

**Supplement to**  
**REMARKETING STATEMENT**

**dated May 24, 2019**

**relating to**

**\$80,870,000**  
**ALASKA HOUSING FINANCE CORPORATION**  
**Home Mortgage Revenue Bonds**  
**2009 Series D (Variable Rate)**

This Supplement to the Remarketing Statement dated May 24, 2019 relating to the above-referenced bonds (the “2009 Series D Bonds”) modifies the following provisions of the Remarketing Statement.

The cover page is modified to provide as follows:

*Interest Payment Dates*        Each June 1 and December 1, commencing June 1, 2019.

This Supplement is hereby incorporated into the Remarketing Statement, and the Remarketing Statement is only to be read in conjunction with this Supplement.

**Except as expressly supplemented or amended hereby, the terms of the remarketing of the 2009 Series D Bonds set forth in the Remarketing Statement remain in full force and effect.**

The date of this Supplement is May 28, 2019

## REMARKETING – NOT NEW ISSUE - BOOK ENTRY ONLY

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



### **\$80,870,000** **ALASKA HOUSING FINANCE CORPORATION** **Home Mortgage Revenue Bonds** **2009 Series D (Variable Rate)**

<i>Dated</i>	Date of delivery.	
<i>Due</i>	\$80,870,000 2009 Series D Term Bonds due December 1, 2040	CUSIP: 01170PEY8
<i>Price</i>	100%.	
<i>Tax Exemption</i>	The opinions of Birch, Horton, Bittner and Cherot, as bond counsel on the date of original issuance, and Kutak Rock LLP, as Special Tax Counsel, delivered in connection with the original issuance of the above-captioned bonds (the "Remarketed Bonds"), stated that, 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) interest on the Remarketed Bonds is excluded from gross income for Federal income tax purposes; and (ii) interest on the Remarketed Bonds is not a specific preference item to be included in calculating the alternative minimum tax imposed under the Code on individuals and corporations, but such interest is included in calculating the "adjusted current earnings" of certain corporations for purposes of computing the alternative minimum tax. Birch, Horton, Bittner and Cherot, as bond counsel, was further of the opinion that, under existing laws, interest on the Remarketed Bonds is free from taxation by the State of Alaska except for inheritance and estate taxes and taxes of transfers by or in anticipation of death. Such bond counsel and Special Tax Counsel expressed no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Remarketed Bonds. The Law Office of Kenneth E. Vassar, LLC, and Kutak Rock LLP, as Co-Bond Counsel, will deliver their opinions that, under existing laws, regulations, rulings and judicial decisions, delivery of the FHLB Liquidity Facility, as defined below, with respect to the Remarketed Bonds on the Remarketing Date will not, in and of itself, adversely affect the exclusion of interest on the Remarketed Bonds from gross income for federal income tax purposes. See "Tax Matters."	
<i>Redemption</i>	The Remarketed Bonds are subject to redemption prior to maturity at 100% of their principal amount under the circumstances described herein. See "The Remarketed Bonds—Redemption Provisions."	
<i>Variable Rate; Tender; Liquidity Facility</i>	The Remarketed Bonds will initially bear interest at a Weekly Rate as described under "The Remarketed Bonds—General" and "The Remarketed Bonds—Description of the Remarketed Bonds." <b>THIS REMARKETING STATEMENT IS NOT INTENDED TO DESCRIBE REMARKETED BONDS THAT ARE NOT IN A WEEKLY MODE.</b> The Remarketed Bonds in a Weekly Mode are subject to optional and mandatory tender for purchase as described under "The Remarketed Bonds—Description of the Remarketed Bonds." The Remarketed Bonds subject to optional or mandatory tender for purchase and not remarketed by the Remarketing Agent will be purchased, subject to certain conditions precedent, after May 30, 2019, by the Federal Home Loan Bank of Des Moines (the "FHLB"), as liquidity provider, pursuant to the terms of a Standby Bond Purchase Agreement as described herein (the "FHLB Liquidity Facility") among the FHLB, as Liquidity Provider, the Corporation and U.S. Bank National Association, as Trustee and Tender Agent. <b>THIS REMARKETING STATEMENT IS INTENDED ONLY TO DESCRIBE REMARKETED BONDS THAT ARE COVERED BY THE FHLB LIQUIDITY FACILITY.</b> Under certain circumstances described herein, the FHLB Liquidity Facility will terminate or be suspended and, in some circumstances, the termination or suspension of the FHLB Liquidity Facility will be immediate and without notice to bondholders. In such event no funds may be available pursuant to the FHLB Liquidity Facility to purchase Remarketed Bonds. See "The Liquidity Facility."	
<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 Program 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 "Program Obligations." <b>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.</b>	
<i>Interest Payment Dates</i>	Each June 1 and December 1, commencing December 1, 2019.	
<i>Denominations</i>	\$100,000 or any integral multiple of \$5,000 in excess thereof.	
<i>Original Issuance Date</i>	August 26, 2009.	
<i>Remarketing Date</i>	May 30, 2019.	
<i>Co-Bond Counsel</i>	Law Office of Kenneth E. Vassar, LLC and Kutak Rock LLP.	
<i>Remarketing Agent</i>	Wells Fargo Securities, LLC.	
<i>Remarketing Agent's Counsel</i>	Chapman and Cutler LLP.	
<i>Trustee and Tender Agent</i>	U.S. Bank National Association.	
<i>Book-Entry System</i>	The Depository Trust Company. See "The Remarketed Bonds—Book Entry Only."	
<i>Liquidity Provider</i>	Federal Home Loan Bank of Des Moines.	
<i>Liquidity Provider's Counsel</i>	Brown, Winick, Graves, Gross, Baskerville and Schoenebaum, P.L.C.	

The Remarketed Bonds are remarketed when, as and if received by the Remarketing Agent, subject to confirmation of certain tax matters by Co-Bond Counsel and to certain other conditions.

**Wells Fargo Securities**

No dealer, broker, salesman or other person has been authorized by the Corporation or the Remarketing Agent to give any information or to make any representations, other than as contained in this Remarketing 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 Remarketing Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Remarketed 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 Remarketing Agent. The information set forth in Appendix G hereto has been obtained from the Federal Home Loan Bank of Des Moines and is not guaranteed as to accuracy or completeness, nor to be construed as a representation, by the Corporation or the Remarketing Agent. 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 Remarketed 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 Remarketing 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 Remarketing Statement.

In connection with this offering of the Remarketed Bonds, the Remarketing Agent may overallocate or effect transactions which stabilize or maintain the market price of the Remarketed Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Statement. The Remarketing Agent has reviewed the information in this Remarketing Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information. References to website addresses presented herein are for informational purposes only and may be in the form of a hyper link solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Remarketing Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

## TABLE OF CONTENTS

TABLE OF CONTENTS		PAGE	
INTRODUCTION.....	1	Redemption Fund (Section 504).....	62
SOURCES OF PAYMENT AND SECURITY FOR		Rebate Fund (Section 505).....	64
THE BONDS.....	4	Bond Purchase Fund (Section 506).....	64
General.....	4	Loan Loss Fund (Section 507).....	64
Program Obligations.....	5	Investments (Sections 513 and 515).....	65
Debt Service Reserve Account.....	5	Investment Agreements (Section 514).....	66
Loan Loss Fund.....	6	No Limitation on Additional Collateral Contributions	
Special Reserve Account.....	7	(Section 516).....	66
Bond Coverage Certificates.....	7	Payment of Bonds (Section 701).....	66
Additional Bonds.....	8	Power to Issue Bonds and Pledge Revenues and Other	
THE LIQUIDITY FACILITY.....	8	Property; Hedging Instruments (Section 705).....	67
General.....	8	Tax Covenants (Section 706).....	67
Certain Definitions.....	9	Accounts and Reports (Section 707).....	68
The FHLB Liquidity Facility.....	11	Sale of Program Obligations (Section 709).....	68
Alternate Liquidity Facility.....	17	Supplemental Indentures (Sections 801, 802, 803 and	
Self Liquidity or Other Forms of Liquidity.....	17	902).....	68
THE REMARKETED BONDS.....	18	Events of Default (Section 1002).....	70
General.....	18	Remedies (Section 1003).....	70
Redemption Provisions.....	18	Priority of Payments after Default (Section 1004).....	71
Description of the Remarketed Bonds.....	20	Bondholders' Direction of Proceedings (Section 1006).....	72
Special Considerations Relating to the Remarketed Bonds.....	23	Limitation on Rights of Bondholders (Section 1007).....	72
Book Entry Only.....	25	Trustee (Sections 1104, 1107 and 1108).....	73
PROGRAM OBLIGATIONS.....	28	Defeasance (Section 1201).....	73
Mortgage Loans.....	28	Liquidity Providers (Section 1203).....	74
Mortgage Loan Underwriting.....	30	Legal Holidays (Section 1207).....	74
Mortgage Servicing.....	33	Governing Law (Section 1208).....	74
Pledge of Mortgage Loans.....	34	TAX MATTERS.....	74
Primary Mortgage Insurance.....	34	Opinions of Bond Counsel and Special Tax Counsel.....	74
Standard Hazard Insurance Policies.....	36	General.....	75
Alaska Foreclosure Law.....	36	Certain Requirements Imposed by the Code.....	75
THE CORPORATION.....	37	Compliance.....	75
Certain Definitions.....	37	Backup Withholding.....	76
General.....	37	Certain Additional Tax Consequences.....	76
Board of Directors, Staff and Organization.....	38	RATINGS.....	77
Activities of the Corporation.....	40	FINANCIAL STATEMENTS.....	77
Financial Results of Operations.....	48	LITIGATION.....	78
Legislative Activity/Transfers to the State.....	48	LEGAL MATTERS.....	78
Litigation.....	51	STATE NOT LIABLE ON BONDS.....	78
SUMMARY OF CERTAIN PROVISIONS OF THE		LEGALITY FOR INVESTMENT.....	78
INDENTURE.....	51	REMARKETING.....	78
Certain Definitions (Section 102).....	51	FORWARD-LOOKING STATEMENTS.....	79
Indenture to Constitute a Contract (Section 203).....	59	ADDITIONAL INFORMATION.....	79
Issuance of Additional Bonds (Sections 205, 206 and 207).....	59	APPENDIX A — FINANCIAL STATEMENTS OF	
Funds and Accounts (Section 501).....	60	THE CORPORATION.....	A-1
Program Obligation Fund (Section 502).....	60		
Revenue Fund (Section 503).....	61		

APPENDIX B — OPINION OF BIRCH, HORTON, BITTNER AND CHEROT, DELIVERED ON THE DATE OF ORIGINAL ISSUANCE OF THE REMARKETED BONDS .....	B-1
APPENDIX C — OPINION OF SPECIAL TAX COUNSEL DELIVERED ON THE DATE OF ORIGINAL ISSUANCE OF THE REMARKETED BONDS .....	C-1
APPENDIX D — FORM OF OPINION OF LAW OFFICE OF KENNETH E. VASSAR, LLC AS CO-BOND COUNSEL .....	D-1
APPENDIX E — FORM OF OPINION OF KUTAK ROCK LLP AS CO-BOND COUNSEL .....	E-1
APPENDIX F — CERTAIN DEFINITIONS WITH RESPECT TO THE REMARKETED BONDS .....	F-1
APPENDIX G — CERTAIN INFORMATION RELATING TO FEDERAL HOME LOAN BANK OF DES MOINES .....	G-1

**REMARKETING STATEMENT  
OF  
ALASKA HOUSING FINANCE CORPORATION  
Relating to  
\$80,870,000 Home Mortgage Revenue Bonds  
2009 Series D (Variable Rate)**

**INTRODUCTION**

This Remarketing Statement (including the cover page and appendices) sets forth information in connection with the Corporation's Home Mortgage Revenue Bonds, 2009 Series D (the "2009 Series D Bonds" or the "Remarketed Bonds"). The Remarketed Bonds are being remarketed pursuant to Chapters 55 and 56 of Title 18 of the Alaska Statutes, as amended (the "Act"), an Indenture, dated as of May 1, 2002, as amended and supplemented (the "General Indenture"), by and between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), and a 2009 Series D Supplemental Indenture (the "2009 Series D Supplemental Indenture") dated as of August 1, 2009, as amended, 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 2009 Series D Supplemental Indenture) are referred to collectively as the "Indenture." FOR CERTAIN DEFINITIONS USED IN THIS REMARKETING STATEMENT, SEE "THE CORPORATION—CERTAIN DEFINITIONS," "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—CERTAIN DEFINITIONS" AND "APPENDIX F—CERTAIN DEFINITIONS WITH RESPECT TO THE REMARKETED BONDS." Capitalized terms used and not otherwise defined herein have the respective meanings ascribed thereto in the Indenture. All references to days in this Remarketing Statement will mean calendar days unless stated otherwise. All references to times in this Remarketing Statement, unless indicated otherwise, shall be to Eastern Time.

The Remarketed Bonds were the fifteenth Series of Bonds issued under the General Indenture. The Remarketed Bonds were issued at the same time as the Corporation's Home Mortgage Revenue Bonds, 2009 Series C (the "2009 Series C Bonds"). The 2009 Series C Bonds are no longer outstanding. As of April 30, 2019, the Corporation had issued 15 Series of Bonds under the General Indenture in the aggregate principal amount of \$1,262,675,000, and as of such date there were Bonds Outstanding in the aggregate principal amount of \$506,910,000. The Corporation is permitted to issue additional bonds (including refunding bonds) pursuant to and secured under the Indenture ("Additional Bonds"), subject to certain conditions. See "Sources of Payment and Security for the Bonds—Additional Bonds." The Remarketed Bonds are secured on a parity with the other series of Bonds issued under the General Indenture and will be secured on a parity with any Additional Bonds.

The Corporation will pay remarketing fees and other costs of remarketing from its general unrestricted funds.

The Remarketed Bonds will initially be remarketed in a Weekly Mode. The Corporation may elect to cause Remarketed Bonds to bear interest in another Mode or to Convert to Bonds bearing interest at Fixed Interest Rates or an Indexed Rate. In each such case and under other circumstances, Remarketed Bonds will be subject to mandatory tender for purchase. See “The Remarketed Bonds—Description of the Remarketed Bonds—Mandatory Tender.” **THIS REMARKETING STATEMENT IS NOT INTENDED TO DESCRIBE REMARKETED BONDS THAT ARE NOT IN A WEEKLY MODE.** While in a Weekly Mode, Remarketed Bonds also are subject to tender by the Holders thereof under the circumstances set forth in the 2009 Series D Supplemental Indenture.

Wells Fargo Securities, LLC (“Wells Fargo Securities”) will act as sole remarketing agent (the “Remarketing Agent”) with respect to the Remarketed Bonds. The Corporation may replace any Remarketing Agent at any time, and any Remarketing Agent may resign as such at any time, in each case upon notice. The Corporation may appoint multiple Remarketing Agents.

There is expected to be a Liquidity Facility provided in connection with the mandatory tender and remarketing of the Remarketed Bonds, pursuant to a Standby Bond Purchase Agreement dated as of May 30, 2019 (“FHLB Liquidity Facility”), among Federal Home Loan Bank of Des Moines (the “FHLB”), as Liquidity Provider, the Corporation, and U.S. Bank National Association, as Trustee and tender agent (“Tender Agent”), which, for purchases after May 30, 2019 of tendered but unremarketed bonds, will replace the liquidity facility provided by Bank of America, N.A., which has been in effect prior to the Remarketing Date with respect to the Remarketed Bonds. The FHLB Liquidity Facility will provide for the purchase by the FHLB, on the terms and conditions specified therein, of tendered Remarketed Bonds in a Weekly Mode Period only that cannot be remarketed as provided in the 2009 Series D Supplemental Indenture. A default under the FHLB Liquidity Facility by the FHLB is not an Event of Default under the Indenture. See “The Liquidity Facility.”

The Corporation may provide an Alternate Liquidity Facility in substitution for the FHLB Liquidity Facility, and in such event the FHLB Liquidity Facility and the FHLB’s obligations thereunder will terminate. **THIS REMARKETING STATEMENT IS INTENDED ONLY TO DESCRIBE REMARKETED BONDS THAT ARE COVERED BY THE FHLB LIQUIDITY FACILITY.**

In the event that the FHLB Liquidity Facility terminates and is not to be replaced with an Alternate Liquidity Facility, the Remarketed Bonds are subject to mandatory tender.

The Corporation has entered into an interest rate swap agreement relating to the Remarketed Bonds (the “Swap Agreement”) with JPMorgan Chase Bank, N.A. (the “Counterparty”). The purpose of the Swap Agreement is to place the aggregate net obligation of the Corporation with respect to the portion of the Program financed by the Remarketed Bonds on an approximately fixed-rate basis. Payments made to the Corporation under the Swap Agreement will constitute Pledged Revenues and will be deposited in the Revenue Fund upon receipt. Regularly scheduled payments due under the Swap Agreement to the Counterparty will be paid from Pledged Revenues pledged under the Indenture in the same order of priority as payments of interest on the Bonds. Payments due under the Swap Agreement to the Counterparty in respect of an Early Termination Date (as defined in the Swap Agreement) will be withdrawn free and clear

of the lien of the Indenture (to the extent available thereunder and in accordance with the requirements therefor) as described in clause (iv) of paragraph Fifth under “Summary of Certain Provisions of the Indenture—Redemption Fund” for payment to the Counterparty. Any payments due under the Swap Agreement to the Counterparty in excess of amounts available therefor under the Indenture will be a general obligation of the Corporation.

**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 – “Financial Statements of the Corporation.”

It is expected that the Bonds will be primarily secured by a portfolio of Program Obligations, consisting of whole mortgage loans (the “Mortgage Loans”). The Bonds also may be secured by mortgage-backed pass-through certificates and, if there will be no adverse effect on the ratings then assigned to the Bonds, other mortgage instruments. The Mortgage Loans will be first-lien mortgage loans with respect to single family residences located in the State. See “Sources of Payment and Security for the Bonds,” “Program Obligations” and the definitions of Mortgage Loan and Program Obligations under “Summary of Certain Provisions of the Indenture—Certain Definitions.” The Mortgage Loans, or portions of Mortgage Loans, financed with proceeds attributable to the Remarketed Bonds and the 2009 Series C Bonds are referred to as the “2009 Series C/D Mortgage Loans.”

The summaries herein of the Remarketed 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 Corporation’s address and telephone number.

Investors should consider the financial condition and credit worthiness of the FHLB before purchasing the Remarketed Bonds. Appendix G to this Remarketing Statement has been furnished by the FHLB and contains information concerning the FHLB. The FHLB has no responsibility for the form and content of this Remarketing Statement, other than solely with respect to the information describing the FHLB under the heading “Information Concerning the Federal Home Loan Bank of Des Moines” as set forth in Appendix G hereto, and the FHLB has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Remarketing Statement or any information or disclosure contained herein or omitted herefrom, other than solely with respect to the information describing itself under the heading “Information Concerning the Federal Home Loan Bank of Des Moines” as set forth in Appendix G hereto.

## **SOURCES OF PAYMENT AND SECURITY FOR THE BONDS**

### **General**

The Bonds Outstanding, including the Remarketed Bonds, are, and any Additional Bonds issued under the Indenture will be, direct and general obligations of the Corporation for which its full faith and credit are pledged, subject to agreements made or 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. All Bonds issued under the Indenture will be secured on a parity lien basis under the Indenture. See "Sources of Payment and Security for the Bonds—Additional Bonds."

The Bonds are secured by a pledge of (a) Program Obligations; (b) any Mortgage Loans acquired with Bond proceeds, including the title, hazard and primary insurance policies related thereto; the Mortgages securing such Mortgage Loans; and property held by the Corporation pursuant to foreclosure or deed in lieu of foreclosure of any such Mortgage Loan; (c) the Pledged Revenues and all amounts held in any Fund or Account under the Indenture (except the Rebate Fund and the amounts held therein or earned thereon and to the extent provided in the General Indenture as to amounts payable free and clear of any trust, lien or pledge created by the General Indenture); and (d) all proceeds of the conversion, voluntary or involuntary, of the foregoing into cash, instruments, securities or other property, including without limitation all amounts from time to time held or invested in any Fund under the General Indenture, except the Rebate Fund and the amounts held therein or earned thereon, whether in the form of cash, instruments, securities or other property. See "Sources of Payment and Security for the Bonds—Program Obligations," "Program Obligations" and the definitions of Pledged Revenues and Program Obligations under "Summary of Certain Provisions of the Indenture—Certain Definitions."

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, after providing for the payment of (i) any amounts required to be deposited in the Rebate Fund, and (ii) interest due on the Bonds and Authorized Hedging Payments due to a counterparty during the related interest payment period, will be transferred to the Redemption Fund. Amounts in the Redemption Fund, after providing for the payment of (i) scheduled principal payments on the Bonds and Authorized Hedging Payments due to a counterparty during the related interest payment period; (ii) sinking fund installments; (iii) any amount needed to restore the Debt Service Reserve Account to the Debt Service Reserve Requirement; and (iv) Program Expenses, may be withdrawn free and clear of the lien of the Indenture, provided that such withdrawal is indicated in the most recent Bond Coverage Certificate. See "Sources of Payment and Security for the Bonds—Bond Coverage Certificates" and "Summary of Certain Provisions of the Indenture—Revenue Fund" and "—Redemption Fund."

The Bonds are secured by a Debt Service Reserve Account, a Loan Loss Fund and a Special Reserve Account. See "Sources of Payment and Security for the Bonds—Debt Service Reserve Account," "—Loan Loss Fund" and "—Special Reserve Account."



## **Program Obligations**

For a description as of April 30, 2019 of the Mortgage Loans financed with proceeds of Bonds (the “Mortgage Loans”), see “Program Obligations—Mortgage Loans.”

Mortgage Loans are required by the General Indenture to be secured by first lien deeds of trust on single-family residences in the State and bear a fixed rate of interest for initial terms of not less than 15 years but not more than 30 years. The Mortgage Loans, including the 2009 Series C/D Mortgage Loans, consist of, conventional Mortgage Loans; Mortgage Loans subject to a guarantee of the United States Department of Veterans Affairs (formerly the Veterans Administration; the “VA”), the United States Department of Housing and Urban Development (“HUD”), or Rural Development (“RD”; formerly the Farmers Home Administration of the United States Department of Agriculture); and Mortgage Loans insured by the Federal Housing Administration (“FHA”). The Mortgage Loans will be serviced by qualifying eligible servicing institutions, which generally are the originating institutions. See “Program Obligations.”

Any Mortgage Loan with an original principal amount exceeding 80% of the value of the mortgaged property (90% for Rural Program Mortgage Loans) is required to be (i) insured by FHA, (ii) guaranteed by the VA, HUD, or RD, or (iii) insured under a private mortgage insurance policy at least until such time as the ratio of the outstanding loan balance to the original property value is equal to or less than 80% (90% for Rural Program Mortgage Loans). See “Program Obligations—Primary Mortgage Insurance.”

## **Debt Service Reserve Account**

The General Indenture requires the Debt Service Reserve Account to be maintained in an amount (the “Debt Service Reserve Requirement”) at least equal to the sum of the Debt Service Reserve requirements established for each Series of Bonds Outstanding. The Debt Service Reserve requirement established for the Remarketed Bonds is an amount equal to 2% of the sum of (a) the outstanding principal balance of related 2009 Series C/D Mortgage Loans and (b) all other amounts on deposit in the related Series Account of the Program Obligation Fund, or such greater amount as may be fixed by a further Authorizing Indenture. See “Summary of Certain Provisions of the Indenture—Revenue Fund.”

If at noon on the third Business Day prior to any Debt Service Payment Date the amount on deposit, or to be deposited on such Debt Service Payment Date, in the Interest Account, the Principal Account and the General Account is less than the amount required to pay, or to reimburse the payment of, Debt Service Payments on such Debt Service Payment Date, any deficiency in each such Account shall be immediately satisfied with a transfer from the Debt Service Reserve Account to the applicable Account or, if insufficient, by a deposit to the applicable Account of any other funds of the Corporation available therefor, including the Loan Loss Fund and the Special Reserve Account.

The Corporation covenants that it will maintain in the Debt Service Reserve Account an amount at least equal to the Debt Service Reserve Requirement.

At the election of the Corporation, any amounts in excess of the Debt Service Reserve Requirement that remain in the Debt Service Reserve Account on a Debt Service Payment Date

shall either (i) be transferred to the related Series Account of the Revenue Fund or (ii) be withdrawn and paid over to the Corporation free and clear of the lien and pledge of the Indenture if the most recent Bond Coverage Certificate shows Bond Coverage after such withdrawal, provided that (a) all Debt Service on the Bonds then due shall have been paid on such Debt Service Payment Date and that all amounts then due from the Corporation or Trustee to the counterparties of any Hedging Instruments shall have been paid on such Debt Service Payment Date and (b) no such withdrawal may be made during any period when proceeds of any Series of Bonds are on deposit in the Program Obligation Fund and have not been either exchanged for Program Obligations or applied to the redemption of Bonds of such Series, nor for 60 days following any such period. Any amounts in excess of the Debt Service Reserve Requirement that remain in the Debt Service Reserve Account on or after the fifth day following a Debt Service Payment Date will be transferred by the Trustee upon the direction of the Corporation to the related Series Account of the Revenue Fund.

Amounts on deposit in the Debt Service Reserve Account are to be invested in Investment Securities. As of April 30, 2019, the aggregate amount of investments on deposit in the Debt Service Reserve Account was approximately \$14.4 million, which amount was at least equal to the Debt Service Reserve Requirement on such date. The amount on deposit in the Debt Service Reserve Account will be at least equal to the Debt Service Reserve Requirement on the date of remarketing of the Remarketed Bonds. See “Summary of Certain Provisions of the Indenture—Revenue Fund.”

### **Loan Loss Fund**

The General Indenture permits, but does not require, the establishment of Loan Loss Coverage with respect to a Series of Bonds in the related Authorizing Indenture. The Supplemental Indentures for the Bonds establish Loan Loss Coverage with respect to the Bonds, including the Remarketed Bonds, in the form of a Series Loan Loss Requirement. The Indenture requires that the Loan Loss Fund be maintained at all times in an amount equal to the sum of the Series Loan Loss Requirements, if any, established with respect to each Series of Bonds in the related Authorizing Indentures (the “Loan Loss Requirement”). The Series Loan Loss Requirements with respect to the Bonds are percentages of the Mortgage Loans, including the 2009 Series C/D Mortgage Loans, that are not covered by a mortgage pool insurance policy and that do not underlie Mortgage Certificates. (No Mortgage Loans are covered by a mortgage pool insurance policy or underlie Mortgage Certificates.) Such percentages are determined by the nature of the assets on deposit in the Loan Loss Fund and are based upon criteria established by the Rating Agencies, including criteria related to mortgage loan credit risk. The Supplemental Indentures for the Bonds each provide that the Corporation may revise the respective Series Loan Loss Requirement in any fashion upon confirmation from the Rating Agencies that such revision, in and of itself, will not adversely affect the then current Unenhanced Ratings assigned to the Bonds.

As of April 30, 2019, amounts on deposit in the Loan Loss Fund consisted of Mortgage Loans with an aggregate principal balance of approximately \$45.4 million, which amounts were in the aggregate at least equal to the Loan Loss Requirement as of such date. The amount on deposit in the Loan Loss Fund will be at least equal to the Loan Loss Requirement on the date of remarketing of the Remarketed Bonds. While amounts on deposit in the Loan Loss Fund are pledged under the Indenture, earnings and payments received with respect to such amounts do not

constitute Pledged Revenues under the Indenture. The General Indenture permits, but does not require, Loan Loss Coverage in addition to any primary mortgage insurance covering Mortgage Loans for subsequent Series of Bonds.

If, on the third Business Day prior to any Debt Service Payment Date, the amount on deposit, or to be deposited on such Debt Service Payment Date, in the Interest Account, the Principal Account and the General Account is less than the amount required to pay Debt Service payments on such Debt Service Payment Date, any deficiency will be satisfied with a transfer from the Debt Service Reserve Account to the applicable Account or, if insufficient, by a deposit to the applicable Account of any other funds of the Corporation available therefor, including the Loan Loss Fund. The Corporation may, at any time, withdraw from the Loan Loss Fund an amount equal to Uncovered Loan Losses. The Corporation shall transfer all such withdrawn amounts to the applicable Series Subaccount of the General Account of the Redemption Fund to be used to redeem Bonds of the applicable Series at the earliest practicable redemption date. In addition, amounts in the Loan Loss Fund in excess of the sum of (i) the Loan Loss Requirement and (ii) current and expected Uncovered Loan Losses, may at any time be withdrawn and paid to the Corporation free and clear of the lien and pledge of the Indenture. See “Summary of Certain Provisions of the Indenture—Loan Loss Fund.”

### **Special Reserve Account**

The Supplemental Indentures for certain of the Bonds have created a Special Reserve Account within the Revenue Fund, into which the Corporation may deposit moneys from time to time. Such Supplemental Indentures permit the Corporation to withdraw, free and clear of the lien and pledge of the Indenture, amounts in the Special Reserve Account upon the delivery of a Bond Coverage Certificate demonstrating Bond Coverage (as defined under “Summary of Certain Provisions of the Indenture—Certain Definitions”) exclusive of amounts in the Special Reserve Account and confirmation from the Rating Agencies that such withdrawal will not, in and of itself, adversely affect the Unenhanced Ratings on the Bonds.

If, on the third Business Day prior to any Debt Service Payment Date, the amount on deposit, or to be deposited on such Debt Service Payment Date, in the Interest Account, the Principal Account and the General Account is less than the amount required to pay Debt Service payments on such Debt Service Payment Date, any deficiency will be satisfied with a transfer from the Debt Service Reserve Account to the applicable Account or, if insufficient, by a deposit to the applicable Account of any other funds of the Corporation available therefor, including the Special Reserve Account.

### **Bond Coverage Certificates**

The Corporation is required to deliver to the Trustee a certificate showing Bond Coverage upon the occurrence of various events under the Indenture, including, but not limited to, (i) the delivery of a Series of Bonds, (ii) any selection of Bonds for special redemption on a basis requiring delivery of a Bond Coverage Certificate, or (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.”

The Indenture provides that the Corporation may in the future use a method of calculation of Bond Coverage other than the method specified in the Indenture if the new method will not adversely affect the Unenhanced Ratings then assigned to the Bonds by the Rating Agencies. 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 General Indenture upon compliance with the provisions thereof, which include the requirement that no Additional Bonds may be issued (i) without the delivery of a Bond Coverage Certificate to the Trustee and (ii) unless the Unenhanced Ratings then assigned by the Rating Agencies to the then Outstanding Bonds (including the Remarketed Bonds) will not be reduced as a result of the issuance of such Additional Bonds. The Remarketed Bonds and all other Bonds issued under the Indenture will rank on a parity with each other; therefore, the availability of money for repayment of the Remarketed Bonds could be significantly affected by the issuance of Additional Bonds. See “Sources of Payment and Security for the Bonds—Bond Coverage Certificates” and “Summary of Certain Provisions of the Indenture—Issuance of Additional Bonds.”

The Corporation is also permitted to issue bonds which are separately secured and/or which are also general obligations of the Corporation.

## **THE LIQUIDITY FACILITY**

### **General**

*The following description is a summary of certain provisions of the FHLB Liquidity Facility with respect to the 2009 Series D Bonds and, as used in this section, the “FHLB Liquidity Facility” shall refer to the Liquidity Facility. Such summary does not purport to be a complete description or restatement of the material provisions of the FHLB Liquidity Facility. Investors should obtain and review a copy of the FHLB Liquidity Facility in order to understand all of the terms of that document. Capitalized terms used under the heading “THE LIQUIDITY FACILITY” and not otherwise defined herein shall have the meaning set forth in the FHLB Liquidity Facility. Information concerning the FHLB is set forth in Appendix G hereto and has been provided by the FHLB.*

UNDER CERTAIN CIRCUMSTANCES DESCRIBED BELOW, THE OBLIGATION OF THE FHLB TO PURCHASE REMARKETED BONDS TENDERED BY THE OWNERS THEREOF OR SUBJECT TO MANDATORY TENDER MAY BE TERMINATED OR SUSPENDED WITHOUT A PURCHASE BY THE FHLB. IN SUCH EVENT, SUFFICIENT FUNDS MAY NOT BE AVAILABLE TO PURCHASE REMARKETED BONDS TENDERED BY THE OWNERS THEREOF OR SUBJECT TO MANDATORY PURCHASE. IN ADDITION, THE FHLB LIQUIDITY FACILITY DOES NOT PROVIDED SECURITY FOR

THE PAYMENT OF PRINCIPAL OF OR INTEREST OR PREMIUM, IF ANY, ON UNREMARKETED BONDS. THE FHLB LIQUIDITY FACILITY PROVIDES FOR THE PURCHASE OF UNREMARKETED BONDS ONLY.

PAYMENTS OF THE PURCHASE PRICE OF THE REMARKETED BONDS WILL BE MADE PURSUANT TO THE STANDBY BOND PURCHASE AGREEMENT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE STANDBY BOND PURCHASE AGREEMENT IS A BINDING OBLIGATION OF THE FHLB, THE REMARKETED BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE FEDERAL HOME LOAN BANK OF DES MOINES AND ARE NOT GUARANTEED BY THE FHLB. THE REMARKETED BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

### **Certain Definitions**

*“Affiliate”* means, with respect to a Person (as defined in the FHLB Liquidity Facility), any Person (whether for profit or not for profit), which “controls,” or is “controlled” by, or is under common “control” with such Person. For purposes of this definition, a Person “controls” another Person when the first Person possesses or exercises directly, or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other Person, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract, or otherwise.

*“Available Commitment”* means on any day the sum of the Available Interest Commitment and the Available Principal Commitment on such day, initially \$87,103,729.17 for the Remarketed Bonds.

*“Available Interest Commitment”* initially means \$6,233,729.17 for the Remarketed Bonds, which initial amount equals 185 days’ interest on the initial amount of the Available Principal Commitment in a Covered Mode based upon, an assumed rate of interest of 15% per annum, computed on the basis of a year of 360 days, and actual days elapsed, and thereafter means such initial amount adjusted from time to time as follows: (a) downward by an amount that bears the same proportion to such initial amount as the amount of any reduction in the Available Principal Commitment, in accordance with clause (a), (b) or (c) of the definition in the FHLB Liquidity Facility of Available Principal Commitment, bears to the initial Available Principal Commitment and (b) upward by an amount that bears the same proportion to such initial amount as the amount of any increase in the Available Principal Commitment, in accordance with clause (d) of the definition in the FHLB Liquidity Facility of Available Principal Commitment, bears to the initial Available Principal Commitment. Any adjustments to the Available Interest Commitment pursuant to clauses (a) or (b) hereof shall occur simultaneously with the occurrence of the events described in such clauses.

*“Available Principal Commitment”* means, initially, the aggregate principal amount of the Remarketed Bonds Outstanding and, thereafter, means such initial amount adjusted from time to time as follows: (a) downward by the amount of any mandatory reduction of the Available

Principal Commitment pursuant to the FHLB Liquidity Facility (other than with respect to clause (c) of this definition); (b) downward by the principal amount of the Remarketed Bonds for the purchase of which funds are made available by the FHLB to purchase such Remarketed Bonds pursuant to the FHLB Liquidity Facility; (c) downward by the principal amount of the Remarketed Bonds of which the interest rate borne by such Remarketed Bonds has been converted or changed to a mode other than a Covered Mode or has been changed to a mode or rate not required by the 2009 Series D Supplemental Indenture, to be supported by a Liquidity Facility or for which an Alternate Liquidity Facility, a Non-Conforming Liquidity Facility or Self Liquidity (as defined in the 2009 Series D Supplemental Indenture) has become effective; and (d) upward by the principal amount of any Remarketed Bonds theretofore purchased by the FHLB pursuant to the FHLB Liquidity Facility which are remarketed by the Remarketing Agent and for which the FHLB has received immediately available funds equal to the principal amount thereof and accrued interest thereon (or deemed to be remarketed pursuant to the FHLB Liquidity Facility); provided, however, that the sum of (i) the Available Principal Commitment plus (ii) the aggregate principal amount of Bank Bonds shall never exceed \$80,870,000.00 for the Remarketed Bonds. Any adjustments to the Available Principal Commitment pursuant to clause (a), (b) or (d) hereof shall occur simultaneously with the occurrence of the events described in such clauses. Any adjustments to the Available Principal Commitment pursuant to clause (c) hereof shall occur at 5:00 p.m. New York City time on the Business Day immediately following the occurrence of the events described in such clause.

*“Covered Mode”* means bonds that are paying interest in a Daily Mode Period, Weekly Mode Period, Monthly Mode Period, Quarterly Mode Period or Semiannual Mode Period.

*“Default”* means any occurrence, circumstance or event, or any combination thereof, which, with the lapse of time and/or giving of notice, would constitute an event of default under the FHLB Liquidity Facility.

*“Eligible Bonds”* means Remarketed Bonds that bear interest at a Variable Rate during a Covered Mode and which are not Bank Bonds or Remarketed Bonds owned by or held on behalf of, for the benefit of, or for the account of, the Corporation or any Affiliate of the Corporation and which are supported by the FHLB Liquidity Facility.

*“Indenture”* means, collectively, the General Indenture and the 2009 Series D Supplemental Indenture.

*“Investment Grade”* means, with respect to a rating by Moody’s, a rating of “Baa3” (or its equivalent) or better, and, with respect to a rating by S&P and Fitch, a rating of “BBB-” (or its equivalent) or better.

*“Parity Debt”* means (a) any bonds, notes, obligations or other evidence of indebtedness now or hereafter issued by, or on behalf of, the Corporation pursuant to the General Indenture, as supplemented from time to time, on a parity with the Remarketed Bonds and (b) any obligations of the Corporation under any interest rate hedging agreements in respect thereof, but only to the extent that such obligations are in respect of regularly scheduled payments which are payable on the same priority and on a parity basis with the Remarketed Bonds in accordance with the General Indenture.

“*Related Documents*” means the FHLB Liquidity Facility, the 2009 Series D Supplemental Indenture, the General Indenture and the Remarketing Agreement (as defined in the 2009 Series D Supplemental Indenture), as the same may be amended or modified from time to time in accordance with their terms and the terms of the FHLB Liquidity Facility.

“*Variable Rate*” means the rate of interest payable on any Outstanding Remarketed Bonds, which are required by the terms of the 2009 Series D Supplemental Indenture to be covered by a Liquidity Facility (which is not an Alternate Liquidity Facility, Non-Conforming Liquidity Facility or Self Liquidity) during a Covered Mode.

### **The FHLB Liquidity Facility**

*General.* The Corporation will execute the FHLB Liquidity Facility with the FHLB, the Trustee and the Tender Agent (the “Tender Agent”) on May 30, 2019. The FHLB Liquidity Facility requires the FHLB to provide funds for the purchase of the Remarketed Bonds outstanding as Eligible Bonds that have been tendered for purchase and not remarketed, subject to certain conditions described below. Any Remarketed Bond so purchased shall constitute Bank Bonds under the terms of the FHLB Liquidity Facility and the Indenture. Bank Bonds will bear interest at the Bank Rate, in accordance with the FHLB Liquidity Facility, payable as set forth in the FHLB Liquidity Facility.

*Expiration of the FHLB Liquidity Facility.* The FHLB is obligated to purchase the Remarketed Bonds which are Eligible Bonds pursuant to the FHLB Liquidity Facility from May 30, 2019 until the earliest to occur of the following dates and events (the “Commitment Period”): (1) the later of 5:00 p.m. New York City time on May 30, 2022, and 5:00 p.m. New York City time on the last day of any extension of such date pursuant to the FHLB Liquidity Facility (or if such date is not a Business Day, the Business Day next preceding such day) (the “Expiration Date”); (2) the first date on which no Eligible Bonds are Outstanding; (3) 5:00 p.m. New York City time on the Business Day immediately following the first date on which the interest rate borne by any Remarketed Bond has been converted or changed to a rate other than a Covered Mode; (4) 5:00 p.m. New York City time on the thirtieth (30th) day following the date on which a “Notice of Termination Date” (defined below in paragraph (3) of “Remedies Upon Occurrence of an Event of Default”) is received by the Corporation, the Trustee and the Tender Agent or, if such thirtieth (30th) day is not a Business Day, the next succeeding Business Day; (5) 5:00 p.m. New York City time on the Business Day immediately following the date on which an Alternate Liquidity Facility, a Non-Conforming Liquidity Facility or Self Liquidity (as defined in the 2009 Series D Supplemental Indenture) has become effective with respect to all of the Remarketed Bonds; (6) 30 days after the Corporation delivers a notice of voluntary termination of the FHLB Liquidity Facility (or immediately upon delivery of such notice if the FHLB has defaulted on any payment obligations under the FHLB Liquidity Facility), provided that the Corporation has made payment of all amounts owing to the FHLB under the FHLB Liquidity Facility; and (7) the occurrence of an event of default described under “Remedies Upon Occurrence of an Event of Default” that allows the FHLB to terminate its obligations under the FHLB Liquidity Facility.

**In the event there is an occurrence of a “Termination Event” as described below, the obligation of the FHLB to purchase Remarketed Bonds immediately terminates without notice or demand to any person. In such event, holders of Remarketed Bonds will have no**

**right to optionally tender the Remarketed Bonds and may be required to hold such Remarketed Bonds until the earlier of the redemption or maturity thereof.**

*Purchase of Eligible Bonds.* On each Purchase Date on which the Remarketed Bonds which are Eligible Bonds are to be purchased by the Tender Agent, by no later than 12:30 p.m., New York City time, the Tender Agent shall give the FHLB notice by telecopier and in writing of the aggregate purchase price of the tendered Remarketed Bonds which are Eligible Bonds required to be purchased by the FHLB pursuant to the FHLB Liquidity Facility, and the amount of principal and interest constituting such purchase price. Upon receipt of the notice set forth above, the FHLB, unless it determines that its obligation to purchase pursuant to the FHLB Liquidity Facility has been suspended or terminated in accordance therewith, shall, by no later than 2:30 p.m., New York City time, on the same day (or not later than 2:30 p.m., New York City time, on the next Business Day if the FHLB receives such notice after 12:30 p.m. New York City time), make available to the Tender Agent, in immediately available funds, such purchase price, to be deposited in accordance with the Indenture. As soon as such funds become available, the Tender Agent is required to purchase therewith, for the account of the FHLB, that portion of the tendered Remarketed Bonds which are Eligible Bonds for the purchase of which immediately available funds are not otherwise then available for such purposes under the Indenture. Under the FHLB Liquidity Facility, the FHLB is obligated, with respect to the Remarketed Bonds which are Eligible Bonds and are Outstanding, to make available to the Tender Agent an amount equal to the Available Commitment.

*Events of Default Under the FHLB Liquidity Facility.* The following events constitute events of default under the FHLB Liquidity Facility.

- (1) Any principal of, or interest on, any Remarketed Bond (including any Bank Bond) shall not be paid when due; or
- (2) The Corporation shall fail to pay any commitment fee to the FHLB due under the FHLB Liquidity Facility within fifteen (15) days after the same shall become due; or
- (3) Any representation or warranty made or deemed to be made to the FHLB by or on behalf of the Corporation in the FHLB Liquidity Facility or in any Related Document or in any certificate or statement delivered under the FHLB Liquidity Facility or under a Related Document shall be incorrect or untrue in any material respect when made or deemed to have been made; or
- (4) The Corporation shall fail to observe or perform certain enumerated covenants, which shall constitute an event of default and without regard to any grace period; or
- (5) (a) The Corporation shall default in the due performance or observance of any other term, covenant or agreement contained (or incorporated by reference) in the FHLB Liquidity Facility or there is a Default in the FHLB Liquidity Facility (other than those referred to in paragraphs (1) through (4) above) or (b) an event of default shall occur under any Related Documents (other than the Remarketing Statement) and in each case (a)



and (b), such default shall remain unremedied for a period of thirty (30) days after the FHLB shall have given written notice thereof to the Corporation; or

(6) (a) The Corporation shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Corporation shall make a general assignment for the benefit of its creditors; or (b) there shall be commenced against the Corporation any case, proceeding or other action of a nature referred to in clause (a) above which (i) results in an order for such relief or in the appointment of a receiver or similar official or (ii) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (c) there shall be commenced against the Corporation any case, proceeding or other action seeking issuance of a warrant of attachment, execution, rehabilitation, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (d) the Corporation shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (a), (b) or (c) above; or (e) the Corporation admits in writing its inability to pay its debts in writing; or (f) a debt moratorium, restructuring, adjustment or comparable extraordinary restriction shall have been declared or announced (whether or not in writing) with respect to the Bonds or Parity Debt of the Corporation either: (i) by the Corporation or (ii) pursuant to a ruling or finding by the State of Iowa (including, without limitation, any of the executive, legislative or judicial branches of government thereof) or any federal government agency or authority having jurisdiction over the Corporation; or

(7) (a) Any provision of the Act, the FHLB Liquidity Facility, the Indenture, the Remarketed Bonds or any Parity Debt relating to the payment of the principal of or interest on the Remarketed Bonds (including any Bank Bonds) or any Parity Debt or the security therefor shall at any time and for any reason cease to be valid and binding on the Corporation as a result of (i) finding or ruling, (ii) enactment or adoption of legislation, (iii) issuance of an executive order or (iv) entry of a judgment or decree, in each instance, by a governmental agency having appropriate jurisdiction over the Corporation that such a provision is null and void, invalid or unenforceable; or (b) the Corporation shall have taken or permitted to be taken any official action which would adversely affect the enforceability of the FHLB Liquidity Facility, the Remarketed Bonds, the Act, the Indenture or any Parity Debt relating to the payment of the principal or interest on the Remarketed Bonds (including any Bank Bonds), or any Parity Debt or the security therefor or results in a repudiation of its obligation to pay the Remarketed Bonds (including any Bank Bonds); or (c) the Corporation (i) challenges the validity or enforceability of any provision of the FHLB Liquidity Facility, the Remarketed Bonds, the Act, the Indenture or any Parity Debt relating to or otherwise affecting (A) the ability or obligation to pay the principal of or interest on the Remarketed Bonds, the Bank Bonds or any Parity Debt or (B) the security available for repayment of the principal of or interest on the Remarketed Bonds, the Bank

Bonds or any Parity Debt or (ii) seeks an adjudication that any provision of the FHLB Liquidity Facility, the Act, the Indenture, the Remarketed Bonds or any Parity Debt relating to or otherwise affecting (A) the Corporation's ability or obligation to pay the principal of or interest on the Remarketed Bonds, the Bank Bonds or any Parity Debt or (B) the security available for repayment of the principal of or interest on the Remarketed Bonds, the Bank Bonds or any Parity Debt is not valid and binding on the Corporation; or

(8) Each of Fitch, Moody's and S&P shall have (a) reduced the long term credit rating of the Remarketed Bonds or any unenhanced Parity Debt below Investment Grade; (b) withdrawn their long term ratings of the Remarketed Bonds or any unenhanced Parity Debt for any credit related reasons; or (c) suspended their long term ratings of the Remarketed Bonds or any unenhanced Parity Debt for any credit related reasons; or

(9) The Corporation shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any Parity Debt, or any interest or premium thereon, and such failure shall continue beyond any applicable period of grace specified in any underlying resolution, indenture, contract or instrument providing for the creation of or concerning such Parity Debt, or pursuant to the provisions of any such resolution, indenture, contract or instrument, the maturity of any Parity Debt shall have been or, as a result of a payment default of any nature, may be accelerated or shall have been, or, as a result of a payment default of any nature, may be required to be prepaid prior to the stated maturity thereof; provided, there shall not be a default under this paragraph 9 if the failure to pay principal or interest on the Parity Debt is due solely to an acceleration of Parity Debt for any reason other than the failure to pay principal or interest on the Parity Debt; or

(10) A final nonappealable judgment or order for the payment of money that exceeds \$5,000,000 in aggregate shall have been rendered against the Corporation and shall be payable from or attach to the revenues or other monies pledged to the payment of the Remarketed Bonds under the Indenture, and such judgment or order shall not have been satisfied within 60 days from the date on which such judgment was rendered; or

(11) The issuance of a proposed determination by the Internal Revenue Service with respect to the Remarketed Bonds, which, if not terminated revoked or omitted, would adversely affect the exclusion from gross income of such interest on the Remarketed Bonds for purposes of the exemption of such interest from federal income taxes; or

(12) The Corporation's long term rating shall be downgraded below "BBB+" by S&P and Fitch and "Baa1" by Moody's, for a period of more than 30 days after the Liquidity Provider shall have given written notice thereof to the Corporation.

