securities (other than securities of the types described in the other paragraphs under this definition of “Investment Securities”) which at the time of such investment have ratings of AA+ or equivalent from each Rating Agency and which evidence a debt of any corporation incorporated or organized under the laws of the United States of America or any state thereof; provided, however, that such securities issued by any particular corporation will not be Investment Securities to the extent that investment therein will cause the then outstanding principal amount of securities issued by such corporation and held under the Indenture to exceed 10% of the aggregate outstanding principal balances and amounts of all Acquired Obligations and Investment Securities held under the Indenture;

(5) commercial paper rated A-1+ or equivalent by each Rating Agency;

(6) an Investment Agreement;

(7) money market funds rated AA+m or equivalent by each Rating Agency;

(8) any other investment that is of Rating Quality and that is not unacceptable to the Trustee.

“Mortgage” means a mortgage deed, deed of trust or other instrument securing a Mortgage Loan.

“Mortgage Certificate and Loan Assumptions” means and includes the following assumptions, or any other set of assumptions that is of Rating Quality, to be used by the Corporation in preparing each Bond Coverage Certificate: (1) payment lags from the first day of the month in which the Acquired Obligations are funded to the receipt date of (a) 50 days for each GNMA I Certificate and each Gold

FHLMC PC held in the Mortgage Loan Fund, (b) 60 days for each GNMA II Certificate held in the Mortgage Loan Fund, (c) 60 days for each FNMA MBS held in the Mortgage Loan Fund, and (d) 90 days for Mortgage Loans not represented by a Mortgage Certificate; (2) payment when due of applicable servicing and guarantee fees to GNMA, FNMA, and FHLMC; (3) use of money in the Mortgage Loan Fund which has not been expended for the purchase of Acquired Obligations to acquire Mortgage Loans that have not been converted to Mortgage Certificates; and (4) use of the money described in clause (3) hereof in the manner described in clause (3) hereof either on the last day of the acquisition period (if application of such money to such purpose prior to such last day would result in the receipt of Eligible Funds during such period in excess of the amount required to provide timely payment of the principal of and interest on the Bonds during such period) or, otherwise, on the date of calculation or as otherwise provided in the applicable Supplemental Indenture.

“Mortgage Loan” means a loan for construction, improvement, or acquisition of Residential Housing or to refinance such a loan or otherwise relating to Residential Housing and, in all events, secured by a Mortgage or an instrument backed by a pool of such loans and containing such repayment provisions as the Corporation may permit.

“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:

- (a) Any Bonds canceled by the Corporation or the Trustee at or prior to such date;
- (b) Bonds (or portions of Bonds) for the payment or redemption of which there shall be held in trust under the Indenture and set aside moneys or Investment Securities that are either direct obligations of the United States or of agencies or instrumentalities thereof that are guaranteed by the United States, the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited at the same time, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date (whether at or prior to the maturity or redemption date) and, if such Bonds are to be redeemed, for which notice of such redemption shall have been given as provided in the Indenture or provision satisfactory to the Trustee shall have been made for the giving of such notice;
- (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture; and
- (d) Bonds deemed to have been paid as described below in the second paragraph under “Defeasance.”

“Parity” means, in each case at all times from and after the date of calculation through the final maturity date of the Bonds, (i) for the purpose of withdrawing money from the Indenture for payment to the Corporation free and clear of the lien and pledge of the Indenture, an amount then held in Funds and Accounts under the Indenture (except the Unpledged Funds and the Special Reserve Fund) which, when added to the amount of all Collateral Mortgage Assets that the Corporation anticipates to be available for transfer to the Indenture from any Prior Indenture, is at least equal to 103% of Bonds then Outstanding; and (ii) for all other purposes, an amount then held in Funds and Accounts under the Indenture (except the Unpledged Funds and the Special Reserve Fund) which, when added to the amount of all Collateral Mortgage Assets that the Corporation anticipates to be available for transfer to the Indenture from any Prior Indenture, is at least equal to 100% of Bonds then Outstanding.

“Pass-Through Rate” means (A) with respect to an Acquired Obligation that is not included in a Pledged Mortgage Grouping and is not represented by a Mortgage Certificate, the stated interest rate thereof; (B) with respect to each Pledged Mortgage Grouping that includes any Acquired Obligation with a Pass-Through Rate (as determined in (A)) less than the Weighted Average Bond Rate, the lowest Pass-Through Rate of any Acquired Obligation in such Pledged Mortgage Grouping; (C) with respect to each Pledged Mortgage Grouping for which each Acquired Obligation has a Pass-Through Rate (as determined in (A)) at least equal to the Weighted Average Bond Rate, the weighted average of the Pass-Through Rates of the Acquired Obligations in the Pledged Mortgage Grouping; and (D) with respect to each Mortgage Certificate, that rate of interest, net of the servicing and guarantee fees payable to the guarantor, stated on such Mortgage Certificate the receipt of which is guaranteed to the holder of such Mortgage Certificate; provided, however, that, for purposes of any Bond Coverage Certificate if the interest rate stated on a Mortgage Certificate or other Acquired Obligation is greater than or equal to the Weighted Average Bond Rate as of the date of certification, such interest rate shall instead be assumed to be such Weighted Average Bond Rate and for all other Mortgage Certificates and Acquired Obligations, the Pass-Through Rate of each such Mortgage Certificate or other Acquired Obligation shall equal the average of the Pass-Through Rates (as defined apart from this proviso and subject to the further proviso in this sentence) of such other Mortgage Certificates and other Acquired Obligations (weighted to reflect the principal amounts of such Mortgage Certificates and other Acquired Obligations) purchased to date; and provided, further that for purposes of determining the Pass-Through Rate of a Mortgage Certificate or other Acquired Obligation and for all other purposes under the Indenture, amounts assumed, pursuant to a Certificate described in the following sentences, to be withdrawn from a Pass-Through Rate Supplement Account shall be treated and considered as interest earned or to be earned on the Mortgage Certificate or other Acquired Obligation for which such Pass-Through Rate Supplement Account was created. The Corporation shall deliver to the Trustee a Certificate setting forth amounts to be withdrawn on a monthly basis from each Pass-Through Rate Supplement Account. Such Certificate may provide for withdrawals of earnings, if such earnings are calculated, on amounts deposited in Pass-Through Rate Supplement Accounts but must use the applicable Investment Assumptions to establish the amount of such earnings. The Corporation may prepare alternative Certificates from time to time for the purposes described in the preceding two sentences, but each such alternative Certificate must use the applicable Investment Assumptions to determine the amount of earnings, if such earnings are calculated, on amounts deposited in a Pass-Through Rate Supplement Account that are to be withdrawn each month from such Pass-Through Rate Supplement Account.

“Permitted Encumbrances” means liens, encumbrances, reservations and other imperfections of title as, in the judgment of the Corporation, shall not materially impair the use or value of the premises or as to which appropriate steps, in the judgment of the Corporation, have been taken to secure the interest of the Corporation.

“Pledged Mortgage Grouping” means a group of Mortgage Loans that are not represented by Mortgage Certificates and that are to be deposited with the Trustee into groupings based on the interest rates of the Mortgage Loans. The Acquired Obligations in a Pledged Mortgage Grouping may bear interest at a range of rates selected by the Corporation, and the Corporation may treat all Acquired Obligations bearing interest within such range as part of such Pledged Mortgage Grouping for purposes of any Bond Coverage Certificate. In calculating Bond Coverage, the Corporation shall assume that all Acquired Obligations have maturities equal to the maturity of the Acquired Obligation in such Pledged Mortgage Grouping having the latest maturity date at the time of such calculation and a Pass-Through Rate equal to the Pass-Through Rate for the Pledged Mortgage Grouping.

“Pledged Receipts” means all payments (including prepayments) of principal and interest called for by any Acquired Obligation (other than payments with respect to Acquired Obligations in the Special Reserve Fund) and paid to the Corporation from any source, including both timely and delinquent

payments with late charges, fees and charges and all other revenues and income paid to the Corporation on account of or in connection with any Acquired Obligation and, upon receipt thereof by the Corporation, all interest earned or gain realized upon the investment or deposit of amounts in any Fund or Account, but shall not include (i) any amount retained by any Servicer of any Acquired Obligation (other than the Corporation) as compensation for services rendered, (ii) Escrow Payments and any payments of ground rents, taxes, assessments or mortgage, fire or other hazard insurance premiums called for by any Acquired Obligation or any like payments, (iii) all payments on any amounts in the Special Reserve Fund or (iv) interest earned or gains realized on investments which the Indenture requires to be retained in a particular Fund or Account.

“Prior Indenture” means any indenture (other than the Indenture or any Supplemental Indenture) or resolution securing an issue of the Corporation’s bonds.

“Program Expenses” means all the Corporation’s expenses in carrying out and administering the Program and shall include, without limiting the generality of the foregoing, salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, insurance premiums, legal, accounting, management, consulting and banking services and expenses, the fees and expenses of the Trustee, any Credit Enhancement Agency, any Liquidity Facility Provider, the Depositaries and the Paying Agents, Costs of Issuance not paid from proceeds of Bonds, and payments for pension, retirement, health and hospitalization and life and disability insurance benefits, all to the extent properly allocable to the Program.

“Rating Agencies” 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.

“Residential Housing” means dwelling accommodations without limitation as to form of lawful occupancy, whether rental, under contract, fee ownership, cooperative housing, condominium or other lawful forms of ownership, including such other nonhousing facilities as may be incidental or appurtenant thereto, and may include housing for such other purposes as the Corporation considers appropriate and as may be within the power of the Corporation to finance.

“Scheduled Payments,” as set forth in a Bond Coverage Certificate, means the scheduled payments (assuming no prepayments) of principal of and interest (at the Pass-Through Rate) on the Acquired Obligations then held under the Indenture or assumed to be held under the Indenture for purposes of such Bond Coverage Certificate.

“Unenhanced Rating” means with respect to any particular Bonds, the long-term credit rating assigned to such Bonds by each Rating Agency for such Bonds without regard to any bond insurance or other form of credit enhancement that may then exist with respect to such Bonds.

“Unpledged Funds” means the Rebate Fund and any Account within either a Credit Enhancement Fund or a Liquidity Fund that is used exclusively to reimburse the Credit Enhancer or Liquidity Facility Provider for amounts advanced or expended by such Credit Enhancer or Liquidity Facility Provider pursuant to the terms of the Credit Enhancement or Liquidity Facility.

“Weighted Average Bond Rate” means, for purposes of determining the Pass-Through Rate of any Acquired Obligation, the weighted average interest rate of all Outstanding Bonds using, for purposes of such Bonds that bear interest at a variable rate, the weighted average interest rate of such Bonds to calculate the Weighted Average Bond Rate.

Indenture to Constitute Contract (Section 202)

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 pledge of 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.

Provisions for Issuance of Bonds (Sections 204 and 206)

The Indenture authorizes Bonds to be issued from time to time without limitation as to amount except as provided in the Indenture or as may be limited by law, subject to the terms, conditions and limitations established by the Indenture. The Bonds of a Series are to be executed by the Corporation and delivered to the Trustee for authentication and then delivered to the Corporation only upon receipt by the Trustee of:

- (i) a Counsel’s Opinion to the effect, among other things, that the Bonds of such Series have been duly and validly authorized and issued in accordance with the constitution and statutes of the State, including the Act as amended to the date of such Opinion, and in accordance with the Indenture;
- (ii) a written order as to authentication and delivery of such Bonds, signed by an Authorized Officer;
- (iii) an executed original of the Supplemental Indenture authorizing such Series;
- (iv) the amount of the proceeds of such Series to be deposited in any Fund or Account held by the Trustee pursuant to the Indenture;
- (v) a Certificate of an Authorized Officer stating that the Corporation is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture;
- (vi) a Bond Coverage Certificate;
- (vii) written verification from the Rating Agencies that the issuance of such Series of Bonds will not, in and of itself, cause a withdrawal or reduction in the rating assigned by the Rating Agencies to any Outstanding Bonds of any prior Series;
- (viii) if such Series of Bonds is to have the benefit of a Liquidity Facility or be secured by Credit Enhancement, the executed Liquidity Facility or Credit Enhancement or evidence that

all conditions precedent to the issuance of such Liquidity Facility or Credit Enhancement have been met as of the date of issuance of such Series of Bonds; and

(ix) such further documents and moneys as are required by the provisions of the Indenture or any Supplemental Indenture.

Provisions for Refunding Issues (Section 207)

One or more Series of Refunding Bonds may be issued pursuant to the Indenture to refund any Outstanding Bonds. Refunding Bonds may be issued only upon receipt by the Trustee of (1) the documents and money referred to in clauses (i) - (ix) under "Provisions for Issuance of Bonds" above; (2) irrevocable instructions to the Trustee to give notice of the redemption of all Bonds to be refunded on a redemption date specified in such instructions; and (3) either (i) moneys sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with interest accrued to the redemption date or (ii) Investment Securities, that are either direct obligations of the United States or of agencies or instrumentalities thereof that are guaranteed by the United States, which will provide moneys sufficient to provide for the payment of such Redemption Price and accrued interest.

Application of Bond Proceeds and Other Amounts (Sections 401 and 402)

As soon as practicable upon the delivery of each Series of Bonds, other than Refunding Bonds, the amount necessary to meet the Debt Service Reserve Fund Requirement is required to be deposited in the Debt Service Reserve Fund and the amount, if any, required by the Supplemental Indenture authorizing such Series to be deposited in the Interest Account shall be deposited therein. Proceeds of such Series of Bonds which are not to be deposited in the Debt Service Reserve Fund or in the Interest Account applicable to such bonds or otherwise deposited as provided in such Supplemental Indenture are to be deposited in the Mortgage Loan Account, or otherwise to the Mortgage Loan Fund.

No amount in the Mortgage Loan Fund shall be applied to the financing of a Mortgage Loan, unless the Mortgage securing such Mortgage Loan has been executed and recorded in accordance with existing laws. Each Mortgage Loan shall constitute a valid lien, subject only to Permitted Encumbrances, on real estate in fee simple or on a leasehold having a remaining term, at the time such Mortgage is acquired, which does not expire for such number of years as the Corporation shall determine to be appropriate to secure the Corporation's interest in the premises and be a Mortgage Loan for Residential Housing.

Establishment of Funds and Accounts (Section 502)

The Indenture establishes the following Funds and Accounts which are to be held by the Trustee:

- (i) Mortgage Loan Fund;
 - (a) Mortgage Loan Account or Accounts;
 - (b) Pass-Through Rate Supplement Accounts;
 - (c) Collateral Mortgage Asset Account;
- (ii) Revenue Fund;
- (iii) Debt Service Fund;
 - (a) Interest Account;
 - (b) Principal Account;

- (iv) Redemption Fund;
 - (a) General Redemption Account;
 - (b) Special Redemption Accounts;
- (v) Debt Service Reserve Fund;
- (vi) Rebate Fund;
 - (a) Rebate Accounts; and
- (vii) Special Reserve Fund.

Mortgage Loan Fund (Section 503)

Except to the extent applied to the redemption of Bonds, amounts in the Mortgage Loan Fund shall be expended only (i) to redeem bonds of the Corporation or to reimburse the Corporation for such redemption or to pay the cost of financing Acquired Obligations (the acquisition of which requires compliance with Bond Coverage requirements), (ii) to fund the Pass-Through Rate Supplement Account, (iii) to pay reasonable and necessary Costs of Issuance, (iv) to make deposits into the Principal Account, or (v) to pay the principal or Redemption Price, if any, of and the interest on the Bonds when due. At the direction of the Corporation the Trustee may transfer amounts in any Mortgage Loan Fund to the Redemption Fund or apply such amounts directly to the redemption, purchase or retirement of Bonds at any time that such Bonds shall be subject to redemption or payment from such amounts.

Revenue Fund (Section 504)

All Pledged Receipts are to be deposited promptly with a Depositary and transmitted to the Trustee at least monthly for deposit in the Revenue Fund. Not later than the last day of each month, the Trustee is required to make payments from the Revenue Fund as follows:

FIRST: To the Rebate Fund, the amount required to be transferred therein pursuant to the terms of the Indenture.

SECOND: To the Interest Account, the amount necessary to increase the amount in such Account so that it equals unpaid interest on the Outstanding Bonds (other than Deferred Interest Bonds) accrued and to accrue to the last day of the then current month.

THIRD: To the Principal Account, the Accrued Principal Installment Amount for such month.

FOURTH: To the Debt Service Reserve Fund, the amount, if any, necessary to cause the amount in such Fund to equal the Debt Service Reserve Fund Requirement.

FIFTH: To the Corporation for the payment of Program Expenses or the establishment of reserves therefor, the amount needed and required prior to the tenth day of the next succeeding month, to pay reasonable and necessary Program Expenses in accordance with the Annual Budget (or upon the written direction of the Corporation until adoption of such Annual Budget).

SIXTH: To the Special Reserve Fund, the amount, if any, necessary to cause the amount in such Fund to equal the Special Reserve Requirement.

SEVENTH: To the Redemption Fund as directed in writing by the Corporation or as required in the Indenture or in any Supplemental Indenture authorizing the issuance of a Series of Bonds (see “The Offered Bonds — Redemption — Special Redemption”).

Immediately prior to the making of the payments described above, in each month the Trustee shall, to the extent required by the most recent Bond Coverage Certificate filed with the Trustee, deposit in the Debt Service Fund the amount so required from any Fund or Account identified by the Corporation (other than any Unpledged Fund) or from Eligible Funds delivered to the Trustee by the Corporation.

The Trustee is authorized (i) to permit the withdrawal by the Corporation, immediately following the payments required above, of any amount remaining in the Revenue Fund free and clear of any lien or pledge created by or pursuant to the Indenture, for any lawful purpose of the Corporation consistent with the provisions set forth in the Indenture, but only upon receipt from the Corporation of a Certificate stating that no Event of Default exists under the Indenture, (ii) to transfer such amount to the Mortgage Loan Fund, to be used for the purposes of the Mortgage Loan Fund as described above, or (iii) to transfer such amount to the Redemption Fund for redemption of Bonds as may be permitted by the applicable supplemental indenture. A transfer as described in clause (ii) for the purpose of acquiring an Acquired Obligation or a transfer as described in clause (i) requires delivery to the Trustee of a Bond Coverage Certificate.

Debt Service Fund (Section 505)

The Trustee is directed to pay from the Interest Account (i) on or before each Interest Payment Date, the amounts required for the payment of interest due on the Outstanding Bonds on such date, (ii) on or before the redemption date or date of purchase, the amounts required for the payment of accrued interest on Bonds redeemed or purchased for retirement, and (iii) on any date on which Bonds are subject to mandatory tender for purchase by the Corporation pursuant to a Supplemental Indenture and other funds are unavailable to pay the interest portion of the purchase price therefor the amounts required to pay such interest portion. In each such case, such amounts shall be applied to such payments or to the reimbursement of any Credit Enhancer for any such payments made by such Credit Enhancer. The Trustee is further directed to pay from the Principal Account on or before each Principal Installment Date the amount, if any, required for the payment of principal of the Bonds due on such date, and such amounts shall be applied to such payments or to reimbursement of the Credit Enhancer, if any, for any such payments made by the Credit Enhancer. In addition, the amount accumulated in the Principal Account for a Sinking Fund Payment (if any) may and, if directed by the Corporation, is required to be applied by the Trustee prior to the forty-fifth day preceding the due date of such Sinking Fund Payment to the purchase or redemption of Bonds of the Series and maturity for which such Sinking Fund Payment was established at prices not exceeding the Redemption Price which would be payable for such Bonds upon redemption by application of such Sinking Fund Payments plus unpaid interest accrued to the date of purchase. Upon any such purchase or redemption there will be credited toward such Sinking Fund Payment the principal amount of such Bonds so purchased or redeemed. If the amount so credited exceeds the amount of such Sinking Fund Payment, there will be credited toward each other Sinking Fund Payment thereafter to become due on Bonds of the same Series and maturity an amount bearing the same ratio to such other Sinking Fund Payment as such excess bears to the total amount of all such other Sinking Fund Payments to be credited. If, however, there are filed with the Trustee written instructions of an Authorized Officer specifying a different method for crediting Sinking Fund Payments with any such excess or if the Supplemental Indenture authorizing the issuance of such Bonds specifies such different method, then such Sinking Fund Payments will be credited as provided in such instructions or in such Supplemental Indenture.