*Remedies Upon Occurrence of an Event of Default.* Following the occurrence of the above referenced events of default, the FHLB may take any one or more of the following actions.

(1) In the case of the occurrence of an event of default specified in paragraphs (1), (6)(a), (c) (d), (e) or (f), (7), (8), (9) or (10) above (each, a "Termination Event"), the FHLB's Available Commitment and the obligations of the FHLB under the

FHLB Liquidity Facility to purchase the Remarketed Bonds which are Eligible Bonds shall immediately terminate without notice or demand to any Person and, thereafter, the FHLB shall be under no obligation to purchase the Remarketed Bonds which are Eligible Bonds, provided that an Event of Default described in paragraph (1) above will not qualify as a “Termination Event” under the FHLB Liquidity Facility if the failure to pay the principal of, or interest due, on a Bank Bond is due solely to an acceleration of all Bank Bonds for any reason other than as described in paragraph (1) above. Promptly upon such event of default, the FHLB shall give written notice of the same to the Corporation, the Trustee, the Tender Agent and the Remarketing Agent, provided that the FHLB shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination of the FHLB’s Available Commitment and the termination of the obligation of the FHLB to purchase Remarketed Bonds which are Eligible Bonds pursuant to the FHLB Liquidity Facility. The Corporation shall cause the Tender Agent to notify all Bondowners of the termination of the FHLB’s Available Commitment and of the termination of the obligation of the FHLB to purchase Remarketed Bonds which are Eligible Bonds.

(2) In the case of the occurrence of a Default as specified in paragraph (6), clause (b)(i) or (b)(ii) above (each, a “Suspension Event”), the obligation of the FHLB to purchase Remarketed Bonds which are Eligible Bonds under the FHLB Liquidity Facility shall be immediately suspended without notice or demand and, thereafter, the FHLB shall be under no obligation to purchase Remarketed Bonds which are Eligible Bonds until the Available Commitment is reinstated as described below. Promptly upon the occurrence of any such Suspension Event, the FHLB shall give written notice of the same to the Corporation, the Trustee, the Tender Agent and the Remarketing Agent, provided that the FHLB shall incur no liability of any kind by reason of its failure to give such notice and such failure shall in no way affect the suspension of the Available Commitment or the suspension of its obligation to purchase Remarketed Bonds which are Eligible Bonds pursuant to the FHLB Liquidity Facility.

Upon the commencement against the Corporation of any involuntary case, proceeding or other action which has not yet resulted in an order for relief or in the appointment of a receiver or similar official as described in paragraph 6, clause (b)(i) above, the FHLB’s obligations to purchase Remarketed Bonds which are Eligible Bonds under the FHLB Liquidity Facility shall immediately be suspended without notice or demand to any person and, thereafter, the FHLB shall be under no obligation to purchase Remarketed Bonds which are Eligible Bonds until such case, proceeding or other action referred to therein is terminated. In the event such case, proceeding or action is terminated, then the FHLB’s obligations to purchase Remarketed Bonds which are Eligible Bonds under the FHLB Liquidity Facility shall be reinstated and the terms of such FHLB Liquidity Facility shall continue in full force and effect (unless the FHLB Liquidity Facility shall have otherwise expired or been terminated in accordance with its terms) as if there had been no such suspension. Notwithstanding the foregoing, if three (3) years after the effective date of the suspension of the obligations of the FHLB as described in this paragraph, no order for relief has been issued or no receiver or similar official has been appointed, in either case, then the Available Commitment and the obligation of the FHLB to purchase Remarketed Bonds which are Eligible Bonds shall at such time terminate

without notice or demand and, thereafter, the FHLB shall be under no obligation to purchase Remarketed Bonds which are Eligible Bonds.

Upon the occurrence of a Suspension Event described in paragraph 6, clause (b)(ii) above, the FHLB's obligations to purchase Remarketed Bonds which are Eligible Bonds shall remain suspended until the case, proceeding or other action referred to therein is either (i) terminated or (ii) sixty (60) days shall have elapsed from the commencement of such case, proceeding or action, whichever is the first to occur. In the event that said Suspension Event shall have been terminated within the sixty (60) day period described therein, then the Available Commitment and the obligation of the FHLB to purchase Remarketed Bonds which are Eligible Bonds shall be reinstated and the terms of the FHLB Liquidity Facility shall continue in full force and effect (unless the FHLB Liquidity Facility shall have otherwise expired or been terminated in accordance with its terms) as if there had been no such suspension. In the event that said Suspension Event shall not have been terminated within such sixty (60) day period, then the Available Commitment and the obligation of the FHLB to purchase Remarketed Bonds which are Eligible Bonds shall at such time terminate without notice or demand and, thereafter, the FHLB shall be under no obligation to purchase Remarketed Bonds which are Eligible Bonds.

In the case of each Suspension Event, the Tender Agent shall immediately notify all Bondholders of the suspension and/or termination of both the Available Commitment and the obligation of the FHLB to purchase Remarketed Bonds which are Eligible Bonds. The Corporation shall cause the Tender Agent to notify all Bondholders of the suspension and/or termination of the Available Commitment and of the suspension and/or termination of the obligation of the FHLB to purchase Remarketed Bonds which are Eligible Bonds.

(3) In the case of the occurrence of any event of default described above (other than as specified in subsections (1) and (2) of this section entitled "Remedies Upon Occurrence of an Event of Default" above), the FHLB may give written notice of such event of default and termination of the FHLB Liquidity Facility (a "Notice of Termination Date") to the Trustee, the Tender Agent, the Corporation, and the Remarketing Agent requesting a default tender of the Remarketed Bonds which are Eligible Bonds. The obligation of the FHLB to purchase the Remarketed Bonds which are Eligible Bonds shall terminate on the thirtieth (30th) day (or if such day is not a Business Day, the next following Business Day) after such Notice of Termination Date is received by the Tender Agent and on such date the Available Commitment shall terminate and the FHLB shall be under no obligation under the FHLB Liquidity Facility to purchase Remarketed Bonds which are Eligible Bonds.

(4) Upon the occurrence of any event of default, the FHLB may declare all accrued and unpaid amounts payable to it under the FHLB Liquidity Facility immediately due and payable (other than payments of principal of and interest on Bank Bonds, and acceleration rights which are governed by the Indenture), and the FHLB shall have all remedies provided at law or equity, including, without limitation, specific performance; provided, however, the FHLB agrees to purchase the Remarketed Bonds which are Eligible Bonds on the terms and conditions of the FHLB Liquidity Facility notwithstanding the occurrence of an event of default which does not terminate or suspend its obligation to

purchase Remarketed Bonds which are Eligible Bonds under paragraphs (1), (2) or (3) above.

(5) The remedies described under paragraphs (1), (2), (3) and (4) above shall only be exclusive with respect to such events of default to the extent they are obtained by the FHLB. If, for any reason whatsoever, the FHLB is not able to obtain all such remedies, then the FHLB reserves the right and shall have the right to pursue any other available remedies, whether provided by law, equity or the FHLB Liquidity Facility.

*Extension of Commitment Period.* Upon written request of the Corporation to the FHLB, made not less than 90 days nor more than 120 days prior to the then current Expiration Date of the FHLB Liquidity Facility or at such other time as is acceptable to the FHLB, the then current Expiration Date of the FHLB Liquidity Facility may be extended from time to time by agreement in writing between the FHLB and the Corporation (the period from the preceding Expiration Date to such new Expiration Date being herein sometimes called the “Extended Commitment Period”). The Extended Commitment Period may itself be extended in a like manner. The FHLB has no obligation to agree to any Extended Commitment Period. If the FHLB, in its sole discretion following such request by the Corporation, agrees to extend any such period, the FHLB shall give written notice of the election to extend to the Corporation, the Tender Agent and the Remarketing Agent within thirty (30) days of such request. If the FHLB does not so notify the Corporation, the Expiration Date for the FHLB Liquidity Facility shall not be extended. At the time of any extension, the FHLB may, in its sole discretion as a condition to such extension, require changes in the terms and conditions of the FHLB Liquidity Facility, including the Commitment Fees and any other fees payable under the FHLB Liquidity Facility, and the Bank Rate.

### **Alternate Liquidity Facility**

The Corporation may elect to replace the FHLB Liquidity Facility with an Alternate Liquidity Facility. The Corporation shall notify the FHLB, the Trustee, the Remarketing Agent, and the Tender Agent of the Corporation’s intention to deliver an Alternate Liquidity Facility at least 45 days prior to such delivery; promptly after receiving such notice from the Corporation, the Trustee shall so notify the affected Bondholders.

The Remarketed Bonds will be subject to mandatory tender in the event of the delivery of an Alternate Liquidity Facility. See “The Remarketed Bonds—Description of the Remarketed Bonds—Mandatory Tender.”

### **Self Liquidity or Other Forms of Liquidity**

The Corporation may also elect to provide liquidity support for the Remarketed Bonds from its own funds or by delivering a liquidity facility which does not meet the requirements of an Alternate Liquidity Facility. See “Appendix F—”Certain Definitions with Respect to the Remarketed Bonds.” If the Corporation makes such an election, the Remarketed Bonds will be subject to mandatory tender prior to the expiration of the Liquidity Facility then in effect. See “The Remarketed Bonds—Description of the Remarketed Bonds—Mandatory Tender.”

## THE REMARKETED BONDS

### General

The Remarketed Bonds will be dated as set forth on the cover page. Remarketed Bonds will bear interest from such date at the Effective Rate determined by the Remarketing Agent. The Remarketed Bonds will mature on the dates and in the amounts set forth on the cover page. The Remarketed Bonds initially will bear interest at a Weekly Rate. **THIS REMARKETING STATEMENT IS NOT INTENDED TO DESCRIBE REMARKETED BONDS THAT ARE NOT IN A WEEKLY MODE PERIOD.** Interest on the Remarketed Bonds will be payable on the dates set forth on the cover page. Interest accrued on the Remarketed Bonds during a Weekly Mode Period will be computed on the basis of a 365-day year or 366-day year, as applicable, for the number of days actually elapsed. The Remarketed Bonds will be remarketed in the denominations set forth on the cover page.

Any Holder of Remarketed Bonds has the option of tendering the Bonds to the Tender Agent in accordance with the provisions of the 2009 Series D Supplemental Indenture as described under “Description of the Remarketed Bonds” below. Pursuant to the FHLB Liquidity Facility, the FHLB has the obligation to purchase, under certain conditions and from time to time, Remarketed Bonds in a Weekly Mode tendered or deemed tendered to the Tender Agent, which tendered Remarketed Bonds are not remarketed. For additional information with respect to the Remarketed Bonds, see also “Appendix F—Certain Definitions with Respect to the Remarketed Bonds.”

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

The Remarketed Bonds are being remarketed 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 Remarketed Bonds. See “Book Entry Only” below.

### Redemption Provisions

#### *Sinking Fund Redemption*

The Remarketed Bonds 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:

Date	Remarketed Bonds Maturing December 1, 2040
June 1, 2020	\$1,105,000
December 1, 2020	1,145,000
June 1, 2021	1,160,000
December 1, 2021	1,195,000
June 1, 2022	1,225,000
December 1, 2022	1,260,000

June 1, 2023	1,285,000
December 1, 2023	1,320,000
June 1, 2024	1,360,000
December 1, 2024	1,380,000
June 1, 2025	1,425,000
December 1, 2025	1,460,000
June 1, 2026	1,490,000
December 1, 2026	1,530,000
June 1, 2027	1,565,000
December 1, 2027	1,605,000
June 1, 2028	1,645,000
December 1, 2028	1,690,000
June 1, 2029	1,735,000
December 1, 2029	1,785,000
June 1, 2030	1,820,000
December 1, 2030	1,855,000
June 1, 2031	1,915,000
December 1, 2031	1,960,000
June 1, 2032	2,005,000
December 1, 2032	2,055,000
June 1, 2033	2,110,000
December 1, 2033	2,170,000
June 1, 2034	2,210,000
December 1, 2034	2,275,000
June 1, 2035	2,325,000
December 1, 2035	2,400,000
June 1, 2036	2,440,000
December 1, 2036	2,505,000
June 1, 2037	2,570,000
December 1, 2037	2,645,000
June 1, 2038	2,695,000
December 1, 2038	2,775,000
June 1, 2039	2,825,000
December 1, 2039	2,915,000
June 1, 2040	2,975,000
December 1, 2040	3,060,000†

---

† Stated Maturity

Any redemption (other than a mandatory redemption from sinking fund payments) of Remarketed Term Bonds of a maturity will be credited against future sinking fund payments for such maturity (i) on a reasonably proportionate basis or (ii) on such other basis as shall be directed by the Corporation in accordance with the Indenture.

### ***Optional Redemption***

The Remarketed Bonds in a Weekly Mode are subject to redemption, on any Effective Rate Date, in whole or in part, of any maturity as directed by the Corporation, at the option of the Corporation, from any source of funds, at 100% of the principal amount thereof, plus accrued interest.

### ***Selection of Bonds for Redemption; Purchase in Lieu of Redemption***

The General Indenture provides that unless otherwise provided in an Authorizing Indenture, the Bonds of a Series shall be redeemed (i) on a pro rata basis (which is defined in the Indenture as a reasonably proportionate basis from among all then existing maturities of the Bonds of such Series, such basis to be determined as nearly as practicable by multiplying the total amount available by the ratio which the principal amount of the Bonds Outstanding in each maturity of such Series bears to the principal amount of all the Bonds of such Series then Outstanding) from all maturities of the Outstanding Bonds of such Series or (ii) on such other basis as shall be directed by the Corporation upon filing of a Bond Coverage Certificate demonstrating Bond Coverage after giving effect to such redemption. The General Indenture provides that if less than all the Bonds of a particular maturity of a Series are to be redeemed, the particular Bonds of such maturity of such Series to be redeemed will be selected by the Trustee by lot, using such method of selection as it deems proper in its discretion; provided, however, that the Trustee shall select for redemption first any Bank Bonds of such maturity, if any, and second the remaining Bonds of such maturity.

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. Following purchase, such Bonds will be canceled.

### ***Notice of Redemption***

Notice of the redemption, identifying the Remarketed 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 Remarketed Bond to be redeemed in whole or in part at the address shown on the registration books maintained by the Trustee. The 2009 Series D Supplemental Indenture provides that such notice also shall be given to the Remarketing Agent. Pursuant to the Indenture, neither failure to receive any redemption notice nor any defect in such redemption notice shall affect the sufficiency of the proceedings for such redemption and failure by the Trustee to deliver such notice of redemption of the Bonds at the times required in the Indenture shall not impair the ability of the Trustee and the Corporation to effect such redemption.

### **Description of the Remarketed Bonds**

See Appendix F for the definitions of certain capitalized terms with respect to the Remarketed Bonds.

### ***Interest on the Remarketed Bonds***

The Remarketed Bonds will bear interest at the Weekly Rate determined by the Remarketing Agent. Thereafter, Remarketed Bonds will bear interest, commencing on the Effective Rate Date (for Remarketed Bonds while in the Weekly Mode, each Thursday), at the Weekly Rate determined by the Remarketing Agent for the new Effective Rate Period. In no event shall the interest rate borne by such Remarketed Bonds exceed the Maximum Rate.



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

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

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

If the position of Remarketing Agent is vacant or the Remarketing Agent fails to act for any reason, the Remarketed Bonds will automatically bear interest in a Weekly Mode Period with the interest rate reset on a weekly basis at the lesser of (i) the SIFMA Index plus 0.25% or (ii) the Maximum Rate, and such interest rate will remain in effect until such time as the Remarketing Agent determines the Weekly Rate in accordance with the Indenture, the 2009 Series D Supplemental Indenture and the Remarketing Agreement.

### ***Optional Tender***

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

The Remarketed Bonds will be subject to mandatory tender for purchase as described below.

### ***Corporation Not Responsible for the FHLB's Failure To Purchase Remarketed Bonds***

Under the terms and provisions of the Remarketing Agreement and the FHLB Liquidity Facility, the purchase price of Remarketed Bonds bearing interest at a Weekly Rate in an amount equal to the principal amount thereof and accrued interest, if any, thereon will be payable from moneys furnished in connection with remarketing of the Remarketed Bonds or from the FHLB Liquidity Facility. **The Corporation is *not* responsible for any failure by the FHLB to purchase Remarketed Bonds tendered at the option of the Holder or subject to mandatory tender for purchase pursuant to the 2009 Series D Supplemental Indenture.**

**Upon the occurrence of certain events of default under the FHLB Liquidity Facility, the FHLB's obligation to purchase Remarketed Bonds under the FHLB Liquidity Facility will immediately terminate or be suspended without notice or other action on the part of the FHLB. See "The Liquidity Facility" herein. The Corporation is *not* responsible for any failure by the FHLB to purchase Remarketed Bonds tendered at the option of the Holder or subject to mandatory tender for purchase pursuant to the 2009 Series D Supplemental Indenture upon the occurrence of any such event of default under the FHLB Liquidity Facility.**

In the event of a failure by the FHLB to purchase any Remarketed Bonds tendered or deemed tendered for purchase by the Holders thereof resulting from an Event of Default under the FHLB Liquidity Facility, such Remarketed Bonds will automatically bear interest in a Weekly Mode Period with the interest rate reset on a weekly basis at the lesser of (i) the SIFMA Index plus 1.00% or (ii) the Maximum Rate. Bondholders will not have the right to tender their Remarketed Bonds during such period and may be required to hold their Remarketed Bonds to their respective maturities or prior redemption.

### ***Mandatory Tender***

The Remarketed Bonds are subject to mandatory tender for purchase (with no right to retain) (i) on each Mode Change Date, (ii) with respect to a related Liquidity Expiration Event, on a date not less than one day prior to the scheduled expiration or earlier termination (other than by substitution) of the Liquidity Facility, (iii) on any Conversion Date, and (iv) on each date specified by the Corporation in connection with the delivery of an Alternate Liquidity Facility or Self Liquidity or Non-Conforming Liquidity Facility (each a "Mandatory Tender Date"), at a purchase price equal to 100% of the principal amount thereof plus accrued interest. Upon any such event, the Trustee, not less than 15 days prior to such tender, shall deliver a notice of mandatory tender to related Holders and the Remarketing Agent stating the reason for the mandatory tender, the date of mandatory tender, and that all Holders of Remarketed Bonds subject to such mandatory tender will be deemed to have tendered their Remarketed Bonds upon such date.

### ***Remarketing***

On each date on which Remarketed Bonds are required to be purchased, the Remarketing Agent shall use its best efforts as described herein to sell such Remarketed Bonds at an Effective Rate that results as nearly as practicable in the price being 100% of the principal amount thereof. In the event the Remarketing Agent is unable to remarket the Remarketed Bonds so tendered, the

FHLB will purchase such Bonds, subject to certain conditions, in accordance with the FHLB Liquidity Facility. See “The Liquidity Facility.”

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

#### ***Conversion to Fixed Interest Rates or an Indexed Rate***

The 2009 Series D Supplemental Indenture provides that the Corporation has the option to Convert all or a portion of the Remarketed Bonds on any Effective Rate Date to Fixed Interest Rates or an Indexed Rate, in accordance with the Indenture and as described herein. Prior and as a condition to the Conversion of any of the Remarketed Bonds, the Trustee must deliver a notice to the Holders thereof and the Remarketing Agent specifying the Conversion Date, which date shall be not less than 30 days following the receipt of such notice. No Fixed Interest Rates or Indexed Rate shall be established with respect to the Remarketed Bonds unless, on or before the Rate Determination Date therefor, a Counsel’s Opinion has been delivered to the Trustee to the effect that such Conversion to Fixed Interest Rates or an Indexed Rate, in and of itself, will not adversely affect the exclusion of interest on the related Remarketed Bonds from gross income for federal income tax purposes. Unless and until such conditions for Conversion are satisfied, the Remarketed Bonds shall continue to bear interest at the Effective Rate. Upon any Conversion to Fixed Interest Rates or an Indexed Rate, the Remarketed Bonds will be subject to mandatory tender for purchase.

#### **Special Considerations Relating to the Remarketed Bonds**

##### ***The Remarketing Agent Is Paid by the Corporation***

The Remarketing Agent’s responsibilities include determining the interest rate from time to time and remarketing Remarketed Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case to the terms of the Remarketing Agreement), all as further described in this Remarketing Statement. The Remarketing Agent is appointed by the Corporation and is paid by the Corporation for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Remarketed Bonds.

### ***The Remarketing Agent Routinely Purchases Bonds for Its Own Account***

The Remarketing Agent is permitted, but not obligated, to purchase tendered bonds for its own account. The Remarketing Agent, in its sole discretion, routinely acquires tendered bonds for its own inventory in order to achieve a successful remarketing of the bonds (i.e., because there otherwise are not enough buyers to purchase the bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase bonds including the Remarketed Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Remarketed Bonds by routinely purchasing and selling Remarketed Bonds other than in connection with an optional tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Remarketed Bonds. If the Remarketing Agent purchases Remarketed Bonds for its own account, it may offer those Remarketed Bonds at a discount to par to some investors. The Remarketing Agent may also sell any Remarketed Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Remarketed Bonds. The purchase of Remarketed Bonds by the Remarketing Agent may create the appearance that there is greater third-party demand for the Remarketed Bonds in the market than is actually the case. The practices described above also may reduce the supply of Remarketed Bonds that may be tendered in a remarketing.

### ***Bonds May Be Offered at Different Prices on Any Date***

The Remarketing Agent is required to determine on the Rate Determination Date the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Remarketed Bonds at par plus accrued interest, if any, on the Effective Rate Date. The interest rate will reflect, among other factors, the level of market demand for the Remarketed Bonds (including whether the Remarketing Agent is willing to purchase Remarketed Bonds for its own account). The Remarketing Agreement requires that the Remarketing Agent use its best efforts to sell tendered bonds at par, plus accrued interest. There may or may not be Remarketed Bonds tendered and remarketed on a Rate Determination Date. As an owner of Remarketed Bonds the Remarketing Agent may sell Remarketed Bonds at varying prices, including at a discount to par, to different investors on a Rate Determination Date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third-party buyers for all of the Remarketed Bonds at the remarketing price. In the event a Remarketing Agent owns any Remarketed Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Remarketed Bonds on any date, including the Effective Rate Date, at a discount to par to some investors.

### ***The Ability to Sell the Remarketed Bonds Other Than through the Tender Process May Be Limited***

While the Remarketing Agent may buy and sell Remarketed Bonds, it is not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the Remarketed Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Remarketed Bonds other than by tendering through the Tender Agent the Remarketed Bonds in accordance with the tender process.

The Corporation may fail to purchase tendered Remarketed Bonds even when it is obligated to do so, in which case tendered Remarketed Bonds would be returned to the holders thereof and bear interest at the Maximum Rate until such Bonds can be remarketed. It is not certain that following a failure to purchase Remarketed Bonds a secondary market for the Remarketed Bonds will develop.

***Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Remarketed Bonds Without A Successor Being Named***

Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement.

**Book Entry Only**

***General***

The Remarketed Bonds will be remarketed as fully registered bonds in the name of Cede & Co., as nominee of DTC, as registered owner of the Remarketed Bonds. Purchasers of such Bonds will not receive physical delivery of bond certificates. For purposes of this Remarketing Statement, so long as all of the Remarketed Bonds are immobilized in the custody of DTC, references to holders or owners of Remarketed 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 Remarketing Agent takes responsibility for the accuracy or completeness thereof.

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Remarketed Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Remarketed Bonds on DTC’s records. The ownership interest of each actual purchaser of each Remarketed 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 Remarketed 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 Remarketed Bonds, except in the event that use of the book-entry system for the Remarketed Bonds is discontinued.

To facilitate subsequent transfers, all Remarketed 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 Remarketed 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 Remarketed Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Remarketed 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 Remarketed Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Remarketed Bonds, such as redemptions, tenders, defaults and proposed amendments to the Indenture. For example, Beneficial Owners of Remarketed Bonds may wish to ascertain that the nominee holding the Remarketed Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Remarketed 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 the Remarketed 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 Remarketed 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 REMARKETED BONDS, OR TO ANY BENEFICIAL OWNER IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT, THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL, PURCHASE PRICE OR REDEMPTION PRICE OF OR INTEREST ON THE REMARKETED BONDS, ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS UNDER THE INDENTURE, THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OR PARTIAL TENDER AND PURCHASE OF THE REMARKETED BONDS OR ANY OTHER ACTION TAKEN BY DTC AS REGISTERED BONDOWNER.

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

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

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

If bond certificates are issued, the principal and interest due upon maturity or redemption of any of the Remarketed Bonds will be payable at the office of the Trustee, as paying agent, upon presentation and surrender of such Remarketed 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 Remarketed Bond (prior to the maturity or earlier redemption thereof) will be made by the Trustee to the registered owner of such Remarketed Bond by check mailed by first class mail on the Interest Payment Date to such registered owner as of the Record Date at the address appearing on the registration books relating to the Remarketed Bonds.

If bond certificates are issued, the Remarketed 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 mailing of notice of any proposed redemption of any Remarketed Bond, nor of any Remarketed Bond so selected for redemption, nor 10 days prior to an Interest Payment Date. If any Remarketed Bond is mutilated, lost, stolen or destroyed, the Trustee may execute and deliver a new Remarketed Bond or Remarketed Bonds of the same interest rate, maturity and principal amount as the Remarketed Bond or Remarketed Bonds so mutilated, lost, stolen or destroyed, provided that such Remarketed 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.

## **PROGRAM OBLIGATIONS**

### **Mortgage Loans**

#### ***Mortgage Loans***

As of April 30, 2019, there were Mortgage Loans allocable to the Bonds with an outstanding aggregate principal balance of \$763,891,294, bearing interest at a weighted average rate of approximately 4.55% per annum, with a weighted average remaining term of 289 months.

The following table sets forth certain information as of April 30, 2019 regarding the type of primary mortgage insurance coverage originally applicable to the 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 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.

<b>Type</b>	<b>Outstanding Principal Balance</b>	<b>Percentage of Total Mortgage Loans by Outstanding Principal Balance</b>
Uninsured <sup>†</sup>	\$348,870,589	45.7%
Private Mortgage Insurance	220,720,338	28.9
FHA Insurance	86,252,899	11.3
VA Guarantee	26,030,672	3.4
RD Insurance	40,354,648	5.3
HUD 184 Insurance	<u>41,662,148</u>	<u>5.4</u>
<b>TOTAL</b>	<b><u>\$763,891,294</u></b>	<b><u>100.0%</u></b>

<sup>†</sup> Uninsured Mortgage Loans represent loans in which the original loan-to-value ratio was not in excess of 80% and insurance coverage was therefore not required.

The following table sets forth certain information as of April 30, 2019 regarding the type of dwellings securing Mortgage Loans.

<b>Property Type</b>	<b>Outstanding Principal Balance</b>	<b>Percentage of Total Mortgage Loans by Outstanding Principal Balance</b>
Single-Family Dwellings	\$606,634,846	79.4%
Condominiums	91,946,387	12.0
2-4 Unit Dwellings	62,323,370	8.2
Other	<u>2,986,691</u>	<u>0.4</u>
<b>TOTAL</b>	<b><u>\$763,891,294</u></b>	<b><u>100.0%</u></b>

The following table sets forth certain information as of April 30, 2019 regarding the location of the mortgaged property securing Mortgage Loans.

<b>Property Location</b>	<b>Outstanding Principal Balance</b>	<b>Percentage of Total Mortgage Loans by Outstanding Principal Balance</b>
Anchorage	\$333,463,917	43.7%
Fairbanks/North Pole	77,312,901	10.1
Wasilla/Palmer	94,882,316	12.4
Juneau/Ketchikan	65,817,466	8.6
Kenai/Soldotna/Homer	54,693,424	7.2
Eagle River/Chugiak	35,133,714	4.6
Kodiak	19,117,103	2.5
Other	<u>83,470,453</u>	<u>10.9</u>
<b>TOTAL</b>	<b><u>\$763,891,294</u></b>	<b><u>100.0%</u></b>

## **Mortgage Loan Underwriting**

The following description provides certain information concerning the Corporation's current underwriting requirements for single-family 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 Mortgage Loans conformed to such current 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 — Program Obligations."

### ***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 "Program 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 financed 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 26 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 “Program 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 \$726,525 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 30 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 April 2019 Mortgage and Bond Disclosure Report of the Corporation and the audited financial statements of the Corporation as of and for the year ended June 30, 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:

<b><u>Name</u></b>	<b><u>Location</u></b>
<b>Mr. Brent LeValley</b> Chair	Senior Vice President (Ret.) Denali State Bank Fairbanks, Alaska
<b>Mr. Alan Wilson</b> Vice Chair	President Alaska Renovators, Inc. Juneau, Alaska
<b>Mr. Haven Harris</b>	Vice President St. George Tanaq Corporation Anchorage, Alaska
<b>Mr. Olen Harris</b>	Executive Director North Pacific Rim Housing Authority Anchorage, Alaska
<b>Mr. Bruce Tangeman</b> Commissioner Alaska Department of Revenue	<b>Mr. Greg Samorajski</b> (designee) Deputy Commissioner Alaska Department of Revenue Anchorage, Alaska
<b>Mr. Adam Crum</b> Commissioner Alaska Department of Health and Social Services	<b>Mr. Albert Wall</b> (designee) Deputy Commissioner Alaska Department of Health and Social Services Anchorage, Alaska
<b>Ms. Julie Anderson</b> Commissioner Alaska Department of Commerce, Community and Economic Development	<b>Mr. John Springsteen</b> (designee) Deputy Commissioner Alaska Department of Commerce, Community and Economic Development Anchorage, Alaska

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

The Corporation's staff consists of employees organized into the following departments: 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.

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.

The following table sets forth certain information regarding the Corporation's variable rate demand obligations as of April 30, 2019 (except as updated in the footnotes):

<b>Bond Series</b>	<b>Amount Outstanding</b>	<b>Liquidity Provider (or Self Liquidity)</b>	<b>Facility Expiration Date</b>
Governmental Purpose Bonds, 1997 Series A	\$ 14,600,000	Self Liquidity	NA <sup>†</sup>
Governmental Purpose Bonds, 2001 Series A and B <sup>††</sup>	93,640,000	Self Liquidity	NA <sup>†</sup>
State Capital Project Bonds, 2002 Series C	23,155,000	Self Liquidity	NA <sup>†</sup>
Home Mortgage Revenue Bonds, 2002 Series A	35,110,000	JPMorgan Chase Bank, N.A.	December 31, 2019
Home Mortgage Revenue Bonds, 2007 Series A, B and D	229,170,000	Federal Home Loan Bank- Des Moines	May 25, 2021
Home Mortgage Revenue Bonds, 2009 Series A	80,880,000	Wells Fargo Bank, N.A.	December 6, 2021
Home Mortgage Revenue Bonds, 2009 Series B	80,880,000	Wells Fargo Bank, N.A.	December 6, 2021
Home Mortgage Revenue Bonds, 2009 Series D <sup>†††</sup>	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 <sup>†</sup>
State Capital Project Bonds II, 2018 Series A	<u>90,000,000</u>	Self Liquidity	NA <sup>†</sup>
	<u>\$878,305,000</u>		

<sup>†</sup> 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 such obligation.

<sup>††</sup> The current liquidity facility is expected to be replaced by a liquidity facility with the FHLB on or about June 27, 2019, which liquidity facility is expected to expire on June 27, 2022.

<sup>†††</sup> The current liquidity facility for the 2009 Series D Bonds is expected to be replaced by the FHLB Liquidity Facility, as described herein.

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 April 30, 2019, regarding bonds issued under the above-described financing programs and the Bonds issued under the Indenture:

### Bonds Issued and Remaining Outstanding by Program

Bond Program	Issued through 4/30/2019	Issued During Ten Months Ended 4/30/2019	Outstanding as of 4/30/2019
Home Mortgage Revenue Bonds	\$1,262,675,000	\$ 0	\$ 506,910,000
Mortgage Revenue Bonds <sup>†</sup>	1,449,010,353 <sup>†</sup>	0	197,850,000
State Capital Project Bonds	680,190,000	0	27,685,000
State Capital Project Bonds II	1,352,530,000	0	1,130,475,000
General Mortgage Revenue Bonds II	463,670,000	167,780,000	353,700,000
Governmental Purpose Bonds	973,170,000	0	108,240,000
Veterans Collateralized Bonds	792,885,000	60,000,000	107,480,000
Other Bonds	<u>12,154,673,769</u>	<u>0</u>	<u>0</u>
Total Bonds	<u>\$19,128,804,122</u>	<u>\$227,780,000</u>	<u>\$2,432,340,000</u>

<sup>†</sup> Includes release of proceeds of \$193,100,000 Mortgage Revenue Bonds originally issued in 2009.

### Summary of Bonds Issued and Remaining Outstanding

	Issued through 4/30/2019	Issued During Ten Months Ended 4/30/2019	Outstanding as of 4/30/2019
Tax-Exempt Bonds	\$14,063,544,122 <sup>†</sup>	\$227,780,000	\$2,052,340,000
Taxable Bonds	<u>5,065,260,000</u>	<u>0</u>	<u>380,000,000</u>
Total Bonds	<u>\$19,128,804,122</u>	<u>\$227,780,000</u>	<u>\$2,432,340,000</u>
Self-Liquidity Bonds <sup>††</sup>	<u>\$984,620,000</u>	<u>\$ 0</u>	<u>\$371,395,000</u>

<sup>†</sup> Includes release of proceeds of \$193,100,000 Mortgage Revenue Bonds originally issued in 2009.

<sup>††</sup> For information only. These amounts are already included in the categories above. The liquidity facility for the Governmental Purpose Bonds, 2001 Series A and B is expected to be replaced by the FHLB Liquidity Facility on or about June 27, 2019.

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 funded a loan totaling approximately \$145 million (\$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) for the construction and rehabilitation of rental housing on two United States Army bases in the State, Fort Wainwright and Fort Greeley, bearing interest at a rate of 6.625% per annum and amortizing over a 40-year term maturing April 15, 2058, with a 35-year lockout for prepayment. As of April 30, 2019, the remaining principal balance on this loan was \$142,977,380.

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 April 30, 2019, regarding the mortgage loans financed under the above-described lending programs:

#### **Mortgage Purchases by Program**

<b>Loan Program</b>	<b>Original Principal Balance of Mortgage Loans Purchased During FY 2018</b>	<b>Original Principal Balance of Mortgage Loans Purchased During the Ten Months Ended 4/30/2019</b>
Taxable Other	\$190,986,573	\$160,740,622
Tax-Exempt First Time Homebuyer	115,273,019	101,160,666
Taxable First-Time Homebuyer	93,977,887	77,089,460
Multi-Family/Special Needs	53,636,450	14,872,825
Rural	54,494,346	53,346,766
Veterans Mortgage Program	<u>34,921,525</u>	<u>36,278,229</u>
Total Mortgage Purchases	<u>\$543,289,800</u>	<u>\$443,488,568</u>
Percentage of Original Principal Balance of Total Mortgage Purchases during Period Representing Streamline Refinance Loans	0.4%	0.0%

### Mortgage Portfolio Summary

	<u>As of 6/30/2018</u>	<u>As of 4/30/2019</u>
Mortgages and Participation Loans	\$3,097,658,824	\$3,309,571,096
Unconventional Loans	75,409,323	65,984,521
Real Estate Owned and Insurance Receivables	<u>5,538,446</u>	<u>4,216,834</u>
Total Mortgage Portfolio	<u>\$3,178,606,593</u>	<u>\$3,379,772,451</u>

### Mortgage Insurance Summary<sup>†</sup>

Type	Outstanding Principal Balance as of 4/30/2019	Percentage of Total Mortgage Loans by Outstanding Principal Balance
Uninsured <sup>††</sup>	\$1,839,448,634	54.4%
Private Mortgage Insurance <sup>†††</sup>	859,219,202	25.4
Federally Insured – FHA	236,082,445	7.0
Federally Insured – VA	181,271,640	5.4
Federally Insured – RD	139,813,069	4.1
Federally Insured – HUD 184	<u>123,937,461</u>	<u>3.7</u>
TOTAL	<u>\$3,379,772,451</u>	<u>100.0%</u>

<sup>†</sup> 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.

<sup>††</sup> 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.

<sup>†††</sup> 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.

<b>PMI Provider</b>	<b>Outstanding Principal Balance as of 4/30/2019</b>	<b>Percentage of Total Mortgage Loans by Outstanding Principal Balance</b>
Radian Guaranty	\$267,766,311	7.9%
CMG Mortgage Insurance	153,231,762	4.5
Mortgage Guaranty	137,262,549	4.1
Essent Guaranty	165,584,482	4.9
United Guaranty	77,098,623	2.3
Genworth GE	56,098,124	1.7
PMI Mortgage Insurance	708,541	0.0
National Mortgage Insurance	1,077,012	0.0
Commonwealth	<u>391,798</u>	<u>0.0</u>
<b>TOTAL</b>	<b><u>\$859,219,202</u></b>	<b><u>25.4%</u></b>

#### **Mortgage Delinquency and Foreclosure Summary**

	<b>As of 6/30/2018</b>	<b>As of 4/30/2019</b>
Delinquent 30 Days	1.77%	1.99%
Delinquent 60 Days	0.84	0.52
Delinquent 90 Days or More	<u>0.80</u>	<u>1.01</u>
Total Mortgage Delinquency	<u>3.41%</u>	<u>3.52%</u>

	<b>As of 6/30/2018</b>	<b>Ten Months Ended 4/30/2019</b>
Total Foreclosures	<u>\$10,348,869</u>	<u>\$6,076,295</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 24 to the Corporation's audited annual financial statements dated June 30, 2018 and 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				
	2018	2017	2016	2015	2014
<b>Total Assets and Deferred Outflows</b>	\$4,101,560	\$3,939,741	\$3,930,554	\$3,916,302	\$4,055,203
<b>Total Liabilities and Deferred Inflows</b>	2,562,864	2,426,113	2,431,021	2,430,821	2,545,295
<b>Total Net Position</b>	1,538,696	1,513,628	1,499,533	1,485,481	1,509,908
<b>Total Operating Revenues</b>	246,280	249,479	274,180	290,099	308,086
<b>Total Operating Expenses</b>	212,697	235,134	259,979	281,594	311,471
<b>Operating Income (Loss)</b>	33,583	14,345	14,201	8,505	(3,385)
<b>Contribution to State or State agency</b>	(125)	(250)	(149)	(3,825)	(1,380)
<b>Special Item</b>	0	0	0	0	0
<b>Change in Net Position</b>	\$33,458	\$14,095	\$14,052	\$4,680	\$(4,765)

## 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.

<b>Fiscal Year</b>	<b>Percentage of Adjusted Change in Net Assets</b>
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, 2018 (in thousands).

	<b><u>Dividend Due to State</u></b>	<b><u>Expenditures</u></b>	<b><u>Remaining Commitments</u></b>
State General Fund Transfers	\$ 794,648	\$ (788,948)	\$ 5,700
State Capital Projects Debt Service	458,877	(446,871)	12,006
State of Alaska Capital Projects	255,761	(249,534)	6,227
Corporation Capital Projects	<u>507,792</u>	<u>(469,752)</u>	<u>38,040</u>
Total	\$2,017,078	\$(1,955,105)	\$61,973

### ***Corporation Budget Legislation***

The Corporation's fiscal year 2019 operating budget was approved by the Legislature during the fiscal year 2018 legislative session. Consistent with the Transfer Plan, the enacted fiscal year 2019 operating budget estimated that \$29.4 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 Remarketed Bonds, see “The Remarketed Bonds” and “Sources of Payment and Security for the Bonds.”

### **Certain Definitions (Section 102)**

“*Authorized Hedging Payments*” means payments that are (i) designated as such in the related Authorizing Indenture with respect to specified provisions of the Indenture and (ii) due to the counterparty of a Hedging Instrument from the Corporation or the Trustee.

“*Authorizing Indenture*” means, with respect to any Bond or Series of Bonds, the Supplemental Indenture pursuant to which such Bond or Series of Bonds is issued.

“*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 amounts which are in any Fund (except the Rebate Fund, the Bond Purchase Fund, and the Loan Loss Fund) sufficient and available to provide timely payment of the principal of and interest on the Bonds on each Debt Service Payment Date and Program Expenses, up to the amount permitted to be paid out of the Operating Account 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. In each case the Certificate must show sufficient funds under each of the following sets of assumptions and, in the case of each such schedule, assuming any timing of redemption of Bonds which each such schedule shows (provided Bonds are redeemed thereunder from amounts in the General Account and the Principal Account in accordance with the provisions of the Indenture):

(i) assuming receipt of Scheduled Payments (but no prepayments not theretofore received) on any Mortgage Loan or mortgage loans represented by Mortgage Certificates;

(ii) 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 on the day after the date of certification; and

(iii) assuming receipt of Scheduled Payments to, and such 100% prepayment on, the day after the first Debt Service 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 Payment 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 Authorizing Indenture, 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 Authorizing Indenture or as set forth in an Authorized Officer's Certificate consistent with the related Authorizing Indenture.

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

"Costs of Issuance" means, with respect to a Series of Bonds, any items of expense directly or indirectly payable or reimbursable by the Corporation and related to the authorization, sale and issuance of such Bonds, including but not limited to printing costs; costs of preparation and reproduction of documents; filing and recording fees; initial fees and charges (including legal fees and charges) of the Trustee and of any fiduciary, including, but not limited to, paying agents and providers of letters of credit and other forms of credit or liquidity enhancement in connection with such Bonds; legal fees and charges; fees and disbursements of consultants and professionals; costs of credit ratings; fees and charges for preparation, execution, transportation and safekeeping of such Bonds; and any other cost, charge or fee in connection with the issuance of such Bonds.

"Debt Service Payment" means any scheduled payment of principal of or interest on the Bonds, together with payment of the Redemption Price of and accrued interest on the Bonds in the event that the Bonds are redeemed pursuant to the Indenture.



*“Debt Service Payment Date”* means any date on which any Debt Service Payment is due, including the date (if any) of the redemption of any Bonds.

*“General Account”* means the General Account of the Redemption Fund.

*“Hedging Instrument”* means any interest rate, currency or cash-flow swap agreement, interest rate cap, floor or option agreement, forward payment conversion agreement, put, call or other agreement or instrument to hedge payment, interest rate, spread or similar exposure; which in each case is designated by the Corporation as a Hedging Instrument under the Indenture. Each Hedging Instrument must meet the requirements of the Indenture therefor described below under “Power to Issue Bonds and Pledge Revenues and Other Property; Hedging Instruments.”

*“Insurance Policy”* means (i) a mortgage policy of title insurance, issued by a title insurance company qualified to do business in the State and acceptable to the Corporation, insuring the Corporation that the Mortgage on the premises is a valid and enforceable first mortgage, subject only to Permitted Encumbrances; (ii) a standard homeowner’s form of fire insurance with extended coverage policy; (iii) if the loan-to-value ratio of the mortgaged property exceeds 80%, but does not exceed 90%, private mortgage insurance covering 20% of the Mortgage or, if the loan-to-value ratio exceeds 90%, private mortgage insurance covering 25% of the Mortgage or, in either of such events, alternatively, Federal mortgage insurance or guaranty; and (iv) in the case of a Streamlined Mortgage Loan, private mortgage insurance to the extent required by the Corporation at the time such Streamlined Mortgage Loan was refinanced.

*“Interest Account”* means the Interest Account of the Revenue Fund.

*“Investment Agreement”* means a guaranteed investment contract which may be entered into between the Corporation or the Trustee at the direction of the Corporation and any corporation (including the Trustee and its affiliates) having (as of the date of execution of the Investment Agreement) outstanding unsecured obligations that are rated at least (i) “Aa2/P-1” by Moody’s and in the highest rating category by S&P and Fitch (if rated by Fitch) for the Debt Service Reserve Account, the Revenue Fund and the Redemption Fund (and the Accounts therein) and (ii) “Aa2/P-1” by Moody’s, “AA-/A-1+” by S&P and “AA-/F1+” by Fitch (if rated by Fitch) for the Program Obligation Fund (and the Accounts therein), or if such corporation lacks the applicable ratings, having long-term debt securities rated in the highest rating category by the Rating Agencies; provided, however, that, in lieu of the foregoing, any guaranteed investment contract will be of Rating Quality.

*“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 any of the following investments bearing interest or issued at a discount:

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

(b) instruments evidencing direct ownership interests in direct obligations, or specified portions (such as principal or interest) of such obligations, of the United States of America which obligations are held by a custodian in safe keeping on behalf of the holders of such instruments, if such instruments have terms, conditions and/or credit quality such that the Unenhanced Ratings on the Bonds will not be adversely affected;

(c) demand and time deposits in, certificates of deposit of, and banker’s acceptances issued by the Trustee, its affiliates or any other bank or trust company organized under the laws of the United States of America or any state thereof and subject to supervision and examination by federal and state banking authorities, or any foreign bank with a branch or agency licensed under the laws of the United States of America or any state thereof or under the laws of a country the Moody’s sovereign rating for bank deposits in respect of which is “Aaa,” so long as at the time of such investment (i) the unsecured debt obligations of such bank or trust company (or, in the case of the principal bank in a bank holding company system, the unsecured debt obligations of such bank holding company) have credit ratings from S&P, Moody’s and Fitch (if rated by Fitch) at least equal to the ratings of the Bonds which were in effect at the time of issuance thereof or (ii) the investment matures in six months or less and such bank or trust company (or, in the case of the principal bank in a bank holding company system, such bank holding company) has outstanding commercial paper rated “A-1+” by S&P, “P-1” by Moody’s and “F1+” by Fitch (if rated by Fitch);

(d) 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 (i) any security described in paragraph (a) or (ii) any other security issued or guaranteed by an agency or instrumentality of the United States of America, in either case entered into with any other bank or trust company (acting as principal) described in clause (ii) of paragraph (c) above;

(e) 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 from S&P, Moody’s and Fitch (if rated by Fitch) at least equal to the highest ratings categories of the Rating Agencies for obligations similar to the Bonds which were in effect at the time of issuance thereof and which evidence a debt of any corporation organized under the laws of the United States of America or any state thereof excluding federal securities that were purchased at a price in excess of par; 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 Program Obligations and Investment Securities held under the Indenture;

(f) securities (i) which at the time of such investment have ratings from S&P, Moody's and Fitch (if rated by Fitch) at least equal to the highest ratings available from such Rating Agencies for obligations similar to the Bonds; (ii) which evidence a debt of any state or municipal government of the United States or any agency, instrumentality, or public corporation thereof authorized to issue bonds on behalf thereof or any nonprofit corporation described in Revenue Ruling 63-20; and (iii) the interest on which is exempt from federal income taxation to the same extent that interest on the Bonds (other than Bonds issued as federally taxable bonds) is exempt from federal income taxation and is treated (or not treated) as a preference item to be included in calculating the alternative minimum tax imposed under the Code;

(g) money market funds that invest exclusively in securities described in paragraph (f) of this definition and have a rating of "Aaa" by Moody's, "AAAm" or "AAAm-G" by S&P and "AAA" by Fitch (if rated by Fitch);

(h) commercial paper with a maturity date not in excess of 270 days rated "A-1+" by S&P, "P-1" by Moody's and "F1+" by Fitch (if rated by Fitch) at the time of such investment;

(i) an Investment Agreement;

(j) money market funds (other than those described in paragraph (g) of this definition), rated "AAAm" or "AAAm-G" by S&P, "Aaa" by Moody's and "AAA" by Fitch (if rated by Fitch), secured by obligations with maturities of one year or less the payment of principal and interest on which is guaranteed by the full faith and credit of the United States of America; and

(k) any other investment of Rating Quality.

None of the above-described investments may have a S&P 'r' highlighter affixed to its ratings. Each investment (other than an Investment Agreement) must have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change. Interest may be either fixed or variable. Variable rate interest must be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with that index.

*"Liquidity Provider"* means any person, firm or entity designated in a Supplemental Indenture as providing a Liquidity Facility.

*"Loan Loss Coverage"* means the coverage, if any, of loss from Mortgage Loan defaults provided in an Authorizing Indenture which supplements any primary mortgage insurance.

*"Mortgage Certificate"* means a FNMA MBS, a GNMA Certificate (which may be in book-entry form, and if held in book-entry form with PTC, such Certificate is held in a

limited-purpose account), or a FHLMC Certificate, in each case registered in the name of the Trustee, as Trustee under the Indenture.

“*Mortgage Loan*” means an interest-bearing mortgage loan evidenced by a note, bond or other instrument which will:

- (a) be for the purchase of an owner-occupied, one-, two-, three-, or four-family residence located in the State, a one-family condominium unit, or a dwelling unit located in a building containing more than two units;
- (b) be secured by a Mortgage constituting a first lien, subject only to Permitted Encumbrances, on the residential housing and the premises on which the same is located or on a leasehold interest therein having a remaining term, at the time such mortgage loan is acquired, sufficient in the opinion of the Corporation to provide adequate security for such mortgage loan;
- (c) bear a fixed rate of interest for an initial term of not less than 15 years, but not more than 30 years; and
- (d) be subject to an Insurance Policy.

“*Mortgage Payment Assumptions*” means and includes the following assumptions 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 Program Obligations are funded to the receipt date of (a) 50 days for each GNMA I Certificate and each Gold FHLMC PC held in the Program Obligation Fund, (b) 60 days for each GNMA II Certificate held in the Program Obligation Fund, (c) 60 days for each FNMA MBS held in the Program Obligation Fund, (d) 90 days for each Mortgage Loan which has not been converted to a Mortgage Certificate held in the Program Obligation Fund, and (e) with respect to other mortgage instruments as described in the definition of Program Obligations, the payment date set forth in the applicable Authorizing Indenture; (2) payment when due of applicable servicing and guarantee fees to GNMA, FNMA, and FHLMC; (3) use of money in the Program Obligation Fund prior to the completion of acquisition of Program 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 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.

“*Mortgage Principal*” means all payments (including prepayments) of principal called for by any Program Obligation and paid to the Corporation from any source, including both timely and delinquent payments.

“*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 Trustee at or prior to such date;

(b) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds have been authenticated and delivered pursuant to the Indenture; and

(c) Bonds deemed to have been paid as described under “Summary of Certain Provisions of the Indenture—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 Loan Loss Fund, the Rebate Fund, and the Bond Purchase Fund) 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 Loan Loss Fund, the Rebate Fund, and the Bond Purchase Fund) at least equal to 100% of Bonds then Outstanding.

“*Pledged Revenues*” means (i) all payments of principal of and interest on Program Obligations (other than Program Obligations in the Loan Loss Fund) immediately upon receipt thereof by the Corporation or any Depository or the Trustee (including payments representing prepayments of Mortgage Loans and any payments received from FNMA pursuant to its guarantee of the FNMA MBSs and from GNMA pursuant to its guarantee of the GNMA Certificates and from FHLMC pursuant to its guarantee of the FHLMC Certificates) and all other net proceeds of such Program Obligations; (ii) all amounts so designated by any Supplemental Indenture and required by such Supplemental Indenture to be deposited in the Revenue Fund; (iii) amounts received by the Corporation or the Trustee under any Hedging Instrument; and (iv) income or interest earned and gain realized in excess of losses suffered by a Fund other than the Loan Loss Fund, the Rebate Fund, and the Bond Purchase Fund as a result of the investment thereof; but Pledged Revenues do not include amounts derived from any Liquidity Facility.

“*Principal Account*” means the Principal Account of the Redemption Fund.

“*Program*” means the part of the program of the Corporation relating to the Bonds.

“*Program Expenses*” means all the Corporation’s expenses in carrying out and administering the Program and 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 expenses; bond insurance premiums; the fees and expenses of the Trustee and Depositories, including counsel thereto; and payments for pension, retirement, health and hospitalization, and life and disability insurance benefits, all to the extent properly allocable to the Program.

“*Program Obligations*” means (a) Mortgage Loans (or participations therein) and Mortgage Certificates (or participations therein) and (b) if the Rating Agencies have previously informed the Corporation and the Trustee in writing that there would be no adverse effect on the Unenhanced Ratings then assigned by them to the Bonds, other mortgage instruments (or participations therein) deposited in the Program Obligation Fund or identified or described by the

Corporation either in the Authorizing Indenture authorizing the issuance of a Series of Bonds or otherwise in writing to the Trustee.

*“Rating Agencies”* means Moody’s, S&P and Fitch.

*“Rating Quality”* means having terms, conditions and a credit quality such that the item stated to be of Rating Quality will not adversely affect the then-current Unenhanced Ratings assigned by the Rating Agencies to the Bonds.

*“Redemption Price”* means, with respect to any Bond, the principal amount thereof and any applicable premium.

*“Restricted Mortgage Principal”* means Mortgage Principal that is required by the Code (in the amounts specified in the Authorizing Indenture for a Series or the corresponding Tax Certificate) to be used to redeem or retire Bonds of a Series.

*“Secured Obligations”* means (i) the obligation of the Corporation to pay the principal of, and the interest and premium, if any, on, all Bonds according to their tenor, and the performance and observance of all the Corporation’s covenants and conditions in the Bonds and the Indenture; and (ii) the payment and performance of all obligations of the Corporation pursuant to any Hedging Instrument entered into with respect to all or any portion of the Bonds and specified as such in any Authorizing Indenture, but *only* to the extent provided for in the Indenture and any Supplemental Indenture; but “Secured Obligations” does not include any obligation of the Corporation to purchase Bonds tendered prior to their maturity date or redemption date or to reimburse any Liquidity Provider for amounts drawn on or made available pursuant to a Liquidity Facility for the payment of any such purchase obligation.

*“Streamlined Mortgage Loan”* means a Mortgage Loan of the Corporation modified to require lower mortgage payments pursuant to action of the Corporation in December 1991.

*“Tax Certificate”* means the certificate, if any, relating to the criteria for tax-exemption of interest on the Bonds delivered by the Corporation at the delivery of a Series of Bonds (other than Bonds the interest on which is intended not to be excluded from gross income for Federal income tax purposes).

*“Uncovered Loan Losses”* means, at any time of calculation, losses with respect to defaulted Mortgage Loans held in the Program Obligation Fund, to the extent that such losses (i) are not covered by any mortgage insurance or guarantee, (ii) are not recovered upon foreclosure or sale in lieu of foreclosure, and (iii) have not been covered by a transfer of amounts from the Loan Loss Fund to the Redemption Fund pursuant to the Indenture.

*“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.

### **Indenture to Constitute a Contract (Section 203)**

In consideration of the purchase and acceptance of the Secured Obligations by those who hold the same from time to time, the provisions of the Indenture will be a part of the contract of the Corporation with the holders of Secured Obligations and will be deemed to be and will constitute a contract among the Corporation, the Trustee and the holders from time to time of the Secured Obligations. The pledge effected by the Indenture and the provisions, covenants and agreements set forth in the Indenture to be performed by or on behalf of the Corporation will be for the equal benefit, protection and security of the holders of any and all of such Secured Obligations, each of which will be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the Indenture.

### **Issuance of Additional Bonds (Sections 205, 206 and 207)**

The Indenture authorizes additional Bonds (including refunding Bonds) of a Series to be issued from time to time, subject to the terms, conditions and limitations set forth therein. The Bonds of a Series are to be executed by the Corporation and delivered to the Trustee for authentication and delivery only upon receipt by the Trustee of:

- (a) 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;
- (b) a copy of the Authorizing Indenture;
- (c) the amount of the proceeds of such Series and amounts from other sources to be deposited in any Fund or Account held by the Trustee pursuant to the Indenture;
- (d) except in the case of refunding Bonds, 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;
- (e) a Bond Coverage Certificate;
- (f) a certificate of an authorized officer of the Corporation that the then-current ratings of the Outstanding Bonds will not be reduced by the issuance of the additional Bonds;
- (g) a written order as to the authentication and delivery of such Bonds signed by an Authorized Officer; and
- (h) such further requirements as set forth in the Indenture and any Supplemental Indenture.

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 irrevocable instructions to the Trustee to give any required notices with respect to the refunded

Bonds, and upon receipt by the Trustee of either (i) moneys sufficient to effect payment of the Bonds to be refunded or (ii) direct obligations of, or obligations fully guaranteed by, the United States of America or agencies or instrumentalities thereof which will provide moneys sufficient to provide for such payment.

### **Funds and Accounts (Section 501)**

The Indenture establishes and creates the following trust funds and accounts:

- Program Obligation Fund
- Revenue Fund
  - Interest Account
  - Debt Service Reserve Account
  - Bond Proceeds Account
  - Restricted Mortgage Principal Account
- Redemption Fund
  - Principal Account
  - Operating Account
  - General Account
- Rebate Fund
- Bond Purchase Fund
- Loan Loss Fund

The Trustee will establish for each Series separate accounts in the Revenue Fund, the Redemption Fund, the Program Obligation Fund and the Rebate Fund and separate subaccounts in the Interest Account, the Restricted Mortgage Principal Account, the Principal Account, the Operating Account and the General Account.

### **Program Obligation Fund (Section 502)**

All Pledged Revenues relating to Program Obligations (including prepayments) and other investments in a Series Account of the Program Obligation Fund will be transferred to the applicable Series Account or Restricted Mortgage Principal Account of the Revenue Fund.

The Trustee will disburse amounts held in each Series Account in the Program Obligation Fund (i) to acquire Program Obligations, (ii) to purchase Investment Securities, (iii) to transfer to the Interest Account or the Principal Account either as directed in the most recently delivered Bond Coverage Certificate or at the written direction of the Corporation to the extent necessary to prevent a default in the payment of principal of or interest on the Bonds or to pay the redemption price of the Bonds or (iv) as otherwise specified in the Authorizing Indenture.

The Trustee will disburse funds in the Program Obligation Fund against delivery of Program Obligations only if the conditions of the Indenture are met, including that (i) the Corporation certifies the existence of Bond Coverage giving effect to such disbursement as provided in the definition of Bond Coverage, (ii) the Corporation certifies that no Event of Default under the Indenture exists or will exist after giving effect to such disbursement, (iii) the Corporation gives irrevocable authority to register any Mortgage Certificates in the name of the Trustee and assigns to the Trustee all of the Corporation's rights, title and interest in any Mortgage



Loans, and (iv) with respect to a proposed delivery of Mortgage Loans, the Corporation certifies compliance with any requirement with respect to Loan Loss Coverage and the Debt Service Reserve Requirement in accordance with the Indenture and the applicable Authorizing Indenture.

### **Revenue Fund (Section 503)**

Immediately upon receipt of any Pledged Revenues (provided that amounts received in respect of any Hedging Instrument will be credited as specified in a Supplemental Indenture or an Authorized Officer's Certificate), the Trustee will deposit such Pledged Revenues in the applicable Series Account of the Revenue Fund, except that Restricted Mortgage Principal shall be deposited in the applicable Series Subaccount of the Restricted Mortgage Principal Account.

The Trustee will apply such Pledged Revenues, together with any excesses in the Debt Service Reserve Account or Loan Loss Fund transferred to the Revenue Fund as described in the last paragraph under this heading, as follows:

(a) From each Series Subaccount of the Restricted Mortgage Principal Account:

*First*, the Trustee shall transfer to the related Series Subaccount of the Principal Account the amount needed, together with amounts on deposit therein, to pay principal (including any Sinking Fund Installments) coming due on the Bonds of the related Series on or before the next Debt Service Payment Date and shall apply such amount to such purpose on such Debt Service Payment Date; and

*Second*, after satisfying the foregoing, the Trustee shall transfer to the related Series Subaccount of the General Account any amount then remaining in such Series Subaccount of the Restricted Mortgage Principal Account to be used to redeem Bonds of the related Series and shall apply such amount to such purpose on the earliest practicable redemption date.

(b) From each Series Account of the Revenue Fund:

*First*, the Trustee shall transfer to the applicable Series Account of the Rebate Fund to the extent so directed in writing by the Corporation but only as necessary to comply with the documents referred to in the Indenture and shall apply such amounts to such purpose; and

*Second*, the Trustee shall transfer (i) to the applicable Series Subaccount of the Interest Account the amount required, together with other amounts on deposit therein, to pay the interest on the Bonds of the related Series on the next interest payment date; the Trustee will apply funds in a Series Subaccount of the Interest Account to the payment of interest on the applicable Series of Bonds on the applicable interest payment date; and (ii) to the counterparty of any related Hedging Instrument, Authorized Hedging Payments due under such Hedging Instrument during the related current Interest Payment Period. After making the transfers set forth in the immediately previous sentence the Trustee may transfer to the Interest Account the amount required, together with other amounts on deposit therein, to

pay interest coming due on Bonds of other Series to the extent that amounts under the Indenture would be otherwise insufficient therefor absent a transfer of funds from the Debt Service Reserve Account or the Loan Loss Fund or other money made available by the Corporation.

After satisfaction in full of the deposits required by the preceding paragraphs, the Trustee will transfer the remaining Pledged Revenues in a Series Account of the Revenue Fund to the applicable Series Account of the Redemption Fund, to be applied as described below under “Summary of Certain Provisions of the Indenture—Redemption Fund.”

If at noon on the third Business Day prior to any Debt Service Payment Date the amount on deposit, or to be deposited on such Debt Service Payment Date, in the Interest Account, the Principal Account and the General Account is less than the amount required to pay, or to reimburse the payment of, Debt Service Payments on such Debt Service Payment Date, any deficiency in each such Account will be immediately satisfied with a transfer from the Debt Service Reserve Account to the applicable Account or, if insufficient, by a deposit to the applicable Account of any other funds of the Corporation available therefor, including the Loan Loss Fund. On any Debt Service Payment Date, funds on deposit in the Debt Service Reserve Account in excess of the Debt Service Reserve Requirement may be withdrawn and paid over to the Corporation free and clear of the lien and pledge of the Indenture if the Corporation has filed with the Trustee a Bond Coverage Certificate demonstrating Bond Coverage after giving effect to such withdrawal, provided, that all Debt Service Payments on the Bonds then due have been paid on such Debt Service Payment Date, and that all Authorized Hedging Payments then due from the Corporation or the Trustee to the counterparties under any Hedging Instruments have been paid on such Debt Service Payment Date; and provided, further, that no such withdrawal may be made (i) while proceeds of any Series are on deposit in the Program Obligation Fund and have not been either exchanged for Program Obligations or applied to the redemption of Bonds of such Series or (ii) for 60 days following any period described in (i); and provided, further, that no such funds derived from the proceeds of tax-exempt Bonds may be so released without a Counsel’s Opinion to the effect that such release will not adversely affect the tax-exemption of interest on the tax-exempt Bonds from which such funds were derived. Any amounts remaining in the Debt Service Reserve Account five days after each following Debt Service Payment Date in excess of the Debt Service Reserve Requirement will be transferred by the Trustee to the Account or Accounts of the Revenue Fund for the related Series of Bonds. On future Debt Service Payment Dates, the Trustee will, at the direction of the Corporation, transfer any amounts in the Debt Service Reserve Account that are in excess of the Debt Service Reserve Requirement to the Series Account or Accounts of the Revenue Fund for the related Series of Bonds.

#### **Redemption Fund (Section 504)**

On any day the Trustee receives funds for deposit in a Series Account of the Redemption Fund, the Trustee will deposit and apply such funds as follows:

*First*, (i) in each period ending on a principal payment date for the applicable Series of Bonds, to deposit in the related Series Subaccount of the Principal Account the amount necessary, together with other amounts in such Subaccount, to pay principal of the applicable Series of Bonds due on such principal payment date (and, after so providing for the payment of principal of such

related Series, to pay principal coming due on Bonds of other Series to the extent that amounts under the Indenture would be otherwise insufficient therefor absent a transfer of funds from the Debt Service Reserve Account or the Loan Loss Fund); the Trustee shall apply funds in a Series Subaccount of the Principal Account to payment of principal of the related Series of Bonds on the applicable principal payment date; and (ii) to the counterparty of any Hedging Instrument, Authorized Hedging Payments due under such Hedging Instrument during the related current Interest Payment Period;

*Second*, in each period ending on a Sinking Fund Installment Date for a Series of Bonds, to deposit in the related Series Subaccount of the Principal Account the amount necessary to satisfy the Sinking Fund Installment on the Bonds of such Series on such Sinking Fund Installment Date (and, after so providing for the payment of principal of such related Series, to pay Sinking Fund Installments coming due on Bonds of other Series to the extent that amounts under the Indenture would be otherwise insufficient therefor absent a transfer of funds from the Debt Service Reserve Account or the Loan Loss Fund);

*Third*, to the Debt Service Reserve Account, the amount required, if any, to increase the balance to the Debt Service Reserve Requirement;

*Fourth*, to the related Subaccount of the Operating Account the amount required to pay or reimburse the Corporation for the payment of Program Expenses allocable to the then current semi-annual interest period for the related Series of Bonds. In determining the required amounts, the Trustee shall follow written direction of the Corporation, but in no event may such deposits in any semi-annual interest period exceed .055% of the outstanding principal balance of the Program Obligations held in the related Series Account of the Program Obligation Fund; and

*Fifth*, after satisfaction in full of the deposits required by the four preceding paragraphs, remaining amounts to the applicable Series Subaccount of the General Account for application to the special redemption of Bonds of the related Series on a *pro rata* basis, provided that upon the filing of a Bond Coverage Certificate, the Corporation may direct the Trustee: (i) to deposit all or a portion of such amount in the applicable Series Account of the Program Obligation Fund, but only if any amounts initially deposited in such Series Account of the Program Obligation Fund have been exchanged for Program Obligations or applied to redeem Bonds of the applicable Series (provided that for such a transfer a Bond Coverage Certificate need be filed only if the Rating Agencies require it); (ii) to deposit all or a portion of such amount in the related Series Subaccount of the General Account for application to the special redemption of Bonds of the related Series on other than a *pro rata* basis; (iii) to deposit all or a portion of such amount in another Series Subaccount of the General Account for application to special redemption of the one or more Series of Bonds relating to such Subaccount; or (iv) to transfer all or a portion of such moneys to the Corporation free and clear of the lien and pledge of the Indenture, but only if any amounts initially deposited in the related Series Account of the Program Obligation Fund have been exchanged for Program Obligations.

Notwithstanding the foregoing, if amounts in any Series Subaccount of the Interest Account or the Principal Account are not adequate to pay interest or principal (including Sinking Fund Installments) due with respect to the applicable Series of Bonds or any Authorized Hedging Payments required to be made by the Corporation or the Trustee to a counterparty under a related

Hedging Instrument, amounts will be withdrawn from one or more Series Accounts of the Revenue Fund or the Redemption Fund to pay such interest or principal or required payments.

Such transfers will be made in accordance with the directions of the Corporation or if no such direction is given from any Series Account of the Revenue Fund or the Redemption Fund. All such transfers will be made before any transfers of Pledged Revenues to the Operating Account or the General Account.

#### **Rebate Fund (Section 505)**

The Trustee will establish and create a Rebate Fund (and a separate account therein for each Series of Bonds), if necessary pursuant to the terms and conditions of any arbitrage or other tax-related certificate prepared in connection with the issuance of a Series of Bonds or any instructions or memoranda attached thereto or a Counsel's Opinion. Amounts in the Rebate Fund are not pledged by the Indenture as security for the payment of Secured Obligations.

#### **Bond Purchase Fund (Section 506)**

An Authorizing Indenture may create one or more accounts within the Bond Purchase Fund for the purpose of holding amounts to be used to purchase related Bonds tendered by Bondholders pursuant to the terms of such Authorizing Indenture. Such accounts will be held in trust by the Trustee or Paying Agent designated by such Authorizing Indenture for the purposes specified by such Authorizing Indenture. Amounts in the Bond Purchase Fund are not pledged by the Indenture as security for the payment of Secured Obligations; and the term "Secured Obligations" does not include any obligation of the Corporation to purchase Bonds tendered prior to their maturity date or redemption date or to reimburse any Liquidity Provider for amounts drawn on or made available pursuant to a Liquidity Facility for the payment of any such purchase obligation.

#### **Loan Loss Fund (Section 507)**

The Trustee and the Corporation shall make deposits into, and withdrawals and disbursements from the Loan Loss Fund in accordance with the Indenture. The Corporation shall maintain at all times an amount in the Loan Loss Fund equal to the Loan Loss Requirement. The Loan Loss Fund may be funded with any combination of cash or investments described in paragraphs (a), (b) and (k) of the definition of Investment Securities, provided that, from and after the delivery to the Trustee of a Bond Coverage Certificate demonstrating clause (i) of the definition of Parity has been met, the Loan Loss Fund may also be funded with Mortgage Loans and Mortgage Certificates. No Mortgage Loans shall be purchased within or otherwise credited to the Program Obligation Fund unless upon such crediting the amount on deposit in the Loan Loss Fund shall be at least equal to the Loan Loss Requirement.

The Corporation may, at any time, withdraw from the Loan Loss Fund an amount equal to Uncovered Loan Losses. The Corporation shall transfer all such amounts so withdrawn to the applicable Series Account of the Redemption Fund to be used to redeem Bonds of the related Series at the earliest practicable redemption date.

Amounts in the Loan Loss Fund in excess of the sum of (i) the Loan Loss Requirement and (ii) current and expected Uncovered Loan Losses, may at any time be withdrawn and paid to the Corporation free and clear of the lien and pledge of the Indenture.

If, at noon, Alaska time, on the fifteenth Business Day preceding any Debt Service Payment Date, the amount on deposit, or to be deposited on such Debt Service Payment Date, in the Interest Account, the Principal Account, the General Account and the Debt Service Reserve Account shall be less than the amount required to pay any Debt Service Payment on the Bonds on such Debt Service Payment Date, the Trustee shall so notify the Corporation. If, at noon, Alaska time, on the tenth Business Day, preceding any Debt Service Payment Date, the amount on deposit, or to be deposited on such Debt Service Payment Date, in the Interest Account and the Principal Account shall be less than the amount required to pay any Debt Service Payment on the Bonds on such Debt Service Payment Date, the Trustee shall, to the extent necessary, sell Investment Securities, Mortgage Loans or Mortgage Certificates on deposit in the Loan Loss Fund such that an amount in cash equal to the deficiency described in this paragraph is on deposit in the Loan Loss Fund.

If, at noon, Alaska time, on the third Business Day prior to any Debt Service Payment Date the amount on deposit, or to be deposited on such Debt Service Payment Date, in the Interest Account, the Principal Account and the General Account is less than the amount required to pay, or to reimburse the payment of, Debt Service Payments on such Debt Service Payment Date, any deficiency in each such Account shall be immediately satisfied with a transfer from the Debt Service Reserve Account to the applicable Account or, if insufficient, by a deposit to the applicable Account of any other funds of the Corporation available therefor, including the Loan Loss Fund.

### **Investments (Sections 513 and 515)**

All amounts held under the Indenture by the Trustee are required to be continuously and fully invested for the benefit of the Corporation and the owners of the Bonds in accordance with the Indenture. All amounts deposited with the Trustee are required to be credited to the particular funds and accounts established under the Indenture.

The Corporation is required to furnish the Trustee with written investment instructions. In the absence of such instructions, the Trustee is required to invest in those Investment Securities described in clause (j) of the definition of Investment Securities so that the moneys in said Funds and Accounts will mature as nearly as practicable with times at which moneys are needed for payment of principal or interest on the Bonds. Except as otherwise provided in the Indenture, the income or interest earned and gains realized in excess of losses suffered by a Fund, other than the Loan Loss Fund, the Bond Purchase Fund and the Rebate Fund, due to the investment thereof will be deposited as Pledged Revenues in the Revenue Fund, unless otherwise directed by the Corporation. The Trustee is required to advise the Corporation on a monthly basis of the details of all deposits and Investment Securities held for the credit of each Fund in its custody under the provisions of the Indenture as of the end of the preceding month. The Trustee may act as principal or agent in the acquisition or disposition of any Investment Securities. The Trustee may purchase Investment Securities from (i) any lawful seller, including itself, (ii) other funds of the Corporation, and (iii) other funds established by resolution, indenture or agreement of the Corporation (including resolutions providing for issuance of obligations); provided, however, that the Trustee is not permitted to purchase Investment Securities at an above-market price or a

below-market yield. The Trustee may, at its sole discretion, commingle any of the Funds and Accounts established pursuant to the Indenture into a separate fund or funds for investment purposes only; provided, however, that all Funds and Accounts held by the Trustee under the Indenture will be accounted for separately notwithstanding such commingling. The Corporation may not direct the Trustee to purchase any Investment Securities (other than an Investment Agreement) maturing on a date later than the earlier of six months following the date of purchase or the next Debt Service Payment Date, with the exception of investments made in the Loan Loss Fund, unless the Corporation has delivered a Bond Coverage Certificate to the Trustee. In computing the amount in any Fund, obligations purchased as an investment of moneys therein will be valued at par if purchased at their par value or at amortized value if purchased at other than their par value. The Trustee will sell at market price, or present for redemption, any obligation so purchased as an investment whenever it is requested in writing by an authorized officer of the Corporation to do so or whenever it is necessary in order to provide moneys to meet any payment or transfer from any Fund held by it. The Trustee will not be liable for any loss resulting from the acquisition or disposition of any Investment Securities, except for any such loss resulting from its own negligence or willful misconduct.

#### **Investment Agreements (Section 514)**

If the Corporation so directs the Trustee in writing, the Corporation and the Trustee will execute and deliver, as of the date of delivery of a Series of Bonds, or at such other time determined by the Corporation, one or more Investment Agreements and the Trustee will deposit on such date (i) amounts in the Debt Service Reserve Account under an Investment Agreement providing for investment of such amounts and permitting withdrawals on or before Debt Service Payment Dates and (ii) amounts in the Program Obligation Fund and amounts in the Interest Account under an Investment Agreement providing for investment of such amounts and permitting withdrawals as necessary under the terms of the Indenture and the Authorizing Indenture. After the date of issuance and delivery of the Bonds, moneys deposited from time to time in the Revenue Fund (other than moneys transferred from the Redemption Fund to the Debt Service Reserve Account to bring the balance therein to the Debt Service Reserve Requirement), the Redemption Fund and the Program Obligation Fund and available for temporary investment will be deposited by the Trustee under an Investment Agreement providing for investment of such amounts and permitting withdrawals as necessary under the terms of the Indenture and the Authorizing Indenture.

#### **No Limitation on Additional Collateral Contributions (Section 516)**

The Corporation may from time to time contribute, and the Trustee will accept and deposit, in any Fund or Account, moneys and/or Investment Securities and/or Program Obligations.

#### **Payment of Bonds (Section 701)**

The Corporation covenants to duly and punctually pay or cause to be paid the principal or redemption price, if any, of and the interest on every Bond at the dates and places and in the manner stated in the Bonds and in the Indenture according to the true intent and meaning thereof and to duly and punctually pay or cause to be paid all sinking fund installments becoming payable with respect to the Bonds.

## **Power to Issue Bonds and Pledge Revenues and Other Property; Hedging Instruments (Section 705)**

The Corporation is duly authorized by law to enter into, execute and deliver 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 will at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Program Obligations, Pledged Revenues and other assets, including rights therein, pledged under the Indenture and all the rights of the owners of the Bonds under the Indenture against all claims and demands of all persons whomsoever.

No Hedging Instrument may be entered into by the Corporation with respect to all or any portion of the Bonds unless it complies with the following terms, conditions, provisions and limitations and any additional terms, conditions, provisions and limitations specified by the related Supplemental Indenture with respect to such Hedging Instrument and the related Bonds:

(a) The counterparty (or guarantor of the counterparty) of each Hedging Instrument shall have a rating at the time of execution of the Hedging Instrument of its long-term debt obligations of at least “A-“ or higher if rated by S&P or Fitch and “A3” or higher if rated by Moody’s; and

(b) No Hedging Instrument may be entered into by the Corporation if the entry into such Hedging Instrument would cause any Unenhanced Rating on any Bonds to be reduced or withdrawn.

## **Tax Covenants (Section 706)**

The Corporation covenants to:

(a) not knowingly take or cause any action to be taken which would cause the interest on the Tax-Exempt Bonds to become taxable for federal income tax purposes;

(b) at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Tax-Exempt Bonds will, for the purposes of federal income taxation, be excludable from gross income and exempt from such taxation; and

(c) not permit at any time or times any proceeds of any Bonds, Pledged Revenues or any other funds or property of the Corporation to be used, directly or indirectly, in a manner which would result in the exclusion of any Tax-Exempt Bond from the treatment afforded by subsection (a) of Section 103 of the Code.

The covenants described in clauses (a), (b) and (c) above will not apply to any Series of Bonds the interest on which is determined by the Corporation not to be exempt from taxation under Section 103 of the Code, provided, that no such Series of Bonds may be issued unless a Counsel’s Opinion is filed with the Trustee stating that the issuance of such Series will not cause the interest on a Tax-Exempt Bond previously issued to be subject to taxation under the Code.

## **Accounts and Reports (Section 707)**

The Corporation covenants that it will keep, or cause to be kept, proper books and records in which complete and accurate entries will be made of all its transactions relating to the program for which the Bonds are issued and any Fund or account established under the Indenture and any Supplemental Indenture thereto. Such books and records will at all reasonable times be subject to the inspection by the Trustee and the owners of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

The Corporation also covenants to file with the Trustee within 120 days of the close of its fiscal years, financial statements of the Corporation for such 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 its program purposes; (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 will be accompanied by an accountant's certificate to the effect that the financial statements present fairly the Corporation's financial position at the end of the fiscal year, the results of its operations and changes in financial position for the period examined, in conformity with generally accepted accounting principles. The Trustee has no responsibility to review such financial statements.

## **Sale of Program Obligations (Section 709)**

Neither the Corporation nor the Trustee shall sell or assign any Program Obligation held in the Program Obligation Fund, except (i) to realize the benefits of any mortgage or hazard insurance with respect to a Mortgage Loan or for the purpose of complying with any federal tax requirement; (ii) if the Bonds of any Series have been declared due and payable; (iii) in connection with any optional redemption of a Series of Bonds in whole or in part as described in a Supplemental Indenture (any such redemption in part requires the filing of a Bond Coverage Certificate); and (iv) in connection with a special redemption of a Series of Bonds when the principal amount of such Series of Bonds is 15% (or such other percentage or amount as may be provided in an Authorizing Indenture) or less of the initial principal amount thereof, provided that in the case of either type of redemption, only the Program Obligations in the related Series Account may be sold or assigned.

## **Supplemental Indentures (Sections 801, 802, 803 and 902)**

### ***Supplemental Indentures Effective Upon Filing With Trustee***

The Corporation may file with the Trustee one or more supplemental indentures (each a "Supplemental Indenture") from time to time, without the consent of the Trustee and any owner of Bonds, in order to:

- (a) provide limitations and restrictions in addition to the limitations and restrictions contained in the Indenture on the issuance of evidences of indebtedness,
- (b) add to the covenants, agreements, limitations and restrictions observed by the Corporation in the Indenture other covenants, agreements, limitations and restrictions



to be observed by the Corporation which are not contrary to or inconsistent with the Indenture and which are not materially adverse to the interests of any Liquidity Provider,

(c) authorize a Series of additional Bonds and in connection therewith, specify and determine the matters and things referred to in the Indenture, and also any matters and things relative to such Series of additional Bonds which are not contrary to or inconsistent with the Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Series of Bonds,

(d) surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of the Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Indenture,

(e) confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture,

(f) modify any of the provisions of the Indenture in any respect whatsoever, provided that (i) such modification does not materially adversely affect any owner of Bonds or (ii) such modification is, and is expressed to be, effective only after all Bonds Outstanding at the date of adoption of such Supplemental Indenture cease to be Outstanding or (iii) such modification is, and is expressed to be, applicable only to Bonds issued on or after the date of the adoption of such Supplemental Indenture, or

(g) 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 or optional tender for purchase and if (i) with respect to Bonds subject to mandatory tender, such change is effective as of a date for such mandatory tender, and (ii) with respect to Bonds subject to tender at the option of the holders thereof, notice of such change is given to such holders at least 30 days before the effective date thereof.

#### ***Supplemental Indentures Effective Upon Consent of Trustee***

For any one or more of the following purposes and at any time or from time to time, the Corporation and the Trustee may enter into a Supplemental Indenture which, upon a finding recited therein by the Corporation and the Trustee (which may be based in reliance upon a Counsel's Opinion) that there is no material adverse effect on the owners of any Bonds, will be fully effective in accordance with its terms:

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

(b) 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

(c) provide for additional duties of the Trustee.

### ***Supplemental Indentures Effective Upon Consent of Owners of Bonds***

Any modification or amendment of any provision of the Indenture or of the rights and obligations of the Corporation and of the owners of any Bonds may be made by a Supplemental Indenture, with the written consent given as provided in the Indenture of the holders of at least two-thirds in principal amount of the Outstanding Bonds. No such modification or amendment may permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest rate 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.

### **Events of Default (Section 1002)**

Each of the following events is an “Event of Default” under the Indenture:

- (a) the Corporation defaults in the payment of the principal or redemption price of any Bond when and as the same has become due, whether at maturity or upon call for redemption or otherwise;
- (b) payment of any installment of interest on any Bond has not been made after the same has become due; and
- (c) the Corporation fails to comply with the provisions of the Indenture or any Supplemental Indenture or defaults in the performance or observance of any of the covenants, agreements or conditions contained therein, other than payment of the Trustee’s fees, 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.

### **Remedies (Section 1003)**

Upon the happening and continuance of any Event of Default specified in clauses (a) or (b) of “Events of Default” above, the Trustee is required to proceed, or upon the happening and continuance of any Event of Default specified in clause (c) of “Events of Default” above, the Trustee may proceed, and upon the written request of any Liquidity Provider or the holders of not less than 25% in principal amount of all Bonds Outstanding (but subject to the right of a holder of a majority in principal amount of the Bonds then Outstanding as described under “Bondholders’ Direction of Proceedings” to overrule such holders) is required to proceed, in its own name, subject to the terms of the Indenture, to protect and enforce its rights and the rights of the owners of all Bonds, 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 said owners, including the right to require the Corporation to receive and collect revenues and assets 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 holders 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 owners 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

owners of the Bonds; (e) by declaring all Bonds due and payable, and if all defaults are made good, then, with the written consent of each Liquidity Provider and the holders of not less than 25% in principal amount of the Outstanding Bonds, by annulling such declaration and its consequences; or (f) in the event the Bonds are declared due and payable by selling Program Obligations for the benefit of the owners of the Bonds.

#### **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 are insufficient for the payment of principal or redemption price, if any, and interest then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other 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 interest of the owners of the Bonds and for the payment of fees, charges and expenses and liabilities incurred by the Trustee, including those of its attorneys, in the performance of its duties under the Indenture, will be applied as follows unless the principal of all the Bonds is declared due and payable:

*First*, to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available 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

*Second*, to the payment to the persons entitled thereto of the unpaid principal or redemption price of the Bonds which have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amount available is not 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.

Consistent with the foregoing, if the principal of Bonds is declared due and payable, available moneys will be applied 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 any other installment of interest, or of any Bond over any other Bond, ratably among all Bonds, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

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

### **Bondholders' Direction of Proceedings (Section 1006)**

Anything in the Indenture to the contrary notwithstanding, the holders of a majority in principal amount of the Bonds then Outstanding 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 may not be otherwise than in accordance with law or the provisions of the Indenture.

### **Limitation on Rights of Bondholders (Section 1007)**

No holder of any Bond has any right to institute any suit, action, mandamus or other proceeding in equity or at law under the Indenture, or for the protection or enforcement of any right under the Indenture or any right under the law, unless such holder has given to the Trustee written notice of the Event of Default or breach of duty on account of which suit, action or proceeding is to be taken, unless a Liquidity Provider or the holders of not less than 25% in principal amount of the Bonds then Outstanding have made written request upon the Trustee after the right to exercise such powers or right of action, as the case may be, has occurred, and have afforded the Trustee 60 days either to proceed to exercise the power granted by the Indenture or granted under the law or to institute such action, suit or proceeding, in its name and unless, also, there has been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within 60 days; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the Indenture or for any other remedy under the Indenture or under law. No one or more holders of the Bonds will have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture or under law with respect to the Bonds or the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity will be instituted, had and maintained in the manner provided in the Indenture and for the benefit of all holders of Outstanding Bonds. Nothing contained in the Indenture will affect or impair the right of any holder to enforce the payment of the principal or redemption price, if any, of and interest on the 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 specified in said Bond.

Notwithstanding anything to the contrary contained in the Indenture, each holder of any Bond by acceptance thereof will 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 described in this paragraph will not apply to any suit instituted by the Trustee, to any suit instituted by any holder of Bonds, or group of holders of Bonds, holding at least 25% in principal amount of the Bonds then Outstanding, or to any suit instituted by any holder 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 1104, 1107 and 1108)**

Except during the existence of an Event of Default, the Corporation may remove the Trustee at any time for such cause as is determined in the sole discretion of the Corporation. The removal of the Trustee will not take effect until its successor has accepted its appointment. Any successor to the Trustee is required to be a trust company, savings bank or commercial bank having capital and surplus aggregating at least \$50,000,000. The Corporation is required to pay to the Trustee from time to time reasonable compensation for all services rendered under the Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in the performance of their powers and duties under the Indenture.

### **Defeasance (Section 1201)**

If the Corporation 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 will be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys have been set aside and held in trust (through deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof will 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 if (a) 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 provide notice of redemption of such Bonds and (b) there has been deposited with the Trustee either moneys in an amount which will be sufficient, or direct obligations of or obligations 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, will be 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. In connection with any such deposit relating to Bonds the interest on which is excludable from gross income for federal income tax purposes, there must also be delivered to the Trustee an opinion of counsel that the deposit of moneys does not adversely affect the exclusion of interest on any Bond from gross income for federal income tax purposes. Neither the obligations nor the moneys so deposited with the Trustee nor principal or interest payments on any such obligations may 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 applicable, and interest on said Bonds, but any cash received from such principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, will, to the extent practicable, be reinvested in obligations 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.

### **Liquidity Providers (Section 1203)**

Any Authorizing Indenture may provide, with respect to any consent, approval, direction or request to be given by any required percentage of Holders of Bonds (i) that the Liquidity Provider for such Bonds may give any such consent, approval, direction or request, and the same will be deemed to have been given by the Holders of the required percentage of such Bonds, or (ii) that any Bonds purchased with the proceeds of advances made by a Liquidity Provider will be deemed to be held by such Liquidity Provider, which will be considered the Holder of such Bonds for all purposes of determining whether Holders of a sufficient percentage of Bonds have given any such consent, approval, direction or request; and specifically the Holders of such Series will not be entitled to request action by the Trustee as described above under “Remedies” if such Liquidity Provider does not request such action.

### **Legal Holidays (Section 1207)**

In any case where the scheduled date of payment of the principal or Redemption Price of or interest on the Bonds is not a Business Day, such payment may be made on the next succeeding Business Day with the same force and effect as if made on such scheduled date, and if so made no interest will accrue for the period after such scheduled date.

### **Governing Law (Section 1208)**

The Indenture will be governed by and construed in accordance with the laws of the State.

## **TAX MATTERS**

### **Opinions of Bond Counsel and Special Tax Counsel**

The opinions of Birch, Horton, Bittner and Cherot, as bond counsel on the date of original issuance of the Remarketed Bonds, and Kutak Rock LLP, as Special Tax Counsel, delivered on the date of original issuance of the Remarketed Bonds, stated that, assuming compliance with certain covenants which are designed to meet the requirements of the Code for certain purposes under the provisions of the Code), under existing laws, regulations, rulings and judicial decisions, (i) interest on the Remarketed Bonds is excluded from gross income for Federal income tax purposes and (ii) interest on the Remarketed Bonds is not a specific preference item for purposes of the alternative minimum tax provisions imposed on individuals and corporations by the Code; however, interest on the Remarketed Bonds is included in the adjusted current earnings (i.e., alternative minimum taxable income as adjusted for certain items, including those items that would be included in the calculation of a corporation’s earnings and profits under Subchapter C of the Code) of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation’s adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

In the opinion of Birch, Horton, Bittner and Cherot, as bond counsel, delivered on the date of original issuance of the Remarketed Bonds, interest on the Remarketed 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).

With regard to the statements above relating to alternative minimum tax, it is observed that, pursuant to changes in federal income tax law since the delivery of the opinion as described above on the date of original issuance, corporations are not subject to federal alternative minimum tax for current and future tax years.

The Law Office of Kenneth E. Vassar, LLC, and Kutak Rock LLP, as Co-Bond Counsel, will deliver their opinions that, under existing laws, regulations, rulings and judicial decisions, delivery of the FHLB Liquidity Facility with respect to the Remarketed Bonds will not, in and of itself, adversely affect the exclusion of interest on the Remarketed Bonds from gross income for federal income tax purposes.

## **General**

The requirements of applicable Federal tax law must be satisfied with respect to the Remarketed Bonds in order that interest on the Remarketed 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 2009 Series C Bonds, which are no longer Outstanding) 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 refinanced by the Remarketed Bonds as a result of transition rules in various federal tax laws adopted since 1980.

## **Certain Requirements Imposed by the Code**

The Code requires that the effective interest rate on mortgage loans financed with the 2009 Series C Bonds and Remarketed Bonds may not exceed the yield of such composite issue by more than 1.50%. With respect to the Remarketed Bonds, the Code requires that certain investment earnings on nonmortgage 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 composite issue of 2009 Series C Bonds and Remarketed Bonds, 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.

## **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 Remarketed Bonds (and the composite issue of 2009 Series C Bonds and Remarketed Bonds), including compliance with restrictions on the yield of mortgage loans and nonmortgage investments and periodic rebate payments to the Federal government, as well as restrictions on the type of Mortgage Loans financed. The Corporation has delivered concurrently and in connection with the delivery of the 2009 Series C Bonds and the Remarketed 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 composite issue of 2009 Series C Bonds and Remarketed 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 Remarketed 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 Remarketed Bonds being included in gross income for Federal income tax purposes from the date of issuance of the composite issue of 2009 Series C Bonds and Remarketed Bonds. The opinions of Co-Bond Counsel assume the Corporation is in compliance with these covenants. Co-Bond Counsel are not aware of any reason why the Corporation cannot or will not be in compliance with such covenants. However, Co-Bond Counsel have not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the composite issue of 2009 Series C Bonds and Remarketed Bonds may affect the tax status of interest thereon.

### **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 Remarketed Bonds is subject to information reporting in a manner similar to that with respect to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the Remarketed 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 Tax Consequences**

The foregoing is a brief discussion of certain Federal and State income tax matters with respect to the Remarketed 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 Remarketed 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 Remarketed Bonds.

Although Birch, Horton, Bittner and Cherot, as bond counsel on the date of original issuance of the Remarketed Bonds, and Kutak Rock LLP, as Special Tax Counsel, each rendered an opinion on the date of original issuance of the Remarketed Bonds that interest on the Remarketed Bonds will be excluded from gross income for Federal income tax purposes, the accrual or receipt of interest on the Remarketed 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. Birch, Horton, Bittner and Cherot, as bond counsel on the date of original issuance of the Remarketed Bonds, and



Kutak Rock LLP, as Special Tax Counsel, have expressed no opinion regarding any such consequences, and Co-Bond Counsel will express no opinion regarding any such consequences. Purchasers of the Remarketed 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 Remarketed Bonds.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the Federal tax matters referred to above or adversely affect the market value of the Remarketed 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. Each purchaser of the Remarketed Bonds should consult his or her own tax advisor regarding any pending or proposed Federal tax legislation. Co-Bond Counsel express no opinion regarding any pending or proposed Federal tax legislation. The opinions delivered by Birch, Horton, Bittner and Cherot, as bond counsel on the date of original issuance of the Remarketed Bonds, and Kutak Rock LLP, as Special Tax Counsel, were based upon then-existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinions, and Birch, Horton, Bittner and Cherot, as bond counsel on the date of original issuance of the Remarketed Bonds, and Kutak Rock LLP, as Special Tax Counsel, have expressed no opinions as of any date subsequent thereto with respect to any pending legislation, regulatory initiatives or litigation.