As soon as practicable after the forty-fifth day preceding the due date of any Sinking Fund Payment, the Trustee is to proceed to call for redemption on such due date, Bonds of the Series and maturity for which such Sinking Fund Payment was established in a principal amount equal to the amount of such Sinking Fund Payment reduced by crediting thereto the principal amount of Bonds purchased or redeemed as described above. The Trustee is required to call such Bonds for redemption whether or not it then has moneys in the Principal Account sufficient to pay the applicable Redemption Price on the Redemption Date.

Redemption Fund (Section 506)

There are to be deposited in the General Redemption Account and in the Special Redemption Accounts any amounts required to be deposited therein by the Indenture or any Supplemental Indenture and any other amounts available therefor and determined by the Corporation to be deposited therein. Subject to the provisions of the Indenture or of any Supplemental Indenture requiring the application thereof to the purchase or redemption of any particular Bonds, the Trustee is required to apply the amounts deposited in any Special Redemption Account to the purchase or redemption (or to the reimbursement of the Credit Enhancer, if any, for payment of such purchase or redemption by such Credit Enhancer) of any of the Bonds of the Series with respect to which such Account was created at the time and in the manner provided in the Indenture and Supplemental Indenture authorizing the issuance of such Bonds and amounts in the General Redemption Account are to be applied to the purchase or redemption of Bonds at the option of the Corporation. Prior to the forty-fifth day upon which Bonds are to be redeemed from such amounts, the Trustee may apply amounts in any Account within the General Redemption Account or any Special Redemption Account to the purchase of any such Bonds, except that the Corporation may require or prohibit such purchases. The purchase price paid by the Trustee (excluding accrued interest but including any brokerage and other charges) for any Bond purchased may not exceed the principal amount of such Bond unless such Bond may be redeemed in accordance with the Indenture and the Supplemental Indenture authorizing the issuance of such Bond on any date within thirteen months after such purchase in which event such purchase price may not exceed the highest Redemption Price payable on any due date upon the redemption of such Bond. In the event the Trustee is able to purchase a principal amount of Bonds equivalent to the sum of the deposits to any Account in the Redemption Fund at a purchase price less than the sum of such deposits to such Account, excluding the applicable transfers from the Interest Account, upon the payment by the Trustee of the purchase price of such Bonds, the Trustee will transfer the balance of moneys remaining in such Account to, and deposit the same in, the Revenue Fund.

Upon the purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Payments have been established from amounts in any Special Redemption Account, there will be credited toward each such Sinking Fund Payment thereafter to become due an amount bearing the same ratio to such Sinking Fund Payment as the total principal amount of such Bonds so purchased or redeemed bears to the total amount of all such Sinking Fund Payments to be credited. If, however, there are filed with the Trustee written instructions of an Authorized Officer specifying a different method for crediting Sinking Fund Payments upon any such purchase or redemption of Bonds or if the Supplemental Indenture authorizing the issuance of such Bonds specifies such different method, then such Sinking Fund Payments will be credited as provided in such instructions or in such Supplemental Indenture. Upon the purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Payments have been established from amounts in the General Redemption Account, the principal amount of the Bonds so purchased or redeemed will be credited against such future Sinking Fund Payment in such manner as the Corporation may direct.

On or before the redemption date, the Trustee is required to pay from the applicable Account within the Redemption Fund the amounts required for the payment of the Redemption Price on any Bonds

to be redeemed. When none of the Bonds of the Series relating thereto remain Outstanding, a Special Redemption Account will be closed and the amounts therein will be withdrawn and deposited in the Revenue Fund. Except for amounts required to be retained therein for the redemption of Bonds for which notice of redemption has been given or for which the Trustee has received irrevocable instructions to give such notice on a future date, amounts in any Account in the Redemption Fund may be transferred to the Principal Account at the written request of an Authorized Officer of the Corporation.

Debt Service Reserve Fund (Section 507)

If two Business Days prior to any Principal Installment Date or Interest Payment Date the amounts on deposit in the Principal Account or the Interest Account are less than the amounts required for the payments due on such date, the Trustee is required to apply amounts from the Debt Service Reserve Fund to the extent required to make good the deficiency. If on any Redemption Date (or any date for the purchase of Bonds under the Indenture), the amounts on deposit in the Redemption Fund and the Interest Account are less than the amount required for the payment of the Redemption Price (or purchase price) and interest accrued on such Bonds to be redeemed (or purchased) on such date the Trustee is required to apply amounts from the Debt Service Reserve Fund to the extent necessary to make good the deficiency.

If a deficiency described in the preceding paragraph remains after application of amounts from the Debt Service Reserve Fund as described in the preceding paragraph, or if at any time the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately notify the Corporation of such deficiency and the Corporation is to immediately transfer to the Debt Service Reserve Fund the funds necessary to eliminate such deficiency and if the Corporation fails to do so promptly, the Trustee will transfer to the Debt Service Reserve Fund such funds available from any Fund or Account established under the Indenture (except for Unpledged Funds), provided that the Mortgage Loan Fund will be drawn upon last and then first from the Collateral Mortgage Asset Account and thereafter on a pro rata basis among the funds available in the Mortgage Loan Fund unless a different allocation is required for Federal tax reasons.

Amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Fund Requirement will, at the direction of the Corporation, be transferred to the Revenue Fund.

Rebate Fund (Section 508)

The Trustee will establish and create a Rebate Fund. Such Fund will be for the purpose of ultimate payment to the United States of any amounts that may be required thereto with respect to the Bonds.

Creation of Additional Accounts and Subaccounts (Section 509)

The Corporation may at any time by adoption of a Supplemental Indenture establish a Fund or Account to facilitate the operation of a Liquidity Facility or Credit Enhancement. Amounts in such Funds or Accounts will not be considered part of the Trust Estate but rather, will be subject to such lien and pledge as may be created in a Supplemental Indenture authorizing such Credit Enhancement or Liquidity Facility pledged as security for the Bonds under the Indenture.

Deposits and Investments (Sections 510 and 512)

All amounts held by any Fiduciary or Depository under the Indenture will be invested in Investment Securities. Amounts in the Debt Service Reserve Fund may only be in investments described in clauses (1), (2), (3) or (6) of the definition of Investment Securities under “Certain Definitions” above,

and any such investment (unless in an Investment Agreement) must mature no later than six months after its purchase. Unless otherwise provided, obligations purchased as an investment of moneys in any Fund or Account held by the Trustee under the Indenture shall be deemed at all times to be a part of such Fund or Account but the income or interest earned and gains realized in excess of losses suffered by a Fund or Account, other than the Special Reserve Fund, due to the investment thereof shall be deposited as Pledged Receipts into the Revenue Fund. In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein will be valued at par if purchased at par value or at amortized value if purchased at other than par value. Valuation shall be made on the tenth day prior to each Interest Payment Date, and except in the case of the Debt Service Reserve Fund, on any particular date will not include the amount of interest then earned or accrued to such date on any such moneys or investment. No investment may be sold for less than (i) in the case of an investment purchased at par value, its par value or (ii) in the case of an investment purchased at other than par value, its amortized value, unless, in each case, (x) such sale is reflected in the most recent Bond Coverage Certificate or (y) such sale is necessary to provide amounts to pay principal of or interest on Bonds of any Series when and as due.

Special Reserve Fund (Section 513)[†]

The Trustee and the Corporation shall make deposits into, and withdrawals and disbursements from the Special Reserve Fund in accordance with the provisions of the Indenture and the Supplemental Indentures authorizing the Bonds.

Amounts in the Special Reserve Fund, if any, are available to pay interest on, principal of or sinking fund installments on, or the Redemption Price of, Outstanding Bonds and to restore the amount in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement as described above under “Debt Service Reserve Fund.” Amounts in the Special Reserve Fund in excess of the Special Reserve Requirement will, at the direction of the Corporation, be transferred to the Revenue Fund.

Power to Issue Bonds and Pledge Revenues, Funds and Other Property (Section 705)

The Corporation is duly authorized under all applicable laws to adopt the Indenture. 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. The Corporation shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Acquired Obligations, Pledged Receipts, and other assets and revenues, including rights therein pledged under the Indenture and all the rights of the Bondholders under the Indenture against all claims and demands of all persons whomsoever.

Payment of Bonds (Section 701)

The Corporation has covenanted to duly and punctually pay principal or redemption price of and interest on Bonds. The Corporation has covenanted that it will take such action as may be necessary to cause available Collateral Mortgage Assets that are available for transfer to be transferred from their Prior Indentures to the Mortgage Loan Fund maintained under the Indenture, in accordance with any Bond Coverage Certificates delivered to the Trustee in connection with the issuance of a Series of Bonds.

[†] No amounts will be deposited in the Special Reserve Fund in connection with the issuance of the Offered Bonds.

Tax Covenants (Section 706) (Article III of 2018 Series A Supplemental Indenture and 2018 Series B Supplemental Indenture)

With respect to Bonds intended to bear interest that is excludible from gross income for federal income tax purposes, the Corporation covenants to (i) meet all applicable requirements of the Internal Revenue Code of 1954, as amended (the “1954 Code”), and the Internal Revenue Code of 1986, as amended (the “Code”), (ii) not permit at any time or times any of the proceeds of the Bonds or any other funds of the Corporation to be used directly or indirectly to acquire any securities or obligations, the acquisitions of which would cause any Bond to be an “arbitrage bond” and (iii) take all action necessary to assure that interest on such Bonds (including the Offered Bonds) shall be excludable from gross income for purposes of federal income taxation. The Corporation covenants that it shall require that no person or “related person” shall purchase Bonds in an amount related to the Acquired Obligations to be acquired by the Corporation from such person or “related person.”

Accounts and Reports (Section 707)

The Corporation covenants that it will keep, or cause to be kept, proper books of record and account in which complete and accurate entries will be made of all its transactions relating to the Program for which Bonds are issued and Outstanding and all Funds and Accounts established by the Indenture which shall at all reasonable times be subject to the inspection of the Trustee and the holders of an aggregate of not less than 25% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

The Corporation must annually, within 120 days after the close of each Fiscal Year, file with the Trustee, and with such officials of the State, if any, as may be required by the Act, (i) a copy of an annual report for such Fiscal Year, setting forth its operations and accomplishments during such Fiscal Year and (ii) financial statements of the Corporation for such Fiscal Year setting forth in reasonable detail: (a) a statement of revenues and expenses in accordance with the categories or classifications established by the Corporation for the Program, (b) a balance sheet for the Program showing its assets and liabilities at the end of such Fiscal Year and (c) a statement of changes in financial position for the Program for such Fiscal Year. The financial statements for the Program may be combined with financial statements for other programs and purposes of the Corporation so long as the said financial statements for such programs are separately identified. The financial statements will be accompanied by the report of an Accountant stating that the financial statements examined present fairly the financial position of the Corporation at the end of the Fiscal Year, the results of its operations and changes in financial position for the period examined, in conformity with accounting principles generally accepted in the United States of America. A copy of each such annual report and Accountant’s report will be mailed promptly thereafter by the Corporation to each Bondholder who has filed his name and address with the Corporation for such purpose.

Budgets (Section 708)

The Corporation may prepare a preliminary budget covering its fiscal operations for the Program for the succeeding Fiscal Year at least 60 days prior to the first day of such Fiscal Year and shall deliver a summary of such budget to any Bondholder whose name and address shall have been filed with the Corporation for such purpose. The Corporation will hold a public hearing on the preliminary budget if requested by the holders of 10% or more of the Outstanding Bonds in the manner provided by the terms of the Indenture.

The Corporation will adopt an Annual Budget for the Program covering its fiscal operations for the succeeding Fiscal Year and file the same with such officials of the State as may be required by the

Act, as then amended. The Annual Budget will at least set forth for such Fiscal Year the estimated Pledged Receipts due and payable or estimated to become due and payable during such Fiscal Year. Copies of the Annual Budget and any amended Annual Budget will be made available by the Corporation for inspection by any Bondholder.

Corporation's Programs (Section 709)

The Corporation from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of the Indenture and sound banking practices and principles, will (i) use and apply the proceeds of the Bonds to the extent not reasonably or otherwise required for other purposes of the Program, to finance Acquired Obligations pursuant to the Act and the Indenture, (ii) do all such acts and things necessary to receive and collect Pledged Receipts sufficient to pay Program Expenses and principal or Redemption Price, if any, of and interest on the Bonds and (iii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Corporation to maintain any insurance on Acquired Obligations and to enforce all terms, covenants and conditions of Acquired Obligations.

The Corporation covenants not to sell or assign an Acquired Obligation, other than for the purpose of realizing the benefits of mortgage insurance with respect thereto, unless the payments received in respect thereof are deposited in the appropriate Mortgage Loan Account, if any, or otherwise in the Mortgage Loan Fund and (i) the Corporation provides the Trustee with a Bond Coverage Certificate after giving effect to such sale or assignment or (ii) the Trustee receives a written request from the owners of 100% of the Bonds then Outstanding to sell or assign such Acquired Obligation. Subject to such provisions, the Corporation may sell or assign any Acquired Obligation, and the Mortgage Loan so sold or assigned will be released from the lien of the pledge of the Indenture.

Supplemental Indentures Effective Upon Filing with the Trustee (Section 801)

For any one or more of the following purposes, a Supplemental Indenture of the Corporation may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Corporation, shall be fully effective in accordance with its terms:

1. to close the Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Indenture on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;
2. to add other covenants and agreements to be observed by the Corporation which are not contrary to or inconsistent with the Indenture;
3. to add other limitations and restrictions to be observed by the Corporation which are not contrary to or inconsistent with the Indenture;
4. 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 Indenture;
5. to authorize Bonds of a Series;
6. to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture or the Trust Estate;

7. to modify any of the provisions of the Indenture provided that (i) such modification shall be effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding, and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefore or in place thereof;

8. to make such additions, deletions, or modifications as may be necessary to assure compliance with Section 148(d)(3) of the Code or Section 148(f) of the Code or to obtain a satisfactory rating on a Series of Bonds from a Rating Agency, provided that no such additions, deletions, or modifications intended to obtain a satisfactory rating shall cause a reduction in any ratings assigned by a Rating Agency to Bonds then Outstanding; and

9. to make any other change in the Indenture, including any change otherwise requiring the consent of Bondholders, if such change affects only Bonds which are subject to mandatory tender for purchase and if such change is effective as of a date for such mandatory tender.

Supplemental Indentures Effective Upon Consent of Trustee (Section 802)

For any one or more of the following purposes, a Supplemental Indenture may be adopted, which, upon (i) the filing with the Trustee of an executed original thereof, and (ii) the filing with the Trustee and the Corporation of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

1. to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture; or

2. 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; or

3. to provide for additional duties of the Trustee in connection with the Acquired Obligations; or

4. to make any other changes not materially adverse to the interests of the Bondholders.

Any such Supplemental Indenture may also contain one or more of the purposes specified in the preceding section, and in that event, the consent of the Trustee required by this section shall be applicable only to those provisions of such Supplemental Indenture as shall contain one or more of the purposes set forth above.

Powers of Amendment (Section 902)

Any modification or amendment of any provision of the Indenture or 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 (i) of the holders of at least two-thirds in principal amount of the Outstanding Bonds, (ii) in case less than all of the several Series of Bonds would be affected by such modification or amendment, of the holders of at least two-thirds in principal amount of the Outstanding Bonds of each Series so affected and (iii) in case the modification or amendment changes

the terms of any Sinking Fund Payment, of the holders of at least two-thirds in principal amount of the Outstanding Bonds of the particular Series and maturity entitled to such Sinking Fund Payment; except that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds is not required. No such modification or amendment will 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 or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond or 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. A Series of Bonds will 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.

Events of Default (Section 1002)

Each of the following events is an “Event of Default”: (a) the Corporation defaults in the payment of the principal (including Sinking Fund Payments) or Redemption Price, if any, of any Bond within two Business Days after the same becomes 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 within two Business Days after the same becomes due; (c) the Corporation fails or refuses to comply with the provisions of the Indenture, or defaults in the performance or observance of any of the covenants, agreements or conditions contained therein, or in any Supplemental Indenture or the Bonds, and such failure, refusal or default continues for a period of 45 days after written notice thereof 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 shall have occurred and remain uncured.

Remedies (Section 1003)

Upon the happening and continuance of any Event of Default specified in clauses (a) and (b) above, the Trustee will proceed, or upon the happening and continuance of any Event of Default specified in clauses (c) and (d) above, the Trustee may proceed, and upon the written request of the holders of not less than 25% in principal amount of the Outstanding Bonds, will proceed, in its own name, subject to the Indenture, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights: (a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, including the right to require the Corporation to receive and collect revenues and assets, including Pledged Receipts adequate to carry out the covenants and agreements as to, and pledge of, such revenues and assets, and to require the Corporation to carry out any other covenant or agreement 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; (e) by declaring all Bonds due and payable, and if all defaults are made good, 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 the Trustee may not make any such declaration with respect to an Event of Default under (c) of the preceding paragraph unless the Trustee has received a written request to do so from 100% of the holders of all Outstanding Bonds or there are sufficient moneys available in the funds and accounts to pay the principal and interest on the Bonds upon such declaration; or (f) in the event that all Bonds are declared due and payable, by selling Acquired Obligations.

Priority of Payments After Default (Section 1004)

In the event that upon, the happening and continuance of any Event of Default, the funds held by the Trustee and Paying Agents shall be insufficient for the payment of principal or Redemption Price, if any, of 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 moneys 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 interests of the holders of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the Indenture, shall be applied as follows:

1. unless the principal of all of the Bonds shall have become or have been declared due and payable:

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

(b) 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 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.

2. if the principal of all of the Bonds shall have become or 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 Indenture, 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 having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee; 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. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon which such interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the

holder of any unpaid Bonds unless such Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Bondholders' Direction of Proceedings (Section 1006)

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 1007)

No holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law, or for the protection or enforcement of any right under the Indenture or any right under law unless such holder shall have 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 twenty-five per centum (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 therein granted 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 thereby 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 under law. It is understood and intended that no one or more holders of the Bonds thereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right thereunder or under law with respect to the Bonds or the Indenture, except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the benefit of all holders of the Outstanding Bonds. Nothing in the Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal or Redemption Price, if any, of and interest on his Bonds, or the obligation of the Corporation to pay the principal or Redemption Price, if any, of and interest on each Bond issued under the Indenture to the holder thereof at the time and place stated in said Bond.

Notwithstanding anything to the contrary, or any other provision of 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 an 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 of 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 twenty-five per centum (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 or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

Trustee (Sections 1105, 1108 and 1109)

The Corporation may remove the Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the Corporation. Any successor to the Trustee is required to be a trust company or bank having the powers of a trust company having capital and surplus aggregating at least \$25,000,000. The Corporation is required to pay to the Trustee and to each Paying Agent 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 and about the performance of their powers and duties under the Indenture, and the Trustee and each Paying Agent shall have a lien therefor on any and all funds at any time held by it under the Indenture.

Defeasance (Section 1201)

If the Corporation pays or causes 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 assets thereby pledged and all other rights granted thereby shall be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys have been set aside and held in trust by Fiduciaries (through deposit by the Corporation of funds for such payment or redemption or otherwise) will, at the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. All Outstanding Bonds will, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect so expressed in the preceding paragraph if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation has given to the Trustee, in form satisfactory to it, irrevocable instructions to mail by first class-mail, as provided in the Indenture, notice of redemption on said date of such Bonds, (ii) there have been deposited with the Trustee either moneys in an amount which is sufficient, or obligations of the United States of America or of agencies or instrumentalities thereof guaranteed by the United States of America the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, are sufficient, to pay when due the principal or Redemption Price, if applicable, 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 are not by their terms subject to redemption within the next succeeding 60 days, the Corporation will have given the Trustee in form satisfactory to it irrevocable instructions to publish or mail by first-class mail, as soon as practicable, a notice to the holders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid 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, of said Bonds. Neither Investment Securities nor moneys deposited with the Trustee pursuant to this Section, nor principal or interest payments on any such Investment Securities, will be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on said Bonds, provided any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, if not then needed for such purpose, will, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, 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 will be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge.

TAX MATTERS

Opinions of Co-Bond Counsel

In the opinions of Co-Bond Counsel, to be delivered on the date of issuance of the Offered Bonds, assuming compliance with certain covenants which are designed to meet the requirements of the Code, under existing laws, regulations, rulings and judicial decisions, interest on the Offered Bonds (i) is excluded from gross income for federal income tax purposes and (ii) is not a specific preference item for purposes of the alternative minimum tax provisions imposed on individuals and corporations by the Code; for taxable years beginning before January 1, 2018, however, interest on the 2018 Series B Bonds is included in the adjusted current earnings (i.e., alternative minimum taxable income as adjusted for certain items including those items that would be included in the calculation of a corporation's earnings and profits under Subchapter C of the Code) of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

In the opinions of Co-Bond Counsel, interest on the Offered 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).