## **RATINGS**

S&P is expected to assign the Remarketed Bonds a rating of “AA+/A-1+” and Moody’s is expected to assign the Remarketed Bonds a rating of “Aa2/VMIG1.” The assignment of such ratings by S&P and Moody’s with respect to the Remarketed Bonds is conditioned upon the effectiveness of the FHLB Liquidity Facility at the time of remarketing of the Remarketed 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 Remarketed Bonds.

## **FINANCIAL STATEMENTS**

The unaudited financial statements of the Corporation as of and for the nine months ended March 31, 2019, 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, 2018 included in Appendix A to this Remarketing 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, authentication, or delivery of the Remarketed Bonds, or in any way contesting or affecting the validity of such Remarketed Bonds or any proceedings of the Corporation taken with respect to the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of such Remarketed Bonds, or the existence or powers of the Corporation.

## **LEGAL MATTERS**

At the time of original issuance of the Remarketed Bonds, all legal matters incident to the authorization, sale and delivery of the Remarketed Bonds and certain Federal and state tax matters were subject to the approval of Birch, Horton, Bittner and Cherot, and certain federal tax matters were passed upon for the Corporation by Kutak Rock LLP, Special Tax Counsel. The Law Office of Kenneth E. Vassar, LLC and Kutak Rock LLP, as Co-Bond Counsel, will deliver opinions to the effect that, under existing laws, the delivery of the FHLB Liquidity Facility with respect to the Remarketed Bonds on the Remarketing Date will not, in and of itself, adversely affect the exclusion of interest on the Remarketed Bonds from gross income for federal income tax purposes. Certain legal matters will be passed on for the FHLB by counsel, Brown, Winick, Graves, Gross, Baskerville and Schoenebaum P.L.C.

## **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 Remarketed 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 Remarketed Bonds.

## **REMARKETING**

The Remarketing Agent has agreed with the Corporation, subject to the terms and provisions of the Remarketing Agreement, that the Remarketing Agent will use its best efforts, as remarketing agent, to solicit purchases from potential investors of the Remarketed Bonds.

The Remarketing Agent and its respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Remarketing Agent and its respective affiliates may have, from time to time, performed, and may in the future perform, various investment banking services for the Issuer,

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

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 Securities, LLC, member NYSE, FINRA, NFA, and SIPC.

Wells Fargo Securities, LLC (“WFSLLC”), the Remarketing Agent for the Remarketed 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 Remarketed Bonds. Pursuant to the WFA Distribution Agreement, WFSLLC will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Remarketed Bonds with WFA. WFSLLC has also entered into an agreement (the “WFBNA Distribution Agreement”) with its affiliate, Wells Fargo Bank, N.A., acting through its Municipal Products Group (“WFBNA”), for the distribution of municipal securities offerings, including the Remarketed Bonds. Pursuant to the WFBNA 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.

## **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 Remarketing 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 Remarketing 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 Remarketed Bonds, the Indenture, the FHLB Liquidity Facility 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, the FHLB Liquidity Facility 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. The information in Appendix G has been provided by the FHLB.

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

## **APPENDIX A**

### **FINANCIAL STATEMENTS OF THE CORPORATION**



*a component unit of the State of Alaska*

**Quarterly Unaudited  
Financial Statements**

**March 31, 2019**

# Table of Contents

	<b>FINANCIAL STATEMENTS</b>	<b>PAGE NUMBER</b>
<u>EXHIBITS</u>		
A	Statement of Net Position.....	1 – 2
B	Statement of Revenues, Expenses, and Changes in Net Position.....	3 – 4
C	Statement of Cash Flows.....	5 – 6
	Notes to the Financial Statements.....	7 – 38
	<b>Required Supplemental Information</b>	
	Schedule of AHFC's Proportionate Share of the Net Pension Liability.....	39
	Schedule of AHFC's Contributions to the Pension Plan.....	40
	Schedule of AHFC's Proportionate Share of the Net OPEB Liability.....	41
	Schedule of AHFC's Contributions to the OPEB Plan.....	42
	<b>Supplemental Information</b>	
<u>SCHEDULES</u>		
	Statement of Net Position	
1	All Funds.....	43 – 44
2	Administrative Fund.....	45
3	Mortgage Revenue Bonds.....	46
4	Home Mortgage Revenue Bonds.....	47
5	Veterans Mortgage Program Bonds.....	48
6	Other Housing Bonds.....	49 – 50
7	Non-Housing Bonds.....	51 – 52
8	Other Program Funds.....	53 – 54
	Statement of Revenues, Expenses, and Changes in Net Position	
9	All Funds.....	55 – 56
10	Administrative Fund.....	57
11	Mortgage Revenue Bonds.....	58
12	Home Mortgage Revenue Bonds.....	59 – 60
13	Veterans Mortgage Program Bonds.....	61
14	Other Housing Bonds.....	62 – 63
15	Non-Housing Bonds.....	64 – 66
16	Other Program Funds.....	67 – 69
	Statement of Cash Flows	
17	All Funds.....	70 – 71
18	Administrative Fund.....	72
19	Mortgage Revenue Bonds.....	73
20	Home Mortgage Revenue Bonds.....	74 – 75
21	Veterans Mortgage Program Bonds.....	76
22	Other Housing Bonds.....	77
23	Non-Housing Bonds.....	78 – 80
24	Other Program Funds.....	80 – 83

# Table of Contents

---

This publication of Alaska Housing Finance Corporation. For comments or questions  
Website: <https://www.ahfc.us/pros/investors/financials-history/> or  
E-Mail: [nmeyers@ahfc.us](mailto:nmeyers@ahfc.us)



**ALASKA HOUSING FINANCE CORPORATION**  
(A Component Unit of the State of Alaska)  
**STATEMENT OF NET POSITION**  
As of 03/31/2019  
*(in thousands of dollars)*

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs	Total Programs and Funds
<b>ASSETS</b>					
<b>Current</b>					
Cash	\$ 34,176	\$ 7,393	\$ 143	\$ 26,871	\$ 68,583
Investments	429,356	-	168,265	2,428	600,049
Accrued interest receivable	3,945	-	11,219	105	15,269
Inter-fund due (to)/from	(30,265)	(965)	32,074	(798)	46
Mortgage loans, notes and other loans	4,803	65	88,959	1,257	95,084
Net investment in direct financing lease	-	-	2,312	-	2,312
Other assets	4,482	4,020	-	1,129	9,631
Intergovernmental receivable	2,790	3,169	-	173	6,132
<b>Total Current</b>	<b>449,287</b>	<b>13,682</b>	<b>302,972</b>	<b>31,165</b>	<b>797,106</b>
<b>Non Current</b>					
Investments	652	-	-	-	652
Inter-fund due (to)/from	-	1,425	-	-	1,425
Mortgage loans, notes and other loans	144,859	1,099	3,046,418	41,260	3,233,636
Net investment in direct financing lease	-	-	22,468	-	22,468
Capital assets - non-depreciable	2,917	-	-	13,648	16,565
Capital assets - depreciable, net	16,823	43	-	58,562	75,428
Other assets	3,777	-	599	-	4,376
<b>Total Non Current</b>	<b>169,028</b>	<b>2,567</b>	<b>3,069,485</b>	<b>113,470</b>	<b>3,354,550</b>
<b>Total Assets</b>	<b>618,315</b>	<b>16,249</b>	<b>3,372,457</b>	<b>144,635</b>	<b>4,151,656</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
	<b>5,226</b>	<b>-</b>	<b>142,703</b>	<b>-</b>	<b>147,929</b>
<b>LIABILITIES</b>					
<b>Current</b>					
Bonds payable	-	-	73,435	-	73,435
Short term debt	23,644	-	-	-	23,644
Accrued interest payable	2,473	-	30,552	-	33,025
Other liabilities	19,833	7	827	953	21,620
Intergovernmental payable	-	-	143	-	143
<b>Total Current</b>	<b>45,950</b>	<b>7</b>	<b>104,957</b>	<b>953</b>	<b>151,867</b>
<b>Non Current</b>					
Bonds payable	-	-	2,430,705	-	2,430,705
Other liabilities	2,780	-	-	-	2,780
Derivative instrument - interest rate swaps	-	-	120,728	-	120,728
Pension & OPEB liability	41,425	-	-	-	41,425
<b>Total Non Current</b>	<b>44,205</b>	<b>-</b>	<b>2,551,433</b>	<b>-</b>	<b>2,595,638</b>
<b>Total Liabilities</b>	<b>90,155</b>	<b>7</b>	<b>2,656,390</b>	<b>953</b>	<b>2,747,505</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
	<b>7,582</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,582</b>
<b>NET POSITION</b>					
Net investment in capital assets	19,740	43	-	72,210	91,993
Restricted by bond resolutions	-	-	643,751	-	643,751
Restricted by contractual or statutory agreements	102,862	19,376	-	71,916	194,154
Unrestricted or (deficit)	403,202	(3,177)	215,019	(444)	614,600
<b>Total Net Position</b>	<b>\$ 525,804</b>	<b>\$ 16,242</b>	<b>\$ 858,770</b>	<b>\$ 143,682</b>	<b>\$ 1,544,498</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**  
(A Component Unit of the State of Alaska)  
**STATEMENT OF NET POSITION**  
As of 03/31/2019  
*(in thousands of dollars)*

Exhibit A

	Alaska Corporation for Affordable Housing	Total March 31, 2019
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 7,509	\$ 76,092
Investments	-	600,049
Accrued interest receivable	32	15,301
Inter-fund due (to)/from	(46)	-
Mortgage loans, notes and other loans	-	95,084
Net investment in direct financing lease	-	2,312
Other assets	229	9,860
Intergovernmental receivable	-	6,132
<b>Total Current</b>	<b>7,724</b>	<b>804,830</b>
<b>Non Current</b>		
Investments	-	652
Inter-fund due (to)/from	(1,425)	-
Mortgage loans, notes and other loans	12,535	3,246,171
Net investment in direct financing lease	-	22,468
Capital assets - non-depreciable	3,667	20,232
Capital assets - depreciable, net	-	75,428
Other assets	1	4,377
<b>Total Non Current</b>	<b>14,778</b>	<b>3,369,328</b>
<b>Total Assets</b>	<b>22,502</b>	<b>4,174,158</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
	-	147,929
<b>LIABILITIES</b>		
<b>Current</b>		
Bonds payable	-	73,435
Short term debt	-	23,644
Accrued interest payable	-	33,025
Other liabilities	6	21,626
Intergovernmental payable	-	143
<b>Total Current</b>	<b>6</b>	<b>151,873</b>
<b>Non Current</b>		
Bonds payable	-	2,430,705
Other liabilities	337	3,117
Derivative instrument - interest rate swaps	-	120,728
Pension & OPEB liability	-	41,425
<b>Total Non Current</b>	<b>337</b>	<b>2,595,975</b>
<b>Total Liabilities</b>	<b>343</b>	<b>2,747,848</b>
<b>DEFERRED INFLOW OF RESOURCES</b>		
	-	7,582
<b>NET POSITION</b>		
Net investment in capital assets	3,667	95,660
Restricted by bond resolutions	-	643,751
Restricted by contractual or statutory agreements	18,524	212,678
Unrestricted or (deficit)	(32)	614,568
<b>Total Net Position</b>	<b>\$ 22,159</b>	<b>\$ 1,566,657</b>

See accompanying notes to the financial statements.

# 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 Ending 03/31/2019

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
<b>OPERATING REVENUES</b>				
Mortgage and loan revenue	\$ 7,023	\$ -	\$ 100,467	\$ 1,115
Investment interest	6,904	6	4,329	82
Net change in the fair value of investments	503	-	352	-
Net change of hedge termination	-	-	(100)	-
Total Investment Revenue	7,407	6	4,581	82
Grant revenue	-	51,428	-	-
Housing rental subsidies	-	-	-	9,408
Rental revenue	363	-	-	8,281
Other revenue	2,334	1,053	152	94
<b>Total Operating Revenues</b>	<b>17,127</b>	<b>52,487</b>	<b>105,200</b>	<b>18,980</b>
<b>OPERATING EXPENSES</b>				
Interest	424	-	56,265	-
Mortgage and loan costs	1,028	-	7,916	104
Bond financing expenses	700	-	4,152	-
Provision for loan loss	325	48	(4,072)	(20)
Operations and administration	12,783	8,485	3,383	11,253
Rental housing operating expenses	409	-	-	10,226
Grant expense	-	52,515	-	-
<b>Total Operating Expenses</b>	<b>15,669</b>	<b>61,048</b>	<b>67,644</b>	<b>21,563</b>
<b>Operating Income (Loss)</b>	<b>1,458</b>	<b>(8,561)</b>	<b>37,556</b>	<b>(2,583)</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	(64)	-	-	-
Transfers - Internal	(25,354)	11,295	12,918	1,138
Change in Net Position	(23,960)	2,734	50,474	(1,445)
Net position at beginning of year	549,764	13,508	808,296	145,127
<b>Net Position at End of Period</b>	<b>\$ 525,804</b>	<b>\$ 16,242</b>	<b>\$ 858,770</b>	<b>\$ 143,682</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**
**Exhibit B**

(A Component Unit of the State of Alaska)

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

For the Nine Months Ending 03/31/2019

(in thousands of dollars)

	<b>Total Programs and Funds</b>	<b>Alaska Corporation for Affordable Housing</b>	<b>Total March 31, 2019</b>
<b>OPERATING REVENUES</b>			
Mortgage and loan revenue	\$ 108,605	\$ 103	\$ 108,708
Investment interest	11,321	8	11,329
Net change in the fair value of investments	855	-	855
Net change of hedge termination	(100)	-	(100)
Total Investment Revenue	12,076	8	12,084
Grant revenue	51,428	-	51,428
Housing rental subsidies	9,408	-	9,408
Rental revenue	8,644	194	8,838
Other revenue	3,633	34	3,667
<b>Total Operating Revenues</b>	<b>193,794</b>	<b>339</b>	<b>194,133</b>
<b>OPERATING EXPENSES</b>			
Interest	56,689	-	56,689
Mortgage and loan costs	9,048	-	9,048
Bond financing expenses	4,852	-	4,852
Provision for loan loss	(3,719)	10	(3,709)
Operations and administration	35,904	171	36,075
Rental housing operating expenses	10,635	-	10,635
Grant expense	52,515	-	52,515
<b>Total Operating Expenses</b>	<b>165,924</b>	<b>181</b>	<b>166,105</b>
<b>Operating Income (Loss)</b>	<b>27,870</b>	<b>158</b>	<b>28,028</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>			
Contributions to the State of Alaska or other State agencies	(64)	-	(64)
Transfers - Internal	(3)	-	(3)
Change in Net Position	27,803	158	27,961
Net position at beginning of year	1,516,695	22,001	1,538,696
<b>Net Position at End of Period</b>	<b>\$ 1,544,498</b>	<b>\$ 22,159</b>	<b>\$ 1,566,657</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
<b>Cash flows from operating activities:</b>				
Interest income on mortgages and loans	\$ 3,842	\$ -	\$ 92,051	\$ 1,018
Principal payments received on mortgages and loans	5,371	-	197,871	2,710
Disbursements to fund mortgages and loans	(422,532)	-	-	-
Receipt (payment) for loan transfers between funds	215,260	-	(212,792)	(2,468)
Mortgage and loan proceeds	309,209	-	-	-
Payment of mortgage and loan proceeds to funds	(306,539)	-	-	-
Payments to employees and other payroll disbursements	(17,452)	(3,631)	-	(6,766)
Payments for goods and services	(14,032)	(1,455)	-	(12,335)
Cash received for externally funded programs	-	31,157	-	9,752
Cash received for Federal HAP subsidies	-	30,221	-	-
Payments for Federal HAP subsidies	-	(26,842)	-	-
Interfund receipts (payments)	(4,797)	(1,295)	-	6,089
Grant payments to other agencies	-	(27,624)	-	-
Other operating cash receipts	31,169	1,128	143	3,793
Other operating cash payments	(7)	(40)	(161)	(72)
<b>Net cash provided by (used for) operating activities</b>	<b>(200,508)</b>	<b>1,619</b>	<b>77,112</b>	<b>1,721</b>
<b>Cash flows from noncapital financing activities:</b>				
Proceeds from the issuance of bonds	-	-	236,566	-
Principal paid on bonds	-	-	(44,878)	-
Payment of bond issuance costs	(50)	-	(1,757)	-
Interest paid	-	-	(40,187)	-
Proceeds from issuance of short term debt	131,999	-	-	-
Payment of short term debt	(162,048)	-	-	-
Contributions to the State of Alaska or other State agencies	(64)	-	(4,494)	-
Transfers (to) from other funds	157,268	-	(157,268)	-
Other cash payments	(119)	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>126,986</b>	<b>-</b>	<b>(12,018)</b>	<b>-</b>
<b>Cash flows from capital financing activities:</b>				
Acquisition of capital assets	(7)	(22)	-	(141)
Proceeds from the disposal of capital assets	-	-	-	89
Principal paid on capital notes	-	-	(5,807)	-
Interest paid on capital notes	-	-	(1,447)	-
Proceeds from direct financing leases	-	-	3,303	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(7)</b>	<b>(22)</b>	<b>(3,951)</b>	<b>(52)</b>
<b>Cash flows from investing activities:</b>				
Purchase of investments	(1,611,008)	-	(758,966)	(4,030)
Proceeds from maturity of investments	1,682,102	-	694,572	2,730
Interest received from investments	6,709	5	3,233	74
<b>Net cash provided by (used for) investing activities</b>	<b>77,803</b>	<b>5</b>	<b>(61,161)</b>	<b>(1,226)</b>
Net Increase (decrease) in cash	4,274	1,602	(18)	443
Cash at the beginning of year	29,902	5,791	161	26,428
<b>Cash at the end of period</b>	<b>\$ 34,176</b>	<b>\$ 7,393</b>	<b>\$ 143</b>	<b>\$ 26,871</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 1,458	\$ (8,561)	\$ 37,556	\$ (2,583)
<i>Adjustments:</i>				
Depreciation expense	810	11	-	4,209
Provision for loan losses	325	48	(4,072)	(20)
Net change in the fair value of investments	503	-	352	-
Transfers between funds for operating activity	(25,354)	11,295	12,918	1,138
Interest received from investments	(6,709)	(5)	(3,233)	(74)
Interest paid	-	-	40,187	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	(24,346)	39	(316,723)	96
Net increase (decrease) in assets, liabilities, and deferred resources	(147,195)	(1,208)	310,127	(1,045)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (200,508)</b>	<b>\$ 1,619</b>	<b>\$ 77,112</b>	<b>\$ 1,721</b>
<b>Noncash investing, capital and financing activities:</b>				
<i>Asset transfers</i>				
Contributions to Alaska Housing Capital Corporation			(15,952)	
Deferred outflow of resources-derivatives			(16,053)	
Derivative instruments liability			560	
Net change of hedge termination			1,131	
Deferred Outflow Debt Refunding				
<i>See accompanying notes to the financial statements.</i>				

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

For Nine Months Ended March 31, 2019

(in thousands of dollars)

**Exhibit C**

	Total Programs and Funds	Alaska Corporation for Affordable Housing	Total March 31, 2019
<b>Cash flows from operating activities:</b>			
Interest income on mortgages and loans	\$ 96,911	\$ -	\$ 96,911
Principal payments received on mortgages and loans	205,952	-	205,952
Disbursements to fund mortgages and loans	(422,532)	-	(422,532)
Receipt (payment) for loan transfers between funds	-	-	-
Mortgage and loan proceeds	309,209	-	309,209
Payment of mortgage and loan proceeds to funds	(306,539)	-	(306,539)
Payments to employees and other payroll disbursements	(27,849)	(104)	(27,953)
Payments for goods and services	(27,822)	(47)	(27,869)
Cash received for externally funded programs	40,909	-	40,909
Cash received for Federal HAP subsidies	30,221	-	30,221
Payments for Federal HAP subsidies	(26,842)	-	(26,842)
Interfund receipts (payments)	(3)	3	-
Grant payments to other agencies	(27,624)	-	(27,624)
Other operating cash receipts	36,233	345	36,578
Other operating cash payments	(280)	(24)	(304)
<b>Net cash provided by (used for) operating activities</b>	<b>(120,056)</b>	<b>173</b>	<b>(119,883)</b>
<b>Cash flows from noncapital financing activities:</b>			
Proceeds from the issuance of bonds	236,566	-	236,566
Principal paid on bonds	(44,878)	-	(44,878)
Payment of bond issuance costs	(1,807)	-	(1,807)
Interest paid	(40,187)	-	(40,187)
Proceeds from issuance of short term debt	131,999	-	131,999
Payment of short term debt	(162,048)	-	(162,048)
Contributions to the State of Alaska or other State agencies	(4,558)	-	(4,558)
Transfers (to) from other funds	-	-	-
Other cash payments	(119)	-	(119)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>114,968</b>	<b>-</b>	<b>114,968</b>
<b>Cash flows from capital financing activities:</b>			
Acquisition of capital assets	(170)	-	(170)
Proceeds from the disposal of capital assets	89	-	89
Principal paid on capital notes	(5,807)	-	(5,807)
Interest paid on capital notes	(1,447)	-	(1,447)
Proceeds from direct financing leases	3,303	-	3,303
<b>Net cash provided by (used for) capital financing activities</b>	<b>(4,032)</b>	<b>-</b>	<b>(4,032)</b>
<b>Cash flows from investing activities:</b>			
Purchase of investments	(2,374,004)	-	(2,374,004)
Proceeds from maturity of investments	2,379,404	-	2,379,404
Interest received from investments	10,021	9	10,030
<b>Net cash provided by (used for) investing activities</b>	<b>15,421</b>	<b>9</b>	<b>15,430</b>
Net Increase (decrease) in cash	6,301	182	6,483
Cash at the beginning of year	62,282	7,327	69,609
<b>Cash at the end of period</b>	<b>\$ 68,583</b>	<b>\$ 7,509</b>	<b>\$ 76,092</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>			
Operating income (loss)	\$ 27,870	\$ 158	\$ 28,028
<i>Adjustments:</i>			
Depreciation expense	5,030	-	5,030
Provision for loan losses	(3,719)	10	(3,709)
Net change in the fair value of investments	855	-	855
Transfers between funds for operating activity	(3)	-	(3)
Interest received from investments	(10,021)	(9)	(10,030)
Interest paid	40,187	-	40,187
<i>Changes in assets, liabilities and deferred resources:</i>			
Net (increase) decrease in mortgages and loans	(340,934)	(101)	(341,035)
Net increase (decrease) in assets, liabilities, and deferred resources	160,679	115	160,794
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (120,056)</b>	<b>\$ 173</b>	<b>\$ (119,883)</b>
<b>Noncash investing, capital and financing activities:</b>			
Asset transfers			
Contributions to Alaska Housing Capital Corporation			
Deferred outflow of resources-derivatives			
Derivative instruments liability			
Net change of hedge termination			
Deferred Outflow Debt Refunding			
<i>See accompanying notes to the financial statements.</i>			

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 .....	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 .....	16
6	Insurance Agreements .....	16
7	Direct Financing Lease .....	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 .....	25
16	Other Credit Arrangements .....	25
17	Yield Restriction and Arbitrage Rebate .....	25
18	State Authorizations and Commitments .....	26
19	Housing Grants and Subsidies Expenses .....	27
20	Pension and Post-Employment Healthcare Plans .....	27
21	Other Commitments and Contingencies .....	37
22	Risk Management .....	37
23	Five Year Financial Information .....	38

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

**FOR THE NINE MONTHS ENDED MARCH 31, 2019**

**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.



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 the 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. Based on the amount of unamortized discount or premium from the original bond issue, the net effect of the change is immaterial to the financial statements.

**Other Post-Employment Benefits**

Information about the Other Post-Employment Benefits ("OPEB") fiduciary net position of the PERS plans has been determined on the same basis as reported by PERS. The PERS information includes the valuation of the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense. Benefit payments 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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

**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, 2019
Restricted cash	\$ 53,075
Unrestricted cash	\$ 23,017
Carrying amount	\$ 76,092
Bank balance	\$ 76,248

**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)				More Than	
	Less Than 1 Year	1-5 Years	6-10 Years	10 Years	March 31, 2019	
Securities of U.S. Government agencies and corporations	\$ 16,007	\$ -	\$ -	\$ -	\$ 16,007	
Commercial paper & medium-term notes	214,509	150	-	-	214,659	
Corporate Certificate of Deposit	4,970	502	-	-	5,472	
Money market funds	363,108	-	-	-	363,108	
Total not including GeFONSI	\$ 598,594	\$ 652	\$ -	\$ -	\$ 599,246	
GeFONSI pool					1,455	
Total AHFC Investment Portfolio					\$ 600,701	

**Restricted Investments**

A large portion of the Corporation's investments, \$170,783,000, is restricted by bond resolutions, contractual agreements, and statutory agreements, and the remainder, \$429,918,000, 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

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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, 2019
Ending unrealized holding gain	\$ 3,276
Beginning unrealized holding gain	2,395
Net change in unrealized holding gain	881
Net realized gain (loss)	(26)
Net increase (decrease) in fair value	\$ 855

**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;

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

- 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, 2019, 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	\$ 16,007
Commercial paper, medium-term notes and Certificates of Deposit:	AA+	Aaa	288
	AA	A1	251
	AA-	Aa3	1,016
	AA-	A1	250
	AA-	P-1	251
	A+	A1	250
	A+	Aa2	600
	A+	Aa3	501
	A+	P-1	802
	A	P-1	751
	A	A1	750
	A	A2	880
	A-1+	P-1	116,820
	A-1	P-1	95,970
	NA	P-1	751
			220,131
Money market funds:	AAAm	Aaa	363,108
			<u>\$ 599,246</u>

**Concentration Risk**

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

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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

**Investment Holdings Greater than Five Percent of Total Portfolio**

The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. As of March 31, 2019, 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
Goldman Sachs	\$ 363,357	60.49%
The Toronto Dominion Bank	78,109	13.00%

**Custodial Credit Risk**

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

Of the Corporation's \$76,248,000 bank balance at March 31, 2019, cash deposits in the amount of \$396,000 were uninsured and uncollateralized.

**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, net of GeFONSI holdings) with their modified duration as of March 31, 2019:

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

	Investment Fair Value	Modified Duration
Securities of U.S. Government agencies and corporations:		
Federal agency pass through securities	\$ 16,007	0.006
Certificate of deposit	5,472	0.580
Commercial paper & medium-term notes:		
Commercial paper discounts	210,640	0.131
Medium-term notes	4,019	0.272
Money market funds	363,108	0.000
Portfolio modified duration	<u>\$ 599,246</u>	
		0.053

#### 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, 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 \$1,455,000.

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, 2019, is shown below (in thousands):

		Due From					
Due To		Administrative	Grant	Mortgage	Other	Alaska	
		Fund	Programs	or Bond	Funds or	Corporation	
				Programs	Programs	for Affordable	Total
						Housing	
	Administrative Fund	\$ -	\$ 4,344	\$ -	\$ 1,380	\$ 46	\$ 5,770
	Grant Programs	3,378	-	-	-	1,425	4,803
	Mortgage or Bond Programs	32,075	-	-	-	-	32,075
	Other Funds or Programs	581	-	-	-	-	581
Alaska Corporation for Affordable Housing	-	-	-	-	-	-	
Total	\$ 36,034	\$ 4,344	\$ -	\$ 1,380	\$ 1,471	\$ 43,229	

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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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, 2019
Mortgage loans	\$ 2,843,881
Multifamily loans	467,898
Other notes receivable	79,970
	<u>3,391,749</u>
Less:	
Allowance for losses	(50,494)
Net Mortgages, Notes & other	<u>\$ 3,341,255</u>

Of the \$3,391,749,000 mortgage loans, notes, and other loans, \$95,084,000 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 \$13,775,000. Included in the allowance for losses is \$1,240,000 for ACAH's notes receivable bringing ACAH's net notes receivable to \$12,535,000.

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

	March 31, 2019
<u>Loans Delinquent 30 days or more</u>	\$ 109,948
Foreclosures during reporting period	5,745
Loans in foreclosure process	10,732
<u>Mortgage-related commitments:</u>	
To purchase mortgage loans	\$ 44,789

## 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 LEASE

In 1997, the Corporation purchased an office building (the "Atwood Office Building") in downtown Anchorage with bond proceeds. As part of the Corporation's State Building Lease Program, the Atwood Office Building was leased to the State of Alaska and was recorded as a direct financing lease. The lease expired in 2017, at which time the State exercised the option to purchase the Atwood Office Building and associated land, identified as Block 79, for \$1. Block 102, containing land the State did not transfer but may take ownership of at a later date, is reported as a Corporation asset at the assessed value of \$4,175,000, in the Other Non-Current Assets section of the financial statements, pending potential future transfers.

In 2007, the Corporation constructed a parking garage (the "Pacillo Parking Garage") in downtown Anchorage with its corporate assets. The Pacillo Parking Garage cost \$44,000,000 and was leased to the State of Alaska for use by its departments and agencies located in Anchorage. As part of the Corporation's State Building Lease Program, the lease has been recorded as a direct financing lease. The State has the option to purchase the Pacillo Parking Garage for \$1 after December 1, 2027, which is the end of the lease. In 2015, the Corporation issued its State Capital Project



NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

Bonds II, 2015 Series B and C, respectively, to partially refund its State Capital Project Bonds, 2007 Series A, which were originally issued in 2007 to finance the Pacillo Parking Garage. The following table lists the components of the net investment in direct financing lease and shows the future minimum payments under the lease for the next five years and thereafter (in thousands):

<b>Future Minimum Payments Due</b>	
<b>Twelve Months Ending March 31,</b>	<b>Parking Garage</b>
2019	\$ 3,304
2020	3,304
2021	3,304
2022	3,304
2023	3,304
Thereafter	13,211
Gross payments due	29,731
Less: Unearned revenue	(4,951)
Net investment in direct financing lease	<u>\$ 24,780</u>

## 8 CAPITAL ASSETS

Capital assets activity for the nine months ended March 31, 2019, and a summary of balances is shown below (in thousands):

	<b>June 30, 2018</b>	<b>Additions</b>	<b>Reductions</b>	<b>March 31, 2019</b>
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 20,247	\$ -	\$ (15)	\$ 20,232
Construction in progress	-	-	-	-
Total Non-Depreciable	<u>20,247</u>	<u>-</u>	<u>(15)</u>	<u>20,232</u>
<b>Depreciable Capital Assets:</b>				
Buildings	246,086	-	-	246,086
Computers & Equipment	2,691	44	-	2,735
Vehicles	2,264	189	(52)	2,401
Less: Accumulated depreciation				
Buildings	(166,663)	(4,762)	-	(171,425)
Computers & Equipment	(2,291)	(152)	-	(2,443)
Vehicles	(1,862)	(116)	52	(1,926)
Total Depreciable, Net	<u>80,225</u>	<u>(4,797)</u>	<u>-</u>	<u>75,428</u>
<b>Total Capital Assets, Net</b>	<u>\$ 100,472</u>	<u>\$ (4,797)</u>	<u>\$ (15)</u>	<u>\$ 95,660</u>

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

Depreciation expense charged by the Corporation was \$5,030,000 for the nine months ended March 31, 2019.

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 \$9,549,000 at March 31, 2019.

## 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, 2019, were interest rate swap derivatives of \$119,347,000, deferred debt refunding expense of \$23,356,000, pension deferred outflows of \$4,034,000, and other post employment benefits deferred outflows of \$1,192,000 for a total of \$147,929,000.

## 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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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. Although the Corporation has always made its Veterans Mortgage Program Bond payments, in the event that the Corporation cannot make the payments, the State would be responsible for the principal and interest.

Bonds outstanding as of March 31, 2019, are shown on the next three pages (in thousands):

	Original Amount	March 31, 2019
<b>Housing Bonds:</b>		
<b><i>Mortgage Revenue Bonds, Tax-Exempt:</i></b>		
• 2009 Series A-1; 3.07%, due 2027-2041	\$ 64,350	\$ 40,410
• 2009 Series A-2; 2.32%, due 2026-2041	128,750	69,550
• 2010 Series A; 3.00%-4.00%, due 2019-2027	43,130	24,315
Unamortized discount		(90)
• 2010 Series B; 3.00% to 4.625%, due 2019-2040	35,680	29,415
• 2011 Series B; 3.00% to 4.05%, due 2019-2026	71,360	34,160
Total Mortgage Revenue Bonds	343,270	197,760
<b><i>Home Mortgage Revenue Bonds, Tax-Exempt:</i></b>		
• 2002 Series A; Floating Rate*; 1.51% at March 31, 2019, due 2032-2036	170,000	35,110
Unamortized swap termination penalty		(1,902)
• 2007 Series A; Floating Rate*; 1.48% at March 31, 2019, due 2019-2041	75,000	71,815
• 2007 Series B; Floating Rate*; 1.48% at March 31, 2019, due 2019-2041	75,000	71,815
• 2007 Series D; Floating Rate*; 1.48% at March 31, 2019, due 2019-2041	89,370	85,540
• 2009 Series A; Floating Rate*; 1.48% at March 31, 2019, due 2020-2040	80,880	80,880
• 2009 Series B; Floating Rate*; 1.48% at March 31, 2019, due 2020-2040	80,880	80,880
• 2009 Series D; Floating Rate*; 1.49% at March 31, 2019, due 2020-2040	80,870	80,870
Total Home Mortgage Revenue Bonds	652,000	505,008
<b><i>Collateralized Bonds (Veterans Mortgage Program), Tax-Exempt:</i></b>		
• 2016 First and Second Series; 0.95% to 3.20%, due 2019-2046	50,000	47,480
• 2019 First and Second Series; 1.60% to 4.00%, due 2020-2049	60,000	60,000
• Unamortized premium		880
Total Collateralized Bonds (Veterans Mortgage Program)	110,000	108,360
<b><i>General Mortgage Revenue Bonds II, Tax-Exempt:</i></b>		
• 2012 Series A; 2.125%-4.25%, due 2019-2040	145,890	95,305
Unamortized discount		(440)
• 2016 Series A; 0.90%-3.50%, due 2019-2046	100,000	91,000
Unamortized premium		818
• 2018 Series A; 1.55%-4.00%, due 2019-2048	109,260	108,875
Unamortized premium		2,281
• 2018 Series B; 3.45%-5.00%, due 2031-2035	58,520	58,520
Unamortized premium		4,646
Total General Mortgage Revenue Bonds II, Tax-Exempt	413,670	361,005

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

	Original Amount	March 31, 2019
<b>Housing Bonds (cont.)</b>		
<b>Governmental Purpose Bonds, Tax-Exempt:</b>		
• 1997 Series A; Floating Rate*, monthly payments, 1.48% at March 31, 2019, due 2027	33,000	14,600
• 2001 Series A; Floating Rate*; 1.48% at March 31, 2019, due 2019-2030	76,580	42,140
Unamortized swap termination penalty		(4,122)
• 2001 Series B; Floating Rate*; 1.49% at March 31, 2019, due 2019-2030	93,590	51,500
Total Governmental Purpose Bonds	203,170	104,118
Total Housing Bonds	1,722,110	1,276,251
<b>Non-Housing Bonds:</b>		
<b>State Capital Project Bonds, Tax-Exempt:</b>		
• 2002 Series C; Floating Rate*; 1.46% at March 31, 2019, due 2019-2022	60,250	23,155
• 2011 Series A; 5.00%, due 2019- 2020	105,185	4,530
Unamortized premium		48
Total State Capital Project Bonds, Tax-Exempt	165,435	27,733
<b>State Capital Project Bonds II, Tax-Exempt:</b>		
• 2012 Series A; 3.25% to 5.00%, due 2019-2032	99,360	42,510
Unamortized discount		(86)
Unamortized premium		1,770
• 2013 Series A; 4.00% to 5.00%, due 2019-2032	86,765	62,385
Unamortized premium		3,312
• 2014 Series A; 4.00% to 5.00%, due 2019-2033	95,115	81,895
Unamortized discount		(50)
Unamortized premium		3,894
• 2014 Series B; 5.00%, due 2019-2029	29,285	24,420
Unamortized premium		2,045
• 2014 Series D; 3.00% to 5.00%, due 2019-2029	78,105	77,770
Unamortized premium		7,840
• 2015 Series A; 3.00% to 5.00%, due 2019-2030	111,535	99,935
Unamortized premium		9,981
• 2015 Series B; 3.00% to 5.00%, due 2019-2036	93,365	91,145
Unamortized discount		(184)
Unamortized premium		5,015
• 2015 Series C; 5.00%, due 2019-2035	55,620	49,155
Unamortized premium		5,581
• 2017 Series A; 4.00% to 5.00%, due 2019-2032	143,955	141,835
Unamortized premium		19,309
• 2017 Series C; 5.00%, due 2024-2032	43,855	43,855
Unamortized premium		7,238
• 2018 Series B; 3.125% to 5.00%, due 2019-2038	35,570	35,570
Unamortized discount		(78)
Unamortized premium		4,094
Total State Capital Project Bonds II, Tax-Exempt	872,530	820,156

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

	Original Amount	March 31, 2019
<b>Non-Housing Bonds (cont.):</b>		
<b>State Capital Project Bonds II, Taxable:</b>		
• 2014 Series C; Indexed Floating Rate**, 2.989% at March 31, 2019, due 2029	140,000	140,000
• 2017 Series B; Floating Rate*; 2.39% at March 31, 2019, due 2047	150,000	150,000
• 2018 Series A; Floating Rate*; 2.40% at March 31, 2019, due 2031-2043	90,000	90,000
Total State Capital Project Bonds II, Taxable	380,000	380,000
Total Non-Housing Bonds	1,417,965	1,227,889
<b>Total Bonds Payable</b>	<b>\$ 3,140,075</b>	<b>\$ 2,504,140</b>

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, 2019, the Corporation made special revenue redemptions in the amount of \$18,250,000.

**Advance Refundings**

In the fiscal year ending June 30, 2018, the Corporation effected advanced refundings where the proceeds of issued bonds were used to defease outstanding debt of the Corporation. These bonds will be redeemed on their first optional redemption dates.

A summary of all defeased debt, as of March 31, 2019, follows (in thousands):

	Date Defeased	March 31, 2019
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 2024 and in five year increments thereafter to maturity are shown below (in thousands):

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

Twelve Months Ended March 31,	Total Debt Service		
	Principal	Interest*	Total
2020	\$ 73,435	\$ 90,759	\$ 164,194
2021	93,285	86,750	180,035
2022	95,550	82,952	178,502
2023	98,540	78,960	177,500
2024	100,940	75,049	175,989
2025-2029	549,795	309,966	859,761
2030-2034	708,895	178,767	887,662
2035-2039	323,770	89,554	413,324
2040-2044	190,930	40,554	231,484
2045-2049	193,950	19,403	213,353
2050-2054	3,250	94	3,344
	<u>\$ 2,432,340</u>	<u>\$ 1,052,808</u>	<u>\$ 3,485,148</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, 2019.

\*\* 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 from rents, payments received on the underlying mortgage loans, as well as tax credits, grants and other subsidy funding. 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, 2019, follows (in thousands):

	Maximum Issue Amount	Balance as of March 31, 2019	Remaining Authority as of March 31, 2019
Revenue Bonds, 2018 (Hampstead Heath Apartments)	\$ 7,600	\$ 2,313	\$ 5,287
Revenue Bonds, 2018 (Marina Karina Project)	4,400	1,968	2,432
Revenue Bonds, 2017 (Grass Creek North II LP)	8,200	7,682	518

## 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

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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, 2019, 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, 2019, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating <sup>7</sup>
GP01A <sup>1</sup>	12/01/08	2.4530%	67% of 1M LIBOR <sup>4</sup>	12/01/30	BBB+/A3
GP01B	08/02/01	4.1427%	67% of 1M LIBOR	12/01/30	AA-/Aa3
E021A1 <sup>2</sup>	10/09/08	2.9800%	70% of 3M LIBOR <sup>5</sup>	06/01/32	AA-/Aa2
SC02C <sup>3</sup>	12/05/02	4.3030%	SIFMA <sup>6</sup> + 0.115%	07/01/22	A+/Aa1
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+/Aa1
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+/Aa1

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, 2019, is shown below (in thousands). The fair value is reported as a deferred outflow / inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values		Change in Fair Value
			March 31, 2019	June 30, 2018	
GP01A	\$ 42,140	\$ 44,457	\$ (2,317)	\$ (1,577)	\$ (740)
GP01B	51,500	59,452	(7,952)	(7,526)	(426)
E021A1	35,110	38,215	(3,105)	(2,439)	(666)
SC02C	23,155	24,229	(1,074)	(1,342)	268
E071AB	137,502	168,131	(30,629)	(26,448)	(4,181)
E071AD	91,668	111,920	(20,252)	(17,373)	(2,879)
E091A	72,789	89,273	(16,484)	(14,372)	(2,112)
E091B	72,789	88,980	(16,191)	(13,997)	(2,194)
E091ABD	97,052	118,396	(21,344)	(18,321)	(3,023)
Total	\$ 623,705	\$ 743,053	\$ (119,348)	\$ (103,395)	\$ (15,953)

As of March 31, 2019, 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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

Fiscal Year Ending June 30	VRDO Principal	VRDO Interest	Swap Net Payment	Total Payments
2019	\$ 6,620	\$ 4,452	\$ 5,537	\$ 16,609
2020	23,310	9,072	11,482	43,864
2021	27,780	8,699	10,976	47,455
2022	29,230	8,284	10,413	47,927
2023	27,175	7,845	9,822	44,842
2024-2028	135,915	33,430	42,058	211,403
2029-2033	141,590	22,615	29,015	193,220
2034-2038	134,850	12,901	16,723	164,474
2039-2043	97,235	2,613	3,383	103,231
	<u>\$ 623,705</u>	<u>\$ 109,911</u>	<u>\$ 139,409</u>	<u>\$ 873,025</u>

### Credit Risk

As of March 31, 2019, 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 39.3% of the total notional amount of the swaps is held with one counterparty rated "AA-/Aa2". Another 34.0% of the total notional amount of the swaps is held with another counterparty rated "A+/Aa1". Of the remaining swaps, one counterparty is rated "A+/Aa1", "AA/Aa3", and "BBB+/A3", approximating 11.7%, 8.3%, and 6.8% 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, 2019, SIFMA was 1.50% and 1-month LIBOR was 2.49%, resulting in a SIFMA/LIBOR ratio of 60.1%. The 3-month LIBOR was 2.60%, resulting in a SIFMA/LIBOR ratio of 57.7%. 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.

### 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, 2019, are shown

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating
SC02B	12/05/02	3.7700%	70% of 1M LIBOR	07/01/24	A+/Aa1

The change in fair value of the investment derivatives as of March 31, 2019, 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, 2019	June 30, 2018	
SC02B	\$ 14,555	\$ 15,935	\$ (1,380)	\$ (1,280)	\$ (100)

**Credit Risk**

As of March 31, 2019, the Corporation was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, the Corporation would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to "BBB+/Baa1". The counterparty on this swap is rated "A+/Aa1".

## 12 LONG TERM LIABILITIES

The activity for the nine months ended March 31, 2019, is summarized in the following schedule (in thousands):

	June 30, 2018	Additions	Reductions	March 31, 2019	Due Within One Year
Total bonds and notes payable	\$ 2,328,487	\$ 235,879	\$ (60,226)	\$ 2,504,140	\$ 73,435
Pension liability	35,660	-	-	35,660	-
OPEB liability	5,765	-	-	5,765	-
Compensated absences	4,263	2,015	(1,960)	4,318	1,539
Other liabilities	-	233	(233)	-	-
Total long-term liabilities	\$ 2,374,175	\$ 238,127	\$ (62,419)	\$ 2,549,883	\$ 74,974

## 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, 2019, was 2.12% and the highest, 2.70%.

Short term debt activity for the nine months ended March 31, 2019, is summarized in the following schedule (in thousands):

	June 30, 2018	Additions	Reductions	March 31, 2019
Commercial paper	\$ 53,377	\$ 132,360	\$ (162,048)	\$ 23,689
Unamortized discount	(108)	(401)	464	(45)
Commercial paper, net	\$ 53,269	\$ 131,959	\$ (161,584)	\$ 23,644

## 14 DEFERRED INFLOWS OF RESOURCES

The Government Accounting Standards Board has defined deferred inflows of resources as the acquisition of resources



NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

that are applicable to a future period. AHFC's pension deferred inflows of resources at March 31, 2019, totaling \$4,467,000, represent the difference between projected and actual investment earnings in the State of Alaska's PERS Defined Benefit Retirement Plan. AHFC's OPEB deferred inflows of resources at March 31, 2019, represent the difference between expected and actual experience, the difference between projected and actual investment earnings, and changes in proportion and differences between employer contributions in the OPEB plan of \$3,115,000.

## 15 TRANSFERS

Transfers for the nine months ended March 31, 2019, are summarized in the following schedule (in thousands):

		From					
To		Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing	Total
	Administrative Fund	\$ -	\$ 359	\$ 223,784	\$ 2,577	\$ 78	\$ 226,798
	Grant Programs	11,654	-	-	-	-	11,654
	Mortgage or Bond Programs	236,699	-	-	-	-	236,699
	Other Funds or Programs	3,715	-	-	-	-	3,715
	Alaska Corporation for Affordable Housing	78	-	-	-	-	78
	Total	\$ 252,146	\$ 359	\$ 223,784	\$ 2,577	\$ 78	\$ 478,944

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-remarked tenders to guarantee the payment of debt service. Furthermore, the Corporation entered into a separate revolving credit facility in 2017 with the Industrial and Commercial Bank of China LTD, New York Branch, to provide up to \$300,000,000 of additional liquidity for the Corporation's State Capital Project Bonds indenture, the State Capital Project Bonds II indenture, and the Commercial Paper Notes program. At March 31, 2019, the Corporation had unused standby bond purchase agreements of \$506,910,000 and revolving credit of \$300,000,000.

## 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 \$1,328,000, but rebate liability as of March 31, 2019, was \$738,000, resulting in \$590,000 due to the Corporation. With respect to the Corporation's Governmental Purpose Bonds, 1997 Series A, prior payments totaled \$28,000, but rebate liability as of March 31, 2019, was \$19,000, resulting in \$9,000 due to the Corporation. Total for both bond issues as follows: prior payments totaled \$1,356,000, but rebate liability as of March 31, 2019, was \$757,000, resulting in \$599,000 due to the Corporation.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

## 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, 2019, (in thousands):

	Dividend Due to State*	Expenditures	Remaining Commitments
State General Fund Transfers	\$ 797,343	\$ (788,948)	\$ 8,395
State Capital Projects Debt Service	470,877	(456,733)	14,144
State of Alaska Capital Projects	255,761	(249,599)	6,162
AHFC Capital Projects	532,092	(478,445)	53,647
Total	<u>\$ 2,056,073</u>	<u>\$ (1,973,725)</u>	<u>\$ 82,348</u>

\*(Includes FY20 Dividend \$38,995,000 - Budget still needs be approved by Legislature in 2019 Session.)