General

The requirements of applicable federal tax law must be satisfied with respect to both the 2018 Series A Bonds and the 2018 Series B Bonds in order that interest on either Series of the Offered Bonds not be included in gross income for federal income tax purposes retroactive to the date of issuance thereof. The Code provides that interest on obligations of a governmental unit such as the Corporation issued to finance, or to refund bonds issued to finance, single family residences for first time homebuyers (such as the 2018 Series A Bonds) is not included in gross income for federal income tax purposes only if certain requirements are met with respect to the terms, amount and purpose of the obligations and the use of the funds generated by the issuance of the obligations, the nature of the residences and the mortgages, and the eligibility of the borrowers executing the mortgages. Such requirements generally do not apply to the mortgage loans financed by the 2018 Series B Bonds as a result of transition rules in various federal tax laws adopted since 1980.

Loan Eligibility Requirements Imposed by the Code

The Code contains the following loan eligibility requirements that are applicable to Mortgage Loans financed with proceeds attributable to the 2018 Series A Bonds in order that interest on the Offered Bonds not be included in gross income for federal income tax purposes retroactive to the date of issuance thereof.

Residence Requirement

The Code requires that each of the premises financed with proceeds of qualified mortgage bonds be a one-to-four-family residence, one unit of which can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the financing is provided. In the case of a two-to-four-family residence (other than two-family residences in targeted areas having borrowers whose family income does not exceed 140% of applicable family median income), the residence must have been occupied as a residence at least five years before the mortgage is executed. Certain documents adopted by the Corporation that establish procedures to be followed in connection with the financing of Mortgage

Loans with amounts attributable to the 2018 Series A Bonds in order to assure that interest paid on the Offered Bonds not be included in gross income for federal income tax purposes under the Code (the “Program Documents”) require each mortgagor to submit an affidavit stating such person’s intention to occupy the premises as his principal residence within 60 days after closing of the Mortgage Loan. In the case of a two-to-four-family residence (other than two-family residences in targeted areas having borrowers whose family income does not exceed 140% of applicable family median income), the mortgagor is required by the Program Documents to certify that the residence was first occupied as a residence at least five years before the Mortgage Loan was executed.

First-Time Homebuyer Requirement

The Code requires that, subject to certain exceptions, at least 95% of the lendable proceeds of qualified mortgage bonds be used to provide financing to mortgagors who have not had a present ownership interest in their principal residence (other than the residence being financed) during the three-year period prior to execution of the mortgage loan. Mortgagors subject to this requirement must so certify when applying to a Mortgage Lender for a Mortgage Loan, and the Program Documents require that the Mortgage Lender make a reasonable investigation to verify such certification. Mortgagors subject to this requirement are required to provide federal income tax returns for the previous three years or other appropriate certifications to allow the Mortgage Lender to verify that no deductions or other entries have been made that would indicate any such ownership interest.

New Mortgage Requirement

The Code requires that, with certain limited exceptions, the lendable proceeds of qualified mortgage bonds finance new mortgage loans only and that no proceeds may be used to acquire or replace an existing mortgage loan, which would include the refinancing of a pre-existing mortgage loan. The Corporation will verify compliance with the new mortgage requirement by requiring each mortgagor and the seller of the residence to certify, subject to such exceptions, that no refinancing of a prior mortgage loan is being effected.

Purchase Price Limitation

The Code requires that, with certain limited exceptions, the purchase price of the residence financed with the lendable proceeds of qualified mortgage bonds may not exceed 90% of the average area purchase price applicable to such residence or 110% of the applicable average area purchase price in the case of residences located in targeted areas. The Corporation will verify compliance with the purchase price limitations by requiring each mortgagor and seller of a residence to make certifications regarding the purchase price of such residence.

Income Limitation

The Code requires that all mortgage loans made from the lendable proceeds of qualified mortgage bonds be made only to borrowers whose family income does not exceed 115% (for mortgage loans made to families with fewer than three members, 100%) of the applicable median family income. An exception is provided for mortgage loans financed with the lendable proceeds of qualified mortgage bonds made with respect to targeted area residences that permits two-thirds in aggregate amount of such mortgage loans to be made with respect to borrowers whose family income does not exceed 140% (for mortgage loans made to families with fewer than three members, 120%) of the applicable median family income and one-third in aggregate amount of such loans to be made without regard to any income limitation.

Applicable federal tax law permits higher income limits for persons financing homes located in certain “high housing cost areas.”

The Corporation will verify compliance with the requirements described under this caption “Tax Matters — Loan Eligibility Requirements Imposed by the Code — Income Limitation” by requiring each borrower to certify the amount of family income. Family income includes income of all individuals executing both the note and mortgage and occupying the dwelling as their principal residence.

Requirements as to Assumptions

The Code provides that a mortgage loan may be assumed only if each of the then applicable residence requirement, first-time homebuyer requirement, purchase price limitation, and income limitation is met with respect to such assumption. The Mortgage Loans will contain a “due on sale” clause, and the Corporation will not permit the assumption of a Mortgage Loan unless (i) it has determined that these requirements have been met and has obtained the appropriate certifications or (ii) it purchases the Mortgage Loan out from the lien of the Indenture and finances it from other sources.

General

An issue of bonds is treated as meeting the loan eligibility requirements of the Code if (i) the issuer in good faith attempted to meet all the loan eligibility requirements before the mortgage loans were executed, (ii) any failure to comply with the loan eligibility requirements is corrected within a reasonable period after such failure is first discovered, and (iii) 95% or more of the proceeds of the issue used to make mortgage loans was used to finance residences that met all such requirements at the time the mortgage loans were executed. In determining whether 95% or more of the proceeds has been so used, the Code permits the Corporation to rely on an affidavit of the mortgagor and of the seller and an examination of copies of the mortgagor’s federal income tax returns for the last three years preceding the date the Mortgage Loan is executed even though the relevant information in such affidavits and income tax returns should ultimately prove to be untrue, unless the Corporation or the Mortgage Lender knows or has reason to believe that such information is false.

Other Requirements Imposed by the Code

General

The Code provides that gross income for federal income tax purposes does not include interest on a mortgage revenue bond if it is a qualified mortgage bond. A qualified mortgage bond is a part of an issue of a state or political subdivision all the proceeds of which (net of amounts applied to any costs of issuance thereof and to fund a reasonably required reserve) are used to finance, or to refund bonds issued to finance, owner-occupied residences and that meets certain (i) general requirements, (ii) arbitrage restrictions on the use and investment of proceeds of the issue, and (iii) loan eligibility requirements set forth in the Code and as more fully described above under “Tax Matters — Loan Eligibility Requirements Imposed by the Code.” Such requirements do not apply to the 2018 Series B Bonds, except as noted below, as a result of transition rules in various federal tax laws adopted since 1980.

The first general requirement of the Code applicable to the Corporation’s Program is that the aggregate amount of private activity bonds that may be issued by the Corporation in any calendar year (or previous years’ carried forward amount) must not exceed the portion of the private activity bond volume limit for the State for such calendar year that is allocated to the Corporation. The 2018 Series A Bonds are within the applicable limit for the Corporation. The second general requirement of the Code applicable to the Corporation’s Program is that at least 20% of the lendable proceeds of an issue of bonds

(or such lesser amount as permitted by the Code) must be made available (and applied with reasonable diligence) for owner-financing of residences in targeted areas (as defined by the Code) for at least one year after the date on which such funds are first available for such owner-financing (the “targeted area requirement”). The Corporation has covenanted to comply with such requirements to the extent required by the Code.

The Code requires the issuer of qualified mortgage bonds to file with the Internal Revenue Service reports on the issuance of its qualified mortgage bonds following such issuance, as well as an annual qualified mortgage loan information report. The Corporation has covenanted to file, as required, such reports with respect to the mortgage loans financed by the 2018 Series A Bonds.

The Code requires that the effective interest rate on mortgage loans financed with the lendable proceeds of qualified mortgage bonds (such as the 2018 Series A Bonds) may not exceed the yield on the composite issue of 2018 Series A Bonds and 2018 Series B Bonds by more than 1.125%. With respect to both the 2018 Series A Bonds and the 2018 Series B Bonds, the Code requires that certain investment earnings on non-mortgage investments, calculated based upon the extent such investment earnings exceed the amount that would have been earned on such investments if the investments were invested at a yield equal to the yield on the issue, be rebated to the United States. The Corporation has covenanted to comply with these requirements and has established procedures to determine the amount of excess earnings, if any, that must be rebated to the United States.

Recapture Provision

For certain mortgage loans made after December 31, 1990 from the proceeds of tax-exempt bonds issued after August 15, 1986, and for assumptions of such mortgage loans, the Code requires a payment to the United States from certain mortgagors upon sale or other disposition of their homes (the “Recapture Provision”). The Recapture Provision requires that an amount determined to be the subsidy provided by a qualified mortgage bond financing to a mortgagor be paid to the United States on disposition of the house (but not in excess of 50% of the gain realized by the mortgagor). The recapture amount would (i) increase over the period of ownership, with full recapture occurring if the house were sold between four and five full years after the closing of the mortgage loan, and (ii) decline ratably to zero with respect to sales occurring between five and nine full years after the closing of the mortgage loan. An exception excludes from recapture part or all of the subsidy in the case of certain assisted individuals whose incomes are less than prescribed amounts at the time of the disposition. The Code requires an issuer to inform mortgagors of certain information with respect to the Recapture Provision. The Corporation has established procedures which the Corporation believes will enable it to meet such recapture information requirement.

The Code states that an issuer will be treated as meeting the targeted area requirement, the arbitrage restrictions on mortgage loans, and the recapture information requirements if it in good faith attempted to meet all such requirements and any failure to meet such requirements was due to inadvertent error after taking all reasonable steps to comply with such requirements.

Required Redemptions

The Code requires redemption of certain qualified mortgage bonds issued after 1988 from unexpended proceeds required to be used to make mortgage loans that have not been used within 42 months from the date of issuance (or the date of issuance of the original bonds in the case of refundings of unexpended proceeds), except for a \$250,000 de minimis amount. As a result, the Corporation may be required by the Code to redeem the 2018 Series A Bonds from unexpended proceeds attributable to the 2018 Series A Bonds. Additionally, for bonds issued after 1988, the Code permits repayments (including

prepayments) of principal of mortgage loans financed with the proceeds of an issue of bonds to be used to make additional mortgage loans for only 10 years from the date of issuance of the bonds (or the date of issuance of the original bonds in the case of refundings), after which date such amounts must be used to redeem bonds, except for a \$250,000 de minimis amount. As a result, the Corporation may be required by the Code to redeem Offered Bonds from repayments (including prepayments) of principal of Mortgage Loans financed with proceeds attributable to the 2018 Series A Bonds.

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 Offered Bonds, including compliance with restrictions on the yield of mortgage loans and non-mortgage investments and periodic rebate payments to the federal government, as well as restrictions on the type of Mortgage Loans financed. The Corporation will deliver concurrently with the delivery the Offered Bonds, a Tax Regulatory Agreement and No Arbitrage Certificate which contains provisions and procedures relating to compliance with such requirements of the Code, and the Corporation has included provisions in the Program Documents that establish procedures, including receipt of certain affidavits and warranties from Mortgage Lenders and mortgagors, in order to assure compliance with the loan eligibility requirements and other requirements that must be satisfied subsequent to the date of issuance of the Offered Bonds. 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 Offered Bonds shall not be included in gross income for federal income tax purposes and, for such purpose, to adopt and maintain appropriate procedures. Failure to comply with these covenants may result in interest on the Offered Bonds being included in gross income for federal income tax purposes from their date of issuance. 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 Offered Bonds may affect the tax status of interest on the Offered Bonds.

Original Issue Discount

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

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

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual

period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

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

Original Issue Premium

Offered 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 Offered 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. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Offered Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Certain Additional Federal Tax Consequences

The foregoing is a brief discussion of certain federal and state income tax matters with respect to the Offered 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 Offered 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 Offered Bonds.

Although Co-Bond Counsel will each render an opinion that interest on the Offered Bonds will be excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Offered 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 Offered Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions or recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing, holding or selling the Offered 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 of the Offered Bonds in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”), the Corporation will execute and deliver a Continuing Disclosure Certificate. The Corporation will undertake to provide the Municipal Securities Rulemaking Board (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, 2018, the financial and operating data concerning the Corporation outlined in the Continuing Disclosure Certificate. In addition, the Corporation will undertake, for the benefit of the registered owners and beneficial owners of the Offered Bonds, to provide to the MSRB, the notices described in the Continuing Disclosure Certificate by the times set forth therein.

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

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

RATINGS OF THE OFFERED BONDS

S&P has assigned the Offered Bonds a rating of “AA+” and Moody’s has assigned the Offered Bonds a rating of “Aa1”. The Corporation has furnished to each rating agency certain information and materials with respect to the Offered Bonds. Generally, rating agencies base their ratings on such information and materials, and on investigations, studies and assumptions made by the rating agencies. The obligation of the Underwriters to purchase the Offered Bonds is conditioned on the assignment by S&P and Fitch of the respective aforementioned ratings to such Offered Bonds. Each rating reflects only the view of the applicable rating agency at the time such rating was issued and an explanation of the significance of such rating may be obtained from the rating agency. There is no assurance that any such rating will continue for any given period of time or that any such ratings will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of any such rating can be expected to have an adverse effect on the market price of the Offered Bonds.

FINANCIAL STATEMENTS

The unaudited financial statements of the Corporation as of and for the 9 months ended March 31, 2018, included in Appendix A to this Official Statement, appear without review or audit by an independent accountant.

The Corporation’s financial statements as of and for the year ended June 30, 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 to the Corporation. 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 Offered Bonds are being purchased by the Underwriters. The Underwriters have jointly and severally agreed to purchase the Offered Bonds at the price of \$174,408,116.37 (equal to the principal amount of the Offered Bonds, plus original issue premium of \$7,217,734.45, less underwriters' discount on the 2018 Series A Bonds of \$589,618.08), plus accrued interest, if any. The Underwriters will be paid a fee of \$293,615.06 with respect to the 2018 Series B Bonds. The Bond Purchase Agreement with respect to the Offered Bonds provides that the Underwriters will purchase all of such Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Bond Purchase Agreement, the receipt of certain legal opinions, and certain other conditions. The initial public offering prices and yields of the Offered Bonds may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Offered Bonds to certain dealers (including dealers depositing such Bonds into unit investment trusts, certain of which may be sponsored or managed by an Underwriter) and others at prices lower or yields higher than the public offering prices and yields of the Offered Bonds set forth on the inside cover page.

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.

The following paragraph has been provided by Jefferies LLC:

Jefferies LLC ("Jefferies"), 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 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 Offered 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 Offered 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 Offered 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 Offered 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 Offered 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 Offered 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

Hilltop Securities Inc. (“HilltopSecurities”) 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. HilltopSecurities 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. HilltopSecurities, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Offered Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

FORWARD-LOOKING STATEMENTS

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

forward-looking statement contained herein to reflect any changes in the Corporation's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

ADDITIONAL INFORMATION

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

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

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APPENDIX A

FINANCIAL STATEMENTS OF THE CORPORATION

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a component unit of the State of Alaska

**Quarterly Unaudited
Financial Statements**

March 31, 2018

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Table of Contents

	<u>PAGE NUMBER</u>
FINANCIAL STATEMENTS	
<u>EXHIBITS</u>	
A Statement of Net Position.....	1
B Statement of Revenues, Expenses, and Changes in Net Position.....	3
C Statement of Cash Flows.....	5
Notes to the Financial Statements.....	7
Required Supplemental Information	
Schedule of AHFC's Proportionate Share of the Net Pension Liability.....	32
Schedule of AHFC's Contributions to the Pension Plan.....	33
Supplementary Information	
<u>SCHEDULES</u>	
Statement of Net Position	
1 All Funds.....	34
2 Administrative Fund.....	36
3 Mortgage Revenue Bonds.....	37
4 Home Mortgage Revenue Bonds.....	38
5 Veterans Mortgage Program Bonds.....	40
6 Other Housing Bonds.....	41
7 Non-Housing Bonds.....	42
8 Other Program Funds.....	44
Statement of Revenues, Expenses, and Changes in Net Position	
9 All Funds.....	46
10 Administrative Fund.....	48
11 Mortgage Revenue Bonds.....	49
12 Home Mortgage Revenue Bonds.....	50
13 Veterans Mortgage Program Bonds.....	52
14 Other Housing Bonds.....	53
15 Non-Housing Bonds.....	54
16 Other Program Funds.....	56
Statement of Cash Flows	
17 All Funds.....	58
18 Administrative Fund.....	60
19 Mortgage Revenue Bonds.....	61
20 Home Mortgage Revenue Bonds.....	62
21 Veterans Mortgage Program Bonds.....	64
22 Other Housing Bonds.....	65
23 Non-Housing Bonds.....	66
24 Other Program Funds.....	68

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

As of March 31, 2018

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
ASSETS				
Current				
Cash	\$ 36,284	\$ 4,167	\$ 123	\$ 25,179
Investments	439,450	-	134,668	170
Accrued interest receivable	3,241	-	9,821	116
Inter-fund due to/from	(25,565)	(5,297)	30,174	760
Mortgage loans, notes and other loans	5,889	-	77,801	1,274
Net investment in direct financing lease	-	-	2,223	-
Other assets	3,511	4,503	-	1,481
Intergovernmental receivable	281	7,280	-	309
Total Current	463,091	10,653	254,810	29,289
Non Current				
Investments	1,052	-	-	-
Inter-fund due to/from	-	1,425	-	-
Mortgage loans, notes and other loans	199,655	-	2,737,530	42,002
Net investment in direct financing lease	-	-	24,781	-
Capital assets - non-depreciable	2,917	-	-	13,663
Capital assets - depreciable, net	17,797	35	-	63,970
Other assets	3,965	-	413	-
Derivative instrument - interest rate swaps	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Non Current	225,386	1,460	2,762,724	119,635
Total Assets	688,477	12,113	3,017,534	148,924
DEFERRED OUTFLOW OF RESOURCES				
	9,269	-	138,172	-
LIABILITIES				
Current				
Bonds payable	-	-	60,405	-
Short term debt	56,194	-	-	-
Accrued interest payable	2,473	-	26,067	-
Other liabilities	8,100	177	876	1,112
Intergovernmental payable	-	-	123	-
Total Current	66,767	177	87,471	1,112
Non Current				
Bonds payable	-	-	2,175,952	-
Other liabilities	2,479	-	-	-
Derivative instrument - interest rate swaps	-	-	114,747	-
Intergovernmental payable	-	-	-	-
Pension liability	47,645	-	-	-
Total Non Current	50,124	-	2,290,699	-
Total Liabilities	116,891	177	2,378,170	1,112
DEFERRED INFLOW OF RESOURCES				
	531	-	-	-
NET POSITION				
Net investment in capital assets	20,714	35	-	77,633
Restricted by bond resolutions	-	-	606,969	-
Restricted by contractual or statutory agreements	76,808	15,292	-	70,529
Unrestricted or (deficit)	482,802	(3,391)	170,567	(350)
Total Net Position	\$ 580,324	\$ 11,936	\$ 777,536	\$ 147,812

See accompanying notes to the financial statements.

Exhibit A

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total March 31, 2018
\$ 65,753	\$ 7,383	\$ 73,136
574,288	-	574,288
13,178	31	13,209
72	(72)	-
84,964	-	84,964
2,223	-	2,223
9,495	262	9,757
7,870	-	7,870
757,843	7,604	765,447
1,052	-	1,052
1,425	(1,425)	-
2,979,187	12,434	2,991,621
24,781	-	24,781
16,580	3,667	20,247
81,802	-	81,802
4,378	1	4,379
-	-	-
-	-	-
3,109,205	14,677	3,123,882
3,867,048	22,281	3,889,329
147,441	-	147,441
60,405	-	60,405
56,194	-	56,194
28,540	-	28,540
10,265	6	10,271
123	-	123
155,527	6	155,533
2,175,952	-	2,175,952
2,479	360	2,839
114,747	-	114,747
-	-	-
47,645	-	47,645
2,340,823	360	2,341,183
2,496,350	366	2,496,716
531	-	531
98,382	3,667	102,049
606,969	-	606,969
162,629	18,287	180,916
649,628	(39)	649,589
\$ 1,517,608	\$ 21,915	\$ 1,539,523

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Nine Months Ended March 31, 2018

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
OPERATING REVENUES				
Mortgage and loans revenue	\$ 8,262	\$ -	\$ 90,826	\$ 1,179
Investment interest	1,161	5	3,093	43
Net change in the fair value of investments	1,755	-	275	-
Net change of hedge termination	-	-	602	-
Total Investment Revenue	2,916	5	3,970	43
Grant revenue	-	52,571	-	-
Housing rental subsidies	-	-	-	11,127
Rental revenue	340	-	-	7,875
Other revenue	1,306	521	189	19
Total Operating Revenues	12,824	53,097	94,985	20,243
OPERATING EXPENSES				
Interest	624	-	51,057	-
Mortgage and loan costs	1,227	-	7,136	112
Bond financing expenses	303	-	3,719	-
Provision for loan loss	(598)	-	(3,591)	(8)
Operations and administration	12,506	8,781	3,103	11,459
Rental housing operating expenses	490	-	-	9,602
Grant expense	-	49,311	-	55
Total Operating Expenses	14,552	58,092	61,424	21,220
Operating Income (Loss)	(1,728)	(4,995)	33,561	(977)
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(107)	-	-	-
Special Item	-	-	-	-
Transfers - Internal	12,093	7,996	(18,655)	(1,434)
Change in Net Position	10,258	3,001	14,906	(2,411)
Net position at beginning of year	570,066	8,935	762,630	150,223
Net Position at End of Period	\$ 580,324	\$ 11,936	\$ 777,536	\$ 147,812

See accompanying notes to the financial statements.

Exhibit B

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total March 31, 2018
\$ 100,267	\$ 103	\$ 100,370
4,302	8	4,310
2,030	-	2,030
602	-	602
6,934	8	6,942
52,571	-	52,571
11,127	-	11,127
8,215	194	8,409
2,035	39	2,074
181,149	344	181,493
51,681	-	51,681
8,475	-	8,475
4,022	-	4,022
(4,197)	(10)	(4,207)
35,849	213	36,062
10,092	-	10,092
49,366	-	49,366
155,288	203	155,491
25,861	141	26,002
(107)	-	(107)
-	-	-
-	-	-
25,754	141	25,895
1,491,854	21,774	1,513,628
\$ 1,517,608	\$ 21,915	\$ 1,539,523

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

For the Nine Months Ended March 31, 2018

(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	\$ 7,225	\$ -	\$ 83,938	\$ 1,076
Principal payments received on mortgages and loans	9,659	-	220,296	2,170
Disbursements to fund mortgages and loans	(399,322)	-	-	-
Receipt (payment) for loan transfers between funds	237,679	-	(234,221)	(3,458)
Mortgage and loan proceeds	326,822	-	-	-
Payment of mortgage and loan proceeds to funds	(321,158)	-	-	-
Payments to employees and other payroll disbursements	(26,118)	(4,262)	-	(7,510)
Payments for goods and services	(2,146)	(1,459)	(326)	(8,726)
Cash received for externally funded programs	-	26,607	-	10,835
Cash received for Federal HAP subsidies	-	27,673	-	-
Payments for Federal HAP subsidies	-	(27,586)	-	-
Interfund receipts (payments)	(3,425)	4,464	-	(1,023)
Grant payments to other agencies	-	(25,601)	-	-
Other operating cash receipts	8,663	518	123	6,454
Other operating cash payments	(4)	(14)	(152)	(106)
Net cash provided by (used for) operating activities	(162,125)	340	69,658	(288)
Cash flows from noncapital financing activities:				
Proceeds from the issuance of bonds	-	-	370,785	-
Principal paid on bonds	-	-	(128,678)	-
Payment to defease bonds	(676)	-	(122,459)	-
Payment of bond issuance costs	-	-	(1,164)	-
Interest paid	-	-	(35,723)	-
Proceeds from issuance of short term debt	359,384	-	-	-
Payment of short term debt	(386,340)	-	-	-
Contributions to the State of Alaska or other State agencies	(107)	-	-	-
Transfers (to) from other funds	169,261	(374)	(167,359)	(1,528)
Net cash provided by (used for) noncapital financing activities	141,522	(374)	(84,598)	(1,528)
Cash flows from capital financing activities:				
Acquisition of capital assets	(218)	-	-	(119)
Proceeds from the disposal of capital assets	-	4	-	15
Principal paid on capital notes	-	-	(5,663)	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	(1,743)	-
Proceeds from direct financing leases	-	-	3,304	-
Net cash provided by (used for) capital financing activities	(218)	4	(4,102)	(104)
Cash flows from investing activities:				
Purchase of investments	(5,228,548)	-	(992,335)	(4,579)
Proceeds from maturity of investments	5,255,654	-	1,008,752	6,295
Interest received from investments	1,156	5	1,986	41
Net cash provided by (used for) investing activities	28,262	5	18,403	1,757
Net Increase (decrease) in cash	7,441	(25)	(639)	(163)
Cash at the beginning of year	28,843	4,192	762	25,342
Cash at the end of period	\$ 36,284	\$ 4,167	\$ 123	\$ 25,179
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (1,728)	\$ (4,995)	\$ 33,561	\$ (977)
<i>Adjustments:</i>				
Depreciation expense	815	-	-	-
Provision for loan losses	(598)	-	(2,916)	(8)
Net change in the fair value of investments	(1,755)	-	(263)	-
Transfers between funds for operating activity	12,093	7,996	32,356	(1,434)
Interest received from investments	(1,156)	(5)	(1,986)	(41)
Interest paid	-	-	35,723	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	1,691	-	(46,706)	(1,122)
Net increase (decrease) in assets, liabilities, and deferred resources	(171,487)	(2,656)	19,889	3,294
Net cash provided by (used for) operating activities	\$ (162,125)	\$ 340	\$ 69,658	\$ (288)
Noncash investing, capital and financing activities:				
Asset transfers				
Contributions to Alaska Housing Capital Corporation				
Deferred outflow of resources-derivatives			5,364	
Derivative instruments liability			(10,356)	
Net change of hedge termination			1,300	

See accompanying notes to the financial statements.

Exhibit C

Total Programs and Funds		Alaska Corporation for Affordable Housing	Total March 31, 2018
\$	92,239	\$ 89	\$ 92,328
	232,125	164	232,289
	(399,322)	-	(399,322)
	-	-	-
	326,822	-	326,822
	(321,158)	-	(321,158)
	(37,890)	(128)	(38,018)
	(12,657)	(52)	(12,709)
	37,442	-	37,442
	27,673	-	27,673
	(27,586)	-	(27,586)
	16	(16)	-
	(25,601)	-	(25,601)
	15,758	114	15,872
	(276)	-	(276)
	(92,415)	171	(92,244)
	370,785	-	370,785
	(128,678)	-	(128,678)
	(123,135)	-	(123,135)
	(1,164)	-	(1,164)
	(35,723)	-	(35,723)
	359,384	-	359,384
	(386,340)	-	(386,340)
	(107)	-	(107)
	-	-	-
	55,022	-	55,022
	(337)	-	(337)
	19	-	19
	(5,663)	-	(5,663)
	-	-	-
	(1,743)	-	(1,743)
	3,304	-	3,304
	(4,420)	-	(4,420)
	(6,225,462)	-	(6,225,462)
	6,270,701	-	6,270,701
	3,188	8	3,196
	48,427	8	48,435
	6,614	179	6,793
	59,139	7,204	66,343
\$	65,753	\$ 7,383	\$ 73,136
\$	25,861	\$ 141	\$ 26,002
	-	-	-
	815	-	815
	(3,522)	(10)	(3,532)
	(2,018)	-	(2,018)
	51,011	-	51,011
	(3,188)	(8)	(3,196)
	35,723	-	35,723
	-	-	-
	(46,137)	104	(46,033)
	(150,960)	(56)	(151,016)
\$	(92,415)	\$ 171	\$ (92,244)

NOTE DISCLOSURES INDEX

<u>Footnote Number</u>	<u>Description</u>	<u>Page Number</u>
1	Authorizing Legislation and Funding	8
2	Summary of Significant Accounting Policies	8
3	Cash and Investments	11
4	Interfund Receivable/Payable.....	15
5	Mortgage Loans, Notes and Other Loans	15
6	Insurance Agreements.....	16
7	Direct Financing Leases	16
8	Capital Assets	17
9	Deferred Outflows of Resources	17
10	Bonds Payable.....	17
11	Derivatives	21
12	Long Term Liabilities.....	24
13	Short Term Debt	24
14	Deferred Inflows of Resources	24
15	Transfers.....	24
16	Other Credit Arrangements.....	25
17	Yield Restriction and Arbitrage Rebate	25
18	State Authorizations and Commitments	25
19	Housing Grants and Subsidies Expenses	26
20	Pension and Post Employment Healthcare Plans	26
21	Other Commitments and Contingencies.....	29
22	Risk Management.....	30
23	Five Year Financial Information	31

FOR THE NINE MONTHS ENDED MARCH 31, 2018

1 AUTHORIZING LEGISLATION AND FUNDING

The Alaska Housing Finance Corporation (the "Corporation") or ("AHFC"), 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.

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.

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.

3 CASH AND INVESTMENTS

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

March 31, 2018	
Restricted cash	\$ 47,996
Unrestricted	25,140
Carrying amount	<u>\$ 73,136</u>
Bank Balance	<u>\$ 73,497</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.

	Investment Maturities (In Years)					March 31, 2018
	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years		
Securities of U. S. Government agencies and corporations	\$ -	\$ 15	\$ -	\$ -	\$	15
Commercial paper & medium-term notes	197,336	447	-	-		197,783
Corporate Certificate of Deposit	10,221	-				10,221
Money market funds	21,285		-	-		21,285
Subtotal	<u>\$ 228,842</u>	<u>\$ 462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>229,304</u>
GeFONSI Pool						346,036
Total AHFC Investment Portfolio					<u>\$</u>	<u>575,340</u>

Restricted Investments

A large portion of the Corporation's investments, \$134,904,000, is restricted by bond resolutions, contractual agreements, and statutory agreements, and the remainder, \$440,436,000, 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):

March 31, 2018	
Ending unrealized holding gain	\$ 34,622
Beginning unrealized holding gain	<u>32,528</u>
Net change in unrealized holding gain	2,094
Net realized gain (loss)	<u>(64)</u>
Net increase (decrease) in fair value	<u>\$ 2,030</u>

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.

The credit quality ratings of the Corporation's investments as of March 31, 2018, as determined by nationally recognized statistical rating organizations, are shown below (in thousands), and do not include investments held by GeFONSI pool.

	S&P	Moody's	Investment Fair Value
Securities of U.S. Government agencies and corporations:	AA+	Aaa	\$ 15
Commercial paper, medium-term notes and Certificates of Deposit:	AAA	Aaa	149
	AA	Aa1	252
	AA	Aa2	250
	AA	A1	250
	AA-	Aa2	501
	AA-	Aa3	1,571
	AA-	A1	588
	A+	A1	507
	A+	A2	493
	A+	Aa3	751
	A	A1	500
	A	A2	2,001
	A-	A2	447
	A-1+	P-1	133,638
	A-1	P-1	65,356
	A-2	P-1	250
	NA	P-1	250
	NA	NA	250
			208,004
Money market funds:	AAAm	--	21,284
			229,303

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%

Investment Holdings Greater than Five Percent of Total Portfolio

The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. As of March 31, 2018, 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	\$ 346,036	60.14%
The Toronto Dominion Bank	\$ 51,036	8.87%

Custodial Credit Risk

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

Of the Corporation's \$73,497,000 bank balance at March 31, 2018, cash deposits in the amount of \$1,788,000 were uninsured and uncollateralized. Additional cash deposits in the amount of \$45,713,000 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 March 31, 2018:

	Investment Fair Value	Modified Duration
Securities of U. S. Government agencies and corporations:		
Federal agency pass through securities	\$ 15	0.865
Commercial paper & medium-term notes:		
Commercial paper discounts	190,024	0.129
Medium-term notes	7,759	0.479
Certificates of deposit	10,221	0.303
Money market funds	21,284	0.000
	<u>\$ 229,303</u>	
Portfolio modified duration		0.054

Investment in GeFONSI Pool

The Alaska State Department of Revenue, Treasury Division, has established various investment pools to manage funds for which the Commissioner of Revenue has fiduciary responsibility. The GeFONSI pool in which the Corporation participates is itself comprised of investment shares of the State's Short-term Fixed Income, Short-term Liquidity Fixed Income, and Intermediate-term Fixed Income investment pools. Assets in these pools are reported at fair value with purchases and sales recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service. The complete financial activity of the State's investment pools is shown in the Comprehensive Annual Financial Report (CAFR) available from the Department of Administration, Division of Finance.

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 \$346,036,000.

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 as of March 31, 2018, is shown below (in thousands):

Due To	Due From						Total
	Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing		
Administrative Fund	\$ -	\$ 5,463	\$ -	\$ 303	\$ 72	\$	5,838
Grant Programs	166	-	-	-	1,425		1,591
Mortgage or Bond Programs	30,174	-	-	-	-		30,174
Other Funds or Programs	1,063	-	-	-	-		1,063
Alaska Corporation for Affordable Housing	-	-	-	-	-		-
Total	\$ 31,403	\$ 5,463	\$ -	\$ 303	\$ 1,497	\$	38,666

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 Grant Programs, Other Funds or Programs, and ACAH 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.

The balance due from ACAH to the Grant Programs is the result of a repayable grant to ACAH for the purchase of land.

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

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

	March 31, 2018
Mortgage loans	\$ 2,578,490
Multifamily loans	464,590
Other notes receivable	88,131
	3,131,211
Less:	
Allowance for losses	(54,626)
Net Mortgage loans, notes and other loan	\$ 3,076,585

Of the \$3,131,211,000 mortgage loans, notes, and other loans, \$84,964,000 is due within a year.

Other notes receivable include monies due to AHFC for various unconventional loan programs, monies remaining unexpended by grant recipients, and notes receivable due to ACAH of \$13,664,000. Included in the allowance for losses is \$1,230,000 for ACAH's notes receivable bringing ACAH's net notes receivable to \$12,434,000.

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

		March 31, 2018
Loans Delinquent 30 days or more	\$	96,624
Foreclosures during reporting period		7,933
Loans in foreclosure process		15,163
<u>Mortgage-related commitments:</u>		
To purchase mortgage loans	\$	83,904

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 (the "Atwood Office Building") in downtown Anchorage for approximately \$26 million. The Atwood Office Building was originally purchased with proceeds from the issuance of the Corporation's State Building Lease Bonds Series 1999, which were refunded by General Housing Purpose Bonds 2005 Series C, which were subsequently refunded in March 2015, by its State Capital Project Bonds II, 2015 Series A. The Atwood Office Building was part of the Corporation's State Building Lease Program and was 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 exercised the option to purchase the Atwood Office Building and associated land, identified as Block 79, with an assessed value of \$70.5 million, for \$1 and ownership transferred from the Corporation to the State on December 15, 2017. Block 102, containing lots the State is not currently transferring but may take ownership of at a later date, was booked as a Corporation asset at the assessed value of \$4,175,000, and identified as Property for Resale pending potential future transfers.

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 June and December 2015, the Corporation issued its State Capital Project Bonds II, 2015 Series B and C, respectively, to partially refund its 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 March 31,	Parking Garage
2018	\$ 3,304
2019	3,304
2020	3,304
2021	3,304
2022	3,304
Thereafter	16,515
Gross payments due	33,035
Less: Unearned revenue	(6,031)
Net investment in direct financing lease	\$ 27,004

8 CAPITAL ASSETS

Capital assets activity for the nine months ended March 31, 2018, and a summary of balances is shown below (in thousands):

	June 30, 2017	Additions	Reductions	March 31, 2018
Non-Depreciable Capital Assets:				
Land	\$ 20,247	\$ -	\$ -	\$ 20,247
Total Non-Depreciable	20,247	-	-	20,247
Depreciable Capital Assets:				
Buildings	246,070	15	-	246,085
Computers & Equipment	2,356	234	-	2,590
Vehicles	2,296	110	(119)	2,287
Less: Accumulated depreciation				
Buildings	(160,258)	(4,812)	-	(165,070)
Computers & Equipment	(2,089)	(152)	-	(2,241)
Vehicles	(1,860)	(108)	119	(1,849)
Total Depreciable, Net	86,515	(4,713)	-	81,802
Total Capital Assets, Net	\$ 106,762	\$ (4,713)	\$ -	\$ 102,049

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

Depreciation expense charged by the Corporation was \$5,072,000 for the nine months ended March 31, 2018.

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 \$4,428,000 at March 31, 2018.

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 March 31, 2018, were interest rate swap derivatives of \$113,308,000, deferred debt refunding expense of \$24,864,000, 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 March 31, 2018 are shown on the next two pages (in thousands):

	Original Amount	March 31, 2018
First-Time Home Buyer Program:		
<i>Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2009 Series A-1; 3.07%, due 2027-2041	\$ 64,350	\$ 42,560
• 2009 Series A-2; 2.32%, due 2026-2041	128,750	75,950
• 2010 Series A; 2.75% to 4.00%, due 2018-2027	43,130	26,835
Unamortized discount		(109)
• 2010 Series B; 2.75% to 4.625%, due 2018-2040	35,680	30,255
• 2011 Series B; 2.70% to 4.05%, due 2018-2026	71,360	41,005
Total Mortgage Revenue Bonds	343,270	216,496
<i>Home Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2002 Series A; Floating Rate*; 1.70% at March 31, 2018, due 2032-2036	170,000	36,750
Unamortized swap termination penalty		(2,141)
• 2007 Series A; Floating Rate*; 1.60% at March 31, 2017, due 2018-2041	75,000	73,455
• 2007 Series B; Floating Rate*; 1.60% at March 31, 2017, due 2018-2041	75,000	73,455
• 2007 Series D; Floating Rate*; 1.63% at March 31, 2017, due 2018-2041	89,370	87,495
• 2009 Series A; Floating Rate*; 1.63% at March 31, 2017, due 2020-2040	80,880	80,880
• 2009 Series B; Floating Rate*; 1.63% at March 31, 2017, due 2020-2040	80,880	80,880
• 2009 Series D; Floating Rate*; 1.60% at March 31, 2017, due 2020-2040	80,870	80,870
Total Home Mortgage Revenue Bonds	652,000	511,644
Veterans Mortgage Program Bonds:		
<i>Collateralized State Guaranteed Bonds, Tax-Exempt:</i>		
• 2016 First & Second Series; 0.80% to 3.20%, due 2018-2046	50,000	48,765
Other Housing Bonds:		
<i>General Mortgage Revenue Bonds, Tax-Exempt:</i>		
• 2012 Series A; 1.85% to 4.25%, due 2018-2040	145,890	110,650
Unamortized discount		(535)
Unamortized premium		131
• 2016 Series A; 0.70% to 3.50%, due 2018-2046	100,000	96,650
Unamortized premium		981
<i>Governmental Purpose Bonds, Tax-Exempt:</i>		
• 1997 Series A; Floating Rate*, monthly payments, 1.58% at March 31, 2017, due 2027	33,000	14,600
• 2001 Series A; Floating Rate*; 1.63% at March 31, 2017, due 2018-2030	76,580	44,840
Unamortized swap termination penalty		(4,759)
• 2001 Series B; Floating Rate*; 1.67% at March 31, 2017, due 2018-2030	93,590	54,790
Total Other Housing Bonds	449,060	317,348

	Original Amount	March 31, 2018
Non-Housing Bonds:		
State Capital Project Bonds, Tax-Exempt:		
• 2002 Series C; Floating Rate*, 1.58% at March 31, 2017, due 2018-2022	60,250	29,160
• 2011 Series A; 4.25% to 5.00%, due 2018-2027	105,185	6,235
Unamortized premium		99
• 2012 Series A; 3.25% to 5.00%, due 2018-2032	99,360	47,020
Unamortized discount		(94)
Unamortized premium		2,399
• 2013 Series A; 4.00% to 5.00%, due 2018-2032	86,765	65,750
Unamortized premium		4,274
• 2014 Series A; 4.00% to 5.00%, due 2018-2033	95,115	86,800
Unamortized discount		(54)
Unamortized premium		4,847
• 2014 Series B; 5.00%, due 2018-2029	29,285	26,050
Unamortized premium		2,507
• 2014 Series D; 3.00% to 5.00%, due 2018-2029	78,105	77,890
Unamortized premium		9,420
• 2015 Series A; 3.00% to 5.00%, due 2018-2030	111,535	103,125
Unamortized premium		11,908
• 2015 Series B; 3.00% to 5.00%, due 2018-2036	93,365	91,875
Unamortized discount		(199)
Unamortized premium		6,161
• 2015 Series C; 4.00% to 5.00%, due 2018-2035	55,620	52,190
Unamortized premium		6,501
• 2017 Series A; 2.00% to 5.00%, due 2018-2032	143,955	143,955
Unamortized premium		22,263
• 2017 Series C; 5.00%, due 2024-2032	43,855	43,855
Unamortized premium		8,167
State Capital Project Bonds, Taxable:		
• 2014 Series C; Indexed Floating Rate**, 2.16400% at March 31, 2017, due 2029	140,000	140,000
• 2017 Series B; Floating Rate*, 1.80% at March 31, 2017, due 2047	150,000	150,000
Total Non-Housing Bonds	1,292,395	1,142,104
Total Bonds Payable	\$ 2,786,725	\$ 2,236,357

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.