### 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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

## 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, 2019
AMHTA Scholarships	\$ 6
Beneficiaries and Special Needs Housing	1,191
Continuum of Care Homeless Assistance	1,413
Domestic Violence	1,060
Discharge Incentive grant	119
Drug Elimination	21
Emergency Shelter Grant (ESG)	155
Energy Efficiency Monitoring Research	634
Energy Efficient Home Program	168
HOME Investment Partnership	3,297
Homeless Assistance Program	4,583
Housing Choice Vouchers	24,090
Housing Loan Program	873
Housing Opportunities for Persons with AIDS	373
Housing Trust Fund	1,942
Low Income Weatherization Assistance	4,800
Low Income Home Energy Assistance	660
Non-Elderly Disabled (NED)	175
Parolees (TBRA)	298
Section 811 Rental Housing Assistance	22
Section 8 Rehabilitation	370
Senior Citizen Housing Development Grant	2,063
Supplemental Housing Grant	2,746
Technical Assistance Grant	1
Veterans Affairs Supportive Housing	1,369
Youth (TBRA)	86
<b>Total Housing Grants and Subsidies Expenses</b>	<b>\$ 52,515</b>

In addition to grant payments made, the Corporation had advanced grant funds of \$3,610,000 and committed to third parties a sum of \$7,340,000 in grant awards as of March 31, 2019.

## 20 PENSION AND POST-EMPLOYMENT HEALTHCARE PLANS

### Description of Plans

As of March 31, 2019, 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](http://www.doa.alaska.gov/drb).

### Defined Benefit ("DB") Pension and Post-Employment Healthcare 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

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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 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.

The Defined Benefit Pension and Post-Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: [alaska.gov/drb/employer/resources/gasb.html](http://alaska.gov/drb/employer/resources/gasb.html)

*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 2019, 16.17% of covered salary is for the pension plan and 5.83% is for the post-employment healthcare plan.

Under AS39.35.255, the State funds 5.58%, the difference between the actuarial required contribution of 27.58% for fiscal year 2019 and the employer rate of 22.00%.

The Corporation's contributions to the defined benefit post-employment healthcare plan for the nine months ended March 31, 2019, totaled \$500,000, and for the years ended June 30, 2018, and June 30, 2017, totaled \$613,000 and \$973,000, respectively.

*Pension Liabilities:*

The pension liability for the nine months ended March 31, 2019, is not available at this time.

At June 30, 2018, the Corporation reported a liability for its proportionate share to the net pension liability of \$35,660,000. This amount reflected State pension support provided to the Corporation of \$13,285,000. The total net pension liability associated with the Corporation was \$48,945,000.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017.

*Pension Expense:*

The pension expense for the nine months ended March 31, 2019, is not available at this time.

For the year ended June 30, 2018, the Corporation recognized pension expense of \$769,000 and revenue of \$651,000 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, 2019, is not available at this time.

As of June 30, 2018, the Corporation's deferred outflows of resources related to pension expense of \$4,034,000 were due to a change in its proportionate share of contributions to the pension plan of \$145,000, a difference between projected and actual investment earnings of \$957,000 and contributions to the pension plan subsequent to the measurement date of \$2,932,000. The Corporation's deferred inflows of resources related to pension of \$4,467,000 were due to a difference between expected and actual experience of \$641,000 and changes in proportion and differences between employer contributions of \$3,826,000.

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
2019	\$ (206)	\$ (1,116)	\$ (1,322)
2020	2,113	(1,117)	996
2021	1,564	(1,117)	447
2022	563	(1,117)	(554)
	<u>\$ 4,034</u>	<u>\$ (4,467)</u>	<u>\$ (433)</u>

*Pension Actuarial Assumptions:*

The total pension liability for the fiscal year ending June 30, 2018, was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. 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%. The 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, 2016 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, 2014, 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	8.83 %
Global Equity (non-U.S.)	7.79 %
Intermediate Treasuries	1.29 %
Opportunistic	4.76 %
Real Estate	4.94 %
Absolute return	4.76 %
Private Equity	12.02 %
Cash equivalents	0.63 %

*Pension Discount rate:*

The discount rate used to measure 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 in accordance with the method prescribed by GASB Statement No. 67.

*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% lower (7%) or 1% higher (9%), (in thousands).

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Corporation's proportionate share of the net pension liability	\$46,843	\$35,660	\$26,217

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

*Employee Benefits*

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan ("ODD"), and the Retiree Medical Plan ("RM"). Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment healthcare 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.

*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. Employer contribution rates for the year ended March 31, 2019, were as follows:

	Other Tier IV
Retiree medical plan	0.94%
Occupational death and disability benefits	0.26%
<b>Total Contribution Rates</b>	<b>1.20%</b>

Under State law the Corporation is required to contribute 22% of annual covered salary. For fiscal year 2019, 6.20% of covered salary is split between 5.26% for the pension plan and 0.94% for the post-employment healthcare plan. Then, to offset additional individual post-employment healthcare cost, an annual flat dollar amount of \$2,102.88, representing 3% of total annual covered compensation in the Plan for each full-time employee, and \$1.35 per hour for part-time employees, is deposited in a Health Reimbursement Arrangement ("HRA") Account for each covered employee per AS 39.30.370.

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, 2019, the Corporation paid additional contributions of \$824,000. These contributions equal \$606,000 for the defined benefit pension as of March 31, 2019, and \$218,000 for the defined benefit post-employment healthcare plans as of March 31, 2019.

The contributions to the pension plan for the nine months ended March 31, 2019, by the employees totaled \$525,000 and by the Corporation totaled \$344,000.

The Corporation contributed \$281,000 to a Health Reimbursement Arrangement for the nine months ended March 31, 2019.

The Defined Contribution Pension and Post Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: [alaska.gov/drb/employer/resources/gasb.html](http://alaska.gov/drb/employer/resources/gasb.html).

**Other Post-Employment Benefits ("OPEB") Defined Benefit and Defined Contribution Plans**

*OPEB Employer Contribution Rate:*

In 2018, the Corporation was credited with the following contributions to the OPEB plan:

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

	Measurement Period Corporation FY17	Corporation FY16
Employer contributions DB	\$ 1,261,000	\$ 1,634,000
Employer contributions DC RM	86,000	107,000
Employer contributions DC ODD	12,000	14,000
Nonemployer contributions (on-behalf)	-	-
<b>Total Contributions</b>	<b>\$ 1,359,000</b>	<b>\$ 1,755,000</b>

*Changes in Benefit Provisions Since the Prior Valuation of OPEB:*

There have been no changes in the benefit provisions effective since the prior valuation for the Defined Benefit OPEB plan.

*OPEB healthcare cost trend rates:*

Healthcare Reform legislation passed on March 23, 2010. There is no change due to this legislation, because the State plan is retiree-only. Actuaries determined the impact to be less than \$775,000 (0.01%) of the projected June 30, 2016 healthcare actuarial accrued liability for the defined benefit plans due to cost plan excise tax (Cadillac tax). Impact on Healthcare Cost Rate Data Source or Assumption Change from 2016 to 2015 is negligible due to: claim lag specific to medical and prescription experience, individual claims level data, explicit TPA fees, actual RDS payments received; as well as a loss due to aggregate claims data and a small gain due to updated census data.

No significant impact on the measured obligation is expected due to repeal of Healthcare Reform legislation aka "Obamacare." Healthcare cost trend model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska. The table below shows the rate used by actuaries to project the cost from the shown fiscal year to the next fiscal year.

	Medical Pre-65	Medical Post-65	Drugs
FY17	8.8%	5.8%	5.4%
FY18	8.2%	5.7%	5.1%
FY19	7.6%	5.6%	4.8%
FY20	7.0%	5.6%	4.6%
FY21	6.5%	5.6%	4.4%
FY22	6.0%	5.6%	4.2%
FY23	5.6%	5.6%	4.0%
FY26	5.6%	5.6%	4.0%
FY51	4.4%	4.0%	4.0%
FY101	4.4%	4.0%	4.0%

*Key Elements of OPEB formula:*

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. Any funding surpluses or unfunded accrued liability are amortized over a closed 25-year period (established June 30, 2014) as a level percentage of payroll amount. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

Projected pension and postemployment healthcare benefits were determined for all active members. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for pension benefits (constant dollar amount for healthcare benefits) from the assumed entry age to the assumed retirement age, were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

for active members and determining an average normal cost rate that is then related to the total payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, terminated vested members, and disabled members not yet receiving benefits, was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members. The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years. It does not represent the liability for benefits accrued to the valuation date. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. Under this method, experience gains or losses in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

*Post-employment healthcare benefits:*

Major medical benefits are provided to retirees and their surviving spouses by PERS for all employees hired before July 1, 1986, (Tier 1) and disabled retirees. Employees hired after June 30, 1986, (Tier 2) and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after June 30, 1996, (Tier 3)) must pay the full monthly premium if they are under age sixty and will receive benefits paid by PERS if they are over age sixty. Tier 3 Members with between five and ten years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 Members with less than five years of credited service are not eligible for post-employment healthcare benefits. Tier 2 Members, who are receiving a conditional benefit and are age eligible, are eligible for post-employment healthcare benefits. Employees and their surviving spouses with thirty years of membership service, and any disabled member, receive benefits paid by PERS, regardless of their age or date of hire.

Medical, prescription drug, dental, vision and audio coverage is provided through the AlaskaCare Retiree Health Plan. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination. Surviving spouses continue coverage only if a pension payment form that provided survivor benefits was elected. Where premiums are required prior to age 60, the valuation bases this payment upon the age of the retiree.

Of those benefit recipients who are eligible for the COLA, 70% are assumed to remain in Alaska and receive COLA. 50%-75% of assumed inflation, or 1.56% and 2.24% respectively, is valued for the annual automatic Post-Retirement Pension Adjustment (PRPA).

*OPEB Liabilities:*

The OPEB liabilities for the nine months ended March 31, 2019 are not available at this time.

At June 30, 2018, the total net OPEB liability associated with the Corporation was \$5,765,000.

At June 30, 2018, the Corporation reported a liability for its proportionate share of the net OPEB liabilities ("NOL") that reflected a reduction for State OPEB support provided to the Corporation. The amount recognized by the Corporation for its proportional share, the related State proportion, and the total were as follows:

Corporation's proportionate share Net OPEB Liabilities:	2018
Corporation's proportionate share of NOL – DB	\$ 5,828,000
Corporation's proportionate share of NOL – DC RM	37,000
Corporation's proportionate share of NOL – DC ODD	(100,000)
State's proportionate share of the NOL associated with the Corporation	-
<b>Total Net OPEB Liabilities</b>	<b>\$ 5,765,000</b>

The net OPEB liability was measured as of June 30, 2017, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The Corporation's proportion of the net OPEB liabilities were based on a projection of the Corporation's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.



NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

Corporation's proportionate share of the net OPEB liabilities:	June 30, 2016 Measurement Date Employer Proportion	June 30, 2017 Measurement Date Employer Proportion	Change
DB	0.85265%	0.68992%	-0.16273%
DC RM	0.66252%	0.70310%	0.04058%
DC ODD	0.66252%	0.70310%	0.04058%

*Changes in Benefit Provisions Since Prior Valuation of OPEB:*

For Defined Contribution Retiree Medical OPEB ("DC RM") and Defined Contribution - Occupational Death & Disability ("DC ODD") plans there were the following updates: actuaries updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible; and updated factors used to adjust the defined benefit plan costs to reflect adopted DCR plan design.

*OPEB Expense:*

The OPEB expense for the nine months ended March 31, 2019 is not available at this time.

For the year ended June 30, 2018, the Corporation recognized negative pension expense of \$704,000 and no support provided by the State.

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:*

At June 30, 2018, the Corporation reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (317)
Difference between projected and actual investment earnings	-	(1,850)
Changes in proportion and difference between employer contributions	3	(948)
<b>Total Deferred Inflows/Outflows</b>	<b>\$ 3</b>	<b>\$ (3,115)</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Total
2019	\$ (1,161)
2020	(1,021)
2021	(463)
2022	(463)
2023	(1)
Thereafter	(3)
	<b>\$ (3,112)</b>

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

*OPEB Actuarial Assumptions:*

The total OPEB liability for the year ended June 30, 2018, was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. The actuarial assumptions used in the June 30, 2016, 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.

Actuarial cost method	Entry age normal; level percentage of payroll.
Inflation	3.12%
Salary increases	Graded by age and service, from 8.55% to 4.34% for all others
Allocation Methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019-FY2039.
Investment Return / Discount Rate	8.00%, net of OPEB plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time for others.  Post-termination – 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

The long-term expected rate of return on OPEB 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 OPEB 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 OPEB plan's target asset allocation as of June 30, 2017, 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	8.83 %
Global Equity (non-U.S.)	7.79 %
Intermediate Treasuries	1.29 %
Opportunistic	4.76 %
Real Estate	4.94 %
Absolute return	4.76 %
Private Equity	12.02 %
Cash equivalents	0.63 %

*OPEB Discount rate:*

The discount rate used to ensure the total OPEB 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 OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability in accordance with the method prescribed by GASB Statement No. 74.

*Sensitivity of the Corporation's proportionate share of the net OPEB 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-percentage-point (7%) lower or 1-percentage-point higher (9%), (in thousands).

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

Corporation's proportionate share of the net OPEB liabilities:	Proportional Share	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
DB plan	0.68992%	\$ 12,473	\$ 5,828	\$ 239
DC RM plan	0.70310%	\$ 172	\$ 37	\$ (69)
DC ODD plan	0.70310%	\$ (90)	\$ 100	\$ (108)

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate:*

The following presents the Corporation's net OPEB liability using current healthcare cost trend rates and comparing to a 1% increase and a 1% decrease of current healthcare costs trend rates, (in thousands).

Corporation's proportionate share of the net OPEB liabilities:	Proportional Share	1% Decrease	Current Discount Rate	1% Increase
DB plan	0.68992%	\$ (647)	\$ 5,828	\$ 13,612
DC RM plan	0.70310%	\$ (91)	\$ 37	\$ 207
DC ODD plan	0.70310%	n/a	\$ 100	n/a

*OPEB plan's fiduciary net position:*

All information regarding the Plan's assets, deferred outflow/inflow of resources, liabilities and fiduciary net position can be found in the PERS financial statements that are available to the public on the SOA website: [alaska.gov/drb/employer/resources/gasb.html](http://alaska.gov/drb/employer/resources/gasb.html)

*Healthcare cost trend rates:*

Conduent determined the impact to be less than \$350,000 (0.50%) on DC RM liability due to the high cost plan excise tax (Cadillac tax). Due to the lack of experience, from actuarial perspective, for the DC RM and DC ODD retiree health plans, base claims costs are based on those described in the actuarial valuation as of June 30, 2016, for the Defined Benefit (DB) retiree healthcare plan. The DB rates were used with some adjustments. The claims costs were adjusted to reflect the differences between the DC medical plans and the DB medical plan. These differences include network steerage, different coverage levels, different Medicare coordination for medical benefits, and an indexing of the retiree out-of-pocket dollar amounts. To account for higher initial copays, deductibles and out-of-pocket limits, upcoming FY17 claims costs were reduced 3.1% for medical and 11.2% for prescription drugs. In addition, to account for the difference in Medicare coordination, upcoming FY17 medical claims costs for Medicare eligible retirees were further reduced 33.75%. The health care trend rate used for the DB health benefits was reduced 0.2% each year for the DC health benefits to reflect the fact that the retiree healthcare benefits to be offered to DC members will have annual indexing of member cost sharing features.

No significant impact on the measured obligation is expected due to repeal of Healthcare Reform legislation aka "Obamacare." The healthcare cost trend model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska. The table below shows the rate used by actuaries to project the cost from the shown fiscal year to the next fiscal year.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

	Medical Pre-65	Medical Post-65	Drugs
FY17	8.8%	5.8%	5.4%
FY18	8.2%	5.7%	5.1%
FY19	7.6%	5.6%	4.8%
FY20	7.0%	5.6%	4.6%
FY21	6.5%	5.6%	4.4%
FY22	6.0%	5.6%	4.2%
FY23	5.6%	5.6%	4.0%
FY26	5.6%	5.6%	4.0%
FY51	4.4%	4.0%	4.0%
FY101	4.4%	4.0%	4.0%

*Key Elements of OPEB formula:*

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. Any funding surpluses or unfunded accrued liability is amortized over 25 years as a level percentage of expected payroll.

Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for retiree medical benefits, from the assumed entry age to the last age with a future benefit were applied to the projected benefits to determine the normal cost (the portion of the total cost of the Plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate which is then related to the total DC RM Plan payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the Plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for beneficiaries and disability members currently receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years. It does not represent the liability for benefits accrued to the valuation date. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. Under this method, experience gains or losses in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

*Post-employment healthcare benefits:*

Member must retire directly from the plan to be eligible for retiree medical coverage. Normal retirement eligibility is the earlier of a) 30 years of service or b) Medicare eligible and 10 years of service. No subsidized retiree medical benefits are provided until normal retirement eligibility. The member's and any covered dependent premium is 100% until the member is Medicare eligible. Upon the member's Medicare-eligibility, the required contribution will follow the service based schedule. Members who are receiving disability benefits or survivors who are receiving monthly survivor benefits are not eligible until the member meets, or would have met if he/she had lived, the normal retirement eligibility requirements. The medical plan's coverage is supplemental to Medicare. Medicare payment is deducted from the Medicare allowable expense and plan parameters are applied to that amount. Starting in 2018, the prescription drug coverage is a Medicare Part D Employer Group Waiver Plan (EGWP) arrangement. The premium for Medicare-eligible retirees will be based on the member's years of service. The premium for dependents who are not eligible for Medicare aligns with the member's subsidy. While a member is not Medicare-eligible, premiums are 100% of the estimated cost. Members have a separate defined contribution HRA account that can be used to pay for premiums or other medical expenses. Coverage will continue for surviving spouses of covered retired members.

*Annual Postemployment Healthcare Cost*

The annual postemployment healthcare cost for the nine months ended March 31, 2019 is not available at this time.

In 2018, the Corporation recognized \$354,000 in DC OPEB costs. These amounts were recognized as expense.

*Presentation of Transition for OPEB for Defined Benefit and Defined Contributions Plans:*

Beginning deferred outflows for DB and both DC plans were zero. The restatement of all prior periods is not practical and the data is not available from the State of Alaska actuary, therefore only the cumulative effect is reported as a

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

restatement of beginning net position of \$8,392,000, the total cumulative effect for all three plans. By plan it was \$8,516,000 for DB, negative \$25,000 for DC RM, and negative \$99,000 for DC ODD. There have been no changes in the benefit provisions effective since the prior valuation.

## 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 \$5,433,000 as of March 31, 2019.

### Lease Obligations

The Corporation leases the land at its Anchorage Family Investment Center located at 440 E. Benson Blvd., Anchorage, Alaska for \$7,000 per month. Lease expense for the nine months ended March 31, 2019, 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

On November 2, 2018, the Corporation entered into a forward delivery interest rate swap agreement with a June 1, 2019, effective date and December 1, 2029, maturity date. The \$140,000,000 notional amount swap agreement will be an effective hedging instrument relating to the Corporation's \$140,000,000 State Capital Project Bonds II, 2014 Series C, variable rate bonds. The Corporation will pay a 3.222% fixed rate in exchange for receiving a 1-month LIBOR variable rate. As of November 2, 2018, the swap counterparty was rated AA-/Aa2 by S&P Global Ratings and Moody's Investors Service, respectively. Consistent with the Corporation's existing interest rate swaps, the new agreement requires 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.

## 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.

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,				
	2018	2017	2016	2015	2014
<b>Assets</b>					
Cash	\$ 69,609	\$ 66,343	\$ 70,104	\$ 50,348	\$ 77,026
Investments	596,133	618,544	615,588	816,244	1,063,200
Accrued interest receivable	14,115	12,771	12,325	11,606	12,357
Mortgage loans, notes and other loans	3,132,437	2,910,332	2,817,494	2,662,893	2,536,596
Net investment in direct financing lease	27,003	29,142	34,555	39,732	44,664
Capital assets, net	100,472	106,762	109,821	116,057	120,248
Other assets	28,684	23,171	35,746	47,982	44,533
<b>Total Assets</b>	<b>3,968,453</b>	<b>3,767,065</b>	<b>3,695,633</b>	<b>3,744,862</b>	<b>3,898,624</b>
<b>Deferred Outflow of Resources</b>	<b>133,107</b>	<b>172,676</b>	<b>234,921</b>	<b>171,440</b>	<b>156,579</b>
<b>Liabilities</b>					
Bonds and notes payable	2,328,487	2,124,637	2,083,582	2,201,527	2,308,710
Short term debt	53,269	82,526	71,589	16,899	64,993
Accrued interest payable	9,984	9,622	9,628	9,397	10,147
Other liabilities	58,868	63,894	55,009	49,522	21,079
Derivative instrument - interest rate swaps	104,674	144,903	210,543	150,199	140,366
<b>Total Liabilities</b>	<b>2,555,282</b>	<b>2,425,582</b>	<b>2,430,351</b>	<b>2,427,544</b>	<b>2,545,295</b>
<b>Deferred Inflow of Resources</b>	<b>7,582</b>	<b>531</b>	<b>670</b>	<b>3,277</b>	<b>-</b>
<b>Total Net Position</b>	<b>\$1,538,696</b>	<b>\$ 1,513,628</b>	<b>\$ 1,499,533</b>	<b>\$ 1,485,481</b>	<b>\$ 1,509,908</b>
<b>Operating Revenues</b>					
Mortgage and loans revenue	\$ 135,055	\$ 130,538	\$ 128,942	\$ 126,140	\$ 120,740
Investment interest	6,273	4,727	3,595	4,388	6,532
Net change in fair value of investments	2,967	1,899	2,754	1,627	2,450
Net change of hedge termination	760	1,028	(552)	11	37
Total Investment Revenue	10,000	7,654	5,797	6,026	9,019
Externally funded programs	86,844	96,081	123,782	146,236	163,739
Rental	11,305	11,155	10,707	9,342	8,951
Other	3,076	4,051	4,952	2,355	5,637
<b>Total Operating Revenues</b>	<b>246,280</b>	<b>249,479</b>	<b>274,180</b>	<b>290,099</b>	<b>308,086</b>
<b>Operating Expenses</b>					
Interest	71,246	69,890	70,357	75,349	81,184
Mortgage and loan costs	11,452	10,843	10,836	11,327	9,442
Operations and administration	5,027	4,512	58,373	53,287	58,771
Financing expenses	(4,560)	(5,584)	3,556	5,064	4,415
Provision for loan loss	46,127	56,867	(5,831)	(5,741)	(5,688)
Housing grants and subsidies	15,091	14,296	107,054	125,222	149,188
Rental housing operating expenses	68,314	84,310	15,634	17,086	14,159
<b>Total Operating Expenses</b>	<b>212,697</b>	<b>235,134</b>	<b>259,979</b>	<b>281,594</b>	<b>311,471</b>
<b>Operating Income (Loss)</b>	<b>33,583</b>	<b>14,345</b>	<b>14,201</b>	<b>8,505</b>	<b>(3,385)</b>
<b>Non-Operating &amp; Special Item</b>					
Contribution to State or State agency	(125)	(250)	(149)	(3,825)	(1,380)
<b>Change in Net Position</b>	<b>\$ 33,458</b>	<b>\$ 14,095</b>	<b>\$ 14,052</b>	<b>\$ 4,680</b>	<b>\$ (4,765)</b>

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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

	2018	2017	2016	2015	2014
The Corporation's proportion of the net pension liability (asset)	0.689820%	0.852380%	0.780600%	0.608214%	0.598696%
The Corporation's proportionate share of the net pension liability (asset)	\$ 35,660	\$ 47,645	\$ 37,859	\$ 28,368	\$ 31,440
State's proportionate share of the net pension liability (asset) associated with the Corporation	13,285	6,003	10,856	22,644	26,434
Total	\$ 48,945	\$ 53,648	\$ 48,715	\$ 51,012	\$ 57,874
The Corporation's covered employee payroll	\$ 13,817	\$ 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	258.10%	312.39%	232.06%	165.04%	176.48%
Plan fiduciary net position as a percentage of the total pension liability	63.37%	59.55%	63.96%	62.37%	56.04%

Information in this table is presented based on the Plan measurement date. For June 30, 2018, the plan measurement date is June 30, 2017.

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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

**Schedule of the Corporation's Contributions (in thousands):**

	2018	2017	2016	2015	2014
Contractually required contributions	\$ 2,932	\$ 2,679	\$ 2,475	\$ 2,403	\$ 2,128
Contributions in relation to the contractually required contributions	2,932	2,679	2,475	2,403	2,128
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
The Corporation's covered employee payroll	12,583	13,817	15,252	16,314	17,189
percentage of covered-employee payroll	23.30%	19.39%	16.23%	14.73%	12.38%

This table reports the Corporation's pension contributions to PERS during fiscal year 2018. These contributions are reported as a deferred outflow of resources on the June 30, 2018 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.



NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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

	2018	2017
The Corporation's proportion of the net OPEB liability (asset) for Defined Benefit - Retiree Medical	0.68992000%	0.85265000%
The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plans)	0.70310000%	0.66252000%
The Corporation's proportionate share of the net OPEB liability (asset)	\$ 5,765	\$ 9,752
State's proportionate share of the net OPEB liability (asset) associated with the Corporation	2,173	-
Total	<u>\$ 7,939</u>	<u>\$ 9,752</u>
The Corporation's covered employee payroll	\$ 21,133	\$ 21,629
The Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	27.28%	45.09%
Defined Benefit - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	89.68%	85.45%
Defined Contribution - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	93.98%	86.82%
Defined Contribution - Occupational Death & Disability Plan fiduciary net position as a percentage of the total OPEB liability	212.97%	245.29%

Information in this table is presented based on the Plan measurement date. For June 30, 2018, the plan measurement date is June 30, 2017.

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

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement period.

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

**Schedule of the Corporation's Contributions (in thousands)**

		<b>2018</b>	<b>2017</b>
Contractually required contributions	\$	1,189	\$ 1,593
Contributions in relation to the contractually required contributions	\$	1,189	\$ 1,593
Contribution deficiency (excess)		-	-
The Corporation's covered employee payroll		20,629	21,133
Contributions as a percentage of covered-employee payroll		5.76%	7.54%

This table reports the Corporation's OPEB contributions to SOA during fiscal year 2018. These contributions are reported as a deferred outflow of resources on the June 30, 2018 basic financial statements.

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

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement period.

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**

COMBINED - ALL FUNDS

As of 03/31/2019

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 34,176	\$ -	\$ -	\$ -
Investments	429,356	16,832	39,074	24,979
Accrued interest receivable	3,945	759	2,617	408
Inter-fund due (to)/from	(30,265)	2,665	8,784	1,043
Mortgage loans, notes and other loans	4,803	6,187	21,434	3,335
Net investment in direct financing lease	-	-	-	-
Other assets	4,482	-	-	-
Intergovernmental receivable	2,790	-	-	-
<b>Total Current</b>	<b>449,287</b>	<b>26,443</b>	<b>71,909</b>	<b>29,765</b>
<b>Non Current</b>				
Investments	652	-	-	-
Inter-fund due (to)/from	-	-	-	-
Mortgage loans, notes and other loans	144,859	232,072	739,688	107,849
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	2,917	-	-	-
Capital assets - depreciable, net	16,823	-	-	-
Other assets	3,777	-	-	-
<b>Total Non Current</b>	<b>169,028</b>	<b>232,072</b>	<b>739,688</b>	<b>107,849</b>
<b>Total Assets</b>	<b>618,315</b>	<b>258,515</b>	<b>811,597</b>	<b>137,614</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	<b>5,226</b>	<b>-</b>	<b>114,880</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	-	8,615	5,480	1,280
Short term debt	23,644	-	-	-
Accrued interest payable	2,473	2,091	5,650	443
Other liabilities	19,833	71	234	32
Intergovernmental payable	-	-	-	-
<b>Total Current</b>	<b>45,950</b>	<b>10,777</b>	<b>11,364</b>	<b>1,755</b>
<b>Non Current</b>				
Bonds payable	-	189,145	499,528	107,080
Other liabilities	2,780	-	-	-
Derivative instrument - interest rate swaps	-	-	108,005	-
Pension & OPEB liability	41,425	-	-	-
<b>Total Non Current</b>	<b>44,205</b>	<b>189,145</b>	<b>607,533</b>	<b>107,080</b>
<b>Total Liabilities</b>	<b>90,155</b>	<b>199,922</b>	<b>618,897</b>	<b>108,835</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	<b>7,582</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	19,740	-	-	-
Restricted by bond resolutions	-	58,593	307,580	28,779
Restricted by contractual or statutory agreements	102,862	-	-	-
Unrestricted or (deficit)	403,202	-	-	-
<b>Total Net Position</b>	<b>\$ 525,804</b>	<b>\$ 58,593</b>	<b>\$ 307,580</b>	<b>\$ 28,779</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**  
(A Component Unit of the State of Alaska)  
**STATEMENT OF NET POSITION**  
COMBINED - ALL FUNDS  
As of 03/31/2019  
*(in thousands of dollars)*

Schedule 1

	Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ -	\$ 143	\$ 41,773	\$ 76,092
Investments	41,479	45,901	2,428	600,049
Accrued interest receivable	1,853	5,582	137	15,301
Inter-fund due (to)/from	6,253	13,329	(1,809)	-
Mortgage loans, notes and other loans	19,551	38,452	1,322	95,084
Net investment in direct financing lease	-	2,312	-	2,312
Other assets	-	-	5,378	9,860
Intergovernmental receivable	-	-	3,342	6,132
<b>Total Current</b>	<b>69,136</b>	<b>105,719</b>	<b>52,571</b>	<b>804,830</b>
<b>Non Current</b>				
Investments	-	-	-	652
Inter-fund due (to)/from	-	-	-	-
Mortgage loans, notes and other loans	649,924	1,316,885	54,894	3,246,171
Net investment in direct financing lease	-	22,468	-	22,468
Capital assets - non-depreciable	-	-	17,315	20,232
Capital assets - depreciable, net	-	-	58,605	75,428
Other assets	599	-	1	4,377
<b>Total Non Current</b>	<b>650,523</b>	<b>1,339,353</b>	<b>130,815</b>	<b>3,369,328</b>
<b>Total Assets</b>	<b>719,659</b>	<b>1,445,072</b>	<b>183,386</b>	<b>4,174,158</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	<b>11,372</b>	<b>16,451</b>	<b>-</b>	<b>147,929</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	16,035	42,025	-	73,435
Short term debt	-	-	-	23,644
Accrued interest payable	6,683	15,685	-	33,025
Other liabilities	157	333	966	21,626
Intergovernmental payable	-	143	-	143
<b>Total Current</b>	<b>22,875</b>	<b>58,186</b>	<b>966</b>	<b>151,873</b>
<b>Non Current</b>				
Bonds payable	449,088	1,185,864	-	2,430,705
Other liabilities	-	-	337	3,117
Derivative instrument - interest rate swaps	10,269	2,454	-	120,728
Pension & OPEB liability	-	-	-	41,425
<b>Total Non Current</b>	<b>459,357</b>	<b>1,188,318</b>	<b>337</b>	<b>2,595,975</b>
<b>Total Liabilities</b>	<b>482,232</b>	<b>1,246,504</b>	<b>1,303</b>	<b>2,747,848</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,582</b>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	75,920	95,660
Restricted by bond resolutions	248,799	-	-	643,751
Restricted by contractual or statutory agreements	-	-	109,816	212,678
Unrestricted or (deficit)	-	215,019	(3,653)	614,568
<b>Total Net Position</b>	<b>\$ 248,799</b>	<b>\$ 215,019</b>	<b>\$ 182,083</b>	<b>\$ 1,566,657</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

Schedule 2

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION****ADMINISTRATIVE FUND**

As of 03/31/2019

(in thousands of dollars)

	<b>Administrative Fund</b>
<b>ASSETS</b>	
<b>Current</b>	
Cash	\$ 34,176
Investments	429,356
Accrued interest receivable	3,945
Inter-fund due (to)/from	(30,265)
Mortgage loans, notes and other loans	4,803
Net investment in direct financing lease	-
Other assets	4,482
Intergovernmental receivable	2,790
<b>Total Current</b>	<b>449,287</b>
<b>Non Current</b>	
Investments	652
Inter-fund due (to)/from	-
Mortgage loans, notes and other loans	144,859
Net investment in direct financing lease	-
Capital assets - non-depreciable	2,917
Capital assets - depreciable, net	16,823
Other assets	3,777
<b>Total Non Current</b>	<b>169,028</b>
<b>Total Assets</b>	<b>618,315</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>5,226</b>
<b>LIABILITIES</b>	
<b>Current</b>	
Bonds payable	-
Short term debt	23,644
Accrued interest payable	2,473
Other liabilities	19,833
Intergovernmental payable	-
<b>Total Current</b>	<b>45,950</b>
<b>Non Current</b>	
Bonds payable	-
Other liabilities	2,780
Derivative instrument - interest rate swaps	-
Pension & OPEB liability	41,425
<b>Total Non Current</b>	<b>44,205</b>
<b>Total Liabilities</b>	<b>90,155</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>7,582</b>
<b>NET POSITION</b>	
Net investment in capital assets	19,740
Restricted by bond resolutions	-
Restricted by contractual or statutory agreements	102,862
Unrestricted or (deficit)	403,202
<b>Total Net Position</b>	<b>\$ 525,804</b>

See accompanying notes to the financial statements.

**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 03/31/2019

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ -	\$ -	\$ -
Investments	7,002	9,830	16,832
Accrued interest receivable	347	412	759
Inter-fund due (to)/from	1,186	1,479	2,665
Mortgage loans, notes and other loans	2,543	3,644	6,187
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
<b>Total Current</b>	<b>11,078</b>	<b>15,365</b>	<b>26,443</b>
<b>Non Current</b>			
Investments	-	-	-
Inter-fund due (to)/from	-	-	-
Mortgage loans, notes and other loans	95,684	136,388	232,072
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
<b>Total Non Current</b>	<b>95,684</b>	<b>136,388</b>	<b>232,072</b>
<b>Total Assets</b>	<b>106,762</b>	<b>151,753</b>	<b>258,515</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
<b>Current</b>			
Bonds payable	3,455	5,160	8,615
Short term debt	-	-	-
Accrued interest payable	1,141	950	2,091
Other liabilities	32	39	71
Intergovernmental payable	-	-	-
<b>Total Current</b>	<b>4,628</b>	<b>6,149</b>	<b>10,777</b>
<b>Non Current</b>			
Bonds payable	90,595	98,550	189,145
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Pension & OPEB liability	-	-	-
<b>Total Non Current</b>	<b>90,595</b>	<b>98,550</b>	<b>189,145</b>
<b>Total Liabilities</b>	<b>95,223</b>	<b>104,699</b>	<b>199,922</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	11,539	47,054	58,593
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
<b>Total Net Position</b>	<b>\$ 11,539</b>	<b>\$ 47,054</b>	<b>\$ 58,593</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

Schedule 4

**STATEMENT OF NET POSITION**

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

As of 03/31/2019

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<b>ASSETS</b>								
<b>Current</b>								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	10,058	4,278	3,990	4,909	5,276	5,366	5,197	39,074
Accrued interest receivable	308	287	291	383	447	425	476	2,617
Inter-fund due (to)/from	923	811	1,004	1,704	1,708	1,311	1,323	8,784
Mortgage loans, notes and other loans	2,096	2,447	2,385	3,129	3,605	3,856	3,916	21,434
Net investment in direct financing lease	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-	-
<b>Total Current</b>	<b>13,385</b>	<b>7,823</b>	<b>7,670</b>	<b>10,125</b>	<b>11,036</b>	<b>10,958</b>	<b>10,912</b>	<b>71,909</b>
<b>Non Current</b>								
Investments	-	-	-	-	-	-	-	-
Inter-fund due (to)/from	-	-	-	-	-	-	-	-
Mortgage loans, notes and other loans	77,043	83,684	80,936	108,801	120,830	130,201	138,193	739,688
Net investment in direct financing lease	-	-	-	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
<b>Total Non Current</b>	<b>77,043</b>	<b>83,684</b>	<b>80,936</b>	<b>108,801</b>	<b>120,830</b>	<b>130,201</b>	<b>138,193</b>	<b>739,688</b>
<b>Total Assets</b>	<b>90,428</b>	<b>91,507</b>	<b>88,606</b>	<b>118,926</b>	<b>131,866</b>	<b>141,159</b>	<b>149,105</b>	<b>811,597</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>3,105</b>	<b>17,217</b>	<b>17,205</b>	<b>20,393</b>	<b>19,256</b>	<b>18,964</b>	<b>18,740</b>	<b>114,880</b>
<b>LIABILITIES</b>								
<b>Current</b>								
Bonds payable	-	1,720	1,720	2,040	-	-	-	5,480
Short term debt	-	-	-	-	-	-	-	-
Accrued interest payable	307	813	813	963	916	918	920	5,650
Other liabilities	28	28	26	34	38	38	42	234
Intergovernmental payable	-	-	-	-	-	-	-	-
<b>Total Current</b>	<b>335</b>	<b>2,561</b>	<b>2,559</b>	<b>3,037</b>	<b>954</b>	<b>956</b>	<b>962</b>	<b>11,364</b>
<b>Non Current</b>								
Bonds payable	33,208	70,095	70,095	83,500	80,880	80,880	80,870	499,528
Other liabilities	-	-	-	-	-	-	-	-
Derivative instrument - interest rate swaps	3,105	15,997	15,986	18,898	18,263	17,971	17,785	108,005
Pension & OPEB liability	-	-	-	-	-	-	-	-
<b>Total Non Current</b>	<b>36,313</b>	<b>86,092</b>	<b>86,081</b>	<b>102,398</b>	<b>99,143</b>	<b>98,851</b>	<b>98,655</b>	<b>607,533</b>
<b>Total Liabilities</b>	<b>36,648</b>	<b>88,653</b>	<b>88,640</b>	<b>105,435</b>	<b>100,097</b>	<b>99,807</b>	<b>99,617</b>	<b>618,897</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>								
Net investment in capital assets	-	-	-	-	-	-	-	-
Restricted by bond resolutions	56,885	20,071	17,171	33,884	51,025	60,316	68,228	307,580
Restricted by contractual or statutory agreements	-	-	-	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-	-	-	-
<b>Total Net Position</b>	<b>\$ 56,885</b>	<b>\$ 20,071</b>	<b>\$ 17,171</b>	<b>\$ 33,884</b>	<b>\$ 51,025</b>	<b>\$ 60,316</b>	<b>\$ 68,228</b>	<b>\$ 307,580</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

Schedule 5

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

As of 03/31/2019

(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series	Collateralized Bonds 2019 First & Second Series	Veterans Mortgage Program Bonds Combined Total
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ -	\$ -	\$ -
Investments	3,149	21,830	24,979
Accrued interest receivable	221	187	408
Inter-fund due (to)/from	674	369	1,043
Mortgage loans, notes and other loans	1,805	1,530	3,335
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
<b>Total Current</b>	<b>5,849</b>	<b>23,916</b>	<b>29,765</b>
<b>Non Current</b>			
Investments	-	-	-
Inter-fund due (to)/from	-	-	-
Mortgage loans, notes and other loans	58,369	49,480	107,849
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
<b>Total Non Current</b>	<b>58,369</b>	<b>49,480</b>	<b>107,849</b>
<b>Total Assets</b>	<b>64,218</b>	<b>73,396</b>	<b>137,614</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
<b>Current</b>			
Bonds payable	1,280	-	1,280
Short term debt	-	-	-
Accrued interest payable	390	53	443
Other liabilities	18	14	32
Intergovernmental payable	-	-	-
<b>Total Current</b>	<b>1,688</b>	<b>67</b>	<b>1,755</b>
<b>Non Current</b>			
Bonds payable	46,200	60,880	107,080
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Pension & OPEB liability	-	-	-
<b>Total Non Current</b>	<b>46,200</b>	<b>60,880</b>	<b>107,080</b>
<b>Total Liabilities</b>	<b>47,888</b>	<b>60,947</b>	<b>108,835</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	16,330	12,449	28,779
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
<b>Total Net Position</b>	<b>\$ 16,330</b>	<b>\$ 12,449</b>	<b>\$ 28,779</b>

See accompanying notes to the financial statements.



**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**
**OTHER HOUSING BONDS**

As of 03/31/2019

(in thousands of dollars)

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	Governmental Purpose Bonds 1997 A
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	8,489	4,014	10,943	3,110
Accrued interest receivable	411	232	564	109
Inter-fund due (to)/from	1,385	941	1,512	-
Mortgage loans, notes and other loans	4,838	2,731	5,564	622
Net investment in direct financing lease	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Current</b>	<b>15,123</b>	<b>7,918</b>	<b>18,583</b>	<b>3,841</b>
<b>Non Current</b>				
Investments	-	-	-	-
Inter-fund due (to)/from	-	-	-	-
Mortgage loans, notes and other loans	158,900	88,289	179,904	20,104
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	9
<b>Total Non Current</b>	<b>158,900</b>	<b>88,289</b>	<b>179,904</b>	<b>20,113</b>
<b>Total Assets</b>	<b>174,023</b>	<b>96,207</b>	<b>198,487</b>	<b>23,954</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	<b>1,103</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	3,960	4,165	1,710	-
Short term debt	-	-	-	-
Accrued interest payable	1,152	762	3,731	20
Other liabilities	36	24	50	-
Intergovernmental payable	-	-	-	-
<b>Total Current</b>	<b>5,148</b>	<b>4,951</b>	<b>5,491</b>	<b>20</b>
<b>Non Current</b>				
Bonds payable	90,905	87,653	172,612	14,600
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-
Pension & OPEB liability	-	-	-	-
<b>Total Non Current</b>	<b>90,905</b>	<b>87,653</b>	<b>172,612</b>	<b>14,600</b>
<b>Total Liabilities</b>	<b>96,053</b>	<b>92,604</b>	<b>178,103</b>	<b>14,620</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	79,073	3,603	20,384	9,334
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
<b>Total Net Position</b>	<b>\$ 79,073</b>	<b>\$ 3,603</b>	<b>\$ 20,384</b>	<b>\$ 9,334</b>

See accompanying notes to the financial statements.

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

Schedule 6

**STATEMENT OF NET POSITION**

**OTHER HOUSING BONDS**

As of 03/31/2019

(in thousands of dollars)

	Governmental Purpose Bonds 2001 A & B	Other Housing Bonds Combined Total
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ -	\$ -
Investments	14,923	41,479
Accrued interest receivable	537	1,853
Inter-fund due (to)/from	2,415	6,253
Mortgage loans, notes and other loans	5,796	19,551
Net investment in direct financing lease	-	-
Other assets	-	-
Intergovernmental receivable	-	-
<b>Total Current</b>	<b>23,671</b>	<b>69,136</b>
<b>Non Current</b>		
Investments	-	-
Inter-fund due (to)/from	-	-
Mortgage loans, notes and other loans	202,727	649,924
Net investment in direct financing lease	-	-
Capital assets - non-depreciable	-	-
Capital assets - depreciable, net	-	-
Other assets	590	599
<b>Total Non Current</b>	<b>203,317</b>	<b>650,523</b>
<b>Total Assets</b>	<b>226,988</b>	<b>719,659</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>10,269</b>	<b>11,372</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Bonds payable	6,200	16,035
Short term debt	-	-
Accrued interest payable	1,018	6,683
Other liabilities	47	157
Intergovernmental payable	-	-
<b>Total Current</b>	<b>7,265</b>	<b>22,875</b>
<b>Non Current</b>		
Bonds payable	83,318	449,088
Other liabilities	-	-
Derivative instrument - interest rate swaps	10,269	10,269
Pension & OPEB liability	-	-
<b>Total Non Current</b>	<b>93,587</b>	<b>459,357</b>
<b>Total Liabilities</b>	<b>100,852</b>	<b>482,232</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>		
Net investment in capital assets	-	-
Restricted by bond resolutions	136,405	248,799
Restricted by contractual or statutory agreements	-	-
Unrestricted or (deficit)	-	-
<b>Total Net Position</b>	<b>\$ 136,405</b>	<b>\$ 248,799</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**
**NON-HOUSING BONDS**

As of 03/31/2019

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A & B
<b>ASSETS</b>					
<b>Current</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	2,693	285	2,674	2,390	6,009
Accrued interest receivable	178	37	225	332	560
Inter-fund due (to)/from	366	58	893	760	1,220
Mortgage loans, notes and other loans	817	99	1,101	1,826	3,359
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
<b>Total Current</b>	<b>4,054</b>	<b>479</b>	<b>4,893</b>	<b>5,308</b>	<b>11,148</b>
<b>Non Current</b>					
Investments	-	-	-	-	-
Inter-fund due (to)/from	-	-	-	-	-
Mortgage loans, notes and other loans	29,289	6,723	50,337	73,516	121,974
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
<b>Total Non Current</b>	<b>29,289</b>	<b>6,723</b>	<b>50,337</b>	<b>73,516</b>	<b>121,974</b>
<b>Total Assets</b>	<b>33,343</b>	<b>7,202</b>	<b>55,230</b>	<b>78,824</b>	<b>133,122</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
	<b>1,074</b>	-	-	-	-
<b>LIABILITIES</b>					
<b>Current</b>					
Bonds payable	6,265	1,490	4,720	4,515	6,860
Short term debt	-	-	-	-	-
Accrued interest payable	378	76	611	943	1,758
Other liabilities	14	2	12	16	36
Intergovernmental payable	-	-	-	-	-
<b>Total Current</b>	<b>6,657</b>	<b>1,568</b>	<b>5,343</b>	<b>5,474</b>	<b>8,654</b>
<b>Non Current</b>					
Bonds payable	16,890	3,088	39,473	61,182	105,345
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	2,454	-	-	-	-
Pension & OPEB liability	-	-	-	-	-
<b>Total Non Current</b>	<b>19,344</b>	<b>3,088</b>	<b>39,473</b>	<b>61,182</b>	<b>105,345</b>
<b>Total Liabilities</b>	<b>26,001</b>	<b>4,656</b>	<b>44,816</b>	<b>66,656</b>	<b>113,999</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
	-	-	-	-	-
<b>NET POSITION</b>					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	8,416	2,546	10,414	12,168	19,123
<b>Total Net Position</b>	<b>\$ 8,416</b>	<b>\$ 2,546</b>	<b>\$ 10,414</b>	<b>\$ 12,168</b>	<b>\$ 19,123</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**  
(A Component Unit of the State of Alaska)  
**STATEMENT OF NET POSITION**  
NON-HOUSING BONDS  
As of 03/31/2019  
*(in thousands of dollars)*

Schedule 7

	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	State Capital Project Bonds II 2018 A & B	Non-Housing Bonds Combined Total
<b>ASSETS</b>									
<b>Current</b>									
Cash	\$ -	\$ -	\$ -	\$ -	\$ 143	\$ -	\$ -	\$ -	\$ 143
Investments	7,422	4,681	5,145	3,743	2,685	3,915	1,936	2,323	45,901
Accrued interest receivable	846	464	441	289	813	558	374	465	5,582
Inter-fund due (to)/from	2,798	1,861	1,064	516	886	1,541	323	1,043	13,329
Mortgage loans, notes and other loans	7,570	3,318	3,118	1,697	4,380	5,170	1,598	4,399	38,452
Net investment in direct financing lease	-	-	-	-	2,312	-	-	-	2,312
Other assets	-	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-	-	-
<b>Total Current</b>	<b>18,636</b>	<b>10,324</b>	<b>9,768</b>	<b>6,245</b>	<b>11,219</b>	<b>11,184</b>	<b>4,231</b>	<b>8,230</b>	<b>105,719</b>
<b>Non Current</b>									
Investments	-	-	-	-	-	-	-	-	-
Inter-fund due (to)/from	-	-	-	-	-	-	-	-	-
Mortgage loans, notes and other loans	250,407	113,473	101,560	55,189	141,622	178,900	51,673	142,222	1,316,885
Net investment in direct financing lease	-	-	-	-	22,468	-	-	-	22,468
Capital assets - non-depreciable	-	-	-	-	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total Non Current</b>	<b>250,407</b>	<b>113,473</b>	<b>101,560</b>	<b>55,189</b>	<b>164,090</b>	<b>178,900</b>	<b>51,673</b>	<b>142,222</b>	<b>1,339,353</b>
<b>Total Assets</b>	<b>269,043</b>	<b>123,797</b>	<b>111,328</b>	<b>61,434</b>	<b>175,309</b>	<b>190,084</b>	<b>55,904</b>	<b>150,452</b>	<b>1,445,072</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>									
	-	4,192	4,049	1,550	5,430	-	156	-	16,451
<b>LIABILITIES</b>									
<b>Current</b>									
Bonds payable	2,740	4,390	3,015	2,795	4,150	-	-	1,085	42,025
Short term debt	-	-	-	-	-	-	-	-	-
Accrued interest payable	2,691	1,520	1,371	819	2,289	1,207	731	1,291	15,685
Other liabilities	70	35	30	17	2	51	12	36	333
Intergovernmental payable	-	-	-	-	143	-	-	-	143
<b>Total Current</b>	<b>5,501</b>	<b>5,945</b>	<b>4,416</b>	<b>3,631</b>	<b>6,584</b>	<b>1,258</b>	<b>743</b>	<b>2,412</b>	<b>58,186</b>
<b>Non Current</b>									
Bonds payable	222,870	105,526	92,961	51,941	156,994	150,000	51,093	128,501	1,185,864
Other liabilities	-	-	-	-	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-	-	-	-	-	2,454
Pension & OPEB liability	-	-	-	-	-	-	-	-	-
<b>Total Non Current</b>	<b>222,870</b>	<b>105,526</b>	<b>92,961</b>	<b>51,941</b>	<b>156,994</b>	<b>150,000</b>	<b>51,093</b>	<b>128,501</b>	<b>1,188,318</b>
<b>Total Liabilities</b>	<b>228,371</b>	<b>111,471</b>	<b>97,377</b>	<b>55,572</b>	<b>163,578</b>	<b>151,258</b>	<b>51,836</b>	<b>130,913</b>	<b>1,246,504</b>
<b>DEFERRED INFLOW OF RESOURCES</b>									
	-	-	-	-	-	-	-	-	-
<b>NET POSITION</b>									
Net investment in capital assets	-	-	-	-	-	-	-	-	-
Restricted by bond resolutions	-	-	-	-	-	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-	-	-	-	-	-
Unrestricted or (deficit)	40,672	16,518	18,000	7,412	17,161	38,826	4,224	19,539	215,019
<b>Total Net Position</b>	<b>\$ 40,672</b>	<b>\$ 16,518</b>	<b>\$ 18,000</b>	<b>\$ 7,412</b>	<b>\$ 17,161</b>	<b>\$ 38,826</b>	<b>\$ 4,224</b>	<b>\$ 19,539</b>	<b>\$ 215,019</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**
**OTHER PROGRAM FUNDS**

As of 03/31/2019

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal	Low Rent Program
<b>ASSETS</b>					
<b>Current</b>					
Cash	\$ 976	\$ 6,414	\$ 3	\$ 7,393	\$ 14,111
Investments	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Inter-fund due (to)/from	747	(2,547)	835	(965)	(1,036)
Mortgage loans, notes and other loans	-	-	65	65	-
Net investment in direct financing lease	-	-	-	-	-
Other assets	336	409	3,275	4,020	990
Intergovernmental receivable	787	-	2,382	3,169	171
<b>Total Current</b>	<b>2,846</b>	<b>4,276</b>	<b>6,560</b>	<b>13,682</b>	<b>14,236</b>
<b>Non Current</b>					
Investments	-	-	-	-	-
Inter-fund due (to)/from	-	-	1,425	1,425	-
Mortgage loans, notes and other loans	-	-	1,099	1,099	-
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	12,518
Capital assets - depreciable, net	-	43	-	43	43,675
Other assets	-	-	-	-	-
<b>Total Non Current</b>	<b>-</b>	<b>43</b>	<b>2,524</b>	<b>2,567</b>	<b>56,193</b>
<b>Total Assets</b>	<b>2,846</b>	<b>4,319</b>	<b>9,084</b>	<b>16,249</b>	<b>70,429</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
	-	-	-	-	-
<b>LIABILITIES</b>					
<b>Current</b>					
Bonds payable	-	-	-	-	-
Short term debt	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Other liabilities	-	7	-	7	728
Intergovernmental payable	-	-	-	-	-
<b>Total Current</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>728</b>
<b>Non Current</b>					
Bonds payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-	-
Pension & OPEB liability	-	-	-	-	-
<b>Total Non Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>728</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
	-	-	-	-	-
<b>NET POSITION</b>					
Net investment in capital assets	-	43	-	43	56,193
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	4,280	5,480	9,616	19,376	13,952
Unrestricted or (deficit)	(1,434)	(1,211)	(532)	(3,177)	(444)
<b>Total Net Position</b>	<b>\$ 2,846</b>	<b>\$ 4,312</b>	<b>\$ 9,084</b>	<b>\$ 16,242</b>	<b>\$ 69,701</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORAT**  
(A Component Unit of the State of Alaska)  
**STATEMENT OF NET POSITION**  
OTHER PROGRAM FUNDS  
As of 03/31/2019  
*(in thousands of dollars)*

Schedule 8

	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
<b>ASSETS</b>						
<b>Current</b>						
Cash	\$ 12,760	\$ -	\$ -	\$ 26,871	\$ 7,509	\$ 41,773
Investments	-	1,158	1,270	2,428	-	2,428
Accrued interest receivable	-	23	82	105	32	137
Inter-fund due (to)/from	(343)	54	527	(798)	(46)	(1,809)
Mortgage loans, notes and other loans	-	341	916	1,257	-	1,322
Net investment in direct financing lease	-	-	-	-	-	-
Other assets	139	-	-	1,129	229	5,378
Intergovernmental receivable	2	-	-	173	-	3,342
<b>Total Current</b>	<b>12,558</b>	<b>1,576</b>	<b>2,795</b>	<b>31,165</b>	<b>7,724</b>	<b>52,571</b>
<b>Non Current</b>						
Investments	-	-	-	-	-	-
Inter-fund due (to)/from	-	-	-	-	(1,425)	-
Mortgage loans, notes and other loans	-	11,035	30,225	41,260	12,535	54,894
Net investment in direct financing lease	-	-	-	-	-	-
Capital assets - non-depreciable	1,130	-	-	13,648	3,667	17,315
Capital assets - depreciable, net	14,887	-	-	58,562	-	58,605
Other assets	-	-	-	-	1	1
<b>Total Non Current</b>	<b>16,017</b>	<b>11,035</b>	<b>30,225</b>	<b>113,470</b>	<b>14,778</b>	<b>130,815</b>
<b>Total Assets</b>	<b>28,575</b>	<b>12,611</b>	<b>33,020</b>	<b>144,635</b>	<b>22,502</b>	<b>183,386</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
	-	-	-	-	-	-
<b>LIABILITIES</b>						
<b>Current</b>						
Bonds payable	-	-	-	-	-	-
Short term debt	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Other liabilities	216	2	7	953	6	966
Intergovernmental payable	-	-	-	-	-	-
<b>Total Current</b>	<b>216</b>	<b>2</b>	<b>7</b>	<b>953</b>	<b>6</b>	<b>966</b>
<b>Non Current</b>						
Bonds payable	-	-	-	-	-	-
Other liabilities	-	-	-	-	337	337
Derivative instrument - interest rate swaps	-	-	-	-	-	-
Pension & OPEB liability	-	-	-	-	-	-
<b>Total Non Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337</b>	<b>337</b>
<b>Total Liabilities</b>	<b>216</b>	<b>2</b>	<b>7</b>	<b>953</b>	<b>343</b>	<b>1,303</b>
<b>DEFERRED INFLOW OF RESOURCES</b>						
	-	-	-	-	-	-
<b>NET POSITION</b>						
Net investment in capital assets	16,017	-	-	72,210	3,667	75,920
Restricted by bond resolutions	-	-	-	-	-	-
Restricted by contractual or statutory agreements	12,342	12,609	33,013	71,916	18,524	109,816
Unrestricted or (deficit)	-	-	-	(444)	(32)	(3,653)
<b>Total Net Position</b>	<b>\$ 28,359</b>	<b>\$ 12,609</b>	<b>\$ 33,013</b>	<b>\$ 143,682</b>	<b>\$ 22,159</b>	<b>\$ 182,083</b>

See accompanying notes to the financial statements.

**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 Ending 03/31/2019  
*(in thousands of dollars)*

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b>OPERATING REVENUES</b>				
Mortgage and loan revenue	\$ 7,023	\$ 7,475	\$ 24,490	\$ 1,917
Investment interest	6,904	312	912	73
Net change in the fair value of investments	503	64	154	10
Net change of hedge termination	-	-	-	-
Total Investment Revenue	7,407	376	1,066	83
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	363	-	-	-
Other revenue	2,334	-	-	-
<b>Total Operating Revenues</b>	<b>17,127</b>	<b>7,851</b>	<b>25,556</b>	<b>2,000</b>
<b>OPERATING EXPENSES</b>				
Interest	424	4,819	13,461	933
Mortgage and loan costs	1,028	716	2,259	170
Bond financing expenses	700	26	1,932	537
Provision for loan loss	325	(1,119)	(1,506)	501
Operations and administration	12,783	372	966	71
Rental housing operating expenses	409	-	-	-
Grant expense	-	-	-	-
<b>Total Operating Expenses</b>	<b>15,669</b>	<b>4,814</b>	<b>17,112</b>	<b>2,212</b>
<b>Operating Income (Loss)</b>	<b>1,458</b>	<b>3,037</b>	<b>8,444</b>	<b>(212)</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	(64)	-	-	-
Transfers - Internal	(25,354)	(1,872)	2,017	12,648
Change in Net Position	(23,960)	1,165	10,461	12,436
Net position at beginning of year	549,764	57,428	297,119	16,343
<b>Net Position at End of Period</b>	<b>\$ 525,804</b>	<b>\$ 58,593</b>	<b>\$ 307,580</b>	<b>\$ 28,779</b>

See accompanying notes to the financial statements.

**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 Ending 03/31/2019  
*(in thousands of dollars)*

Schedule 9

	Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
<b>OPERATING REVENUES</b>				
Mortgage and loan revenue	\$ 16,753	\$ 49,832	\$ 1,218	\$ 108,708
Investment interest	782	2,250	96	11,329
Net change in the fair value of investments	167	(43)	-	855
Net change of hedge termination	-	(100)	-	(100)
Total Investment Revenue	949	2,107	96	12,084
Grant revenue	-	-	51,428	51,428
Housing rental subsidies	-	-	9,408	9,408
Rental revenue	-	-	8,475	8,838
Other revenue	152	-	1,181	3,667
<b>Total Operating Revenues</b>	<b>17,854</b>	<b>51,939</b>	<b>71,806</b>	<b>194,133</b>
<b>OPERATING EXPENSES</b>				
Interest	10,594	26,458	0	56,689
Mortgage and loan costs	1,513	3,258	104	9,048
Bond financing expenses	1,227	430	0	4,852
Provision for loan loss	376	(2,324)	38	(3,709)
Operations and administration	703	1,271	19,909	36,075
Rental housing operating expenses	-	-	10,226	10,635
Grant expense	-	-	52,515	52,515
<b>Total Operating Expenses</b>	<b>14,413</b>	<b>29,093</b>	<b>82,792</b>	<b>166,105</b>
<b>Operating Income (Loss)</b>	<b>3,441</b>	<b>22,846</b>	<b>(10,986)</b>	<b>28,028</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	(64)
Transfers - Internal	5,011	(4,886)	12,433	(3)
Change in Net Position	8,452	17,960	1,447	27,961
Net position at beginning of year	240,347	197,059	180,636	1,538,696
<b>Net Position at End of Period</b>	<b>\$ 248,799</b>	<b>\$ 215,019</b>	<b>\$ 182,083</b>	<b>\$ 1,566,657</b>

See accompanying notes to the financial statements.



**ALASKA HOUSING FINANCE CORPORATION**  
(A Component Unit of the State of Alaska)  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**

Schedule 10

**ADMINISTRATIVE FUNDS**

For the Nine Months Ending 03/31/2019

(in thousands of dollars)

	<u>Administrative Fund</u>
<b>OPERATING REVENUES</b>	
Mortgage and loan revenue	\$ 7,023
Investment interest	6,904
Net change in the fair value of investments	503
Net change of hedge termination	-
Total Investment Revenue	<u>7,407</u>
Grant revenue	-
Housing rental subsidies	-
Rental revenue	363
Other revenue	2,334
<b>Total Operating Revenues</b>	<u><b>17,127</b></u>
<b>OPERATING EXPENSES</b>	
Interest	424
Mortgage and loan costs	1,028
Bond financing expenses	700
Provision for loan loss	325
Operations and administration	12,783
Rental housing operating expenses	409
Grant expense	-
<b>Total Operating Expenses</b>	<u><b>15,669</b></u>
<b>Operating Income (Loss)</b>	<u><b>1,458</b></u>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>	
Contributions to the State of Alaska or other State agencies	(64)
Transfers - Internal	(25,354)
Change in Net Position	<u>(23,960)</u>
Net position at beginning of year	549,764
<b>Net Position at End of Period</b>	<u><b>\$ 525,804</b></u>

See accompanying notes to the financial statements.

**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 Ending 03/31/2019

*(in thousands of dollars)*

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
<b>OPERATING REVENUES</b>			
Mortgage and loan revenue	\$ 3,265	\$ 4,210	\$ 7,475
Investment interest	138	174	312
Net change in the fair value of investments	28	36	64
Net change of hedge termination	-	-	-
Total Investment Revenue	166	210	376
Grant revenue	-	-	-
Housing rental subsidies	-	-	-
Rental revenue	-	-	-
Other revenue	-	-	-
<b>Total Operating Revenues</b>	<b>3,431</b>	<b>4,420</b>	<b>7,851</b>
<b>OPERATING EXPENSES</b>			
Interest	2,614	2,205	4,819
Mortgage and loan costs	307	409	716
Bond financing expenses	11	15	26
Provision for loan loss	(451)	(668)	(1,119)
Operations and administration	151	221	372
Rental housing operating expenses	-	-	-
Grant expense	-	-	-
<b>Total Operating Expenses</b>	<b>2,632</b>	<b>2,182</b>	<b>4,814</b>
<b>Operating Income (Loss)</b>	<b>799</b>	<b>2,238</b>	<b>3,037</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>			
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers - Internal	(664)	(1,208)	(1,872)
Change in Net Position	135	1,030	1,165
Net position at beginning of year	11,404	46,024	57,428
<b>Net Position at End of Period</b>	<b>\$ 11,539</b>	<b>\$ 47,054</b>	<b>\$ 58,593</b>

See accompanying notes to the financial statements.

**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 Ending 03/31/2019  
*(in thousands of dollars)*

	<b>Bonds 2002 A,B</b>	<b>Bonds 2007 A</b>	<b>Bonds 2007 B</b>	<b>Bonds 2007 D</b>
<b>OPERATING REVENUES</b>				
Mortgage and loan revenue	\$ 2,970	\$ 2,843	\$ 2,805	\$ 3,682
Investment interest	155	88	94	153
Net change in the fair value of investments	52	13	13	17
Net change of hedge termination	-	-	-	-
Total Investment Revenue	207	101	107	170
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	-
<b>Total Operating Revenues</b>	<b>3,177</b>	<b>2,944</b>	<b>2,912</b>	<b>3,852</b>
<b>OPERATING EXPENSES</b>				
Interest	891	1,932	1,932	2,287
Mortgage and loan costs	276	280	261	331
Bond financing expenses	138	230	230	287
Provision for loan loss	(316)	(156)	(130)	(244)
Operations and administration	153	119	105	140
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
<b>Total Operating Expenses</b>	<b>1,142</b>	<b>2,405</b>	<b>2,398</b>	<b>2,801</b>
<b>Operating Income (Loss)</b>	<b>2,035</b>	<b>539</b>	<b>514</b>	<b>1,051</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(61)	244	242	487
Change in Net Position	1,974	783	756	1,538
Net position at beginning of year	54,911	19,288	16,415	32,346
<b>Net Position at End of Period</b>	<b>\$ 56,885</b>	<b>\$ 20,071</b>	<b>\$ 17,171</b>	<b>\$ 33,884</b>

See accompanying notes to the financial statements.

**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 Ending 03/31/2019  
*(in thousands of dollars)*

Schedule 12

	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<b>OPERATING REVENUES</b>				
Mortgage and loan revenue	\$ 3,754	\$ 4,021	\$ 4,415	\$ 24,490
Investment interest	128	143	151	912
Net change in the fair value of investments	18	20	21	154
Net change of hedge termination	-	-	-	-
Total Investment Revenue	146	163	172	1,066
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	-
<b>Total Operating Revenues</b>	<b>3,900</b>	<b>4,184</b>	<b>4,587</b>	<b>25,556</b>
<b>OPERATING EXPENSES</b>				
Interest	2,072	2,265	2,082	13,461
Mortgage and loan costs	341	368	402	2,259
Bond financing expenses	398	293	356	1,932
Provision for loan loss	(142)	(170)	(348)	(1,506)
Operations and administration	137	149	163	966
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
<b>Total Operating Expenses</b>	<b>2,806</b>	<b>2,905</b>	<b>2,655</b>	<b>17,112</b>
<b>Operating Income (Loss)</b>	<b>1,094</b>	<b>1,279</b>	<b>1,932</b>	<b>8,444</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	482	122	501	2,017
Change in Net Position	1,576	1,401	2,433	10,461
Net position at beginning of year	49,449	58,915	65,795	297,119
<b>Net Position at End of Period</b>	<b>\$ 51,025</b>	<b>\$ 60,316</b>	<b>\$ 68,228</b>	<b>\$ 307,580</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

Schedule 13

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION****VETERANS MORTGAGE PROGRAM BONDS - STATE  
GUARANTEED**

For the Nine Months Ending 03/31/2019

*(in thousands of dollars)*

	Collateralized Bonds 2016 First & Second Series	Collateralized Bonds 2019 First & Second Series	Veterans Mortgage Program Bonds Combined Total
<b>OPERATING REVENUES</b>			
Mortgage and loan revenue	\$ 1,849	\$ 68	\$ 1,917
Investment interest	63	10	73
Net change in the fair value of investments	11	(1)	10
Net change of hedge termination	-	-	-
Total Investment Revenue	74	9	83
Grant revenue	-	-	-
Housing rental subsidies	-	-	-
Rental revenue	-	-	-
Other revenue	-	-	-
<b>Total Operating Revenues</b>	<b>1,923</b>	<b>77</b>	<b>2,000</b>
<b>OPERATING EXPENSES</b>			
Interest	881	52	933
Mortgage and loan costs	164	6	170
Bond financing expenses	3	534	537
Provision for loan loss	(14)	515	501
Operations and administration	57	14	71
Rental housing operating expenses	-	-	-
Grant expense	-	-	-
<b>Total Operating Expenses</b>	<b>1,091</b>	<b>1,121</b>	<b>2,212</b>
<b>Operating Income (Loss)</b>	<b>832</b>	<b>(1,044)</b>	<b>(212)</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>			
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers - Internal	(845)	13,493	12,648
Change in Net Position	(13)	12,449	12,436
Net position at beginning of year	16,343	-	16,343
<b>Net Position at End of Period</b>	<b>\$ 16,330</b>	<b>\$ 12,449</b>	<b>\$ 28,779</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**  
(A Component Unit of the State of Alaska)  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
OTHER HOUSING BONDS  
For the Nine Months Ending 03/31/2019  
*(in thousands of dollars)*

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	Governmental Purpose Bonds 1997 A
<b>OPERATING REVENUES</b>				
Mortgage and loan revenue	\$ 4,339	\$ 2,485	\$ 4,369	\$ 459
Investment interest	146	73	235	35
Net change in the fair value of investments	29	17	43	15
Net change of hedge termination	-	-	-	-
Total Investment Revenue	175	90	278	50
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	3
<b>Total Operating Revenues</b>	<b>4,514</b>	<b>2,575</b>	<b>4,647</b>	<b>512</b>
<b>OPERATING EXPENSES</b>				
Interest	2,629	1,624	3,444	161
Mortgage and loan costs	376	261	407	-
Bond financing expenses	7	6	1,131	18
Provision for loan loss	(964)	(35)	1,873	-
Operations and administration	151	122	218	-
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
<b>Total Operating Expenses</b>	<b>2,199</b>	<b>1,978</b>	<b>7,073</b>	<b>179</b>
<b>Operating Income (Loss)</b>	<b>2,315</b>	<b>597</b>	<b>(2,426)</b>	<b>333</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	(18,033)	129	22,810	19
Change in Net Position	(15,718)	726	20,384	352
Net position at beginning of year	94,791	2,877	-	8,982
<b>Net Position at End of Period</b>	<b>\$ 79,073</b>	<b>\$ 3,603</b>	<b>\$ 20,384</b>	<b>\$ 9,334</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**  
(A Component Unit of the State of Alaska)  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
OTHER HOUSING BONDS  
For the Nine Months Ending 03/31/2019  
*(in thousands of dollars)*

Schedule 14

	Governmental Purpose Bonds 2001 A & B	Other Housing Bonds Combined Total
<b>OPERATING REVENUES</b>		
Mortgage and loan revenue	\$ 5,101	\$ 16,753
Investment interest	293	782
Net change in the fair value of investments	63	167
Net change of hedge termination	-	-
Total Investment Revenue	356	949
Grant revenue	-	-
Housing rental subsidies	-	-
Rental revenue	-	-
Other revenue	149	152
<b>Total Operating Revenues</b>	<b>5,606</b>	<b>17,854</b>
<b>OPERATING EXPENSES</b>		
Interest	2,736	10,594
Mortgage and loan costs	469	1,513
Bond financing expenses	65	1,227
Provision for loan loss	(498)	376
Operations and administration	212	703
Rental housing operating expenses	-	-
Grant expense	-	-
<b>Total Operating Expenses</b>	<b>2,984</b>	<b>14,413</b>
<b>Operating Income (Loss)</b>	<b>2,622</b>	<b>3,441</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>		
Contributions to the State of Alaska or other State agencies	-	-
Transfers - Internal	86	5,011
Change in Net Position	2,708	8,452
Net position at beginning of year	133,697	240,347
<b>Net Position at End of Period</b>	<b>\$ 136,405</b>	<b>\$ 248,799</b>

See accompanying notes to the financial statements.

**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 Ending 03/31/2019  
*(in thousands of dollars)*

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B
<b>OPERATING REVENUES</b>				
Mortgage and loan revenue	\$ 1,173	\$ 312	\$ 2,172	\$ 3,061
Investment interest	70	11	42	59
Net change in the fair value of investments	-	-	-	(1)
Net change of hedge termination	(100)	-	-	-
Total Investment Revenue	(30)	11	42	58
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	-
<b>Total Operating Revenues</b>	<b>1,143</b>	<b>323</b>	<b>2,214</b>	<b>3,119</b>
<b>OPERATING EXPENSES</b>				
Interest	1,094	169	965	1,446
Mortgage and loan costs	98	17	126	160
Bond financing expenses	18	-	2	3
Provision for loan loss	(139)	(113)	(496)	(472)
Operations and administration	58	15	40	51
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
<b>Total Operating Expenses</b>	<b>1,129</b>	<b>88</b>	<b>637</b>	<b>1,188</b>
<b>Operating Income (Loss)</b>	<b>14</b>	<b>235</b>	<b>1,577</b>	<b>1,931</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	541	820	(54)	(1,397)
Change in Net Position	555	1,055	1,523	534
Net position at beginning of year	7,861	1,491	8,891	11,634
<b>Net Position at End of Period</b>	<b>\$ 8,416</b>	<b>\$ 2,546</b>	<b>\$ 10,414</b>	<b>\$ 12,168</b>

See accompanying notes to the financial statements.



**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 Ending 03/31/2019  
*(in thousands of dollars)*

	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
<b>OPERATING REVENUES</b>					
Mortgage and loan revenue	\$ 4,952	\$ 8,471	\$ 4,332	\$ 3,984	\$ 2,242
Investment interest	116	143	77	75	59
Net change in the fair value of investments	-	(1)	(1)	-	-
Net change of hedge termination	-	-	-	-	-
Total Investment Revenue	116	142	76	75	59
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Other revenue	-	-	-	-	-
Total Operating Revenues	5,068	8,613	4,408	4,059	2,301
<b>OPERATING EXPENSES</b>					
Interest	2,983	4,713	2,273	2,414	1,231
Mortgage and loan costs	336	735	343	286	149
Bond financing expenses	6	90	5	5	3
Provision for loan loss	(459)	(212)	(238)	(56)	(36)
Operations and administration	125	295	150	131	82
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
Total Operating Expenses	2,991	5,621	2,533	2,780	1,429
Operating Income (Loss)	2,077	2,992	1,875	1,279	872
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>					
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers - Internal	53	(826)	(5)	(130)	9
Change in Net Position	2,130	2,166	1,870	1,149	881
Net position at beginning of year	16,993	38,506	14,648	16,851	6,531
Net Position at End of Period	\$ 19,123	\$ 40,672	\$ 16,518	\$ 18,000	\$ 7,412

See accompanying notes to the financial statements.

**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 Ending 03/31/2019  
*(in thousands of dollars)*

Schedule 15

	State Capital Project Bonds II 2017 A	State Capital Project Bonds II 2017 B	State Capital Project Bonds II 2017 C	State Capital Project Bonds II 2018 A & B	Non-Housing Bonds Combined Total
<b>OPERATING REVENUES</b>					
Mortgage and loan revenue	\$ 7,232	\$ 5,534	\$ 2,124	\$ 4,243	\$ 49,832
Investment interest	1,141	79	35	343	2,250
Net change in the fair value of investments	-	(1)	-	(39)	(43)
Net change of hedge termination	-	-	-	-	(100)
Total Investment Revenue	1,141	78	35	304	2,107
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Other revenue	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>8,373</b>	<b>5,612</b>	<b>2,159</b>	<b>4,547</b>	<b>51,939</b>
<b>OPERATING EXPENSES</b>					
Interest	3,240	2,541	960	2,429	26,458
Mortgage and loan costs	10	526	116	356	3,258
Bond financing expenses	7	98	3	190	430
Provision for loan loss	89	(362)	(8)	178	(2,324)
Operations and administration	4	178	37	105	1,271
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>3,350</b>	<b>2,981</b>	<b>1,108</b>	<b>3,258</b>	<b>29,093</b>
<b>Operating Income (Loss)</b>	<b>5,023</b>	<b>2,631</b>	<b>1,051</b>	<b>1,289</b>	<b>22,846</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>					
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers - Internal	37	327	(196)	(4,065)	(4,886)
Change in Net Position	5,060	2,958	855	(2,776)	17,960
Net position at beginning of year	12,101	35,868	3,369	22,315	197,059
<b>Net Position at End of Period</b>	<b>\$ 17,161</b>	<b>\$ 38,826</b>	<b>\$ 4,224</b>	<b>\$ 19,539</b>	<b>\$ 215,019</b>

See accompanying notes to the financial statements.

**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 Ending 03/31/2019  
*(in thousands of dollars)*

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
<b>OPERATING REVENUES</b>				
Mortgage and loan revenue	\$ -	\$ -	\$ -	\$ -
Investment interest	1	5	-	6
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	1	5	-	6
Grant revenue	6,186	34,279	10,963	51,428
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	5	1,048	1,053
<b>Total Operating Revenues</b>	<b>6,187</b>	<b>34,289</b>	<b>12,011</b>	<b>52,487</b>
<b>OPERATING EXPENSES</b>				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Bond financing expenses	-	-	-	-
Provision for loan loss	-	-	48	48
Operations and administration	1,883	4,237	2,365	8,485
Rental housing operating expenses	-	-	-	-
Grant expense	6,262	27,448	18,805	52,515
<b>Total Operating Expenses</b>	<b>8,145</b>	<b>31,685</b>	<b>21,218</b>	<b>61,048</b>
<b>Operating Income (Loss)</b>	<b>(1,958)</b>	<b>2,604</b>	<b>(9,207)</b>	<b>(8,561)</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	2,677	122	8,496	11,295
Change in Net Position	719	2,726	(711)	2,734
Net position at beginning of year	2,127	1,586	9,795	13,508
<b>Net Position at End of Period</b>	<b>\$ 2,846</b>	<b>\$ 4,312</b>	<b>\$9,084</b>	<b>\$ 16,242</b>

See accompanying notes to the financial statements.

**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 Ending 03/31/2019  
*(in thousands of dollars)*

	Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund
<b>OPERATING REVENUES</b>				
Mortgage and loan revenue	\$ -	\$ -	\$ 216	\$ 899
Investment interest	19	17	16	30
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	19	17	16	30
Grant revenue	-	-	-	-
Housing rental subsidies	7,733	1,675	-	-
Rental revenue	6,528	1,753	-	-
Other revenue	94	-	-	-
<b>Total Operating Revenues</b>	<b>14,374</b>	<b>3,445</b>	<b>232</b>	<b>929</b>
<b>OPERATING EXPENSES</b>				
Interest	-	-	-	-
Mortgage and loan costs	-	-	20	84
Bond financing expenses	-	-	-	-
Provision for loan loss	-	-	(9)	(11)
Operations and administration	8,956	2,258	9	30
Rental housing operating expenses	8,604	1,622	-	-
Grant expense	-	-	-	-
<b>Total Operating Expenses</b>	<b>17,560</b>	<b>3,880</b>	<b>20</b>	<b>103</b>
<b>Operating Income (Loss)</b>	<b>(3,186)</b>	<b>(435)</b>	<b>212</b>	<b>826</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	959	126	10	43
Change in Net Position	(2,227)	(309)	222	869
Net position at beginning of year	71,928	28,668	12,387	32,144
<b>Net Position at End of Period</b>	<b>\$ 69,701</b>	<b>\$ 28,359</b>	<b>\$ 12,609</b>	<b>\$ 33,013</b>

See accompanying notes to the financial statements.

**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 Ending 03/31/2019  
*(in thousands of dollars)*

Schedule 16

	Other Funds or Programs Subtotal	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
<b>OPERATING REVENUES</b>			
Mortgage and loan revenue	\$ 1,115	\$ 103	\$ 1,218
Investment interest	82	8	96
Net change in the fair value of investments	-	-	-
Net change of hedge termination	-	-	-
Total Investment Revenue	82	8	96
Grant revenue	-	-	51,428
Housing rental subsidies	9,408	-	9,408
Rental revenue	8,281	194	8,475
Other revenue	94	34	1,181
<b>Total Operating Revenues</b>	<b>18,980</b>	<b>339</b>	<b>71,806</b>
<b>OPERATING EXPENSES</b>			
Interest	-	-	-
Mortgage and loan costs	104	-	104
Bond financing expenses	-	-	-
Provision for loan loss	(20)	10	38
Operations and administration	11,253	171	19,909
Rental housing operating expenses	10,226	-	10,226
Grant expense	-	-	52,515
<b>Total Operating Expenses</b>	<b>21,563</b>	<b>181</b>	<b>82,792</b>
<b>Operating Income (Loss)</b>	<b>(2,583)</b>	<b>158</b>	<b>(10,986)</b>
<b>NON-OPERATING EXPENSES AND TRANSFERS</b>			
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers - Internal	1,138	-	12,433
Change in Net Position	(1,445)	158	1,447
Net position at beginning of year	145,127	22,001	180,636
<b>Net Position at End of Period</b>	<b>\$ 143,682</b>	<b>\$ 22,159</b>	<b>\$ 182,083</b>

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

COMBINED - ALL FUNDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	\$ 3,842	\$ 6,830	\$ 22,434	\$ 1,669
Principal payments received on mortgages and loans	5,371	21,551	57,780	4,654
Disbursements to fund mortgages and loans	(422,532)	-	-	-
Receipt (payment) for loan transfers between funds	215,260	(7,858)	(47,580)	(43,475)
Mortgage and loan proceeds	309,209	-	-	-
Payment of mortgage and loan proceeds to funds	(306,539)	-	-	-
Payments to employees and other payroll disbursements	(17,452)	-	-	-
Payments for goods and services	(14,032)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	(4,797)	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	31,169	-	-	-
Other operating cash payments	(7)	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>(200,508)</b>	<b>20,523</b>	<b>32,634</b>	<b>(37,152)</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	60,880
Principal paid on bonds	-	(10,630)	(3,485)	(640)
Payment of bond issuance costs	(50)	-	-	(479)
Interest paid	-	(3,261)	(8,797)	(588)
Proceeds from issuance of short term debt	131,999	-	-	-
Payment of short term debt	(162,048)	-	-	-
Contributions to the State of Alaska or other State agencies	(64)	-	-	-
Transfers (to) from other funds	157,268	(2,493)	(1,180)	871
Other cash payments	(119)	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>126,986</b>	<b>(16,384)</b>	<b>(13,462)</b>	<b>60,044</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	(7)	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(7)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(1,611,008)	(54,052)	(146,746)	(32,344)
Proceeds from maturity of investments	1,682,102	49,592	126,625	9,392
Interest received from investments	6,709	321	949	60
<b>Net cash provided by (used for) investing activities</b>	<b>77,803</b>	<b>(4,139)</b>	<b>(19,172)</b>	<b>(22,892)</b>
Net Increase (decrease) in cash	4,274	-	-	-
Cash at the beginning of year	29,902	-	-	-
<b>Cash at the end of period</b>	<b>\$ 34,176</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 1,458	\$ 3,037	\$ 8,444	\$ (212)
<i>Adjustments:</i>				
Depreciation expense	810	-	-	-
Provision for loan losses	325	(1,119)	(1,506)	501
Net change in the fair value of investments	503	64	154	10
Transfers between funds for operating activity	(25,354)	(1,872)	2,017	12,648
Interest received from investments	(6,709)	(321)	(949)	(60)
Interest paid	-	3,261	8,797	588
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	(24,346)	11,682	4,762	(49,666)
Net increase (decrease) in assets, liabilities and deferred resources	(147,195)	5,791	10,915	(961)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (200,508)</b>	<b>\$ 20,523</b>	<b>\$ 32,634</b>	<b>\$ (37,152)</b>

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

COMBINED - ALL FUNDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

Schedule 17

	Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	\$ 15,781	\$ 45,337	\$ 1,018	\$ 96,911
Principal payments received on mortgages and loans	35,781	78,105	2,710	205,952
Disbursements to fund mortgages and loans	-	-	-	(422,532)
Receipt (payment) for loan transfers between funds	(47,549)	(66,330)	(2,468)	-
Mortgage and loan proceeds	-	-	-	309,209
Payment of mortgage and loan proceeds to funds	-	-	-	(306,539)
Payments to employees and other payroll disbursements	-	-	(10,501)	(27,953)
Payments for goods and services	-	-	(13,837)	(27,869)
Cash received for externally funded programs	-	-	40,909	40,909
Cash received for Federal HAP subsidies	-	-	30,221	30,221
Payments for Federal HAP subsidies	-	-	(26,842)	(26,842)
Interfund receipts (payments)	-	-	4,797	-
Grant payments to other agencies	-	-	(27,624)	(27,624)
Other operating cash receipts	-	143	5,266	36,578
Other operating cash payments	-	(161)	(136)	(304)
<b>Net cash provided by (used for) operating activities</b>	<b>4,013</b>	<b>57,094</b>	<b>3,513</b>	<b>(119,883)</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	175,526	160	-	236,566
Principal paid on bonds	(18,130)	(11,993)	-	(44,878)
Payment of bond issuance costs	(1,118)	(160)	-	(1,807)
Interest paid	(4,741)	(22,800)	-	(40,187)
Proceeds from issuance of short term debt	-	-	-	131,999
Payment of short term debt	-	-	-	(162,048)
Contributions to the State of Alaska or other State agencies	-	(4,494)	-	(4,558)
Transfers (to) from other funds	(144,899)	(9,567)	-	-
Other cash payments	-	-	-	(119)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>6,638</b>	<b>(48,854)</b>	<b>-</b>	<b>114,968</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	(163)	(170)
Proceeds from the disposal of capital assets	-	-	89	89
Principal paid on capital notes	-	(5,807)	-	(5,807)
Interest paid on capital notes	-	(1,447)	-	(1,447)
Proceeds from direct financing leases	-	3,303	-	3,303
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>(3,951)</b>	<b>(74)</b>	<b>(4,032)</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(281,659)	(244,165)	(4,030)	(2,374,004)
Proceeds from maturity of investments	270,200	238,763	2,730	2,379,404
Interest received from investments	808	1,095	88	10,030
<b>Net cash provided by (used for) investing activities</b>	<b>(10,651)</b>	<b>(4,307)</b>	<b>(1,212)</b>	<b>15,430</b>
Net Increase (decrease) in cash	-	(18)	2,227	6,483
Cash at the beginning of year	-	161	39,546	69,609
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ 143</b>	<b>\$ 41,773</b>	<b>\$ 76,092</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 3,441	\$ 22,846	\$ (10,986)	\$ 28,028
<i>Adjustments:</i>				
Depreciation expense	-	-	4,220	5,030
Provision for loan losses	376	(2,324)	38	(3,709)
Net change in the fair value of investments	167	(43)	-	855
Transfers between funds for operating activity	5,011	(4,886)	12,433	(3)
Interest received from investments	(808)	(1,095)	(88)	(10,030)
Interest paid	4,741	22,800	-	40,187
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	(158,836)	(124,665)	34	(341,035)
Net increase (decrease) in assets, liabilities and deferred resources	149,921	144,461	(2,138)	160,794
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 4,013</b>	<b>\$ 57,094</b>	<b>\$ 3,513</b>	<b>\$ (119,883)</b>

**ALASKA HOUSING FINANCE CORPORATION****Schedule 18**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS****ADMINISTRATIVE FUND**

For Nine Months Ended March 31, 2019

(in thousands of dollars)

<b>Administrative Fund</b>	
<b><u>Cash flows from operating activities:</u></b>	
Interest income on mortgages and loans	\$ 3,842
Principal payments received on mortgages and loans	5,371
Disbursements to fund mortgages and loans	(422,532)
Receipt (payment) for loan transfers between funds	215,260
Mortgage and loan proceeds	309,209
Payment of mortgage and loan proceeds to funds	(306,539)
Payments to employees and other payroll disbursements	(17,452)
Payments for goods and services	(14,032)
Cash received for externally funded programs	-
Cash received for Federal HAP subsidies	-
Payments for Federal HAP subsidies	-
Interfund receipts (payments)	(4,797)
Grant payments to other agencies	-
Other operating cash receipts	31,169
Other operating cash payments	(7)
<b>Net cash provided by (used for) operating activities</b>	<b>(200,508)</b>
<b><u>Cash flows from noncapital financing activities:</u></b>	
Proceeds from the issuance of bonds	-
Principal paid on bonds	-
Payment of bond issuance costs	(50)
Interest paid	-
Proceeds from issuance of short term debt	131,999
Payment of short term debt	(162,048)
Contributions to the State of Alaska or other State agencies	(64)
Transfers (to) from other funds	157,268
Other cash payments	(119)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>126,986</b>
<b><u>Cash flows from capital financing activities:</u></b>	
Acquisition of capital assets	(7)
Proceeds from the disposal of capital assets	-
Principal paid on capital notes	-
Interest paid on capital notes	-
Proceeds from direct financing leases	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(7)</b>
<b><u>Cash flows from investing activities:</u></b>	
Purchase of investments	(1,611,008)
Proceeds from maturity of investments	1,682,102
Interest received from investments	6,709
<b>Net cash provided by (used for) investing activities</b>	<b>77,803</b>
Net Increase (decrease) in cash	4,274
Cash at the beginning of year	29,902
<b>Cash at the end of period</b>	<b>\$ 34,176</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>	
Operating Income (Loss)	1,458
<b>Adjustments:</b>	
Depreciation	810
Net change in the fair value of investments	503
Provision for loan loss	325
Transfers - Internal	(25,354)
Interest received from investments	(6,709)
Interest paid	-
<b>Changes in assets, liabilities and deferred resources:</b>	
For Nine Months Ended March 31, 2019	(24,346)
Net increase (decrease) in assets, liabilities and deferred resources	(147,195)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (200,508)</b>



**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For Nine Months Ended March 31, 2019

(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
<b><u>Cash flows from operating activities:</u></b>			
Interest income on mortgages and loans	\$ 2,990	\$ 3,840	\$ 6,830
Principal payments received on mortgages and loans	8,570	12,981	21,551
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(4,684)	(3,174)	(7,858)
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	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>6,876</b>	<b>13,647</b>	<b>20,523</b>
<b><u>Cash flows from noncapital financing activities:</u></b>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(2,685)	(7,945)	(10,630)
Payment of bond issuance costs	-	-	-
Interest paid	(1,750)	(1,511)	(3,261)
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	(1,035)	(1,458)	(2,493)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(5,470)</b>	<b>(10,914)</b>	<b>(16,384)</b>
<b><u>Cash flows from capital financing activities:</u></b>			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Principal paid on capital notes	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>			
Purchase of investments	(21,279)	(32,773)	(54,052)
Proceeds from maturity of investments	19,732	29,860	49,592
Interest received from investments	141	180	321
<b>Net cash provided by (used for) investing activities</b>	<b>(1,406)</b>	<b>(2,733)</b>	<b>(4,139)</b>
Net Increase (decrease) in cash	-	-	-
Cash at the beginning of year	-	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>			
Operating income (loss)	799	2,238	\$ 3,037
<i>Adjustments:</i>			
Depreciation	-	-	-
Provision for loan loss	(451)	(668)	(1,119)
Net change in the fair value of investments	28	36	64
Transfers - Internal	(664)	(1,208)	(1,872)
Interest received from investments	(141)	(180)	(321)
Interest paid	1,750	1,511	3,261
<i>Changes in assets, liabilities and deferred resources:</i>			
Net (increase) decrease in mortgages and loans	3,001	8,681	11,682
Net increase (decrease) in assets, liabilities and deferred resources	2,554	3,237	5,791
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 6,876</b>	<b>\$ 13,647</b>	<b>\$ 20,523</b>

**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 Nine Months Ended March 31, 2019

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
<b>Cash flows from operating activities:</b>				
Interest income on mortgages and loans	\$ 2,739	\$ 2,576	\$ 2,584	\$ 3,392
Principal payments received on mortgages and loans	8,661	5,348	6,168	10,437
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(4,906)	(3,307)	(4,457)	(8,868)
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	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>6,494</b>	<b>4,617</b>	<b>4,295</b>	<b>4,961</b>
<b>Cash flows from noncapital financing activities:</b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(830)	(830)	(830)	(995)
Payment of bond issuance costs	-	-	-	-
Interest paid	(510)	(1,271)	(1,271)	(1,503)
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	(379)	(127)	(125)	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(1,719)</b>	<b>(2,228)</b>	<b>(2,226)</b>	<b>(2,498)</b>
<b>Cash flows from capital financing activities:</b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities:</b>				
Purchase of investments	(26,179)	(14,421)	(15,735)	(24,044)
Proceeds from maturity of investments	21,244	11,942	13,567	21,424
Interest received from investments	160	90	99	157
<b>Net cash provided by (used for) investing activities</b>	<b>(4,775)</b>	<b>(2,389)</b>	<b>(2,069)</b>	<b>(2,463)</b>
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 2,035	\$ 539	\$ 514	\$ 1,051
<b>Adjustments:</b>				
Depreciation	-	-	-	-
Provision for loan loss	(316)	(156)	(130)	(244)
Net change in the fair value of investments	52	13	13	17
Transfers - Internal	(61)	244	242	487
Interest received from investments	(160)	(90)	(99)	(157)
Interest paid	510	1,271	1,271	1,503
<b>Changes in assets, liabilities and deferred resources:</b>				
Net (increase) decrease in mortgages and loans	2,548	1,314	1,032	539
Net increase (decrease) in assets, liabilities and deferred resources	1,886	1,482	1,452	1,765
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 6,494</b>	<b>\$ 4,617</b>	<b>\$ 4,295</b>	<b>\$ 4,961</b>