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 nine months ended March 31, 2018, the Corporation made special revenue redemptions in the amount of \$137,480,000.

Advance Refundings

In the nine months ending March 31, 2018, 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 March 31, 2018, follows (in thousands):

	Date Defeased	March 31, 2018
State Capital Project Bonds, 2011 Series A	September 2017	\$ 63,705
State Capital Project Bonds, 2012 Series A	December 2017	29,795
State Capital Project Bonds, 2013 Series A	December 2017	16,345
		<u>\$ 109,845</u>

Debt Service Requirements**

For all bonds in the preceding schedules, the Corporation's debt service requirements through 2022 and in five year increments thereafter to maturity are shown below (in thousands):

Year Ended March 31	Total Debt Service		
	Principal	Interest*	Total
2019	\$ 60,405	\$ 77,983	\$ 138,388
2020	70,640	76,032	146,672
2021	88,960	73,104	162,064
2022	91,175	69,431	160,606
2023	92,510	65,561	158,071
2024-2028	510,145	267,427	777,572
2029-2033	663,865	152,532	816,397
2034-2038	267,240	68,954	336,194
2039-2043	162,505	27,071	189,576
2044-2048	157,145	13,982	171,127
	<u>\$ 2,164,590</u>	<u>\$ 892,077</u>	<u>\$ 3,056,667</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 March 31, 2018.

** Also see Note 11 – Derivatives

Conduit Debt

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

A summary of all conduit debt as of March 31, 2018 follows (in thousands):

	Maximum Issue Amount	Balance at March 31, 2018
Revenue Bonds, 2016 (Muldoon Garden Project)	\$ 3,920	\$ 3,916
Revenue Bonds, 2017 (Grass Creek North II LP)	\$ 8,200	\$ 4,707

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 or not the derivatives constitute effective hedges. 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 March 31, 2018, 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 March 31, 2018, 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
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	A+/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

The change in fair value and ending balance of the hedging derivatives as of March 31, 2018, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Position.

Related		Notional Amounts	Present Values	Fair Values		Change in Fair Value
Bond Issue				March 31, 2018	June 30, 2017	
GP01A	\$	44,840	\$ 46,768	\$ (1,928)	\$ (3,267)	\$ 1,339
GP01B		54,790	62,873	(8,083)	(10,488)	2,405
E021A1		36,750	39,551	(2,801)	(4,153)	1,352
SC02C		29,160	30,689	(1,529)	(2,545)	1,016
E071AB		140,643	169,147	(28,504)	(35,626)	7,122
E071BD		93,762	112,548	(18,786)	(23,509)	4,723
E091A		72,789	88,310	(15,521)	(19,228)	3,707
E091B		72,789	89,142	(16,353)	(18,810)	2,457
E091ABD		97,052	116,855	(19,803)	(24,748)	4,945
Total	\$	642,575	\$ 755,883	\$ (113,308)	\$ (142,374)	\$ 29,066

As of March 31, 2018, 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	\$ 6,350	\$ 4,989	\$ 6,369	\$ 17,708
2019	19,140	10,258	13,267	42,665
2020	23,310	9,944	12,840	46,094
2021	27,780	9,535	12,288	49,603
2022	29,230	9,079	11,673	49,982
2023-2027	133,355	38,780	49,819	221,954
2028-2032	148,120	27,085	35,160	210,365
2033-2037	128,355	16,167	21,238	165,760
2038-2042	126,935	4,780	6,276	137,991
	<u>\$ 642,575</u>	<u>\$ 130,616</u>	<u>\$ 168,930</u>	<u>\$ 942,122</u>

Credit Risk

As of March 31, 2018, the Corporation was 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 39% 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 "A+/Aa1", another counterparty is rated "AA/Aa3", and the remaining counterparty is rated "A-/A3", approximating 11%, 9%, 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. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of March 31, 2018, SIFMA was 1.58%

and 1-month LIBOR was 1.88000%, resulting in a SIFMA/LIBOR ratio of 83.9%. The 3-month LIBOR was 2.31000%, resulting in a SIFMA/LIBOR ratio of 68.3%. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

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 could 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 March 31, 2018, 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 March 31, 2018, 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
			March 31, 2018	June 30, 2017	
SC02B	\$ 14,555	\$ 15,993	\$ (1,438)	\$ (2,040)	\$ 602

Credit Risk

As of March 31, 2018, 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".

12 LONG TERM LIABILITIES

The activity for the nine months ended March 31, 2018, is summarized in the following schedule (in thousands):

	June 30, 2017	Additions	Reductions	March 31, 2018	Due Within One Year
Total bonds and notes payable	\$ 2,124,637	\$ 370,011	\$ (258,291)	\$ 2,236,357	\$ 60,405
Pension liability	47,644	-	-	47,644	-
Compensated absences	4,184	2,162	(2,073)	4,273	1,794
Other liabilities	-	49	(49)	-	-
Total long-term liabilities	<u>\$ 2,176,465</u>	<u>\$ 372,222</u>	<u>\$ (260,413)</u>	<u>\$ 2,288,274</u>	<u>\$ 62,199</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 during the nine months ended March 31, 2018 was 1.17% and the highest, 2.01%.

Short term debt activity for the nine months ended March 31, 2018, is summarized in the following schedule (in thousands):

	June 30, 2017	Additions	Reductions	March 31, 2018
Commercial paper	\$ 82,600	\$ 360,004	\$ (386,340)	\$ 56,264
Unamortized discount	(74)	(537)	541	(70)
Commercial paper, net	<u>\$ 82,526</u>	<u>\$ 359,467</u>	<u>\$ (385,799)</u>	<u>\$ 56,194</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 March 31, 2018, 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 nine months ended March 31, 2018, 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	\$ -	\$ 19,022	\$ 401,577	\$ 11,934	\$ 135	\$ 432,668
Grant Programs	27,018	-	-	-	-	27,018
T Mortgage or Bond Programs	382,922	-	-	-	-	382,922
o Other Funds or Programs	10,500	-	-	-	-	10,500
Alaska Corporation for Affordable Housing	135	-	-	-	-	135
Total	<u>\$ 420,575</u>	<u>\$ 19,022</u>	<u>\$ 401,577</u>	<u>\$ 11,934</u>	<u>\$ 135</u>	<u>\$ 853,243</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.

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 March 31, 2018, the Corporation had unused standby bond purchase agreements of \$513,785,000.

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.

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. As investment rates change over time, it is sometimes possible to recoup previous rebate payments. With respect to the Corporation's Governmental Purpose Bonds, 2001 Series A and B, prior payments totaled \$1,274,000, but rebate liability as of March 31, 2018, was \$861,000, resulting in \$413,000 due to the Corporation.

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 March 31, 2018, (in thousands):

	Dividend Due to State	Expenditures	Remaining Commitments
State General Fund Transfers	\$ 794,648	\$ (788,948)	\$ 5,700
State Capital Projects Debt Service	458,877	(444,725)	14,152
State of Alaska Capital Projects	253,761	(249,517)	4,244
AHFC Capital Projects	509,792	(468,224)	41,568
Total	\$ 2,017,078	\$ (1,951,414)	\$ 65,664

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 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):

	March 31, 2018
Beneficiaries and Special Needs Housing	\$ 883
Continuum of Care Homeless Assistance	1,535
Domestic Violence	959
Discharge Incentive Grant	156
Drug Elimination	18
Emergency Shelter Grant (ESG)	111
Energy Efficiency Monitoring Research	719
Energy Efficient Home Program	1,903
HOME Investment Partnership	1,828
Homeless Assistance Program	4,363
Housing Choice Vouchers	24,058
Housing Loan Program	1,012
Housing Opportunities for Persons with AIDS	409
Low Income Weatherization Assistance	5,360
Low Income Home Energy Assistance	450
Non-Elderly Disabled (NED)	208
Parolees (TBRA)	371
Section 8 Project-based Grants	1
Section 8 Rehabilitation	367
Senior Citizen Housing Development Grant	976
Supplemental Housing Grant	2,025
Technical Assistance Grant	13
Utility Allowance Payments for Low Rent	54
Veterans Affairs Supportive Housing	1,483
Youth (TBRA)	104
Total Housing Grants and Subsidies Expenses	\$ 49,366

In addition to grant payments made, the Corporation had advanced grant funds of \$4,105,000 and committed to third parties a sum of \$28,256,000 in grant awards as of March 31, 2018.

20 PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

Description of Plans

As of March 31, 2018, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System ("PERS"). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan which includes both pension and post-employment healthcare plans for all employees hired prior to July 1, 2006. The defined benefit plan was an agent multiple-employer, statewide plan until July 1, 2008, when Senate Bill 125 converted the plan to a multiple-employer cost-sharing plan.

PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan which includes both pension and post-employment healthcare plans for all employees hired on or after July 1, 2006.

PERS is administered by the State. 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 6.75% 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 22.00% of annual covered salary. For fiscal year 2018, 17.12% of covered salary is for the pension plan and 4.88% is for the post-employment healthcare plan.

Under AS39.35.255, the difference between the actuarial required contribution of 25.01% for fiscal year 2018 and the employer rate of 22.00% is funded by the State.

The Corporation's contributions to the defined benefit post-employment healthcare plan for the nine months ended March 31, 2018, totaled \$463,000, and for the years ended June 30, 2017, and June 30, 2016, totaled \$973,000 and \$1,334,000, respectively.

Pension Liabilities:

The pension liability for the nine months ended March 31, 2018, is not available at this time.

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:

The deferred outflows of resources and deferred inflows of resources related to pensions for the nine months ended March 31, 2018, is not available at this time.

As of June 30, 2017, the Corporation's deferred outflows of resources related to pension expense 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 expense of \$4,000, changes in assumptions of \$220,000 and contributions to the pension plan subsequent to the measurement date of \$2,679,000. The Corporation's deferred inflows of resources related to pension of \$531,000 were due to a difference between projected and actual investment earnings.

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 the month 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 Corporations 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

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 employee's contribution plus 25% of the Corporation's contribution after two years of service, 50% of the Corporation's contribution after three years of service, 75% of the Corporation's contribution after four years of service, and 100% of the Corporation's contribution after 5 years of service. The plan pays a portion of the retiree medical plan premium if the retiree retires directly from the plan and is eligible for Medicare. The portion of premium paid by the plan is determined by years of service. Disability benefits are also provided.

Funding Policy

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 2018, 6.19% of covered salary is split 5.16% for the pension plan and 1.03% for the post-employment healthcare plan. Then, to offset additional individual post-employment healthcare cost, an annual flat dollar amount of \$2,084.16, 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 nine months ended March 31, 2018, the Corporation paid additional contributions of \$744,000. These contributions equal \$579,000 for the defined benefit pension and \$165,000 for the defined benefit post-employment healthcare plans.

The contributions to the pension plan for the nine months ended March 31, 2018, by the employees totaled \$478,000 and by the Corporation totaled \$308,000.

The Corporation contributed \$263,000 to a health reimbursement arrangement for the nine months ended March 31, 2018.

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 \$4,640,000 as of March 31, 2018.

Lease Obligations

The Corporation leases the land at its Anchorage Family Investment Center located at 440 E. Benson Blvd., Anchorage, AK for \$7,000 per month. Lease expense for the nine months ended March 31, 2018 totaled \$63,000.

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

The Corporation will deliver its \$125,570,000 State Capital Project Bonds II, 2018 Series A and B, on May 22, 2018. The Series A Bonds are \$90,000,000 federally taxable general obligations of the Corporation maturing December 1, 2043, with interest payable each June 1 and December 1 at variable rates. The Series B Bonds are \$35,570,000 tax-exempt general obligations of the Corporation with a final maturity of December 1, 2038. Interest on the Series B Bonds is payable each June 1 and December 1 at fixed rates ranging from 3.125% to 5.000%. Proceeds of the 2018 Bonds will be used to refund certain outstanding obligations of the Corporation, to finance additional authorized activities of the Corporation, and to pay costs of issuance of the Bonds.

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 with which the Corporation is doing business. 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.

23 FIVE YEAR FINANCIAL INFORMATION

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

	June 30,				
	2017	2016	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)

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.

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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 March 31, 2018

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
ASSETS				
Current				
Cash	\$ 36,284	\$ -	\$ -	\$ -
Investments	439,450	20,853	39,037	4,443
Accrued interest receivable	3,241	800	2,588	205
Inter-fund due to/from	(25,565)	2,968	8,909	1,012
Mortgage loans, notes and other loans	5,889	6,334	20,829	1,787
Net investment in direct financing lease	-	-	-	-
Other assets	3,511	-	-	-
Intergovernmental receivable	281	-	-	-
Total Current	463,091	30,955	71,363	7,447
Non Current				
Investments	1,052	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	199,655	246,507	734,215	57,770
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	2,917	-	-	-
Capital assets - depreciable, net	17,797	-	-	-
Other assets	3,965	-	-	-
Total Non Current	225,386	246,507	734,215	57,770
Total Assets	688,477	277,462	805,578	65,217
DEFERRED OUTFLOW OF RESOURCES				
	9,269	-	108,995	-
LIABILITIES				
Current				
Bonds payable	-	8,695	5,235	1,285
Short term debt	56,194	-	-	-
Accrued interest payable	2,473	2,263	6,318	394
Other liabilities	8,100	77	269	18
Intergovernmental payable	-	-	-	-
Total Current	66,767	11,035	11,822	1,697
Non Current				
Bonds payable	-	207,801	506,409	47,480
Other liabilities	2,479	-	-	-
Derivative instrument - interest rate swaps	-	-	101,769	-
Pension liability	47,645	-	-	-
Total Non Current	50,124	207,801	608,178	47,480
Total Liabilities	116,891	218,836	620,000	49,177
DEFERRED INFLOW OF RESOURCES				
	531	-	-	-
NET POSITION				
Net investment in capital assets	20,714	-	-	-
Restricted by bond resolutions	-	58,626	294,573	16,040
Restricted by contractual or statutory agreements	76,808	-	-	-
Unrestricted or (deficit)	482,802	-	-	-
Total Net Position	\$ 580,324	\$ 58,626	\$ 294,573	\$ 16,040

Schedule 1

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ -	\$ 123	\$ 36,729	\$ 73,136
43,003	27,332	170	574,288
1,351	4,877	147	13,209
4,279	13,006	(4,609)	-
14,543	34,308	1,274	84,964
-	2,223	-	2,223
-	-	6,246	9,757
-	-	7,589	7,870
63,176	81,869	47,546	765,447
-	-	-	1,052
-	-	-	-
493,822	1,205,216	54,436	2,991,621
-	24,781	-	24,781
-	-	17,330	20,247
-	-	64,005	81,802
413	-	1	4,379
494,235	1,229,997	135,772	3,123,882
557,411	1,311,866	183,318	3,889,329
11,168	18,009	-	147,441
13,875	31,315	-	60,405
-	-	-	56,194
3,297	13,795	-	28,540
192	320	1,295	10,271
-	123	-	123
17,364	45,553	1,295	155,533
303,473	1,110,789	-	2,175,952
-	-	360	2,839
10,012	2,966	-	114,747
-	-	-	47,645
313,485	1,113,755	360	2,341,183
330,849	1,159,308	1,655	2,496,716
-	-	-	531
-	-	81,335	102,049
237,730	-	-	606,969
-	-	104,108	180,916
-	170,567	(3,780)	649,589
\$ 237,730	\$ 170,567	\$ 181,663	\$ 1,539,523

ALASKA HOUSING FINANCE CORPORATION**Schedule 2**

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION**ADMINISTRATIVE FUND**

As of March 31, 2018

(in thousands of dollars)

	Administrative Fund
ASSETS	
Current	
Cash	\$ 36,284
Investments	439,450
Accrued interest receivable	3,241
Inter-fund due to/from	(25,565)
Mortgage loans, notes and other loans	5,889
Net investment in direct financing lease	-
Other assets	3,511
Intergovernmental receivable	281
Total Current	<u>463,091</u>
Non Current	
Investments	1,052
Inter-fund due to/from	-
Mortgage loans, notes and other loans	199,655
Net investment in direct financing lease	-
Capital assets - non-depreciable	2,917
Capital assets - depreciable, net	17,797
Other assets	3,965
Total Non Current	<u>225,386</u>
Total Assets	<u>688,477</u>
DEFERRED OUTFLOW OF RESOURCES	<u>9,269</u>
LIABILITIES	
Current	
Bonds payable	-
Short term debt	56,194
Accrued interest payable	2,473
Other liabilities	8,100
Intergovernmental payable	-
Total Current	<u>66,767</u>
Non Current	
Bonds payable	-
Other liabilities	2,479
Derivative instrument - interest rate swaps	-
Pension liability	47,645
Total Non Current	<u>50,124</u>
Total Liabilities	<u>116,891</u>
DEFERRED INFLOW OF RESOURCES	<u>531</u>
NET POSITION	
Net investment in capital assets	20,714
Restricted by bond resolutions	-
Restricted by contractual or statutory agreements	76,808
Unrestricted or (deficit)	482,802
Total Net Position	<u>\$ 580,324</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 March 31, 2018

(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	\$ -	\$ -	\$ -
Investments	8,937	11,916	20,853
Accrued interest receivable	359	441	800
Inter-fund due to/from	767	2,201	2,968
Mortgage loans, notes and other loans	2,542	3,792	6,334
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
Total Current	12,605	18,350	30,955
Non Current			
Investments	-	-	-
Inter-fund due to/from	-	-	-
Mortgage loans, notes and other loans	99,706	146,801	246,507
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
Total Non Current	99,706	146,801	246,507
Total Assets	112,311	165,151	277,462
DEFERRED OUTFLOW OF RESOURCES			
	-	-	-
LIABILITIES			
Current			
Bonds payable	3,360	5,335	8,695
Short term debt	-	-	-
Accrued interest payable	1,194	1,069	2,263
Other liabilities	34	43	77
Intergovernmental payable	-	-	-
Total Current	4,588	6,447	11,035
Non Current			
Bonds payable	96,181	111,620	207,801
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Pension liability	-	-	-
Total Non Current	96,181	111,620	207,801
Total Liabilities	100,769	118,067	218,836
DEFERRED INFLOW OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	11,542	47,084	58,626
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
Total Net Position	\$ 11,542	\$ 47,084	\$ 58,626

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 March 31, 2018

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
ASSETS				
Current				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	5,606	5,225	5,439	5,231
Accrued interest receivable	320	279	306	397
Inter-fund due to/from	1,009	902	917	1,472
Mortgage loans, notes and other loans	2,124	2,395	2,337	3,057
Net investment in direct financing lease	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
Total Current	9,059	8,801	8,999	10,157
Non Current				
Investments	-	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	80,755	83,353	80,547	108,777
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
Total Non Current	80,755	83,353	80,547	108,777
Total Assets	89,814	92,154	89,546	118,934
DEFERRED OUTFLOW OF RESOURCES				
	2,801	16,174	16,159	19,108
LIABILITIES				
Current				
Bonds payable	-	1,640	1,640	1,955
Short term debt	-	-	-	-
Accrued interest payable	368	908	908	1,077
Other liabilities	28	27	27	50
Intergovernmental payable	-	-	-	-
Total Current	396	2,575	2,575	3,082
Non Current				
Bonds payable	34,609	71,815	71,815	85,540
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	2,801	14,887	14,873	17,531
Pension liability	-	-	-	-
Total Non Current	37,410	86,702	86,688	103,071
Total Liabilities	37,806	89,277	89,263	106,153
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	54,809	19,051	16,442	31,889
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
Total Net Position	\$ 54,809	\$ 19,051	\$ 16,442	\$ 31,889

Schedule 4

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
\$ -	\$ -	\$ -	\$ -
5,511	5,735	6,290	39,037
392	415	479	2,588
1,183	1,714	1,712	8,909
3,519	3,722	3,675	20,829
-	-	-	-
-	-	-	-
-	-	-	-
10,605	11,586	12,156	71,363
-	-	-	-
-	-	-	-
119,338	127,539	133,906	734,215
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
119,338	127,539	133,906	734,215
129,943	139,125	146,062	805,578
18,210	19,043	17,500	108,995
-	-	-	5,235
-	-	-	-
1,017	1,017	1,023	6,318
46	49	42	269
-	-	-	-
1,063	1,066	1,065	11,822
80,880	80,880	80,870	506,409
-	-	-	-
17,172	18,004	16,501	101,769
-	-	-	-
98,052	98,884	97,371	608,178
99,115	99,950	98,436	620,000
-	-	-	-
-	-	-	-
49,038	58,218	65,126	294,573
-	-	-	-
-	-	-	-
\$ 49,038	\$ 58,218	\$ 65,126	\$ 294,573

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

As of March 31, 2018

(in thousands of dollars)

Schedule 5

	Collateralized Bonds 2016 First & Second Series
ASSETS	
Current	
Cash	\$ -
Investments	4,443
Accrued interest receivable	205
Inter-fund due to/from	1,012
Mortgage loans, notes and other loans	1,787
Net investment in direct financing lease	-
Other assets	-
Intergovernmental receivable	-
Total Current	<u>7,447</u>
Non Current	
Investments	-
Inter-fund due to/from	-
Mortgage loans, notes and other loans	57,770
Net investment in direct financing lease	-
Capital assets - non-depreciable	-
Capital assets - depreciable, net	-
Other assets	-
Total Non Current	<u>57,770</u>
Total Assets	<u>65,217</u>
DEFERRED OUTFLOW OF RESOURCES	<u>-</u>
LIABILITIES	
Current	
Bonds payable	1,285
Short term debt	-
Accrued interest payable	394
Other liabilities	18
Intergovernmental payable	-
Total Current	<u>1,697</u>
Non Current	
Bonds payable	47,480
Other liabilities	-
Derivative instrument - interest rate swaps	-
Pension liability	-
Total Non Current	<u>47,480</u>
Total Liabilities	<u>49,177</u>
DEFERRED INFLOW OF RESOURCES	<u>-</u>
NET POSITION	
Net investment in capital assets	-
Restricted by bond resolutions	16,040
Restricted by contractual or statutory agreements	-
Unrestricted or (deficit)	-
Total Net Position	<u>\$ 16,040</u>

ALASKA HOUSING FINANCE CORPORATION

Schedule 6

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION
OTHER HOUSING BONDS

As of March 31, 2018

(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	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	13,538	4,871	1,420	23,174	43,003
Accrued interest receivable	445	226	112	568	1,351
Inter-fund due to/from	1,391	473	-	2,415	4,279
Mortgage loans, notes and other loans	5,535	2,864	652	5,492	14,543
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total Current	20,909	8,434	2,184	31,649	63,176
Non Current					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	-	-	-
Mortgage loans, notes and other loans	182,588	92,616	21,096	197,522	493,822
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	413	413
Total Non Current	182,588	92,616	21,096	197,935	494,235
Total Assets	203,497	101,050	23,280	229,584	557,411
DEFERRED OUTFLOW OF RESOURCES					
	1,157	-	-	10,011	11,168
LIABILITIES					
Current					
Bonds payable	3,765	4,120	-	5,990	13,875
Short term debt	-	-	-	-	-
Accrued interest payable	1,333	789	15	1,160	3,297
Other liabilities	109	24	2	57	192
Intergovernmental payable	-	-	-	-	-
Total Current	5,207	4,933	17	7,207	17,364
Non Current					
Bonds payable	106,481	93,511	14,600	88,881	303,473
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	10,012	10,012
Pension liability	-	-	-	-	-
Total Non Current	106,481	93,511	14,600	98,893	313,485
Total Liabilities	111,688	98,444	14,617	106,100	330,849
DEFERRED INFLOW OF RESOURCES					
	-	-	-	-	-
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	92,966	2,606	8,663	133,495	237,730
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-
Total Net Position	\$ 92,966	\$ 2,606	\$ 8,663	\$ 133,495	\$ 237,730

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

NON-HOUSING BONDS

As of March 31, 2018

(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	State Capital Project Bonds II 2013 A & B
ASSETS					
Current					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	1,373	-	253	1,485	1,903
Accrued interest receivable	197	-	41	220	360
Inter-fund due to/from	735	-	66	895	501
Mortgage loans, notes and other loans	977	-	87	1,102	1,809
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Total Current	3,282	-	447	3,702	4,573
Non Current					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	-	-	-
Mortgage loans, notes and other loans	35,331	-	7,401	54,842	77,342
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
Total Non Current	35,331	-	7,401	54,842	77,342
Total Assets	38,613	-	7,848	58,544	81,915
DEFERRED OUTFLOW OF RESOURCES	1,529	-	-	-	-
LIABILITIES					
Current					
Bonds payable	6,005	-	1,705	4,510	3,365
Short term debt	-	-	-	-	-
Accrued interest payable	435	-	104	678	999
Other liabilities	19	-	2	13	18
Intergovernmental payable	-	-	-	-	-
Total Current	6,459	-	1,811	5,201	4,382
Non Current					
Bonds payable	23,155	-	4,629	44,815	66,659
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	2,966	-	-	-	-
Pension liability	-	-	-	-	-
Total Non Current	26,121	-	4,629	44,815	66,659
Total Liabilities	32,580	-	6,440	50,016	71,041
DEFERRED INFLOW OF RESOURCES	-	-	-	-	-
NET POSITION					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	7,562	-	1,408	8,528	10,874
Total Net Position	\$ 7,562	\$ -	\$ 1,408	\$ 8,528	\$ 10,874

Schedule 7

State Capital Project Bonds II 2014 A & B	State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	Non- Housing Bonds Combined Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123	\$ -	\$ -	\$ 123
4,693	3,971	3,094	2,423	2,505	2,473	1,874	1,285	27,332
586	794	474	431	271	800	493	210	4,877
1,052	2,983	1,595	1,387	853	862	1,712	365	13,006
3,440	7,555	3,387	3,188	1,802	4,306	5,046	1,609	34,308
-	-	-	-	-	2,223	-	-	2,223
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
9,771	15,303	8,550	7,429	5,431	10,787	9,125	3,469	81,869
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
128,662	251,652	117,572	104,062	58,685	139,222	178,437	52,008	1,205,216
-	-	-	-	-	24,781	-	-	24,781
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
128,662	251,652	117,572	104,062	58,685	164,003	178,437	52,008	1,229,997
138,433	266,955	126,122	111,491	64,116	174,790	187,562	55,477	1,311,866
-	-	4,549	4,284	1,646	5,827	-	174	18,009
6,535	120	3,190	730	3,035	2,120	-	-	31,315
-	-	-	-	-	-	-	-	-
1,867	2,257	1,557	1,383	860	2,303	737	615	13,795
38	68	36	30	17	-	68	11	320
-	-	-	-	-	123	-	-	123
8,440	2,445	4,783	2,143	3,912	4,546	805	626	45,553
113,615	227,190	111,843	97,107	55,656	164,098	150,000	52,022	1,110,789
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	2,966
-	-	-	-	-	-	-	-	-
113,615	227,190	111,843	97,107	55,656	164,098	150,000	52,022	1,113,755
122,055	229,635	116,626	99,250	59,568	168,644	150,805	52,648	1,159,308
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
16,378	37,320	14,045	16,525	6,194	11,973	36,757	3,003	170,567
\$ 16,378	\$ 37,320	\$ 14,045	\$ 16,525	\$ 6,194	\$ 11,973	\$ 36,757	\$ 3,003	\$ 170,567

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET POSITION

OTHER PROGRAM FUNDS

As of March 31, 2018

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
ASSETS				
Current				
Cash	\$ 975	\$ 3,189	\$ 3	\$ 4,167
Investments	-	-	-	-
Accrued interest receivable	-	-	-	-
Inter-fund due to/from	(2,197)	(3,267)	167	(5,297)
Mortgage loans, notes and other loans	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Other assets	468	399	3,636	4,503
Intergovernmental receivable	3,480	166	3,634	7,280
Total Current	2,726	487	7,440	10,653
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	-	35	-	35
Other assets	-	-	-	-
Total Non Current	-	35	1,425	1,460
Total Assets	2,726	522	8,865	12,113
DEFERRED OUTFLOW OF RESOURCES				
	-	-	-	-
LIABILITIES				
Current				
Bonds payable	-	-	-	-
Short term debt	-	-	-	-
Accrued interest payable	-	-	-	-
Other liabilities	-	10	167	177
Intergovernmental payable	-	-	-	-
Total Current	-	10	167	177
Non Current				
Bonds payable	-	-	-	-
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Pension liability	-	-	-	-
Total Non Current	-	-	-	-
Total Liabilities	-	10	167	177
DEFERRED INFLOW OF RESOURCES				
	-	-	-	-
NET POSITION				
Net investment in capital assets	-	35	-	35
Restricted by bond resolutions	-	-	-	-
Restricted by contractual or statutory agreements	4,524	1,919	8,849	15,292
Unrestricted or (deficit)	(1,798)	(1,442)	(151)	(3,391)
Total Net Position	\$ 2,726	\$ 512	\$ 8,698	\$ 11,936

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
\$ 12,969	\$ 12,210	\$ -	\$ -	\$ 25,179	\$ 7,383	\$ 36,729
-	-	26	144	170	-	170
-	-	33	83	116	31	147
445	(303)	234	384	760	(72)	(4,609)
-	-	361	913	1,274	-	1,274
-	-	-	-	-	-	-
1,295	186	-	-	1,481	262	6,246
306	3	-	-	309	-	7,589
15,015	12,096	654	1,524	29,289	7,604	47,546
-	-	-	-	-	-	-
-	-	-	-	-	(1,425)	-
-	-	11,665	30,337	42,002	12,434	54,436
-	-	-	-	-	-	-
12,533	1,130	-	-	13,663	3,667	17,330
47,867	16,103	-	-	63,970	-	64,005
-	-	-	-	-	1	1
60,400	17,233	11,665	30,337	119,635	14,677	135,772
75,415	29,329	12,319	31,861	148,924	22,281	183,318
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
872	229	3	8	1,112	6	1,295
-	-	-	-	-	-	-
872	229	3	8	1,112	6	1,295
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
872	229	3	8	1,112	360	360
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
872	229	3	8	1,112	366	1,655
-	-	-	-	-	-	-
60,400	17,233	-	-	77,633	3,667	81,335
-	-	-	-	-	-	-
14,493	11,867	12,316	31,853	70,529	18,287	104,108
(350)	-	-	-	(350)	(39)	(3,780)
\$ 74,543	\$ 29,100	\$ 12,316	\$ 31,853	\$ 147,812	\$ 21,915	\$ 181,663

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 Nine Months Ended March 31, 2018

(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	\$ 8,262	\$ 7,958	\$ 24,553	\$ 1,694
Investment interest	1,161	226	492	132
Net change in the fair value of investments	1,755	67	136	11
Net change of hedge termination	-	-	-	-
Total Investment Revenue	2,916	293	628	143
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	340	-	-	-
Other revenue	1,306	-	-	-
Total Operating Revenues	12,824	8,251	25,181	1,837
OPERATING EXPENSES				
Interest	624	5,214	15,471	889
Mortgage and loan costs	1,227	763	2,255	146
Bond financing expenses	303	30	2,246	8
Provision for loan loss	(598)	(1,089)	(1,217)	149
Operations and administration	12,506	391	966	53
Rental housing operating expenses	490	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	14,552	5,309	19,721	1,245
Operating Income (Loss)	(1,728)	2,942	5,460	592
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	(107)	-	-	-
Transfers - Internal	12,093	(3,298)	13,678	2,365
Change in Net Position	10,258	(356)	19,138	2,957
Net position at beginning of year	570,066	58,982	275,435	13,083
Net Position at End of Period	\$ 580,324	\$ 58,626	\$ 294,573	\$ 16,040

Schedule 9

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ 12,872	\$ 43,749	\$ 1,282	\$ 100,370
536	1,707	56	4,310
57	4	-	2,030
-	602	-	602
593	2,313	56	6,942
-	-	52,571	52,571
-	-	11,127	11,127
-	-	8,069	8,409
189	-	579	2,074
13,654	46,062	73,684	181,493
7,867	21,616	-	51,681
1,141	2,831	112	8,475
139	1,296	-	4,022
(368)	(1,066)	(18)	(4,207)
508	1,185	20,453	36,062
-	-	9,602	10,092
-	-	49,366	49,366
9,287	25,862	79,515	155,491
4,367	20,200	(5,831)	26,002
-	-	-	(107)
1,909	(33,309)	6,562	-
6,276	(13,109)	731	25,895
231,454	183,676	180,932	1,513,628
\$ 237,730	\$ 170,567	\$ 181,663	\$ 1,539,523

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 Nine Months Ended March 31, 2018

(in thousands of dollars)

	Administrative Fund
OPERATING REVENUES	
Mortgage and loans revenue	\$ 8,262
Investment interest	1,161
Net change in the fair value of investments	1,755
Net change of hedge termination	-
Total Investment Revenue	2,916
Grant revenue	-
Housing rental subsidies	-
Rental revenue	340
Other revenue	1,306
Total Operating Revenues	12,824
OPERATING EXPENSES	
Interest	624
Mortgage and loan costs	1,227
Bond financing expenses	303
Provision for loan loss	(598)
Operations and administration	12,506
Rental housing operating expenses	490
Grant expense	-
Total Operating Expenses	14,552
Operating Income (Loss)	(1,728)
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS	
Contributions to the State of Alaska or other State agencies	(107)
Transfers - Internal	12,093
Change in Net Position	10,258
Net position at beginning of year	570,066
Net Position at End of Period	\$ 580,324

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 Nine Months Ended March 31, 2018

(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	\$ 3,456	\$ 4,502	\$ 7,958
Investment interest	85	141	226
Net change in the fair value of investments	28	39	67
Net change of hedge termination	-	-	-
Total Investment Revenue	113	180	293
Grant revenue	-	-	-
Housing rental subsidies	-	-	-
Rental revenue	-	-	-
Other revenue	-	-	-
Total Operating Revenues	3,569	4,682	8,251
OPERATING EXPENSES			
Interest	2,742	2,472	5,214
Mortgage and loan costs	323	440	763
Bond financing expenses	12	18	30
Provision for loan loss	(455)	(634)	(1,089)
Operations and administration	155	236	391
Rental housing operating expenses	-	-	-
Grant expense	-	-	-
Total Operating Expenses	2,777	2,532	5,309
Operating Income (Loss)	792	2,150	2,942
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS			
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers - Internal	(950)	(2,348)	(3,298)
Change in Net Position	(158)	(198)	(356)
Net position at beginning of year	11,700	47,282	58,982
Net Position at End of Period	\$ 11,542	\$ 47,084	\$ 58,626

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 Nine Months Ended March 31, 2018

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
OPERATING REVENUES				
Mortgage and loans revenue	\$ 3,274	\$ 2,828	\$ 2,846	\$ 3,733
Investment interest	43	69	62	76
Net change in the fair value of investments	17	17	17	20
Net change of hedge termination	-	-	-	-
Total Investment Revenue	60	86	79	96
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	-
Total Operating Revenues	3,334	2,914	2,925	3,829
OPERATING EXPENSES				
Interest	1,926	2,090	2,091	2,485
Mortgage and loan costs	298	274	260	342
Bond financing expenses	507	217	206	253
Provision for loan loss	(341)	(117)	(121)	(166)
Operations and administration	167	116	105	141
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	2,557	2,580	2,541	3,055
Operating Income (Loss)	777	334	384	774
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	11,218	525	(123)	476
Change in Net Position	11,995	859	261	1,250
Net position at beginning of year	42,814	18,192	16,181	30,639
Net Position at End of Period	\$ 54,809	\$ 19,051	\$ 16,442	\$ 31,889

Schedule 12

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
\$ 3,638	\$ 3,900	\$ 4,334	\$ 24,553
82	81	79	492
20	22	23	136
-	-	-	-
102	103	102	628
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,740	4,003	4,436	25,181
2,290	2,290	2,299	15,471
329	356	396	2,255
363	301	399	2,246
(55)	(106)	(311)	(1,217)
129	145	163	966
-	-	-	-
-	-	-	-
3,056	2,986	2,946	19,721
684	1,017	1,490	5,460
-	-	-	-
583	329	670	13,678
1,267	1,346	2,160	19,138
47,771	56,872	62,966	275,435
\$ 49,038	\$ 58,218	\$ 65,126	\$ 294,573

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 Nine Months Ended March 31, 2018

(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series
OPERATING REVENUES	
Mortgage and loans revenue	\$ 1,694
Investment interest	132
Net change in the fair value of investments	11
Net change of hedge termination	-
Total Investment Revenue	143
Grant revenue	-
Housing rental subsidies	-
Rental revenue	-
Other revenue	-
Total Operating Revenues	1,837
OPERATING EXPENSES	
Interest	889
Mortgage and loan costs	146
Bond financing expenses	8
Provision for loan loss	149
Operations and administration	53
Rental housing operating expenses	-
Grant expense	-
Total Operating Expenses	1,245
Operating Income (Loss)	592
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS	
Contributions to the State of Alaska or other State agencies	-
Transfers - Internal	2,365
Change in Net Position	2,957
Net position at beginning of year	13,083
Net Position at End of Period	\$ 16,040

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 Nine Months Ended March 31, 2018

(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	\$ 4,781	\$ 2,442	\$ 448	\$ 5,201	\$ 12,872
Investment interest	106	232	42	156	536
Net change in the fair value of investments	52	(87)	6	86	57
Net change of hedge termination	-	-	-	-	-
Total Investment Revenue	158	145	48	242	593
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Other revenue	-	-	-	189	189
Total Operating Revenues	4,939	2,587	496	5,632	13,654
OPERATING EXPENSES					
Interest	3,022	1,708	108	3,029	7,867
Mortgage and loan costs	410	255	-	476	1,141
Bond financing expenses	8	12	14	105	139
Provision for loan loss	(47)	176	47	(544)	(368)
Operations and administration	178	117	-	213	508
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total Operating Expenses	3,571	2,268	169	3,279	9,287
Operating Income (Loss)	1,368	319	327	2,353	4,367
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS					
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers - Internal	1,763	199	(124)	71	1,909
Change in Net Position	3,131	518	203	2,424	6,276
Net position at beginning of year	89,835	2,088	8,460	131,071	231,454
Net Position at End of Period	\$ 92,966	\$ 2,606	\$ 8,663	\$ 133,495	\$ 237,730

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 Nine Months Ended March 31, 2018

(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	State Capital Project Bonds II 2013 A & B
OPERATING REVENUES					
Mortgage and loans revenue	\$ 1,412	\$ 150	\$ 1,253	\$ 3,262	\$ 4,648
Investment interest	22	1,171	22	26	42
Net change in the fair value of investments	-	-	-	-	-
Net change of hedge termination	602	-	-	-	-
Total Investment Revenue	624	1,171	22	26	42
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Other revenue	-	-	-	-	-
Total Operating Revenues	2,036	1,321	1,275	3,288	4,690
OPERATING EXPENSES					
Interest	1,323	1,141	815	1,601	2,218
Mortgage and loan costs	116	11	88	185	311
Bond financing expenses	39	1	3	4	6
Provision for loan loss	(123)	(303)	(890)	(849)	(1,227)
Operations and administration	65	3	16	50	76
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total Operating Expenses	1,420	853	32	991	1,384
Operating Income (Loss)	616	468	1,243	2,297	3,306
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS					
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers - Internal	328	(6,527)	(13,130)	(3,655)	(9,905)
Change in Net Position	944	(6,059)	(11,887)	(1,358)	(6,599)
Net position at beginning of year	6,618	6,059	13,295	9,886	17,473
Net Position at End of Period	\$ 7,562	\$ -	\$ 1,408	\$ 8,528	\$ 10,874