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

Schedule 20

**STATEMENT OF CASH FLOWS**

FIRST TIME HOMEBUYERS PROGRAM

HOME MORTGAGE REVENUE BONDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Bonds 2009 A	Bonds 2009 B	Bonds 2009 D	Home Mortgage Revenue Bonds Combined Total
<b>Cash flows from operating activities:</b>				
Interest income on mortgages and loans	\$ 3,411	\$ 3,689	\$ 4,043	\$ 22,434
Principal payments received on mortgages and loans	8,416	9,142	9,608	57,780
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(7,642)	(8,436)	(9,964)	(47,580)
Mortgage and loan proceeds	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-
Payments to employees and other payroll disbursements	-	-	-	-
Payments for goods and services	-	-	-	-
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	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>4,185</b>	<b>4,395</b>	<b>3,687</b>	<b>32,634</b>
<b>Cash flows from noncapital financing activities:</b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	-	-	(3,485)
Payment of bond issuance costs	-	-	-	-
Interest paid	(1,411)	(1,411)	(1,420)	(8,797)
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	(97)	(373)	(79)	(1,180)
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(1,508)</b>	<b>(1,784)</b>	<b>(1,499)</b>	<b>(13,462)</b>
<b>Cash flows from capital financing activities:</b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities:</b>				
Purchase of investments	(19,904)	(22,779)	(23,684)	(146,746)
Proceeds from maturity of investments	17,093	20,017	21,338	126,625
Interest received from investments	134	151	158	949
<b>Net cash provided by (used for) investing activities</b>	<b>(2,677)</b>	<b>(2,611)</b>	<b>(2,188)</b>	<b>(19,172)</b>
Net Increase (decrease) in cash	-	-	-	-
Cash at the beginning of year	-	-	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 1,094	\$ 1,279	\$ 1,932	\$ 8,444
<b>Adjustments:</b>				
Depreciation	-	-	-	-
Provision for loan loss	(142)	(170)	(348)	(1,506)
Net change in the fair value of investments	18	20	21	154
Transfers - Internal	482	122	501	2,017
Interest received from investments	(134)	(151)	(158)	(949)
Interest paid	1,411	1,411	1,420	8,797
<b>Changes in assets, liabilities and deferred resources:</b>				
Net (increase) decrease in mortgages and loans	909	(267)	(1,313)	4,762
Net increase (decrease) in assets, liabilities and deferred resources	547	2,151	1,632	10,915
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 4,185</b>	<b>\$ 4,395</b>	<b>\$ 3,687</b>	<b>\$ 32,634</b>

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**Schedule 21**
**STATEMENT OF CASH FLOWS**

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Collateralized Bonds 2016 First & Second Series	Collateralized Bonds 2019 First & Second Series	Collateralized Bonds 2016 & 2019 First & Second Series
<b><u>Cash flows from operating activities:</u></b>			
Interest income on mortgages and loans	\$ 1,669	\$ -	\$ 1,669
Principal payments received on mortgages and loans	4,654	-	4,654
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(3,209)	(40,266)	(43,475)
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	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>3,114</b>	<b>(40,266)</b>	<b>(37,152)</b>
<b><u>Cash flows from noncapital financing activities:</u></b>			
Proceeds from the issuance of bonds	-	60,880	60,880
Principal paid on bonds	(640)	-	(640)
Payment of bond issuance costs	-	(479)	(479)
Interest paid	(588)	-	(588)
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	(721)	1,592	871
Other cash payments	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(1,949)</b>	<b>61,993</b>	<b>60,044</b>
<b><u>Cash flows from capital financing activities:</u></b>			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Principal paid on capital notes	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>			
Purchase of investments	(10,617)	(21,727)	(32,344)
Proceeds from maturity of investments	9,392	-	9,392
Interest received from investments	60	-	60
<b>Net cash provided by (used for) investing activities</b>	<b>(1,165)</b>	<b>(21,727)</b>	<b>(22,892)</b>
Net Increase (decrease) in cash	-	-	-
Cash at the beginning of year	-	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>			
Operating income (loss)	\$ 832	\$ (1,044)	\$ (212)
<b>Adjustments:</b>			
Depreciation	-	-	-
Provision for loan loss	(14)	515	501
Net change in the fair value of investments	11	(1)	10
Transfers - Internal	(845)	13,493	12,648
Interest received from investments	(60)	-	(60)
Interest paid	588	-	588
<b>Changes in assets, liabilities and deferred resources:</b>			
Net (increase) decrease in mortgages and loans	1,344	(51,010)	(49,666)
Net increase (decrease) in assets, liabilities and deferred resources	1,258	(2,219)	(961)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 3,114</b>	<b>\$ (40,266)</b>	<b>\$ (37,152)</b>

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

OTHER HOUSING BONDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

Schedule 22

	General Mortgage Revenue Bonds II 2012 A & B	General Mortgage Revenue Bonds II 2016 A	General Mortgage Revenue Bonds II 2018 A & B	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Other Housing Bonds Combined Total
<b><u>Cash flows from operating activities:</u></b>						
Interest income on mortgages and loans	\$ 4,404	\$ 2,237	\$ 3,885	\$ 574	\$ 4,681	\$ 15,781
Principal payments received on mortgages and loans	8,677	3,902	5,947	1,098	16,157	35,781
Disbursements to fund mortgages and loans	-	-	-	-	-	-
Receipt (payment) for loan transfers between funds	(5,272)	(900)	(28,269)	-	(13,108)	(47,549)
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	-	-	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>7,809</b>	<b>5,239</b>	<b>(18,437)</b>	<b>1,672</b>	<b>7,730</b>	<b>4,013</b>
<b><u>Cash flows from noncapital financing activities:</u></b>						
Proceeds from the issuance of bonds	-	-	175,526	-	-	175,526
Principal paid on bonds	(11,800)	(2,915)	(385)	-	(3,030)	(18,130)
Payment of bond issuance costs	-	-	(1,118)	-	-	(1,118)
Interest paid	(1,801)	(1,165)	(4)	(156)	(1,615)	(4,741)
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	11	-	(144,910)	-	-	(144,899)
Other cash payments	-	-	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(13,590)</b>	<b>(4,080)</b>	<b>29,109</b>	<b>(156)</b>	<b>(4,645)</b>	<b>6,638</b>
<b><u>Cash flows from capital financing activities:</u></b>						
Acquisition of capital assets	-	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>						
Purchase of investments	(19,822)	(11,375)	(194,580)	(5,108)	(50,774)	(281,659)
Proceeds from maturity of investments	25,444	10,143	183,681	3,558	47,374	270,200
Interest received from investments	159	73	227	34	315	808
<b>Net cash provided by (used for) investing activities</b>	<b>5,781</b>	<b>(1,159)</b>	<b>(10,672)</b>	<b>(1,516)</b>	<b>(3,085)</b>	<b>(10,651)</b>
Net Increase (decrease) in cash	-	-	-	-	-	-
Cash at the beginning of year	-	-	-	-	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u></b>						
Operating income (loss)	\$ 2,315	\$ 597	\$ (2,426)	\$ 333	\$ 2,622	\$ 3,441
<b><u>Adjustments:</u></b>						
Depreciation	-	-	-	-	-	-
Provision for loan loss	(964)	(35)	1,873	-	(498)	376
Net change in the fair value of investments	29	17	43	15	63	167
Transfers - Internal	(18,033)	129	22,810	19	86	5,011
Interest received from investments	(159)	(73)	(227)	(34)	(315)	(808)
Interest paid	1,801	1,165	4	156	1,615	4,741
<b><u>Changes in assets, liabilities and deferred resources:</u></b>						
Net (increase) decrease in mortgages and loans	20,100	3,454	(185,468)	1,099	1,979	(158,836)
Net increase (decrease) in assets, liabilities and deferred resources	2,720	(15)	144,954	84	2,178	149,921
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 7,809</b>	<b>\$ 5,239</b>	<b>\$ (18,437)</b>	<b>\$ 1,672</b>	<b>\$ 7,730</b>	<b>\$ 4,013</b>

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**
**NON-HOUSING BONDS**

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	State Capital Project Bonds 2002 A, B, C	State Capital Project Bonds 2011 A	State Capital Project Bonds II 2012 A & B	State Capital Project Bonds II 2013 A & B	State Capital Project Bonds II 2014 A & B	State Capital Project Bonds II 2014 C & D
<b><u>Cash flows from operating activities:</u></b>						
Interest income on mortgages and loans	\$ 1,096	\$ 301	\$ 2,053	\$ 2,941	\$ 4,338	\$ 6,676
Principal payments received on mortgages and loans	5,140	462	3,348	3,296	9,776	15,485
Disbursements to fund mortgages and loans	-	-	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	-	(950)	(4,612)	(15,061)
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	-	-	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>6,236</b>	<b>763</b>	<b>5,401</b>	<b>5,287</b>	<b>9,502</b>	<b>7,100</b>
<b><u>Cash flows from noncapital financing activities:</u></b>						
Proceeds from the issuance of bonds	-	-	-	-	-	-
Principal paid on bonds	(420)	(1,483)	(2,255)	(1,755)	(3,305)	(60)
Payment of bond issuance costs	-	-	-	-	-	-
Interest paid	(107)	(136)	(972)	(1,459)	(2,719)	(3,821)
Proceeds from issuance of short term debt	-	-	-	-	-	-
Payment of short term debt	-	-	-	-	-	-
Contributions to the State of Alaska or other State agencies	(4,494)	-	-	-	-	-
Transfers (to) from other funds	700	804	-	(804)	(2,660)	1,172
Other cash payments	-	-	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(4,321)</b>	<b>(815)</b>	<b>(3,227)</b>	<b>(4,018)</b>	<b>(8,684)</b>	<b>(2,709)</b>
<b><u>Cash flows from capital financing activities:</u></b>						
Acquisition of capital assets	-	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-	-
Principal paid on capital notes	(5,585)	(222)	-	-	-	-
Interest paid on capital notes	(1,427)	(20)	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(7,012)</b>	<b>(242)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>						
Purchase of investments	(10,954)	(3,199)	(5,897)	(6,609)	(14,449)	(31,871)
Proceeds from maturity of investments	15,982	3,480	3,685	5,286	13,528	27,359
Interest received from investments	69	13	38	54	103	121
<b>Net cash provided by (used for) investing activities</b>	<b>5,097</b>	<b>294</b>	<b>(2,174)</b>	<b>(1,269)</b>	<b>(818)</b>	<b>(4,391)</b>
Net Increase (decrease) in cash	-	-	-	-	-	-
Cash at the beginning of year	-	-	-	-	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>						
Operating income (loss)	\$ 14	\$ 235	\$ 1,577	\$ 1,931	\$ 2,077	\$ 2,992
<b>Adjustments:</b>						
Depreciation	-	-	-	-	-	-
Provision for loan loss	(139)	(113)	(496)	(472)	(459)	(212)
Net change in the fair value of investments	-	-	-	(1)	-	(1)
Transfers - Internal	541	820	(54)	(1,397)	53	(826)
Interest received from investments	(69)	(13)	(38)	(54)	(103)	(121)
Interest paid	107	136	972	1,459	2,719	3,821
<b>Changes in assets, liabilities and deferred resources:</b>						
Net (increase) decrease in mortgages and loans	4,960	(141,766)	3,463	1,896	6,757	10,648
Net increase (decrease) in assets, liabilities and deferred resources	822	141,464	(23)	1,925	(1,542)	(9,201)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 6,236</b>	<b>\$ 763</b>	<b>\$ 5,401</b>	<b>\$ 5,287</b>	<b>\$ 9,502</b>	<b>\$ 7,100</b>

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**
**NON-HOUSING BONDS**

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	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
<b><u>Cash flows from operating activities:</u></b>						
Interest income on mortgages and loans	\$ 4,050	\$ 3,726	\$ 2,095	\$ 7,228	\$ 5,020	\$ 1,970
Principal payments received on mortgages and loans	9,104	8,300	4,493	930	9,626	3,248
Disbursements to fund mortgages and loans	-	-	-	-	-	-
Receipt (payment) for loan transfers between funds	(4,761)	(5,003)	(1,801)	(4,448)	(9,391)	(2,358)
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	-	-	-	143	-	-
Other operating cash payments	-	-	-	(161)	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>8,393</b>	<b>7,023</b>	<b>4,787</b>	<b>3,692</b>	<b>5,255</b>	<b>2,860</b>
<b><u>Cash flows from noncapital financing activities:</u></b>						
Proceeds from the issuance of bonds	-	-	-	-	-	-
Principal paid on bonds	(1,595)	-	-	(1,120)	-	-
Payment of bond issuance costs	-	-	-	-	-	-
Interest paid	(2,311)	(2,056)	(1,229)	(3,444)	(1,572)	(1,096)
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	-	-	-	-	-	789
Other cash payments	-	-	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(3,906)</b>	<b>(2,056)</b>	<b>(1,229)</b>	<b>(4,564)</b>	<b>(1,572)</b>	<b>(307)</b>
<b><u>Cash flows from capital financing activities:</u></b>						
Acquisition of capital assets	-	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	3,303	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,303</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>						
Purchase of investments	(12,400)	(12,199)	(13,769)	(10,513)	(12,768)	(11,481)
Proceeds from maturity of investments	7,843	7,164	10,158	8,007	9,011	8,894
Interest received from investments	70	68	53	57	74	34
<b>Net cash provided by (used for) investing activities</b>	<b>(4,487)</b>	<b>(4,967)</b>	<b>(3,558)</b>	<b>(2,449)</b>	<b>(3,683)</b>	<b>(2,553)</b>
Net Increase (decrease) in cash	-	-	-	(18)	-	-
Cash at the beginning of year	-	-	-	161	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 143</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>						
Operating income (loss)	\$ 1,875	\$ 1,279	\$ 872	\$ 5,023	\$ 2,631	\$ 1,051
<b>Adjustments:</b>						
Depreciation	-	-	-	-	-	-
Provision for loan loss	(238)	(56)	(36)	89	(362)	(8)
Net change in the fair value of investments	(1)	-	-	-	(1)	-
Transfers - Internal	(5)	(130)	9	37	327	(196)
Interest received from investments	(70)	(68)	(53)	(57)	(74)	(34)
Interest paid	2,311	2,056	1,229	3,444	1,572	1,096
<b>Changes in assets, liabilities and deferred resources:</b>						
Net (increase) decrease in mortgages and loans	4,382	3,229	2,493	(3,420)	(416)	760
Net increase (decrease) in assets, liabilities and deferred resources	139	713	273	(1,424)	1,578	191
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 8,393</b>	<b>\$ 7,023</b>	<b>\$ 4,787</b>	<b>\$ 3,692</b>	<b>\$ 5,255</b>	<b>\$ 2,860</b>

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS****NON-HOUSING BONDS**

For Nine Months Ended March 31, 2019

(in thousands of dollars)

**Schedule 23**

	State Capital Project Bonds II 2018 A & B	Non-Housing Bonds Combined Total
<b><u>Cash flows from operating activities:</u></b>		
Interest income on mortgages and loans	\$ 3,843	\$ 45,337
Principal payments received on mortgages and loans	4,897	78,105
Disbursements to fund mortgages and loans	-	-
Receipt (payment) for loan transfers between funds	(17,945)	(66,330)
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	-	143
Other operating cash payments	-	(161)
<b>Net cash provided by (used for) operating activities</b>	<b>(9,205)</b>	<b>57,094</b>
<b><u>Cash flows from noncapital financing activities:</u></b>		
Proceeds from the issuance of bonds	160	160
Principal paid on bonds	-	(11,993)
Payment of bond issuance costs	(160)	(160)
Interest paid	(1,878)	(22,800)
Proceeds from issuance of short term debt	-	-
Payment of short term debt	-	-
Contributions to the State of Alaska or other State agencies	-	(4,494)
Transfers (to) from other funds	(9,568)	(9,567)
Other cash payments	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(11,446)</b>	<b>(48,854)</b>
<b><u>Cash flows from capital financing activities:</u></b>		
Acquisition of capital assets	-	-
Proceeds from the disposal of capital assets	-	-
Principal paid on capital notes	-	(5,807)
Interest paid on capital notes	-	(1,447)
Proceeds from direct financing leases	-	3,303
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>(3,951)</b>
<b><u>Cash flows from investing activities:</u></b>		
Purchase of investments	(98,056)	(244,165)
Proceeds from maturity of investments	118,366	238,763
Interest received from investments	341	1,095
<b>Net cash provided by (used for) investing activities</b>	<b>20,651</b>	<b>(4,307)</b>
Net Increase (decrease) in cash	-	(18)
Cash at the beginning of year	-	161
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ 143</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>		
Operating income (loss)	\$ 1,289	\$ 22,846
<i>Adjustments:</i>		
Depreciation	-	-
Provision for loan loss	178	(2,324)
Net change in the fair value of investments	(39)	(43)
Transfers - Internal	(4,065)	(4,886)
Interest received from investments	(341)	(1,095)
Interest paid	1,878	22,800
<i>Changes in assets, liabilities and deferred resources:</i>		
Net (increase) decrease in mortgages and loans	(17,651)	(124,665)
Net increase (decrease) in assets, liabilities and deferred resources	9,546	144,461
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (9,205)</b>	<b>\$ 57,094</b>



**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

OTHER PROGRAM FUNDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
<b><u>Cash flows from operating activities:</u></b>				
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	(253)	(2,824)	(554)	(3,631)
Payments for goods and services	(535)	(245)	(675)	(1,455)
Cash received for externally funded programs	10,427	4,058	16,672	31,157
Cash received for Federal HAP subsidies	-	30,221	-	30,221
Payments for Federal HAP subsidies	-	(26,842)	-	(26,842)
Interfund receipts (payments)	(1,498)	(2,144)	2,347	(1,295)
Grant payments to other agencies	(8,140)	(606)	(18,878)	(27,624)
Other operating cash receipts	-	33	1,095	1,128
Other operating cash payments	-	(33)	(7)	(40)
<b>Net cash provided by (used for) operating activities</b>	<b>1</b>	<b>1,618</b>	<b>-</b>	<b>1,619</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on 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	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	(22)	-	(22)
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>(22)</b>	<b>-</b>	<b>(22)</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	-	5	-	5
<b>Net cash provided by (used for) investing activities</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5</b>
Net Increase (decrease) in cash	1	1,601	-	1,602
Cash at the beginning of year	975	4,813	3	5,791
<b>Cash at the end of period</b>	<b>\$ 976</b>	<b>\$ 6,414</b>	<b>\$ 3</b>	<b>\$ 7,393</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating Income (Loss)	\$ (1,958)	\$ 2,604	\$ (9,207)	\$ (8,561)
<i>Adjustments:</i>				
Depreciation expense	-	11	-	11
Provision for loan loss	-	-	48	48
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	2,677	122	8,496	11,295
Interest received from investments	-	(5)	-	(5)
Interest paid	-	-	-	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	-	-	39	39
Net increase (decrease) in assets, liabilities and deferred resources	(718)	(1,114)	624	(1,208)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 1</b>	<b>\$ 1,618</b>	<b>\$ -</b>	<b>\$ 1,619</b>

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

OTHER PROGRAM FUNDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

	Low Rent Program	Market Rate Rental Housing Program	Home Ownership Fund	Senior Housing Revolving Loan Fund	Other Funds or Programs Subtotal
<b><u>Cash flows from operating activities:</u></b>					
Interest income on mortgages and loans	\$ -	\$ -	\$ 196	\$ 822	\$ 1,018
Principal payments received on mortgages and loans	-	-	684	2,026	2,710
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	262	(2,730)	(2,468)
Mortgage and loan proceeds	-	-	-	-	-
Payment of mortgage and loan proceeds to funds	-	-	-	-	-
Payments to employees and other payroll disbursements	(5,532)	(1,234)	-	-	(6,766)
Payments for goods and services	(10,310)	(2,025)	-	-	(12,335)
Cash received for externally funded programs	8,077	1,675	-	-	9,752
Cash received for Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Interfund receipts (payments)	5,906	183	-	-	6,089
Grant payments to other agencies	-	-	-	-	-
Other operating cash receipts	2,040	1,753	-	-	3,793
Other operating cash payments	(49)	(23)	-	-	(72)
<b>Net cash provided by (used for) operating activities</b>	<b>132</b>	<b>329</b>	<b>1,142</b>	<b>118</b>	<b>1,721</b>
<b><u>Cash flows from noncapital financing activities:</u></b>					
Proceeds from the issuance of bonds	-	-	-	-	-
Principal paid on 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	-	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from capital financing activities:</u></b>					
Acquisition of capital assets	(141)	-	-	-	(141)
Proceeds from the disposal of capital assets	89	-	-	-	89
Principal paid on capital notes	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(52)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52)</b>
<b><u>Cash flows from investing activities:</u></b>					
Purchase of investments	-	-	(1,154)	(2,876)	(4,030)
Proceeds from maturity of investments	-	-	-	2,730	2,730
Interest received from investments	18	16	12	28	74
<b>Net cash provided by (used for) investing activities</b>	<b>18</b>	<b>16</b>	<b>(1,142)</b>	<b>(118)</b>	<b>(1,226)</b>
Net Increase (decrease) in cash	98	345	-	-	443
Cash at the beginning of year	14,013	12,415	-	-	26,428
<b>Cash at the end of period</b>	<b>\$ 14,111</b>	<b>\$ 12,760</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26,871</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>					
Operating Income (Loss)	\$ (3,186)	\$ (435)	\$ 212	\$ 826	\$ (2,583)
<i>Adjustments:</i>					
Depreciation expense	3,297	912	-	-	4,209
Provision for loan loss	-	-	(9)	(11)	(20)
Net change in the fair value of investments	-	-	-	-	-
Transfers between funds for operating activity	959	126	10	43	1,138
Interest received from investments	(18)	(16)	(12)	(28)	(74)
Interest paid	-	-	-	-	-
<i>Changes in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	-	-	920	(824)	96
Net increase (decrease) in assets, liabilities and deferred resources	(920)	(258)	21	112	(1,045)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 132</b>	<b>\$ 329</b>	<b>\$ 1,142</b>	<b>\$ 118</b>	<b>\$ 1,721</b>

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

OTHER PROGRAM FUNDS

For Nine Months Ended March 31, 2019

(in thousands of dollars)

**Schedule 24**

	Alaska Corporation for Affordable Housing	Other Program Funds Combined Total
<b><u>Cash flows from operating activities:</u></b>		
Interest income on mortgages and loans	\$ -	\$ 1,018
Principal payments received on mortgages and loans	-	2,710
Disbursements to fund mortgages and loans	-	-
Receipt (payment) for loan transfers between funds	-	(2,468)
Mortgage and loan proceeds	-	-
Payment of mortgage and loan proceeds to funds	-	-
Payments to employees and other payroll disbursements	(104)	(10,501)
Payments for goods and services	(47)	(13,837)
Cash received for externally funded programs	-	40,909
Cash received for Federal HAP subsidies	-	30,221
Payments for Federal HAP subsidies	-	(26,842)
Interfund receipts (payments)	3	4,797
Grant payments to other agencies	-	(27,624)
Other operating cash receipts	345	5,266
Other operating cash payments	(24)	(136)
<b>Net cash provided by (used for) operating activities</b>	<b>173</b>	<b>3,513</b>
<b><u>Cash flows from noncapital financing activities:</u></b>		
Proceeds from the issuance of bonds	-	-
Principal paid on 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	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from capital financing activities:</u></b>		
Acquisition of capital assets	-	(163)
Proceeds from the disposal of capital assets	-	89
Principal paid on capital notes	-	-
Interest paid on capital notes	-	-
Proceeds from direct financing leases	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>(74)</b>
<b><u>Cash flows from investing activities:</u></b>		
Purchase of investments	-	(4,030)
Proceeds from maturity of investments	-	2,730
Interest received from investments	9	88
<b>Net cash provided by (used for) investing activities</b>	<b>9</b>	<b>(1,212)</b>
Net Increase (decrease) in cash	182	2,227
Cash at the beginning of year	7,327	39,546
<b>Cash at the end of period</b>	<b>\$ 7,509</b>	<b>\$ 41,773</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>		
Operating Income (Loss)	\$ 158	\$ (10,986)
<i>Adjustments:</i>		
Depreciation expense	-	4,220
Provision for loan loss	10	38
Net change in the fair value of investments	-	-
Transfers between funds for operating activity	-	12,433
Interest received from investments	(9)	(88)
Interest paid	-	-
<i>Changes in assets, liabilities and deferred resources:</i>		
Net (increase) decrease in mortgages and loans	(101)	34
Net increase (decrease) in assets, liabilities and deferred resources	115	(2,138)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 173</b>	<b>\$ 3,513</b>



*a component unit of the State of Alaska*

## **Financial Statements**

**And Independent Auditor's Report**

**June 30, 2018**

**With Summarized Financial Information for  
June 30, 2017**

# Table of Contents

	<b>FINANCIAL STATEMENTS</b>	<b>PAGE NUMBER</b>
	Independent Auditor's Report.....	1 – 2
	Management's Discussion and Analysis [MD & A].....	3 – 9
<b>EXHIBITS</b>		
A	Statement of Net Position.....	10 – 11
B	Statement of Revenues, Expenses, and Changes in Net Position.....	12 – 13
C	Statement of Cash Flows.....	14 – 15
	Notes to the Financial Statements.....	16 – 46
	<b>Required Supplemental Information</b>	
	Schedule of AHFC's Proportionate Share of the Net Pension Liability.....	47
	Schedule of AHFC's Contributions to the Pension Plan.....	48
	Schedule of AHFC's Proportionate Share of the Net OPEB Liability.....	49
	Schedule of AHFC's Contributions to the OPEB Plan.....	50
	<b>Supplemental Information</b>	
<b>SCHEDULES</b>		
	Statement of Net Position	
1	All Funds.....	51 – 52
2	Administrative Fund.....	53
3	Mortgage Revenue Bonds.....	54
4	Home Mortgage Revenue Bonds.....	55 – 56
5	Veterans Mortgage Program Bonds.....	57
6	Other Housing Bonds.....	58
7	Non-Housing Bonds.....	59 – 60
8	Other Program Funds.....	61 – 62
	Statement of Revenues, Expenses, and Changes in Net Position	
9	All Funds.....	63 – 64
10	Administrative Fund.....	65
11	Mortgage Revenue Bonds.....	66
12	Home Mortgage Revenue Bonds.....	67 – 68
13	Veterans Mortgage Program Bonds.....	69
14	Other Housing Bonds.....	70
15	Non-Housing Bonds.....	71 – 72
16	Other Program Funds.....	73 – 74
	Statement of Cash Flows	
17	All Funds.....	75 – 76
18	Administrative Fund.....	77
19	Mortgage Revenue Bonds.....	78
20	Home Mortgage Revenue Bonds.....	79 – 80
21	Veterans Mortgage Program Bonds.....	81
22	Other Housing Bonds.....	82
23	Non-Housing Bonds.....	83 – 84
24	Other Program Funds.....	85 – 86

# Table of Contents

---

This publication of Alaska Housing Finance Corporation. For comments or questions  
Website: <https://www.ahfc.us/pros/investors/financials-history/> or  
E-Mail: [nmeyers@ahfc.us](mailto:nmeyers@ahfc.us)



Tel: 907-278-8878  
Fax: 907-278-5779  
www.bdo.com

3601 C Street, Suite 600  
Anchorage, AK 99503

## 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, 2018, 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, 2018, 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.

### ***Change in Accounting Principle***

As discussed in Note 23 to the financial statements, in 2018 the Corporation adopted the provisions of *Governmental Accounting Standards Board (GASB) Statement Number 75. Accounting and Financial Reporting for Employment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

### ***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, net OPEB liability, pension contributions and OPEB contributions on pages 47 and 50 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 2, 2018 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 the Alaska Housing Finance Corporation's 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 2, 2018



## 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 2018 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, 2018. 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 2018, 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, 2018, the Administrative Fund reported a net position of \$549.8 million, a decrease of \$20.3 million from June 30, 2017. The decrease in net position is the result of net internal transfers out to other funds of \$13.1 million and the \$8.4 million cumulative effect of an accounting change required by the Government Accounting Standards Board ("GASB") Statement No. 75. GASB Statement No. 75 requires government entities to record the net liability associated with Other Post-Employment Benefits ("OPEB") included in their pension plan. When recording the Net OPEB Liability ("NOL"), governments are required to restate prior year financial results, hence the adjustment to net position. Transfers were made from the Administrative Fund to the Grant Programs in the amount of \$34.8 million; the Mortgage or Bond Funds of \$605.0 million; and to Other Funds or Programs of \$15.3 million. The \$605.0 million transferred from the Administrative Fund to the Mortgage or Bond Funds was used to fund mortgage loans and includes bond proceeds from new bond issuances. See Financial Highlights for more on the 2018 bond issuances. Approximately \$20.5 million, or 3.7%, of the Administrative Fund's net position is invested in capital assets; \$73.1 million, or 13.3% of the total net position, is restricted by contractual or statutory agreements; and \$456.1 million, or 83.0%, 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 3.6% from unrestricted net position as of June 30, 2017.

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, 2018, the net position for these three programs combined was \$13.5 million, an increase of \$4.6 million from June 30, 2017.

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, 2018, the Mortgage and Bond Funds reported a net position of \$808.3 million, an increase of \$45.7 million from the prior year. Net operating income was \$41.3 million, the primary reason for the increase in net position. In fiscal year 2017, the net operating income was \$40.6 million, and there were transfers from the Administrative Fund of \$121.2 million to fund mortgages and investments that contributed to the increase in net position in 2017. In 2018, mortgage loans increased by \$302.5 million and in 2017, the increase was \$177.9 million. Approximately \$611.2 million, or 75.6%, of the fund's net position is restricted by bond resolutions, compared to \$579.0 million and 75.9% in 2017. Unrestricted net position increased by \$13.4 million in fiscal year 2018.

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 are not 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 2018 and fiscal year 2017, operating results were essentially the same with no significant changes in net position. Overall, the fund had an operating loss of \$3.6 million and received transfers from the Administrative Fund of \$15.3 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, 2018, was \$22.0 million, a \$227,000 increase from June 30, 2017. ACAH had an operating income of \$227,000 for fiscal year 2018. The net income is the product of rental income on both housing and non-housing properties.

## FINANCIAL HIGHLIGHTS

- Operating income for the Corporation for fiscal year 2018 was \$33.6 million, an increase over fiscal year 2017 of \$19.3 million.
- The Corporation's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources as of June 30, 2018, by \$1.54 billion (net position), an increase over 2017 of \$25.0 million.
- During the fiscal year ended June 30, 2018, the investment portfolio earned approximately 1.25% overall, as compared with 0.69% for the fiscal year ended June 30, 2017.
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2018, the mortgage loan portfolio increased by 7.6%, and the bond portfolio used to finance the loans increased by 9.6%.
- On September 6, 2017, the Corporation issued \$143,955,000 in State Capital Project Bonds II, 2017 Series A. Net proceeds of the bonds totaled \$167,578,000, including a premium of \$23,975,000. Proceeds were used to refund \$38,423,000 of the Corporation's outstanding State Capital Project Bonds, 2007 Series A and 2007 Series B, and other outstanding State Capital Project Bonds, as well as a portion of the interest due on December 1, 2017. Additional proceeds were used to defease \$63,100,000 of the Corporation's outstanding State Capital Project Bonds, 2011 Series A bonds, to pay \$40,475,000 of Commercial Paper, and to pay \$17,980,000 for certain capital expenditures. The bonds are general obligations of the Corporation, tax-exempt and bear interest at fixed rates between 2.0% and 5.0%, payable on each June 1 and December 1 with a final maturity of December 1, 2032.
- On December 7, 2017, the Corporation issued \$150,000,000 in State Capital Project Bonds II, 2017 Series B, which were used to refund \$50,000,000 of State Capital Project Bonds II, 2013 Series B. The remainder of the proceeds were for other authorized purposes of the Corporation. The Bonds are general obligations of the Corporation and are taxable. The Bonds bear interest at variable rates, with a final maturity date of December 1, 2047.
- On December 21, 2017, the Corporation issued \$43,855,000 in State Capital Project Bonds II, 2017 Series C. Bond proceeds included a premium of \$8,421,000. Proceeds were used to defease \$29,795,000 of State Capital Project Bonds II, 2012 Series A and \$16,345,000 of 2013 Series A bonds. The bonds are general obligations of the Corporation, tax-exempt and bear interest at the fixed rate of 5.0%, payable on each June 1 and December 1 with a final maturity date of December 1, 2032.
- On May 22, 2018, the Corporation issued \$125,570,000 in State Capital Project Bonds II, 2018 Series A and 2018 Series B. Net proceeds of the bonds totaled \$129,806,000 including a premium of \$4,428,000. The bonds are general obligations of the Corporation. The 2018 Series A bonds are taxable and bear interest at variable rates, with a final maturity of December 1, 2043. The 2018 Series B bonds are tax-exempt and bear interest at fixed rates between 3.125% and 5.0%, payable on each June 1 and December 1 with a final maturity of December 1, 2038.
- As of June 30, 2018, the weighted average interest rate on the mortgage portfolio was 4.54% and the weighted average interest rate on the bond portfolio was 3.65%, yielding a net interest margin of 0.89%.
- Governmental Accounting Standards Board ("GASB") Statement No. 75 was effective beginning fiscal year 2018. The Statement changes how governmental employers report other post-employment benefits

MANAGEMENT'S DISCUSSION AND ANALYSIS

("OPEB") liability and expense. GASB required the Corporation to report the cumulative effect on prior periods as the result of the application of GASB Statement No. 75. Beginning net position of the Corporation was reduced by \$8.4 million accordingly. Other effects included the increase of deferred outflows of \$1.2 million, the increase of deferred inflows of \$3.1 million, and the increase in liabilities of \$5.8 million.

**CONDENSED STATEMENT OF NET POSITION**

The following table presents condensed information about the financial position of the Corporation as of June 30, 2018 and 2017, and changes in the balances during the fiscal year ended June 30, 2018 (in thousands):

Condensed Statement of Net Position

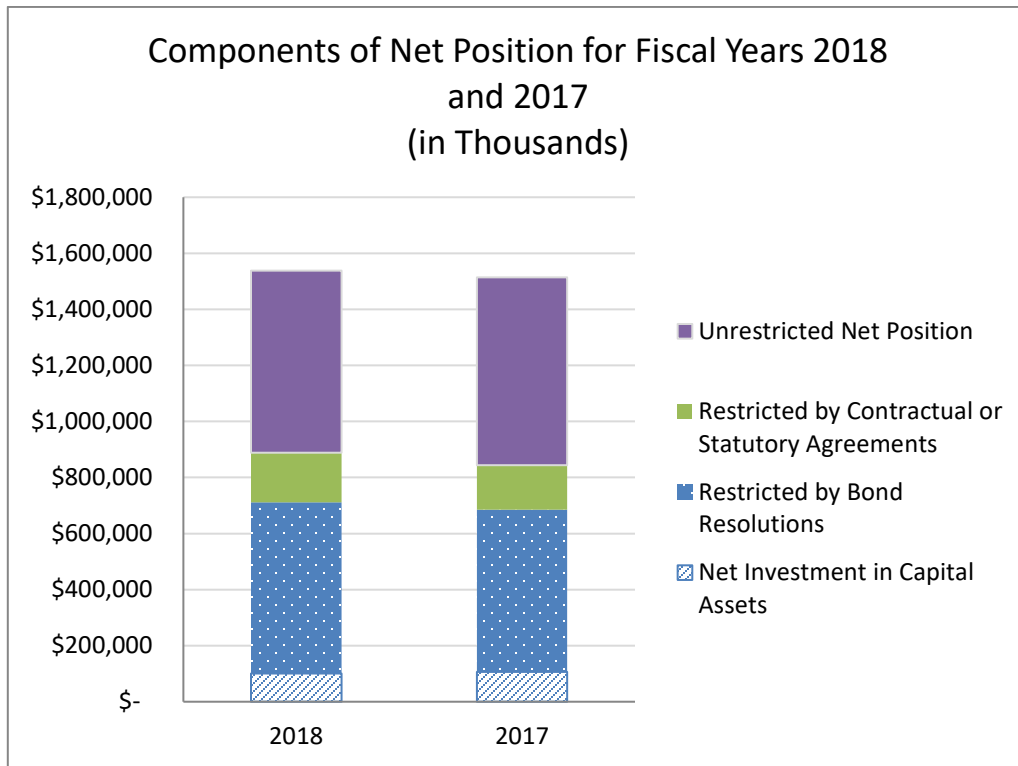
	2018	2017	Increase/(Decrease)	
Cash and investments	\$ 665,742	\$ 684,887	\$ (19,145)	-2.8%
Mortgage loans, notes and other loans, net	3,132,437	2,910,332	222,105	7.6%
Capital assets, net	100,472	106,762	(6,290)	-5.9%
Other assets	69,802	65,084	4,718	7.2%
Total Assets	3,968,453	3,767,065	201,388	5.3%
Deferred outflow of resources	133,107	172,676	(39,569)	-22.9%
Bonds and notes payable, net	2,328,487	2,124,637	203,850	9.6%
Short term debt	53,269	82,526	(29,257)	-35.5%
Accrued interest payable	9,984	9,622	362	3.8%
Derivatives	104,674	144,903	(40,229)	-27.8%
Pension and OPEB liabilities	41,425	47,645	(6,220)	-13.1%
Other liabilities	17,443	16,249	1,194	7.3%
Total liabilities	2,555,282	2,425,582	129,700	5.3%
Deferred inflow of resources	7,582	531	7,051	1327.9%
Total net position	\$ 1,538,696	\$ 1,513,628	\$ 25,068	1.7%

The increase in total assets during FY 2018 can be attributed primarily to an increase in mortgage loans due to competitive mortgage rates, expanded loan parameters and increased outreach to our industry partners. The increase in mortgage loans was made possible by the additional capital from the increase in the bond portfolio. The fair value of the derivative portfolio also increased substantially due to the rise in interest rates, which resulted in a decrease to deferred outflows.

Total liabilities increased by \$129.7 million. See the description of new bond issuances in fiscal year 2018 in the Financial Highlights section of this report. Total net pension liability as of June 30, 2018, included in other liabilities above, decreased by \$12.0 million in 2018 and totaled \$35.7 million as of June 30, 2018. The pension liability was determined by actuarial valuation. Short-term debt decreased by \$29.3 million. The major factor in the increase of total liabilities was the increase in bonds payable. 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 various components of net position in fiscal years 2018 and 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, 2018 and 2017, and the variances from the prior fiscal year (in thousands):

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2018	2017	Increase/(Decrease)	
Mortgage and loan revenue	\$ 135,055	\$ 130,538	\$ 4,517	3.5%
Investment interest income	6,273	4,727	1,546	32.7%
Net change in fair value of investments	3,727	1,899	1,828	96.3%
Externally funded programs	86,844	96,081	(9,237)	-9.6%
Rental and other revenue	14,381	16,234	(1,853)	-11.4%
Total operating revenue	246,280	249,479	(3,199)	-1.3%
Interest expense	71,246	69,890	1,356	1.9%
Mortgage and loan costs	6,892	5,259	1,633	31.1%
Bond financing expenses	5,027	4,512	515	11.4%
Operations and administration	46,127	56,867	(10,740)	-18.9%
Housing grants and subsidies	83,405	98,606	(15,201)	-15.4%
Total operating expense	212,697	235,134	(22,437)	-9.5%
Operating income(loss)	33,583	14,345	19,238	134.1%
Contributions to the State of Alaska	(125)	(250)	125	-50.0%
Cumulative effect of accounting change	(8,390)	-	(8,390)	
Change in net position	\$ 25,068	\$ 14,095	\$ 10,973	77.9%

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Total operating revenues decreased by \$3.2 million, or 1.3%, during fiscal year 2018 due primarily to decreases in externally funded program revenue.

Total decrease in operating expenses in fiscal year 2018 was \$22.4 million, or 9.5%, due primarily to decreases in administrative and grant expenses.

As shown in the table on the preceding page, the net effect of changes in operating revenues and expenses was very different in fiscal years 2018 and 2017. In 2018 there was a net increase in operating income of \$19.2 million, or 134.1%. This was largely due to both an increase in mortgage revenue and investment income, and a decrease in administrative expenses and grant expenses. Government funding for many grants has been decreasing over the past several years.

In fiscal year 2018, the Corporation continued its series of annual transfers to the State of Alaska and State agencies. Contributions to the State for fiscal year 2018 were \$125,000 compared to those of fiscal year 2017 of \$250,000. See Footnote No. 18 for more details about the Transfer Plan.

As stated in the Financial Highlights, the application of GASB Statement No. 75 required the Corporation to restate beginning net position. The result was a decrease in beginning net position of \$8.4 million.

## DEBT ADMINISTRATION

As of June 30, 2018, the Corporation had \$2.3 billion in outstanding 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 \$463.4 million of bonds;
- Redeemed bonds through special redemption provisions of their respective indentures in the amount of \$144.4 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.

#### MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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](mailto:finance@ahfc.us).

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

As of June 30, 2018

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 29,902	\$ 5,791	\$ 161	\$ 26,428
Investments	500,382	-	94,613	1,125
Accrued interest receivable	3,373	-	10,563	113
Inter-fund due to/from	(27,714)	(9,815)	38,441	(878)
Mortgage loans, notes and other loans	3,449	68	81,813	1,254
Net investment in direct financing lease	-	-	2,223	-
Other assets	3,814	4,738	-	769
Intergovernmental receivable	208	13,341	-	514
<b>Total Current</b>	<b>513,414</b>	<b>14,123</b>	<b>227,814</b>	<b>29,325</b>
<b>Non Current</b>				
Investments	13	-	-	-
Inter-fund due to/from	-	1,425	-	-
Mortgage loans, notes and other loans	121,867	1,145	2,869,048	41,359
Net investment in direct financing lease	-	-	24,780	-
Capital assets - non-depreciable	2,917	-	-	13,663
Capital assets - depreciable, net	17,626	32	-	62,567
Other assets	4,521	-	447	-
<b>Total Non Current</b>	<b>146,944</b>	<b>2,602</b>	<b>2,894,275</b>	<b>117,589</b>
<b>Total Assets</b>	<b>660,358</b>	<b>16,725</b>	<b>3,122,089</b>	<b>146,914</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>5,226</b>	<b>-</b>	<b>127,881</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	-	-	65,355	-
Short term debt	53,269	-	-	-
Accrued interest payable	2,473	-	7,511	-
Other liabilities	8,810	3,218	841	1,361
Intergovernmental payable	-	-	161	424
<b>Total Current</b>	<b>64,552</b>	<b>3,218</b>	<b>73,868</b>	<b>1,785</b>
<b>Non Current</b>				
Bonds payable	-	-	2,263,132	-
Other liabilities	2,262	-	-	-
Derivative instrument - interest rate swaps	-	-	104,674	-
Pension and OPEB liability	41,425	-	-	-
<b>Total Non Current</b>	<b>43,687</b>	<b>-</b>	<b>2,367,806</b>	<b>-</b>
<b>Total Liabilities</b>	<b>108,239</b>	<b>3,218</b>	<b>2,441,674</b>	<b>1,785</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<b>7,582</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	20,543	32	-	76,230
Restricted by bond resolutions	-	-	611,237	-
Restricted by contractual or statutory agreements	73,121	16,386	-	69,438
Unrestricted or (deficit)	456,099	(2,911)	197,059	(539)
<b>Total Net Position</b>	<b>\$ 549,763</b>	<b>\$ 13,507</b>	<b>\$ 808,296</b>	<b>\$ 145,129</b>

See accompanying notes to the financial statements.



Exhibit A

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2018
\$ 62,282	\$ 7,327	\$ 69,609
596,120	-	596,120
14,049	66	14,115
34	(34)	-
86,584	-	86,584
2,223	-	2,223
9,321	331	9,652
14,063	-	14,063
784,676	7,690	792,366
13	-	13
1,425	(1,425)	-
3,033,419	12,434	3,045,853
24,780	-	24,780
16,580	3,667	20,247
80,225	-	80,225
4,968	1	4,969
3,161,410	14,677	3,176,087
3,946,086	22,367	3,968,453
133,107	-	133,107
65,355	-	65,355
53,269	-	53,269
9,984	-	9,984
14,230	5	14,235
585	-	585
143,423	5	143,428
2,263,132	-	2,263,132
2,262	361	2,623
104,674	-	104,674
41,425	-	41,425
2,411,493	361	2,411,854
2,554,916	366	2,555,282
7,582	-	7,582
96,805	3,667	100,472
611,237	-	611,237
158,945	18,363	177,308
649,708	(29)	649,679
\$ 1,516,695	\$ 22,001	\$ 1,538,696

# 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, 2018

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	\$ 10,934	\$ -	\$ 122,426	\$ 1,558
Investment interest	1,854	7	4,347	55
Net change in the fair value of investments	3,023	-	(56)	-
Net change of hedge termination	-	-	760	-
Total Investment Revenue	4,877	7	5,051	55
Grant revenue	-	72,781	-	-
Housing rental subsidies	-	-	-	14,063
Rental revenue	456	-	-	10,590
Other revenue	2,005	758	223	22
<b>Total Operating Revenues</b>	18,272	73,546	127,700	26,288
<b>OPERATING EXPENSES</b>				
Interest	931	-	70,314	1
Mortgage and loan costs	1,688	-	9,617	147
Bond financing expenses	467	-	4,560	-
Provision for loan loss	(1,019)	(1,212)	(2,298)	(21)
Operations and administration	14,214	12,035	4,230	15,391
Rental housing operating expenses	724	-	-	14,367
Grant expense	-	68,314	-	-
<b>Total Operating Expenses</b>	17,005	79,137	86,423	29,885
<b>Operating Income (Loss)</b>	1,267	(5,591)	41,277	(3,597)
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	(125)	-	-	-
Transfers - Internal	(13,055)	10,163	4,389	(1,497)
Change in Net Position	(11,913)	4,572	45,666	(5,094)
Net position at beginning of year	570,066	8,935	762,630	150,223
Cumulative effect of accounting change	(8,390)	-	-	-
Revised net position at beginning of year	561,676	8,935	762,630	150,223
<b>Net Position at End of Period</b>	\$ 549,763	\$ 13,507	\$ 808,296	\$ 145,129

See accompanying notes to the financial statements.