Schedule 15

State Capital Project Bonds II 2014 A & B	State Capital Project Bonds II 2014 C & D	State Capital Project Bonds II 2015 A	State Capital Project Bonds II 2015 B	State Capital Project Bonds II 2015 C	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	Non-Housing Bonds Combined Total
\$ 5,087	\$ 9,246	\$ 4,444	\$ 4,040	\$ 2,334	\$ 5,007	\$ 2,068	\$ 798	\$ 43,749
57	82	43	42	28	147	16	9	1,707
1	-	1	-	1	1	-	-	4
-	-	-	-	-	-	-	-	602
58	82	44	42	29	148	16	9	2,313
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5,145	9,328	4,488	4,082	2,363	5,155	2,084	807	46,062
3,006	3,701	2,263	2,398	1,231	816	737	366	21,616
367	679	360	293	164	15	197	45	2,831
7	12	6	5	3	586	417	207	1,296
(459)	(675)	(222)	(31)	(20)	1,450	1,741	542	(1,066)
133	294	161	142	90	10	120	25	1,185
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,054	4,011	2,568	2,807	1,468	2,877	3,212	1,185	25,862
2,091	5,317	1,920	1,275	895	2,278	(1,128)	(378)	20,200
-	-	-	-	-	-	-	-	-
206	(51,011)	64	(777)	137	9,695	37,885	3,381	(33,309)
2,297	(45,694)	1,984	498	1,032	11,973	36,757	3,003	(13,109)
14,081	83,014	12,061	16,027	5,162	-	-	-	183,676
\$ 16,378	\$ 37,320	\$ 14,045	\$ 16,525	\$ 6,194	\$ 11,973	\$ 36,757	\$ 3,003	\$ 170,567

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 Nine Months Ended March 31, 2018

(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
Grant revenue	8,713	32,040	11,818	52,571
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	9	512	521
Total Operating Revenues	8,714	32,053	12,330	53,097
OPERATING EXPENSES				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Bond financing expenses	-	-	-	-
Provision for loan loss	-	-	-	-
Operations and administration	2,234	4,268	2,279	8,781
Rental housing operating expenses	-	-	-	-
Grant expense	8,431	27,549	13,331	49,311
Total Operating Expenses	10,665	31,817	15,610	58,092
Operating Income (Loss)	(1,951)	236	(3,280)	(4,995)
NON-OPERATING EXPENSES, SPECIAL ITEMS & TRANSFERS				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	2,164	(587)	6,419	7,996
Change in Net Position	213	(351)	3,139	3,001
Net position at beginning of year	2,513	863	5,559	8,935
Net Position at End of Period	\$ 2,726	\$ 512	\$ 8,698	\$ 11,936

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
\$ -	\$ -	\$ 253	\$ 926	\$ 1,179	\$ 103	\$ 1,282
9	8	12	14	43	8	56
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9	8	12	14	43	8	56
-	-	-	-	-	-	52,571
9,432	1,695	-	-	11,127	-	11,127
6,188	1,687	-	-	7,875	194	8,069
13	6	-	-	19	39	579
15,642	3,396	265	940	20,243	344	73,684
-	-	-	-	-	-	-
-	-	25	87	112	-	112
-	-	-	-	-	-	-
-	-	4	(12)	(8)	(10)	(18)
9,198	2,221	11	29	11,459	213	20,453
8,071	1,531	-	-	9,602	-	9,602
54	1	-	-	55	-	49,366
17,323	3,753	40	104	21,220	203	79,515
(1,681)	(357)	225	836	(977)	141	(5,831)
-	-	-	-	-	-	-
(32)	86	11	(1,499)	(1,434)	-	6,562
(1,713)	(271)	236	(663)	(2,411)	141	731
76,256	29,371	12,080	32,516	150,223	21,774	180,932
\$ 74,543	\$ 29,100	\$ 12,316	\$ 31,853	\$ 147,812	\$ 21,915	\$ 181,663

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For the Nine Months Ended March 31, 2018

(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	\$ 7,225	\$ 7,224	\$ 22,512	\$ 1,559
Principal payments received on mortgages and loans	9,659	23,170	69,851	6,568
Disbursements to fund mortgages and loans	(399,322)	-	-	-
Receipt (payment) for loan transfers between funds	237,679	(12,108)	(88,637)	(18,265)
Mortgage and loan proceeds	326,822	-	-	-
Payment of mortgage and loan proceeds to funds	(321,158)	-	-	-
Payments to employees and other payroll disbursements	(26,118)	-	-	-
Payments for goods and services	(2,146)	-	(326)	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	(3,425)	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	8,663	-	-	-
Other operating cash payments	(4)	-	-	-
Net cash provided by (used for) operating activities	(162,125)	18,286	3,400	(10,138)
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(10,200)	(19,590)	(635)
Payment to defease bonds	(676)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(3,524)	(9,491)	(594)
Proceeds from issuance of short term debt	359,384	-	-	-
Payment of short term debt	(386,340)	-	-	-
Contributions to the State of Alaska or other State agencies	(107)	-	-	-
Transfers (to) from other funds	169,261	(3,770)	7,726	-
Net cash provided by (used for) noncapital financing activities	141,522	(17,494)	(21,355)	(1,229)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(218)	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	(218)	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(5,228,548)	(114,924)	(279,536)	(50,917)
Proceeds from maturity of investments	5,255,654	113,509	296,938	62,138
Interest received from investments	1,156	241	523	146
Net cash provided by (used for) investing activities	28,262	(1,174)	17,925	11,367
Net Increase (decrease) in cash	7,441	(382)	(30)	-
Cash at the beginning of year	28,843	382	30	-
Cash at the end of period	\$ 36,284	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (1,728)	\$ 2,942	\$ 5,460	\$ 592
<i>Adjustments:</i>				
Depreciation expense	815	-	-	-
Provision for loan losses	(598)	(1,089)	(1,217)	149
Net change in the fair value of investments	(1,755)	(67)	(136)	(11)
Transfers between funds for operating activity	12,093	(3,298)	13,678	2,365
Interest received from investments	(1,156)	(241)	(523)	(146)
Interest paid	-	3,524	9,491	594
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	1,691	8,745	(23,682)	45,096
Net increase (decrease) in assets, liabilities and deferred resources	(171,487)	7,770	329	(58,777)
Net cash provided by (used for) operating activities	\$ (162,125)	\$ 18,286	\$ 3,400	\$ (10,138)

Schedule 17

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ 12,035	\$ 40,608	\$ 1,165	\$ 92,328
39,153	81,554	2,334	232,289
-	-	-	(399,322)
(51,093)	(64,118)	(3,458)	-
-	-	-	326,822
-	-	-	(321,158)
-	-	(11,900)	(38,018)
-	-	(10,237)	(12,709)
-	-	37,442	37,442
-	-	27,673	27,673
-	-	(27,586)	(27,586)
-	-	3,425	-
-	-	(25,601)	(25,601)
-	123	7,086	15,872
-	(152)	(120)	(276)
95	58,015	223	(92,244)
-	370,785	-	370,785
(8,335)	(89,918)	-	(128,678)
-	(122,459)	-	(123,135)
-	(1,164)	-	(1,164)
(5,077)	(17,037)	-	(35,723)
-	-	-	359,384
-	-	-	(386,340)
-	-	-	(107)
248	(171,563)	(1,902)	-
(13,164)	(31,356)	(1,902)	55,022
-	-	(119)	(337)
-	-	19	19
-	(5,663)	-	(5,663)
-	-	-	-
-	(1,743)	-	(1,743)
-	3,304	-	3,304
-	(4,102)	(100)	(4,420)
(245,414)	(301,544)	(4,579)	(6,225,462)
257,723	278,444	6,295	6,270,701
562	514	54	3,196
12,871	(22,586)	1,770	48,435
(198)	(29)	(9)	6,793
198	152	36,738	66,343
\$ -	\$ 123	\$ 36,729	\$ 73,136
\$ 4,367	\$ 20,200	\$ (5,831)	\$ 26,002
-	-	-	815
(368)	(391)	(18)	(3,532)
(47)	(2)	-	(2,018)
1,909	17,702	6,562	51,011
(562)	(514)	(54)	(3,196)
5,077	17,037	-	35,723
-	-	-	-
(15,244)	(61,621)	(1,018)	(46,033)
4,963	65,604	582	(151,016)
\$ 95	\$ 58,015	\$ 223	\$ (92,244)

ALASKA HOUSING FINANCE CORPORATION**Schedule 18**

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS**ADMINISTRATIVE FUND**

For the Nine Months Ended March 31, 2018

(in thousands of dollars)

	Administrative Fund
<u>Cash flows from operating activities:</u>	
Interest income on mortgages and loans	\$ 7,225
Principal payments received on mortgages and loans	9,659
Disbursements to fund mortgages and loans	(399,322)
Receipt (payment) for loan transfers between funds	237,679
Mortgage and loan proceeds	326,822
Payment of mortgage and loan proceeds to funds	(321,158)
Payments to employees and other payroll disbursements	(26,118)
Payments for goods and services	(2,146)
Cash received for externally funded programs	-
Cash received for Federal HAP subsidies	-
Payments for Federal HAP subsidies	-
Interfund receipts (payments)	(3,425)
Grant payments to other agencies	-
Other operating cash receipts	8,663
Other operating cash payments	(4)
Net cash provided by (used for) operating activities	(162,125)
<u>Cash flows from noncapital financing activities:</u>	
Proceeds from the issuance of bonds	-
Principal paid on bonds	-
Payment to defease bonds	(676)
Payment of bond issuance costs	-
Interest paid	-
Proceeds from issuance of short term debt	359,384
Payment of short term debt	(386,340)
Contributions to the State of Alaska or other State agencies	(107)
Transfers (to) from other funds	169,261
Net cash provided by (used for) noncapital financing activities	141,522
<u>Cash flows from capital financing activities:</u>	
Acquisition of capital assets	(218)
Proceeds from the disposal of capital assets	-
Principal paid on capital notes	-
Payment of bond issuance costs	-
Interest paid on capital notes	-
Proceeds from direct financing leases	-
Net cash provided by (used for) capital financing activities	(218)
<u>Cash flows from investing activities:</u>	
Purchase of investments	(5,228,548)
Proceeds from maturity of investments	5,255,654
Interest received from investments	1,156
Net cash provided by (used for) investing activities	28,262
Net Increase (decrease) in cash	7,441
Cash at the beginning of year	28,843
Cash at the end of period	\$ 36,284
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (1,728)
Adjustments:	
Depreciation expense	815
Provision for loan losses	(598)
Net change in the fair value of investments	(1,755)
Transfers between funds for operating activity	12,093
Interest received from investments	(1,156)
Changes in assets, liabilities and deferred resources:	
For the Nine Months Ended March 31, 2018	1,691
Net increase (decrease) in assets, liabilities and deferred resources	(171,487)
Net cash provided by (used for) operating activities	\$ (162,125)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Nine Months Ended March 31, 2018

(in thousands of dollars)

Schedule 19

	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	\$ 3,135	\$ 4,089	\$ 7,224
Principal payments received on mortgages and loans	8,769	14,401	23,170
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(3,996)	(8,112)	(12,108)
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	7,908	10,378	18,286
<u>Cash flows from noncapital financing activities:</u>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(3,515)	(6,685)	(10,200)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(1,840)	(1,684)	(3,524)
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	(1,136)	(2,634)	(3,770)
Net cash provided by (used for) noncapital financing activities	(6,491)	(11,003)	(17,494)
<u>Cash flows from capital financing activities:</u>			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Principal paid on capital notes	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-
<u>Cash flows from investing activities:</u>			
Purchase of investments	(43,180)	(71,744)	(114,924)
Proceeds from maturity of investments	41,672	71,837	113,509
Interest received from investments	91	150	241
Net cash provided by (used for) investing activities	(1,417)	243	(1,174)
Net Increase (decrease) in cash	-	(382)	(382)
Cash at the beginning of year	-	382	382
Cash at the end of period	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 792	\$ 2,150	\$ 2,942
Adjustments:			
Depreciation expense	-	-	-
Provision for loan losses	(455)	(634)	(1,089)
Net change in the fair value of investments	(28)	(39)	(67)
Transfers between funds for operating activity	(950)	(2,348)	(3,298)
Interest received from investments	(91)	(150)	(241)
Interest paid	1,840	1,684	3,524
Changes in assets, liabilities and deferred resources:			
Net (increase) decrease in mortgages and loans	3,431	5,314	8,745
Net increase (decrease) in assets, liabilities and deferred resources	3,369	4,401	7,770
Net cash provided by (used for) operating activities	\$ 7,908	\$ 10,378	\$ 18,286

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For the Nine Months Ended March 31, 2018

(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	\$ 3,019	\$ 2,580	\$ 2,613	\$ 3,414
Principal payments received on mortgages and loans	8,479	9,424	7,752	10,364
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(2,918)	(11,384)	(7,410)	(15,124)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	(326)	-	-	-
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	8,254	620	2,955	(1,346)
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(17,080)	(780)	(780)	(950)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(694)	(1,360)	(1,361)	(1,614)
Proceeds from issuance of short term debt	-	-	-	-
Payment of short term debt	-	-	-	-
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers (to) from other funds	10,782	(244)	(756)	(682)
Net cash provided by (used for) noncapital financing activities	(6,992)	(2,384)	(2,897)	(3,246)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(25,602)	(41,237)	(36,688)	(43,729)
Proceeds from maturity of investments	24,265	42,928	36,564	48,237
Interest received from investments	45	73	66	84
Net cash provided by (used for) investing activities	(1,292)	1,764	(58)	4,592
Net Increase (decrease) in cash	(30)	-	-	-
Cash at the beginning of year	30	-	-	-
Cash at the end of period	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 777	\$ 334	\$ 384	\$ 774
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	(341)	(117)	(121)	(166)
Net change in the fair value of investments	(17)	(17)	(17)	(20)
Transfers between funds for operating activity	11,218	525	(123)	476
Interest received from investments	(45)	(73)	(66)	(84)
Interest paid	694	1,360	1,361	1,614
Changes in assets, liabilities and deferred resources:				
Net (increase) decrease in mortgages and loans	5,066	(2,455)	113	(7,145)
Net increase (decrease) in assets, liabilities and deferred resources	(9,098)	1,063	1,424	3,205
Net cash provided by (used for) operating activities	\$ 8,254	\$ 620	\$ 2,955	\$ (1,346)

Schedule 20

Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
\$ 3,357	\$ 3,575	\$ 3,954	\$ 22,512
10,710	11,834	11,288	69,851
-	-	-	-
(18,031)	(17,681)	(16,089)	(88,637)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	(326)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(3,964)	(2,272)	(847)	3,400
-	-	-	-
-	-	-	(19,590)
-	-	-	-
-	-	-	-
(1,486)	(1,486)	(1,490)	(9,491)
-	-	-	-
-	-	-	-
-	-	-	-
(308)	(870)	(196)	7,726
(1,794)	(2,356)	(1,686)	(21,355)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(39,590)	(46,639)	(46,051)	(279,536)
45,265	51,179	48,500	296,938
83	88	84	523
5,758	4,628	2,533	17,925
-	-	-	(30)
-	-	-	30
\$ -	\$ -	\$ -	\$ -
\$ 684	\$ 1,017	\$ 1,490	\$ 5,460
-	-	-	-
(55)	(106)	(311)	(1,217)
(20)	(22)	(23)	(136)
583	329	670	13,678
(83)	(88)	(84)	(523)
1,486	1,486	1,490	9,491
(7,682)	(6,596)	(4,983)	(23,682)
1,123	1,708	904	329
\$ (3,964)	\$ (2,272)	\$ (847)	\$ 3,400

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 Nine Months Ended March 31, 2018

(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series
<u>Cash flows from operating activities:</u>	
Interest income on mortgages and loans	\$ 1,559
Principal payments received on mortgages and loans	6,568
Disbursements to fund mortgages and loans	-
Receipt (payment) for loan transfers between funds	(18,265)
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	(10,138)
<u>Cash flows from noncapital financing activities:</u>	
Proceeds from the issuance of bonds	-
Principal paid on bonds	(635)
Payment to defease bonds	-
Payment of bond issuance costs	-
Interest paid	(594)
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	-
Net cash provided by (used for) noncapital financing activities	(1,229)
<u>Cash flows from capital financing activities:</u>	
Acquisition of capital assets	-
Proceeds from the disposal of capital assets	-
Principal paid on capital notes	-
Payment of bond issuance costs	-
Interest paid on capital notes	-
Proceeds from direct financing leases	-
Net cash provided by (used for) capital financing activities	-
<u>Cash flows from investing activities:</u>	
Purchase of investments	(50,917)
Proceeds from maturity of investments	62,138
Interest received from investments	146
Net cash provided by (used for) investing activities	11,367
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)	\$ 592
<i>Adjustments:</i>	
Depreciation expense	-
Provision for loan losses	149
Net change in the fair value of investments	(11)
Transfers between funds for operating activity	2,365
Interest received from investments	(146)
Interest paid	594.00
<i>Changes in assets, liabilities and deferred resources:</i>	
Net (increase) decrease in mortgages and loans	45,096
Net increase (decrease) in assets, liabilities and deferred resources	(58,777)
Net cash provided by (used for) operating activities	\$ (10,138)

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS
OTHER HOUSING BONDS

For the Nine Months Ended March 31, 2018

(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	\$ 4,493	\$ 2,183	\$ 566	\$ 4,793	\$ 12,035
Principal payments received on mortgages and loans	14,730	3,336	934	20,153	39,153
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	(11,310)	(20,401)	(5,794)	(13,588)	(51,093)
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	7,913	(14,882)	(4,294)	11,358	95
<u>Cash flows from noncapital financing activities:</u>					
Proceeds from the issuance of bonds	-	-	-	-	-
Principal paid on bonds	(3,605)	(1,825)	-	(2,905)	(8,335)
Payment to defease bonds	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid	(2,050)	(1,196)	(102)	(1,729)	(5,077)
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	248	-	-	-	248
Net cash provided by (used for) noncapital financing activities	(5,407)	(3,021)	(102)	(4,634)	(13,164)
<u>Cash flows from capital financing activities:</u>					
Acquisition of capital assets	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
Net cash provided by (used for) capital financing activities	-	-	-	-	-
<u>Cash flows from investing activities:</u>					
Purchase of investments	(63,040)	(72,635)	(9,711)	(100,028)	(245,414)
Proceeds from maturity of investments	60,420	90,145	14,062	93,096	257,723
Interest received from investments	114	235	45	168	562
Net cash provided by (used for) investing activities	(2,506)	17,745	4,396	(6,764)	12,871
Net Increase (decrease) in cash	-	(158)	-	(40)	(198)
Cash at the beginning of year	-	158	-	40	198
Cash at the end of period	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	\$ 1,368	\$ 319	\$ 327	\$ 2,353	\$ 4,367
<i>Adjustments:</i>					
Depreciation expense	-	-	-	-	-
Provision for loan losses	(47)	176	47	(544)	(368)
Net change in the fair value of investments	(52)	(87)	6	86	(47)
Transfers between funds for operating activity	1,763	199	(124)	71	1,909
Interest received from investments	(114)	(235)	(45)	(168)	(562)
Interest paid	2,050	1,196	102	1,729	5,077
<i>Changes in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	316	(17,396)	(4,670)	6,506	(15,244)
Net increase (decrease) in assets, liabilities and deferred resources	2,629	946	63	1,325	4,963
Net cash provided by (used for) operating activities	\$ 7,913	\$ (14,882)	\$ (4,294)	\$ 11,358	\$ 95

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS
NON-HOUSING BONDS

For the Nine Months Ended March 31, 2018

(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	\$ 1,309	\$ (17)	\$ 1,219	\$ 3,228
Principal payments received on mortgages and loans	3,390	480	3,407	4,846
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	(1,762)	(2,646)
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	-	83	-	-
Other operating cash payments	-	(152)	-	-
Net cash provided by (used for) operating activities	4,699	394	2,864	5,428
<u>Cash flows from noncapital financing activities:</u>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(403)	(28,475)	(2,110)	(2,165)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(129)	(672)	(188)	(1,816)
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	226	25,286	-	-
Net cash provided by (used for) noncapital financing activities	(306)	(3,861)	(2,298)	(3,981)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	(5,348)	-	(315)	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	(1,715)	-	(28)	-
Proceeds from direct financing leases	-	3,304	-	-
Net cash provided by (used for) capital financing activities	(7,063)	3,304	(343)	-
<u>Cash flows from investing activities:</u>				
Purchase of investments	(10,154)	(4,452)	(12,359)	(12,396)
Proceeds from maturity of investments	12,800	4,458	12,113	10,925
Interest received from investments	24	5	23	24
Net cash provided by (used for) investing activities	2,670	11	(223)	(1,447)
Net Increase (decrease) in cash	-	(152)	-	-
Cash at the beginning of year	-	152	-	-
Cash at the end of period	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ 616	\$ 468	\$ 1,243	\$ 2,297
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(123)	(303)	(890)	(849)
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	328	(6,527)	(13,130)	(3,655)
Interest received from investments	(24)	(5)	(23)	(24)
Interest paid	129	672	188	1,816
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	3,362	4,845	77,188	38,394
Net increase (decrease) in assets, liabilities and deferred resources	411	1,244	(61,712)	(32,551)
Net cash provided by (used for) operating activities	\$ 4,699	\$ 394	\$ 2,864	\$ 5,428

State Capital Project Bonds II 2013 A & B		State Capital Project Bonds II 2014 A & B		State Capital Project Bonds II 2014 C & D		State Capital Project Bonds II 2015 A		State Capital Project Bonds II 2015 B		State Capital Project Bonds II 2015 C		State Capital Project Bonds II 2017 A		State Capital Project Bonds II 2017 B		State Capital Project Bonds II 2017 C		Non-Housing Bonds Combined Total	
\$	4,057	\$	4,771	\$	8,700	\$	4,114	\$	3,782	\$	2,177	\$	4,353	\$	2,225	\$	690	\$	40,608
	8,656		13,144		17,316		9,317		9,573		5,384		1,178		2,849		2,014		81,554
	-		-		-		-		-		-		-		-		-		-
	(6,452)		(8,190)		(18,924)		(6,080)		(8,904)		(3,808)		(3,202)		(2,724)		(1,426)		(64,118)
	-		-		-		-		-		-		-		-		-		-
	-		-		-		-		-		-		-		-		-		-
	-		-		-		-		-		-		-		-		-		-
	-		-		-		-		-		-		-		-		-		-
	-		-		-		-		-		-		-		-		-		-
	-		-		-		-		-		-		-		-		-		-
	-		-		-		-		-		-		-		-		-		-
	-		-		-		-		-		-		40		-		-		123
	-		-		-		-		-		-		-		-		-		(152)
	6,261		9,725		7,092		7,351		4,451		3,753		2,369		2,350		1,278		58,015
	-		-		-		-		-		-		168,153		150,259		52,373		370,785
	(51,615)		(3,160)		(55)		(1,935)		-		-		-		-		-		(89,918)
	-		-		-		-		-		-		(70,496)		-		(51,963)		(122,459)
	-		-		-		-		-		-		(575)		(385)		(204)		(1,164)
	(2,467)		(2,867)		(3,160)		(2,374)		(2,074)		(1,290)		-		-		-		(17,037)
	-		-		-		-		-		-		-		-		-		-
	-		-		-		-		-		-		-		-		-		-
	-		-		-		-		-		-		-		-		-		-
	49,561		931		-		-		-		-		(96,999)		(150,362)		(206)		(171,563)
	(4,521)		(5,096)		(3,215)		(4,309)		(2,074)		(1,290)		83		(488)		-		(31,356)
	-		-		-		-		-		-		-		-		-		-
	-		-		-		-		-		-		-		-		-		-
	-		-		-		-		-		-		-		-		-		(5,663)
	-		-		-		-		-		-		-		-		-		-
	-		-		-		-		-		-		-		-		-		(1,743)
	-		-		-		-		-		-		-		-		-		3,304
	-		-		-		-		-		-		-		-		-		(4,102)
	(22,471)		(30,844)		(41,784)		(23,324)		(22,797)		(15,074)		(94,493)		(7,402)		(3,994)		(301,544)
	20,689		26,161		37,832		20,242		20,380		12,585		92,021		5,528		2,710		278,444
	42		54		75		40		40		26		143		12		6		514
	(1,740)		(4,629)		(3,877)		(3,042)		(2,377)		(2,463)		(2,329)		(1,862)		(1,278)		(22,586)
	-		-		-		-		-		-		123		-		-		(29)
	-		-		-		-		-		-		-		-		-		152
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	123	\$	-	\$	-	\$	123
\$	3,306	\$	2,091	\$	5,317	\$	1,920	\$	1,275	\$	895	\$	2,278	\$	(1,128)	\$	(378)	\$	20,200
	-		-		-		-		-		-		-		-		-		-
	(1,227)		(459)		-		(222)		(31)		(20)		1,450		1,741		542		(391)
	-		(1)		-		(1)		-		(1)		1		-		-		(2)
	(9,905)		206		-		64		(777)		137		9,695		37,885		3,381		17,702
	(42)		(54)		(75)		(40)		(40)		(26)		(143)		(12)		(6)		(514)
	2,467		2,867		3,160		2,374		2,074		1,290		-		-		-		17,037
	76,638		8,172		105,891		2,810		776		931		(143,528)		(183,483)		(53,617)		(61,621)
	(64,976)		(3,097)		(107,201)		446		1,174		547		132,616		147,347		51,356		65,604
\$	6,261	\$	9,725	\$	7,092	\$	7,351	\$	4,451	\$	3,753	\$	2,369	\$	2,350	\$	1,278	\$	58,015

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS
OTHER PROGRAM FUNDS

For the Nine Months Ended March 31, 2018

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
<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	(569)	(3,047)	(646)	(4,262)
Payments for goods and services	(602)	(254)	(603)	(1,459)
Cash received for externally funded programs	10,347	4,442	11,818	26,607
Cash received for Federal HAP subsidies	-	27,673	-	27,673
Payments for Federal HAP subsidies	-	(27,586)	-	(27,586)
Interfund receipts (payments)	617	(1,118)	4,965	4,464
Grant payments to other agencies	(9,798)	(35)	(15,768)	(25,601)
Other operating cash receipts	-	6	512	518
Other operating cash payments	-	(14)	-	(14)
Net cash provided by (used for) operating activities	(5)	67	278	340
<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	-	-	(374)	(374)
Net cash provided by (used for) noncapital financing activities	-	-	(374)	(374)
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	4	-	4
Principal paid on capital notes	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Net cash provided by (used for) capital financing activities	-	4	-	4
<u>Cash flows from investing activities:</u>				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	1	4	-	5
Net cash provided by (used for) investing activities	1	4	-	5
Net Increase (decrease) in cash	(4)	75	(96)	(25)
Cash at the beginning of year	979	3,114	99	4,192
Cash at the end of period	\$ 975	\$ 3,189	\$ 3	\$ 4,167
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	\$ (1,951)	\$ 236	\$ (3,280)	\$ (4,995)
Adjustments:				
Depreciation expense	-	-	-	-
Provision for loan losses	-	-	-	-
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	2,164	(587)	6,419	7,996
Interest received from investments	(1)	(4)	-	(5)
Interest paid	-	-	-	-
Changes in assets, liabilities and deferred resources:				
Net (increase) decrease in mortgages and loans	-	-	-	-
Net increase (decrease) in assets, liabilities and deferred resources	(217)	422	(2,861)	(2,656)
Net cash provided by (used for) operating activities	\$ (5)	\$ 67	\$ 278	\$ 340

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
\$ -	\$ -	\$ 227	\$ 849	\$ 1,076	\$ 89	\$ 1,165
-	-	928	1,242	2,170	164	2,334
-	-	-	-	-	-	-
-	-	(1,498)	(1,960)	(3,458)	-	(3,458)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(6,219)	(1,291)	-	-	(7,510)	(128)	(11,900)
(7,331)	(1,395)	-	-	(8,726)	(52)	(10,237)
9,140	1,695	-	-	10,835	-	37,442
-	-	-	-	-	-	27,673
-	-	-	-	-	-	(27,586)
(1,104)	81	-	-	(1,023)	(16)	3,425
-	-	-	-	-	-	(25,601)
5,073	1,381	-	-	6,454	114	7,086
(88)	(18)	-	-	(106)	-	(120)
(529)	453	(343)	131	(288)	171	223
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(1,528)	(1,528)	-	(1,902)
-	-	-	(1,528)	(1,528)	-	(1,902)
(119)	-	-	-	(119)	-	(119)
9	6	-	-	15	-	19
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(110)	6	-	-	(104)	-	(100)
-	-	(1,120)	(3,459)	(4,579)	-	(4,579)
-	-	1,452	4,843	6,295	-	6,295
9	8	11	13	41	8	54
9	8	343	1,397	1,757	8	1,770
(630)	467	-	-	(163)	179	(9)
13,599	11,743	-	-	25,342	7,204	36,738
\$ 12,969	\$ 12,210	\$ -	\$ -	\$ 25,179	\$ 7,383	\$ 36,729
\$ (1,681)	\$ (357)	\$ 225	\$ 836	\$ (977)	\$ 141	\$ (5,831)
-	-	-	-	-	-	-
-	-	4	(12)	(8)	(10)	(18)
-	-	-	-	-	-	-
(32)	86	11	(1,499)	(1,434)	-	6,562
(9)	(8)	(11)	(13)	(41)	(8)	(54)
-	-	-	-	-	-	-
-	-	(381)	(741)	(1,122)	104	(1,018)
1,193	732	(191)	1,560	3,294	(56)	582
\$ (529)	\$ 453	\$ (343)	\$ 131	\$ (288)	\$ 171	\$ 223

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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**

Table of Contents

	PAGE NUMBER
FINANCIAL STATEMENTS	
Independent Auditor's Report.....	1
Management's Discussion and Analysis [MD & A].....	3
EXHIBITS	
A Statement of Net Position.....	10
B Statement of Revenues, Expenses, and Changes in Net Position.....	12
C Statement of Cash Flows.....	14
Note to the Financial Statements.....	16
Required Supplemental Information	
Schedule of AHFC's Proportionate Share of the Net Pension Liability.....	41
Schedule of AHFC's Contributions to the Pension Plan.....	42
Supplementary Information	
SCHEDULES	
Statement of Net Position	
1 All Funds.....	43
2 Administrative Fund.....	45
3 Mortgage Revenue Bonds.....	46
4 Home Mortgage Revenue Bonds.....	47
5 Veterans Mortgage Program Bonds.....	49
6 Other Housing Bonds.....	50
7 Non-Housing Bonds.....	51
8 Other Program Funds.....	53
Statement of Revenues, Expenses, and Changes in Net Position	
9 All Funds.....	55
10 Administrative Fund.....	57
11 Mortgage Revenue Bonds.....	58
12 Home Mortgage Revenue Bonds.....	59
13 Veterans Mortgage Program Bonds.....	61
14 Other Housing Bonds.....	62
15 Non-Housing Bonds.....	63
16 Other Program Funds.....	65
Statement of Cash Flows	
17 All Funds.....	67
18 Administrative Fund.....	69
19 Mortgage Revenue Bonds.....	70
20 Home Mortgage Revenue Bonds.....	71
21 Veterans Mortgage Program Bonds.....	73
22 Other Housing Bonds.....	74
23 Non-Housing Bonds.....	75
24 Other Program Funds.....	77



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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.

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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):

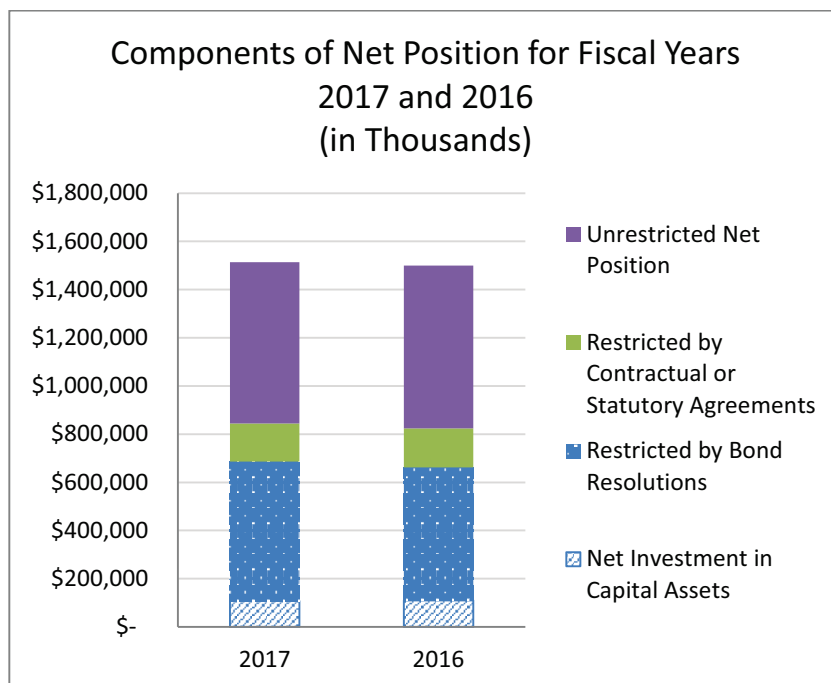
	2017	2016	Increase/(Decrease)	
Cash and investments	\$ 684,887	\$ 685,692	\$ (805)	-0.1%
Mortgage loans, notes and other loans, net	2,910,332	2,817,494	92,838	3.3%
Capital assets, net	106,762	109,821	(3,059)	-2.8%
Other assets	65,084	82,626	(17,542)	-21.2%
Total Assets	3,767,065	3,695,633	71,432	1.9%
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
	590,127		-
	12,705		66
	53		(53)
	82,410		-
	2,138		-
	9,076		142
	10,245		-
	765,893		7,359
			773,252
	28,417		-
	1,425		(1,425)
	2,815,384		12,538
	27,004		-
	16,580		3,667
	86,515		-
	3,707		1
	-		-
	-		-
	2,979,032		14,781
			2,993,813
	3,744,925		22,140
			3,767,065
	172,676		-
			172,676
	61,832		-
	82,526		-
	9,622		-
	13,298		6
	567		-
	167,845		6
			167,851
	2,062,805		-
	2,018		360
	144,903		-
	-		-
	47,645		-
	2,257,371		360
			2,257,731
	2,425,216		366
			2,425,582
	531		-
			531
	103,095		3,667
	578,954		-
	140,328		18,154
	669,477		(47)
\$	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
<u>Cash flows from operating activities:</u>				
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
<u>Cash flows from noncapital financing activities:</u>				
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)	-
<u>Cash flows from capital financing activities:</u>				
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)
<u>Cash flows from investing activities:</u>				
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

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

NOTE DISCLOSURES INDEX

<u>Footnote Number</u>	<u>Description</u>	<u>Page Number</u>
1	Authorizing Legislation and Funding	17
2	Summary of Significant Accounting Policies	17
3	Cash and Investments	20
4	Interfund Receivable/Payable.....	24
5	Mortgage Loans, Notes and Other Loans	24
6	Insurance Agreements.....	25
7	Direct Financing Leases	25
8	Capital Assets	26
9	Deferred Outflows of Resources	26
10	Bonds Payable.....	26
11	Derivatives	30
12	Long Term Liabilities.....	33
13	Short Term Debt	33
14	Deferred Inflows of Resources	33
15	Transfers.....	33
16	Other Credit Arrangements.....	34
17	Yield Restriction and Arbitrage Rebate	34
18	State Authorizations and Commitments	34
19	Housing Grants and Subsidies Expenses	35
20	Pension and Post Employment Healthcare Plans	35
21	Other Commitments and Contingencies.....	38
22	Risk Management.....	39
23	Five Year Financial Information	40

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	30,617
Net change in unrealized holding gain	1,911
Net realized gain (loss)	(12)
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
			\$ 334,281

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 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	<u>\$ 29,142</u>

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:		
Mortgage Revenue Bonds, Tax-Exempt:		
• 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
Mortgage Revenue Bonds, Taxable:		
• 2011 Series A; 2.80% due 2017-2026	28,945	380
Total Mortgage Revenue Bonds	372,215	226,682
Home Mortgage Revenue Bonds, Tax-Exempt:		
• 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:		
Collateralized State Guaranteed Bonds, Tax-Exempt:		
• 2016 First & Second Series; 0.70% to 3.20%, due 2017-2046	50,000	49,400
Other Housing Bonds:		
General Mortgage Revenue Bonds, Tax-Exempt:		
• 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
Governmental Purpose Bonds, Tax-Exempt:		
• 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**, monthly payments		
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
TO THE FINANCIAL STATEMENTS

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	Notional	Present	Fair Values		Change in	
Issue	Amounts	Values	June 30, 2017	June 30, 2016	Fair Value	
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.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

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".

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

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		Remaining
	to State	Expenditures	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	\$ 1,987,632	\$ (1,936,880)	\$ 50,752

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
TO THE FINANCIAL STATEMENTS

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.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

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.

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

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

NOTE DISCLOSURES
TO THE FINANCIAL STATEMENTS

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):

	June 30,				
	2017	2016	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.

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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	475,722
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	227,576
Total Assets	703,298
DEFERRED OUTFLOW OF RESOURCES	9,269
LIABILITIES	
Current	
Bonds payable	-
Short term debt	82,526
Accrued interest payable	2,473
Other liabilities	7,308
Intergovernmental payable	-
Total Current	92,307
Non Current	
Bonds payable	-
Other liabilities	2,018
Derivative instrument - interest rate swaps	-
Intergovernmental payable	-
Pension liability	47,645
Total Non Current	49,663
Total Liabilities	141,970
DEFERRED INFLOW OF RESOURCES	531
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	\$ 570,066

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

Schedule 7

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	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
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)
<i>Adjustments:</i>	
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
<i>Changes in assets, liabilities and deferred resources:</i>	
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

(A Component Unit of the State of Alaska)

Schedule 19

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
Adjustments:			
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
Changes in assets, liabilities and deferred resources:			
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

Schedule 22

(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)

	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

Schedule 23

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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FORM OF OPINIONS OF CO-BOND COUNSEL

Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, Alaska 99504

Ladies and Gentlemen:

We have examined the Constitution and laws of the State of Alaska (the “State”) and a record of proceedings relating to the issuance of \$109,260,000 aggregate principal amount of General Mortgage Revenue Bonds II, 2018 Series A (the “2018 Series A Bonds”) and \$58,520,000 aggregate principal amount of General Mortgage Revenue Bonds II, 2018 Series B (the “2018 Series B Bonds” and, together with the 2018 Series A Bonds, the “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 Bonds are authorized and issued pursuant to the Act and a resolution of the Corporation adopted June 27, 2018, 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 July 1, 2012, and the 2018 Series A Supplemental Indenture by and between the Corporation and the Trustee, dated as of August 1, 2018, and the 2018 Series B Supplemental Indenture by and between the Corporation and the Trustee, dated as of August 1, 2018, executed pursuant to said Indenture (together, the “Indenture”).

The 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 Bonds in order for interest on the 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 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 Regulatory Agreement and No Arbitrage Certificate as to matters affecting the tax-exempt status of the Bonds, the Corporation’s Regulations and Program Materials 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 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 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 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 Bonds is excluded from gross income for federal income tax purposes.

7. Interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions imposed on individuals and corporations by the Code. For taxable years beginning before January 1, 2018, however, interest on the 2018 Series B Bonds is included in the adjusted current earnings (i.e., alternative minimum taxable income as adjusted for certain items including those items that would be included in the calculation of a corporation’s earnings and profits under Subchapter C of the Code) of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation’s adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses). We express no opinion regarding any other consequences affecting the federal income tax liability of a recipient of interest on the Bonds.

8. Under existing laws, interest on the 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 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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FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the Alaska Housing Finance Corporation (the “Corporation”) in connection with the issuance of \$109,260,000 aggregate principal amount of its General Mortgage Revenue Bonds II, 2018 Series A and \$58,520,000 aggregate principal amount of its General Mortgage Revenue Bonds II, 2018 Series B (collectively, 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 July 1, 2012, a 2018 Series A Supplemental Indenture, dated as of August 1, 2018, by and between the Corporation and the Trustee, and a 2018 Series B Supplemental Indenture, dated as of August 1, 2018, by and between the Corporation and the Trustee (collectively, the “Indenture”). The Corporation covenants and agrees with the registered owners and the beneficial owners of the Subject Bonds as follows:

SECTION 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Corporation for the sole and exclusive benefit of the registered owners and beneficial owners of the Subject Bonds.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Corporation pursuant to, and as described in, Sections 3 and 4 of this Certificate.

“Disclosure Representative” shall mean the Executive Director/Chief Executive Officer of the Corporation or his or her designee.

“Fiscal Year” shall mean any twelve-month period ending on June 30 or on such other date as the Corporation may designate from time to time.

“Listed Events” shall mean any of the events listed in Section 5 of this Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Certificate.

“Official Statement” shall mean the Corporation’s final Official Statement with respect to the Subject Bonds, dated July 19, 2018.

“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, 2018) 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) financial information regarding the Mortgage Loans of the same type as provided in the Official Statement under the caption "Acquired Obligations — Mortgage Loans," (iv) the amount and type of the investments (and cash) in the accounts and subaccounts established in the Indenture, (v) the amount and type of investments in the Debt Service Reserve Fund and the Special Reserve Fund, (vi) the outstanding principal balances of each maturity of Subject Bonds and the sinking fund installment amounts as applicable, and (vii) 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.

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

[†] 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.

(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 Co-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: August 28, 2018

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: \$167,780,000 General Mortgage Revenue Bonds II, 2018 Series A and
2018 Series B

Date of Issuance: August 28, 2018

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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