Exhibit B

Total Programs and Funds	Alaska Corporation for Affordable Housing	Total June 30, 2018
\$ 134,918	\$ 137	\$ 135,055
6,263	10	6,273
2,967	-	2,967
760	-	760
9,990	10	10,000
72,781	-	72,781
14,063	-	14,063
11,046	259	11,305
3,008	68	3,076
245,806	474	246,280
71,246	-	71,246
11,452	-	11,452
5,027	-	5,027
(4,550)	(10)	(4,560)
45,870	257	46,127
15,091	-	15,091
68,314	-	68,314
212,450	247	212,697
33,356	227	33,583
(125)	-	(125)
-	-	-
33,231	227	33,458
1,491,854	21,774	1,513,628
(8,390)	-	(8,390)
1,483,464	21,774	1,505,238
\$ 1,516,695	\$ 22,001	\$ 1,538,696

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2018

(in thousands of dollars)

	Administrative Fund	Grant Programs	Mortgage and Bond Funds	Other Funds and Programs
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	\$ 7,109	\$ -	\$ 112,830	\$ 1,422
Principal payments received on mortgages and loans	11,175	-	295,054	3,400
Disbursements to fund mortgages and loans	(564,200)	-	-	-
Receipt (payment) for loan transfers between funds	326,828	-	(322,741)	(4,087)
Mortgage and loan proceeds	442,112	-	-	-
Payment of mortgage and loan proceeds to funds	(431,945)	-	-	-
Payments to employees and other payroll disbursements	(21,148)	(5,617)	-	(10,029)
Payments for goods and services	(10,482)	(1,986)	-	(11,124)
Cash received for externally funded programs	-	32,126	-	13,562
Cash received for Federal HAP subsidies	-	37,846	-	-
Payments for Federal HAP subsidies	-	(36,140)	-	-
Interfund receipts (payments)	(7,757)	8,364	-	(554)
Grant payments to other agencies	-	(33,643)	-	-
Other operating cash receipts	30,722	2,036	161	10,485
Other operating cash payments	(5)	(1,398)	(478)	(1,175)
<b>Net cash provided by (used for) operating activities</b>	<b>(217,591)</b>	<b>1,588</b>	<b>84,826</b>	<b>1,900</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	450,838	-
Principal paid on bonds	-	-	(113,593)	-
Payment to defease bonds	(676)	-	(122,459)	-
Payment of bond issuance costs	-	-	(1,412)	-
Interest paid	-	-	(76,116)	-
Proceeds from issuance of short term debt	437,453	-	-	-
Payment of short term debt	(467,214)	-	-	-
Contributions to the State of Alaska or other State agencies	(107)	-	-	-
Transfers (to) from other funds	279,287	-	(277,759)	(1,528)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>248,743</b>	<b>-</b>	<b>(140,501)</b>	<b>(1,528)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	(330)	-	-	(119)
Proceeds from the disposal of capital assets	-	4	-	18
Principal paid on capital notes	-	-	(5,663)	-
Interest paid on capital notes	-	-	(1,743)	-
Proceeds from direct financing leases	-	-	3,304	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(330)</b>	<b>4</b>	<b>(4,102)</b>	<b>(101)</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(7,099,040)	-	(1,316,675)	(6,165)
Proceeds from maturity of investments	7,067,601	-	1,372,737	6,926
Interest received from investments	1,676	7	3,114	54
<b>Net cash provided by (used for) investing activities</b>	<b>(29,763)</b>	<b>7</b>	<b>59,176</b>	<b>815</b>
Net Increase (decrease) in cash	1,059	1,599	(601)	1,086
Cash at the beginning of year	28,843	4,192	762	25,342
<b>Cash at the end of period</b>	<b>\$ 29,902</b>	<b>\$ 5,791</b>	<b>\$ 161</b>	<b>\$ 26,428</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 1,267	\$ (5,591)	\$ 41,277	\$ (3,597)
<i>Adjustments:</i>				
Depreciation expense	1,087	15	-	5,649
Provision for loan losses	(1,019)	(1,212)	(2,298)	(21)
Net change in the fair value of investments	(3,023)	-	56	-
Transfers between funds for operating activity	(13,055)	10,163	4,389	(1,514)
Interest received from investments	(1,676)	(7)	(3,114)	(54)
Interest paid	-	-	76,116	-
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	81,919	-	(248,595)	(459)
Net increase (decrease) in assets, liabilities, and deferred resources	(283,091)	(1,780)	216,995	1,896
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (217,591)</b>	<b>\$ 1,588</b>	<b>\$ 84,826</b>	<b>\$ 1,900</b>
<b>Noncash investing, capital and financing activities:</b>				
Deferred outflow of resources-derivatives			39,468	
Derivative instruments liability			40,229	
Net change of hedge termination			1,746	

See accompanying notes to the financial statements.

**Exhibit C**

Total Programs and Funds		Alaska Corporation for Affordable Housing	Total June 30, 2018
\$	121,361	\$ 23	\$ 121,384
	309,629	164	309,793
	(564,200)	-	(564,200)
	-	-	-
	442,112	-	442,112
	(431,945)	-	(431,945)
	(36,794)	(157)	(36,951)
	(23,592)	(59)	(23,651)
	45,688	-	45,688
	37,846	-	37,846
	(36,140)	-	(36,140)
	53	(53)	-
	(33,643)	-	(33,643)
	43,404	194	43,598
	(3,056)	-	(3,056)
	(129,277)	112	(129,165)
	450,838	-	450,838
	(113,593)	-	(113,593)
	(123,135)	-	(123,135)
	(1,412)	-	(1,412)
	(76,116)	-	(76,116)
	437,453	-	437,453
	(467,214)	-	(467,214)
	(107)	-	(107)
	-	-	-
	106,714	-	106,714
	(449)	-	(449)
	22	-	22
	(5,663)	-	(5,663)
	(1,743)	-	(1,743)
	3,304	-	3,304
	(4,529)	-	(4,529)
	(8,421,880)	-	(8,421,880)
	8,447,264	-	8,447,264
	4,851	11	4,862
	30,235	11	30,246
	3,143	123	3,266
	59,139	7,204	66,343
\$	62,282	\$ 7,327	\$ 69,609
\$	33,356	\$ 227	\$ 33,583
	-	-	-
	6,751	-	6,751
	(4,550)	(10)	(4,560)
	(2,967)	-	(2,967)
	(17)	-	(17)
	(4,851)	(11)	(4,862)
	76,116	-	76,116
	-	-	-
	(167,135)	104	(167,031)
	(65,980)	(198)	(66,178)
\$	(129,277)	\$ 112	\$ (129,165)

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 .....	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 Lease .....	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 .....	35
22	Risk Management .....	36
23	Cumulative Effect of Accounting Change .....	36
24	Five Year Financial Information .....	37

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

**FOR THE TWELVE MONTHS ENDED JUNE 30, 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.

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 the 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. Based on the amount of unamortized discount or premium from the original bond issue, the net effect of the change is immaterial to the financial statements.

**Other Post-Employment Benefits**

Information about the Other Post-Employment Benefits ("OPEB") fiduciary net position of the PERS plans has been determined on the same basis as reported by PERS. The PERS information includes the valuation of the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense. Benefit payments 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

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

externally funded programs as operating revenues. The primary costs of providing these programs are recorded as operating expenses.

### Income Taxes

The Corporation is exempt from federal and state income taxes.

## 3 CASH AND INVESTMENTS

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

	June 30, 2018	
Restricted cash	\$	50,855
Unrestricted		18,754
Carrying amount	\$	69,609
Bank Balance	\$	70,038

### 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)				June 30, 2018
	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years	
Securities of U. S. Government agencies and corporations	\$ 16,000	\$ 13	\$ -	\$ -	\$ 16,013
Commercial paper & medium-term notes	399,219	-	-	-	399,219
Corporate Certificate of Deposit	9,166	-	-	-	9,166
Money market funds	170,310	-	-	-	170,310
Subtotal	\$ 594,695	\$ 13	\$ -	\$ -	\$ 594,708
GeFONSI Pool					1,425
Total AHFC Investment Portfolio					\$ 596,133

### Restricted Investments

A large portion of the Corporation's investments, \$95,800,000, is restricted by bond resolutions, contractual agreements, and statutory agreements, and the remainder, \$500,333,000, 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):

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

Ending unrealized holding gain	\$	2,395
Beginning unrealized holding gain		32,528
Net change in unrealized holding gain		(30,133)
FV of investments transferred from GeFONSI to US Bank		33,158
Net realized gain (loss)		(58)
Net increase (decrease) in fair value	\$	2,967

**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

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

- 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 June 30, 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	\$ 16,013
Commercial paper, medium-term notes and Certificates of Deposit:	AAA	Aaa	249
	AA	Aa1	252
	AA	Aa2	250
	AA-	Aa2	501
	AA-	Aa3	900
	AA-	A1	612
	A+	A1	755
	A+	A2	623
	A+	Aa2	402
	A+	Aa3	501
	A	A1	747
	A	A2	1,999
	A-	A2	250
	A-1+	P-1	190,155
	A-1	P-1	209,343
	A-2	P-1	250
	NA	P-1	345
	NA	NA	250
			408,384
Money market funds:	AAAm	--	170,310
			594,707

**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%

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

World Bank obligations	n/a	35%
Money market funds	n/a	n/a
Banker's acceptances, negotiable CDs	n/a	5%
Commercial paper	n/a	5%
Repurchase agreements	n/a	25%
Guaranteed investment contracts	n/a	5%
Corporate and municipal notes and bonds	n/a	5%
Asset-backed securities	20%	5%
State of Alaska investment pools	n/a	n/a

**Investment Holdings Greater than Five Percent of Total Portfolio**

The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's Fiscal Policies and trusted investments which have no established concentration limits. As of June 30, 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
Goldman Sachs	\$ 170,310	28.57%
The Toronto Dominion Bank	\$ 73,801	12.38%

**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 \$70,038,000 bank balance at June 30, 2018, cash deposits in the amount of \$559,000 were uninsured and uncollateralized.

**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, net of GeFONSI holdings) with their modified duration as of June 30, 2018:

	Investment Fair Value	Modified Duration
Securities of U.S. Government agencies and corporations:		
Federal agency pass through securities	\$ 16,013	0.771
Certificate of deposit	9,166	0.266
Commercial paper & medium-term notes:		
Commercial paper discounts	391,678	0.339
Medium-term notes	7,540	0.460
Money market funds	170,310	0.000
Portfolio modified duration	<u>\$ 594,707</u>	0.253

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

### 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 \$1,425,000.

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 June 30, 2018, is shown below (in thousands):

		Due From				
Due To		Administrative Fund	Grant Programs	Mortgage or Bond Programs	Other Funds or Programs	Alaska Corporation for Affordable Housing
						Total
	Administrative Fund	\$ -	\$ 9,815	\$ -	\$ 1,568	\$ 34
	Grant Programs	-	-	-	-	1,425
	Mortgage or Bond Programs	38,441	-	-	-	-
	Other Funds or Programs	690	-	-	-	-
	Alaska Corporation for Affordable Housing	-	-	-	-	-
	Total	\$ 39,131	\$ 9,815	\$ -	\$ 1,568	\$ 1,459
						\$ 51,973

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):

	June 30, 2018
Mortgage loans	\$ 2,629,496
Multifamily loans	468,158
Other notes receivable	89,039
	3,186,693
Less:	
Allowance for losses	(54,256)
Net Mortgages, Notes & other	\$ 3,132,437

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

Of the \$3,186,693,000 mortgage loans, notes, and other loans, \$86,584,000 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):

	June 30, 2018	
<u>Loans Delinquent 30 days or more</u>	\$	105,712
Foreclosures during reporting period		10,524
Loans in foreclosure process		14,048
<u>Mortgage-related commitments:</u>		
To purchase mortgage loans	\$	142,774

## 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 LEASE

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 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 it 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 lease 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	16,515
Gross payments due	33,035
Less: Unearned revenue	(6,031)
Net investment in direct financing lease	\$ 27,003

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

## 8 CAPITAL ASSETS

Capital assets activity for the twelve months ended June 30, 2018, and a summary of balances is shown below (in thousands):

	June 30, 2017	Additions	Reductions	June 30, 2018
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 20,247	\$ -	\$ -	\$ 20,247
Total Non-Depreciable	20,247	-	-	20,247
<b>Depreciable Capital Assets:</b>				
Buildings	246,070	16	-	246,086
Computers & Equipment	2,356	335	-	2,691
Vehicles	2,296	110	(142)	2,264
Less: Accumulated depreciation				
Buildings	(160,259)	(6,404)	-	(166,663)
Computers & Equipment	(2,088)	(203)	-	(2,291)
Vehicles	(1,860)	(144)	142	(1,862)
Total Depreciable, Net	86,515	(6,290)	-	80,225
<b>Total Capital Assets, Net</b>	<b>\$ 106,762</b>	<b>\$ (6,290)</b>	<b>\$ -</b>	<b>\$ 100,472</b>

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

Depreciation expense charged by the Corporation was \$6,751,000 for the twelve months ended June 30, 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 \$7,373,000 at June 30, 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 June 30, 2018, were interest rate swap derivatives of \$103,394,000, deferred debt refunding expense of \$24,487,000, pension deferred outflows of \$4,034,000, and other post employment benefits deferred outflows of \$1,192,000.

## 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, 2018, are shown on the next two pages (in thousands):



NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

	Original Amount	June 30, 2018
<b>First-Time Home Buyer Program:</b>		
<b><i>Mortgage Revenue Bonds, Tax-Exempt:</i></b>		
• 2009 Series A-1; 3.07%, due 2027-2041	\$ 64,350	\$ 41,400
• 2009 Series A-2; 2.32%, due 2026-2041	128,750	73,340
• 2010 Series A; 2.75%-4.00%, due 2018-2027	43,130	25,585
Unamortized discount		(104)
• 2010 Series B; 2.75% to 4.625%, due 2018-2040	35,680	29,840
• 2011 Series B; 2.80% to 4.05%, due 2018-2026	71,360	38,315
Total Mortgage Revenue Bonds	343,270	208,376
<b><i>Home Mortgage Revenue Bonds, Tax-Exempt:</i></b>		
• 2002 Series A; Floating Rate*; 1.61% at June 30, 2018, due 2032-2036	170,000	35,940
Unamortized swap termination penalty		(2,057)
• 2007 Series A; Floating Rate*; 1.50% at June 30, 2018, due 2018-2041	75,000	72,645
• 2007 Series B; Floating Rate*; 1.50% at June 30, 2018, due 2018-2041	75,000	72,645
• 2007 Series D; Floating Rate*; 1.47% at June 30, 2018, due 2018-2041	89,370	86,535
• 2009 Series A; Floating Rate*; 1.47% at June 30, 2018, due 2020-2040	80,880	80,880
• 2009 Series B; Floating Rate*; 1.47% at June 30, 2018, due 2020-2040	80,880	80,880
• 2009 Series D; Floating Rate*; 1.47% at June 30, 2018, due 2020-2040	80,870	80,870
Total Home Mortgage Revenue Bonds	652,000	508,338
<b>Veterans Mortgage Program Bonds:</b>		
<b><i>Collateralized State Guaranteed Bonds, Tax-Exempt:</i></b>		
• 2016 First and Second Series; 0.90% to 3.20%, due 2018-2046	50,000	48,120
<b>Other Housing Bonds:</b>		
<b><i>General Mortgage Revenue Bonds, Tax-Exempt:</i></b>		
• 2012 Series A; 1.95%-4.25%, due 2018-2040	145,890	107,105
Unamortized discount		(525)
Unamortized premium		124
• 2016 Series A; 0.75%-3.50%, due 2018-2046	100,000	93,915
Unamortized premium		926
<b><i>Governmental Purpose Bonds, Tax-Exempt:</i></b>		
• 1997 Series A; Floating Rate*, monthly payments, 1.47% at June 30, 2018 due 2027	33,000	14,600
• 2001 Series A; Floating Rate*; 1.47% at June 30, 2018, due 2018-0	76,580	43,505
Unamortized swap termination penalty		(4,527)
• 2001 Series B; Floating Rate*; 1.46% at June 30, 2018, due 2018-0	93,590	53,165
Total Other Housing Bonds	\$ 449,060	\$ 308,288

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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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

	Original Amount	June 30, 2018
<b>Non-Housing Bonds:</b>		
<b>State Capital Project Bonds, Tax-Exempt:</b>		
• 2002 Series C; Floating Rate*; 1.47% at June 30, 2018, due 2018-2022	\$ 60,250	\$ 29,160
• 2011 Series A; 5.00%, due 2018- 2020	105,185	6,235
Unamortized premium		84
• 2012 Series A; 3.25% to 5.00%, due 2018-2032	99,360	44,765
Unamortized discount		(92)
Unamortized premium		2,232
• 2013 Series A; 4.00% to 5.00%, due 2018-2032	86,765	64,140
Unamortized premium		4,024
• 2014 Series A; 4.00% to 5.00%, due 2018-2033	95,115	84,375
Unamortized discount		(53)
Unamortized premium		4,597
• 2014 Series B; 5.00%, due 2018-2029	29,285	25,245
Unamortized premium		2,387
• 2014 Series D; 3.00% to 5.00%, due 2018-2029	78,105	77,830
Unamortized premium		9,026
• 2015 Series A; 3.00% to 5.00%, due 2018-2030	111,535	101,530
Unamortized premium		11,422
• 2015 Series B; 3.00% to 5.00%, due 2019-2036	93,365	91,145
Unamortized discount		(196)
Unamortized premium		5,873
• 2015 Series C; 5.00%, due 2019-2035	55,620	49,155
Unamortized premium		6,264
• 2017 Series A; 2.00% to 5.00%, due 2018-2032	143,955	142,955
Unamortized premium		21,525
• 2017 Series C; 5.00%, due 2024-2032	43,855	43,855
Unamortized premium		7,935
• 2018 Series B; 3.125% to 5.00%, due 2019-2038	35,570	35,570
Unamortized discount		(82)
Unamortized premium		4,459
<b>State Capital Project Bonds, Taxable:</b>		
• 2014 Series C; Indexed Floating Rate**, 2.482% at June 30, 2018, due 2029	140,000	140,000
• 2017 Series B; Floating Rate*; 2.03% at June 30, 2018, due 2047	150,000	150,000
• 2018 Series A; Floating Rate*; 2.00% at June 30, 2018, due 2031-2043	90,000	90,000
Total Non-Housing Bonds	1,417,965	1,255,365
<b>Total Bonds Payable</b>	<b>\$ 2,912,295</b>	<b>\$ 2,328,487</b>

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 twelve months ended June 30, 2018, the Corporation made special revenue redemptions in the amount of \$144,425,000.

**Advance Refundings**

In the twelve months ending June 30, 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 June 30, 2018, follows (in thousands):

	Date Defeased	June, 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 2023 and in five year increments thereafter to maturity are shown below (in thousands):

Year Ended June 30, 2018	Total Debt Service		
	Principal	Interest*	Total
2019	\$ 65,355	\$ 81,960	\$ 147,315
2020	80,835	79,309	160,144
2021	91,760	75,875	167,635
2022	95,200	72,062	167,262
2023	92,345	68,002	160,347
2024-2028	522,095	277,342	799,437
2029-2033	651,710	156,756	808,466
2034-2038	267,900	76,547	344,447
2039-2043	142,035	34,937	176,972
2044-2048	246,010	14,972	260,982
	<u>\$ 2,255,245</u>	<u>\$ 937,762</u>	<u>\$ 3,193,007</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, 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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

A summary of all conduit debt as of June 30, 2018, follows (in thousands):

	Maximum Issue Amount	Balance at June 30, 2018
Revenue Bonds, 2016 (Muldoon Garden Project)	\$ 3,920	\$ 3,916
Revenue Bonds, 2017 (Grass Creek North II LP)	\$ 8,200	\$ 6,972

## 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 June 30, 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 June 30, 2018, are shown below:

Related Bond Issue	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating
GP01A <sup>1</sup>	12/01/08	2.4530%	67% of 1M LIBOR <sup>4</sup>	12/01/30	BBB+/A3
GP01B	08/02/01	4.1427%	67% of 1M LIBOR	12/01/30	AA/Aa3
E021A1 <sup>2</sup>	10/09/08	2.9800%	70% of 3M LIBOR <sup>5</sup>	06/01/32	AA-/Aa2
SC02C <sup>3</sup>	12/05/02	4.3030%	SIFMA <sup>6</sup> + 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

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

The change in fair value and ending balance of the hedging derivatives as of June 30, 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 Bond Issue	Notional Amounts	Present Values	Fair Values		Change in Fair Value
			June 30, 2018	June 30, 2017	
GP01A	\$ 43,505	\$ 45,082	\$ (1,577)	\$ (3,267)	\$ 1,690
GP01B	53,165	60,691	(7,526)	(10,488)	2,962
E021A1	35,940	38,379	(2,439)	(4,153)	1,714
SC02C	29,160	30,502	(1,342)	(2,545)	1,203
E071AB	139,095	165,543	(26,448)	(35,626)	9,178
E071AD	92,730	110,103	(17,373)	(23,509)	6,136
E091A	72,789	87,161	(14,372)	(19,228)	4,856
E091B	72,789	86,786	(13,997)	(18,810)	4,813
E091ABD	97,052	115,373	(18,321)	(24,748)	6,427
Total	\$ 636,225	\$ 739,620	\$ (103,395)	\$(142,374)	\$ 38,979

As of June 30, 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
2019	19,140	9,321	13,067	41,528
2020	23,310	9,058	12,648	45,016
2021	27,780	8,709	12,102	48,591
2022	29,230	8,293	11,494	49,017
2023	27,175	7,853	10,856	45,884
2024-2028	135,915	33,454	46,424	215,793
2029-2033	141,590	22,608	31,866	196,064
2034-2038	134,850	12,884	18,333	166,067
2039-2043	97,235	2,613	3,709	103,557
	\$ 636,225	\$ 114,793	\$ 160,499	\$ 911,517

**Credit Risk**

As of June 30, 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 34.4% of the total notional amount of the swaps is held with another counterparty rated "A+/Aa2". Of the remaining swaps, one counterparty are rated "A+/Aa1", "AA/Aa3", and "BBB+/A3", approximating 11.4%, 8.4%, and 6.8% 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 June 30, 2018, SIFMA was 1.51%

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

and 1-month LIBOR was 2.09%, resulting in a SIFMA/LIBOR ratio of 72.24%. The 3-month LIBOR was 2.34%, resulting in a SIFMA/LIBOR ratio of 64.65%. 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 June 30, 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	3.7700%	70% of 1M LIBOR	07/01/24	A+/Aa2

The change in fair value of the investment derivatives as of June 30, 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
			June 30, 2018	June 30, 2017	
SC02B	\$ 14,555	\$ 15,835	\$ (1,280)	\$ (2,040)	\$ 760

**Credit Risk**

As of June 30, 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".

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

## 12 LONG TERM LIABILITIES

The activity for the twelve months ended June 30, 2018, is summarized in the following schedule (in thousands):

	June 30, 2017	Additions	Reductions	June 30, 2018	Due Within One Year
Total bonds and notes payable	\$ 2,124,637	\$ 500,008	\$ (296,158)	\$ 2,328,487	\$ 65,355
Pension liability	47,645	-	(11,985)	35,660	-
OPEB liability	-	5,765	-	5,765	-
Compensated absences	4,184	2,837	(2,758)	4,263	2,002
Other liabilities	-	51	(51)	-	-
Total long-term liabilities	\$ 2,176,466	\$ 508,661	\$ (310,952)	\$ 2,374,175	\$ 67,357

## 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 twelve months ended June 30, 2018, was 1.17% and the highest, 2.30%.

Short term debt activity for the twelve months ended June 30, 2018, is summarized in the following schedule (in thousands):

	June 30, 2017	Additions	Reductions	June 30, 2018
Commercial paper	\$ 82,600	\$ 437,991	\$ (467,214)	\$ 53,377
Unamortized discount	\$ (74)	\$ (906)	\$ 872	\$ (108)
Commercial paper, net	\$ 82,526	\$ 437,085	\$ (466,342)	\$ 53,269

## 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 pension deferred inflows of resources at June 30, 2018, totaling \$4,467,000, represent the difference between projected and actual investment earnings in the State of Alaska's PERS Defined Benefit Retirement Plan. AHFC's OPEB deferred inflows of resources at June 30, 2018, represent the difference between expected and actual experience, the difference between projected and actual investment earnings, and changes in proportion and differences between employer contributions in the OPEB plan of \$3,115,000.

## 15 TRANSFERS

Transfers for the twelve months ended June 30, 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
To	Administrative Fund	\$ -	\$ 24,591	\$ 600,580	\$ 16,763	\$ 174
	Grant Programs	34,754	-	-	-	-
	Mortgage or Bond Programs	604,969	-	-	-	-
	Other Funds or Programs	15,266	-	-	-	-
	Alaska Corporation for Affordable Housing	174	-	-	-	-
Total		\$ 655,163	\$ 24,591	\$ 600,580	\$ 16,763	\$ 174
		\$ 655,163	\$ 24,591	\$ 600,580	\$ 16,763	\$ 1,297,271

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;

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

- (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-remarked tenders and/or bond insurance contracts to guarantee the payment of debt service. Furthermore, the Corporation entered into a separate revolving credit facility in 2017 with the Industrial and Commercial Bank of China LTD, New York Branch, to provide up to \$300,000,000 of additional liquidity for the Corporation's State Capital Project Bonds and State Capital Project Bonds II indentures, and the Commercial Paper Notes program. At June 30, 2018, the Corporation had unused standby bond purchase agreements of \$510,395,000 and revolving credit of \$300,000,000.

## 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 \$1,318,000, but rebate liability as of June 30, 2018, was \$870,000, resulting in \$448,000 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 June 30, 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	(446,871)	12,006
State of Alaska Capital Projects	255,761	(249,534)	6,227
AHFC Capital Projects	509,792	(469,752)	38,040
Total	\$ 2,019,078	\$ (1,955,105)	\$ 61,973

### 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



NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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):

	June 30, 2018
Beneficiaries and Special Needs Housing	\$ 1,698
Continuum of Care Homeless Assistance	2,200
Domestic Violence	1,298
Discharge Incentive grant	176
Drug Elimination	50
Emergency Shelter Grant (ESG)	234
Energy Efficiency Monitoring Research	986
Energy Efficient Home Program	1,954
HOME Investment Partnership	2,850
Homeless Assistance Program	6,825
Housing Choice Vouchers	32,161
Housing Loan Program	1,471
Housing Opportunities for Persons with AIDS	587
Low Income Weatherization Assistance	7,858
Low Income Home Energy Assistance	750
Non-Elderly Disabled (NED)	274
Parolees (TBRA)	453
Section 8 Project-based Grants	-
Section 8 Rehabilitation	488
Senior Citizen Housing Development Grant	1,535
Supplemental Housing Grant	2,326
Technical Assistance Grant	19
Utility Allowance Payments for Low Rent	-
Veterans Affairs Supportive Housing	1,992
Youth (TBRA)	129
<b>Total Housing Grants and Subsidies Expenses</b>	<b>\$ 68,314</b>

In addition to grant payments made, the Corporation had advanced grant funds of \$4,329,000 and committed to third parties a sum of \$15,164,000 in grant awards as of June 30, 2018.

## 20 PENSION AND POST-EMPLOYMENT HEALTHCARE PLANS

### Description of Plans

As of June 30, 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

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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](http://www.doa.alaska.gov/drb).

**Defined Benefit ("DB") Pension and Post-Employment Healthcare 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 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.

The Defined Benefit Pension and Post-Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: [alaska.gov/drb/employer/resources/gasb.html](http://alaska.gov/drb/employer/resources/gasb.html)

*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 State funds 3.01%, the difference between the actuarial required contribution of 25.01% for fiscal year 2018 and the employer rate of 22.00%.

The Corporation's contributions to the defined benefit post-employment healthcare plan for the twelve months ended June 30, 2018, totaled \$613,000, and for the years ended June 30, 2017, and June 30, 2016, totaled \$973,000 and \$1,334,000, respectively.

*Pension Liabilities:*

At June 30, 2018, the Corporation reported a liability for its proportionate share to the net pension liability of \$35,660,000. This amount reflected State pension support provided to the Corporation of \$13,285,000. The total net pension liability associated with the Corporation was \$48,945,000.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017.

*Pension Expense:*

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2018, the Corporation recognized pension expense of \$769,000 and revenue of \$651,000 for support provided by the State.

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

As of June 30, 2018, the Corporation's deferred outflows of resources related to pension expense of \$4,034,000 were due to a change in its proportionate share of contributions to the pension plan of \$145,000, a difference between projected and actual investment earnings of \$957,000 and contributions to the pension plan subsequent to the measurement date of \$2,932,000. The Corporation's deferred inflows of resources related to pension of \$4,467,000 were due to a difference between expected and actual experience of \$641,000 and changes in proportion and differences between employer contributions of \$3,826,000.

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
2019	\$ (206)	\$ (1,116)	\$ (1,322)
2020	2,113	(1,117)	996
2021	1,564	(1,117)	447
2022	563	(1,117)	(554)
	<u>\$ 4,034</u>	<u>\$ (4,467)</u>	<u>\$ (433)</u>

*Pension Actuarial Assumptions:* The total pension liability for the fiscal year ending June 30, 2018, was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. 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%. The 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, 2016 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, 2014, 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	8.83 %
Global Equity (non-U.S.)	7.79 %
Intermediate Treasuries	1.29 %
Opportunistic	4.76 %
Real Estate	4.94 %
Absolute return	4.76 %
Private Equity	12.02 %
Cash equivalents	0.63 %

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

*Pension Discount rate:*

The discount rate used to measure 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 in accordance with the method prescribed by GASB Statement No. 67.

*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% lower (7%) 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	\$46,843	\$35,660	\$26,217

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

*Employee Benefits*

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan ("ODD"), and the Retiree Medical Plan ("RM"). Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment healthcare 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.

**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. Employer contribution rates for the year ended June 30, 2018, were as follows:

	Other Tier IV
Retiree medical plan	1.03%
Occupational death and disability benefits	0.16%
<b>Total Contribution Rates</b>	<b>1.19%</b>

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 between 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 for each full-time employee, and \$1.34 per hour for part-time employees, is deposited in a Health Reimbursement Arrangement ("HRA") Account for each covered employee per AS 39.30.370.

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 twelve months ended June 30, 2018, the Corporation paid additional contributions of \$1,002,000 and for June 30, 2017, \$900,000. These contributions equal \$780,000 for the defined benefit pension as of June 30, 2018, and \$612,000

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

as of June 30, 2017, and \$222,000 and \$288,000 for the defined benefit post-employment healthcare plans as of June 30, 2018 June 30, 2017, respectively.

The contributions to the pension plan for the twelve months ended June 30, 2018, by the employees totaled \$644,000 and by the Corporation totaled \$415,000. The contributions to the pension plan for the twelve months ended June 30, 2017, by the employees totaled \$585,000, and by the Corporation, \$378,000.

The Corporation contributed \$354,000 to a Health Reimbursement Arrangement for the twelve months ended June 30, 2018, and \$332,000 as of June 30, 2017.

The Defined Contribution Pension and Post Employment Healthcare Plan issues financial reports that are available to the public on the SOA website: [alaska.gov/drb/employer/resources/gasb.html](http://alaska.gov/drb/employer/resources/gasb.html)

**Other Post-Employment Benefits ("OPEB") Defined Benefit and Defined Contribution Plans**

*OPEB Employer Contribution Rate:*

In 2018, the Corporation was credited with the following contributions to the OPEB plan:

	Measurement Period Corporation FY17	Corporation FY16
Employer contributions DB	\$ 1,261,000	\$ 1,634,000
Employer contributions DC RM	86,000	107,000
Employer contributions DC ODD	12,000	14,000
Nonemployer contributions (on-behalf)	-	-
<b>Total Contributions</b>	<b>\$ 1,359,000</b>	<b>\$ 1,755,000</b>

*Changes in Benefit Provisions Since the Prior Valuation of OPEB:*

There have been no changes in the benefit provisions effective since the prior valuation for the Defined Benefit OPEB plan.

*OPEB healthcare cost trend rates:*

Healthcare Reform legislation passed on March 23, 2010. There is no change due to this legislation, because the State plan is retiree-only. Actuaries determined the impact to be less than \$775,000 (0.01%) of the projected June 30, 2016 healthcare actuarial accrued liability for the defined benefit plans due to cost plan excise tax (Cadillac tax). Impact on Healthcare Cost Rate Data Source or Assumption Change from 2016 to 2015 is negligible due to: claim lag specific to medical and prescription experience, individual claims level data, explicit TPA fees, actual RDS payments received; as well as a loss due to aggregate claims data and a small gain due to updated census data.

No significant impact on the measured obligation is expected due to repeal of Healthcare Reform legislation aka "Obamacare." Healthcare cost trend model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska. The table below shows the rate used by actuaries to project the cost from the shown fiscal year to the next fiscal year.

	Medical Pre-65	Medical Post-65	Drugs
FY17	8.8%	5.8%	5.4%
FY18	8.2%	5.7%	5.1%
FY19	7.6%	5.6%	4.8%
FY20	7.0%	5.6%	4.6%
FY21	6.5%	5.6%	4.4%
FY22	6.0%	5.6%	4.2%
FY23	5.6%	5.6%	4.0%
FY26	5.6%	5.6%	4.0%
FY51	4.4%	4.0%	4.0%
FY101	4.4%	4.0%	4.0%

*Key Elements of OPEB formula:*

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. Any funding surpluses or unfunded accrued liability are amortized over a closed 25-year period (established June 30, 2014) as a level percentage of payroll amount. State statutes allow the contribution rate to be determined on payroll for all members, defined benefit and defined contribution member payroll combined.

Projected pension and postemployment healthcare benefits were determined for all active members. Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for pension benefits (constant dollar amount for healthcare benefits) from the assumed entry age to the assumed retirement age, were applied to the projected benefits to determine the normal cost (the portion of the total cost of the plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate that is then related to the total payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for retired members and their beneficiaries currently receiving benefits, terminated vested members, and disabled members not yet receiving benefits, was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members. The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years. It does not represent the liability for benefits accrued to the valuation date. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. Under this method, experience gains or losses in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

*Post-employment healthcare benefits:*

Major medical benefits are provided to retirees and their surviving spouses by PERS for all employees hired before July 1, 1986, (Tier 1) and disabled retirees. Employees hired after June 30, 1986, (Tier 2) and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after June 30, 1996, (Tier 3)) must pay the full monthly premium if they are under age sixty and will receive benefits paid by PERS if they are over age sixty. Tier 3 Members with between five and ten years of credited service must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 Members with less than five years of credited service are not eligible for post-employment healthcare benefits. Tier 2 Members, who are receiving a conditional benefit and are age eligible, are eligible for post-employment healthcare benefits. Employees and their surviving spouses with thirty years of membership service, and any disabled member, receive benefits paid by PERS, regardless of their age or date of hire.

Medical, prescription drug, dental, vision and audio coverage is provided through the AlaskaCare Retiree Health Plan. Health plan provisions do not vary by retirement tier or age, except for Medicare coordination. Surviving spouses continue coverage only if a pension payment form that provided survivor benefits was elected. Where premiums are required prior to age 60, the valuation bases this payment upon the age of the retiree.

Of those benefit recipients who are eligible for the COLA, 70% are assumed to remain in Alaska and receive COLA. 50%-75% of assumed inflation, or 1.56% and 2.24% respectively, is valued for the annual automatic Post-Retirement Pension Adjustment (PRPA).

*OPEB Liabilities:*

At June 30, 2018, the total net OPEB liability associated with the Corporation was \$5,765,000.

At June 30, 2018, the Corporation reported a liability for its proportionate share of the net OPEB liabilities ("NOL") that reflected a reduction for State OPEB support provided to the Corporation. The amount recognized by the Corporation for its proportional share, the related State proportion, and the total were as follows:

	2018
Corporation's proportionate share of NOL – DB	\$ 5,828,000
Corporation's proportionate share of NOL – DC RM	37,000
Corporation's proportionate share of NOL – DC ODD	(100,000)
State's proportionate share of the NOL associated with the Corporation	-
<b>Total Net OPEB Liabilities</b>	<b>\$ 5,765,000</b>

The net OPEB liability was measured as of June 30, 2017, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

The Corporation's proportion of the net OPEB liabilities were based on a projection of the Corporation's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2016 Measurement Date Employer Proportion	June 30, 2017 Measurement Date Employer Proportion	Change
Corporation's proportionate share of the net OPEB liabilities:			
DB	0.85265%	0.68992%	-0.16273%
DC RM	0.66252%	0.70310%	0.04058%
DC ODD	0.66252%	0.70310%	0.04058%

*Changes in Benefit Provisions Since Prior Valuation of OPEB:*

For Defined Contribution Retiree Medical OPEB ("DC RM") and Defined Contribution - Occupational Death & Disability ("DC ODD") plans there were the following updates: actuaries updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible; and updated factors used to adjust the defined benefit plan costs to reflect adopted DCR plan design.

*OPEB Expense:*

For the year ended June 30, 2018, the Corporation recognized negative pension expense of \$704,000 and no support provided by the State.

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:*

At June 30, 2018, the Corporation reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (317)
Difference between projected and actual investment earnings	-	(1,850)
Changes in proportion and difference between employer contributions	3	(948)
<b>Total Deferred Inflows/Outflows</b>	<b>\$ 3</b>	<b>\$ (3,115)</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Total
2019	\$ (1,161)
2020	(1,021)
2021	(463)
2022	(463)
2023	(1)
Thereafter	(3)
	<b>\$ (3,112)</b>

*OPEB Actuarial Assumptions:*

The total OPEB liability for the year ended June 30, 2018, was determined by an actuarial valuation as of June 30, 2016, rolled forward to the measurement date of June 30, 2017. The actuarial assumptions used in the June 30, 2016, 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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

Actuarial cost method	Entry age normal; level percentage of payroll.
Inflation	3.12%
Salary increases	Graded by age and service, from 8.55% to 4.34% for all others
Allocation Methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019-FY2039.
Investment Return / Discount Rate	8.00%, net of OPEB plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%.
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 50% of the time for others.  Post-termination – 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

The long-term expected rate of return on OPEB 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 OPEB 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 OPEB plan's target asset allocation as of June 30, 2017, 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	8.83 %
Global Equity (non-U.S.)	7.79 %
Intermediate Treasuries	1.29 %
Opportunistic	4.76 %
Real Estate	4.94 %
Absolute return	4.76 %
Private Equity	12.02 %
Cash equivalents	0.63 %

*OPEB Discount rate:*

The discount rate used to ensure the total OPEB 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 OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability in accordance with the method prescribed by GASB Statement No. 74.

*Sensitivity of the Corporation's proportionate share of the net OPEB 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-percentage-point (7%) lower or 1-percentage-point higher (9%), (in thousands).

	Proportional Share	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Corporation's proportionate share of the net OPEB liabilities:				
DB plan	0.68992%	\$ 12,473	\$ 5,828	\$ 239
DC RM plan	0.70310%	\$ 172	\$ 37	\$ (69)
DC ODD plan	0.70310%	\$ (90)	\$ 100	\$ (108)



NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate:*

The following presents the Corporation's net OPEB liability using current healthcare cost trend rates and comparing to a 1% increase and a 1% decrease of current healthcare costs trend rates, (in thousands).

	Proportional Share	1%Decrease	Current Discount Rate	1%Increase
Corporation's proportionate share of the net OPEB liabilities:				
DB plan	0.68992%	\$ (647)	\$ 5,828	\$ 13,612
DC RM plan	0.70310%	\$ (91)	\$ 37	\$ 207
DC ODD plan	0.70310%	n/a	\$ 100	n/a

*OPEB plan's fiduciary net position:*

All information regarding the Plan's assets, deferred outflow/inflow of resources, liabilities and fiduciary net position can be found in the PERS financial statements that are available to the public on the SOA website: [alaska.gov/dr/employer/resources/gasb.html](http://alaska.gov/dr/employer/resources/gasb.html)

*Healthcare cost trend rates:*

Conduent determined the impact to be less than \$350,000 (0.50%) on DC RM liability due to the high cost plan excise tax (Cadillac tax). Due to the lack of experience, from actuarial perspective, for the DC RM and DC ODD retiree health plans, base claims costs are based on those described in the actuarial valuation as of June 30, 2016, for the Defined Benefit (DB) retiree healthcare plan. The DB rates were used with some adjustments. The claims costs were adjusted to reflect the differences between the DC medical plans and the DB medical plan. These differences include network steerage, different coverage levels, different Medicare coordination for medical benefits, and an indexing of the retiree out-of-pocket dollar amounts. To account for higher initial copays, deductibles and out-of-pocket limits, upcoming FY17 claims costs were reduced 3.1% for medical and 11.2% for prescription drugs. In addition, to account for the difference in Medicare coordination, upcoming FY17 medical claims costs for Medicare eligible retirees were further reduced 33.75%. The health care trend rate used for the DB health benefits was reduced 0.2% each year for the DC health benefits to reflect the fact that the retiree healthcare benefits to be offered to DC members will have annual indexing of member cost sharing features.

No significant impact on the measured obligation is expected due to repeal of Healthcare Reform legislation aka "Obamacare." The healthcare cost trend model has been adopted by the Society of Actuaries, and has been populated with assumptions that are specific to the State of Alaska. The table below shows the rate used by actuaries to project the cost from the shown fiscal year to the next fiscal year.

	Medical Pre-65	Medical Post-65	Drugs
FY17	8.8%	5.8%	5.4%
FY18	8.2%	5.7%	5.1%
FY19	7.6%	5.6%	4.8%
FY20	7.0%	5.6%	4.6%
FY21	6.5%	5.6%	4.4%
FY22	6.0%	5.6%	4.2%
FY23	5.6%	5.6%	4.0%
FY26	5.6%	5.6%	4.0%
FY51	4.4%	4.0%	4.0%
FY101	4.4%	4.0%	4.0%

*Key Elements of OPEB formula:*

Liabilities and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. Any funding surpluses or unfunded accrued liability is amortized over 25 years as a level percentage of expected payroll.

Cost factors designed to produce annual costs as a constant percentage of each member's expected compensation in each year for retiree medical benefits, from the assumed entry age to the last age with a future benefit were

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

applied to the projected benefits to determine the normal cost (the portion of the total cost of the Plan allocated to the current year under the method). The normal cost is determined by summing intermediate results for active members and determining an average normal cost rate which is then related to the total DC RM Plan payroll of active members. The actuarial accrued liability for active members (the portion of the total cost of the Plan allocated to prior years under the method) was determined as the excess of the actuarial present value of projected benefits over the actuarial present value of future normal costs.

The actuarial accrued liability for beneficiaries and disability members currently receiving benefits was determined as the actuarial present value of the benefits expected to be paid. No future normal costs are payable for these members.

The actuarial accrued liability under this method at any point in time is the theoretical amount of the fund that would have been accumulated had annual contributions equal to the normal cost been made in prior years. It does not represent the liability for benefits accrued to the valuation date. The unfunded actuarial accrued liability is the excess of the actuarial accrued liability over the actuarial value of plan assets measured on the valuation date. Under this method, experience gains or losses in accrued liabilities attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

*Post-employment healthcare benefits:*

Member must retire directly from the plan to be eligible for retiree medical coverage. Normal retirement eligibility is the earlier of a) 30 years of service or b) Medicare eligible and 10 years of service. No subsidized retiree medical benefits are provided until normal retirement eligibility. The member's and any covered dependent premium is 100% until the member is Medicare eligible. Upon the member's Medicare-eligibility, the required contribution will follow the service based schedule. Members who are receiving disability benefits or survivors who are receiving monthly survivor benefits are not eligible until the member meets, or would have met if he/she had lived, the normal retirement eligibility requirements. The medical plan's coverage is supplemental to Medicare. Medicare payment is deducted from the Medicare allowable expense and plan parameters are applied to that amount. Starting in 2018, the prescription drug coverage is a Medicare Part D Employer Group Waiver Plan (EGWP) arrangement. The premium for Medicare-eligible retirees will be based on the member's years of service. The premium for dependents who are not eligible for Medicare aligns with the member's subsidy. While a member is not Medicare-eligible, premiums are 100% of the estimated cost. Members have a separate defined contribution HRA account that can be used to pay for premiums or other medical expenses. Coverage will continue for surviving spouses of covered retired members.

*Annual Postemployment Healthcare Cost*

In 2018, the Corporation recognized \$354,000 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

*Presentation of Transition for OPEB for Defined Benefit and Defined Contributions Plans:*

Beginning deferred outflows for DB and both DC plans were zero. The restatement of all prior periods is not practical and the data is not available from the State of Alaska actuary, therefore only the cumulative effect is reported as a restatement of beginning net position of \$8,392,000, the total cumulative effect for all three plans. By plan it was \$8,516,000 for DB, negative \$25,000 for DC RM, and negative \$99,000 for DC ODD. There have been no changes in the benefit provisions effective since the prior valuation.

## **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 \$4,902,000 as of June 30, 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 twelve months ended June 30, 2018, totaled \$84,000.

### **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.

NOTE DISCLOSURES  
TO THE 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 delivered its \$167,780,000 General Mortgage Revenue Bonds II, 2018 Series A and B, on August 28, 2018. The Series A Bonds are \$109,260,000 tax-exempt general obligations of the Corporation with a final maturity of December 1, 2048. The Series B Bonds are \$58,520,000 tax-exempt general obligations of the Corporation with a final maturity of December 1, 2035. Interest on the Series A and B Bonds is payable each June 1 and December 1 at fixed rates ranging from 1.55% to 5.00%. Proceeds of the Series A and B Bonds will be used to finance mortgage loans, to refund certain outstanding obligations of the Corporation, to finance additional authorized activities of the Corporation, and to pay certain costs of issuance of the Bonds.

In August of 2018, the Corporation closed a \$5,000,000 conduit bond issuance for Marina and Karina Park Project, a 21-unit multi-family rental facility in Anchorage, Alaska. The conduit bonds will not constitute an indebtedness of the Corporation or the State of Alaska, but will instead be payable solely by the borrower.

**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 CUMULATIVE EFFECT OF ACCOUNTING CHANGE**

The AHFC participates in a multi-employer defined benefit plan: The Alaska Public Retirement System (PERS) plan. In 2018, AHFC adopted the provisions of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which, among other accounting and reporting criteria, requires AHFC to recognize its proportional share of the Net OPEB Liability (and related deferred inflow/outflow accounts), as of the beginning of AHFC's fiscal year. As a result of the implementation of this statement, AHFC has recorded an opening balance adjustment to reflect opening balance pension liabilities and related accounts and to decrease opening net position as follows:

	Opening net position, as originally presented	Change in accounting principle adjustment	Opening net position, as restated
Administrative Fund	\$ 570,066	\$ (8,390)	\$ 561,676

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

## 24 FIVE YEAR FINANCIAL INFORMATION

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

	June 30,				
	2018	2017	2016	2015	2014
<b>Assets</b>					
Cash	\$ 69,609	\$ 66,343	\$ 70,104	\$ 50,348	\$ 77,026
Investments	596,133	618,544	615,588	816,244	1,063,200
Accrued interest receivable	14,115	12,771	12,325	11,606	12,357
Mortgage loans, notes and other loans	3,132,437	2,910,332	2,817,494	2,662,893	2,536,596
Net investment in direct financing lease	27,003	29,142	34,555	39,732	44,664
Unamortized bond issuance costs	-	-	-	-	0
Capital assets, net	100,472	106,762	109,821	116,057	120,248
Other assets	28,684	23,171	35,746	47,982	44,533
Derivative instrument - interest rate swaps	-	-	-	-	-
<b>Total Assets</b>	<b>3,968,453</b>	<b>3,767,065</b>	<b>3,695,633</b>	<b>3,744,862</b>	<b>3,898,624</b>
<b>Deferred Outflow of Resources</b>	<b>133,107</b>	<b>172,676</b>	<b>234,921</b>	<b>171,440</b>	<b>156,579</b>
<b>Liabilities</b>					
Bonds and notes payable	2,328,487	2,124,637	2,083,582	2,201,527	2,308,710
Short term debt	53,269	82,526	71,589	16,899	64,993
Accrued interest payable	9,984	9,622	9,628	9,397	10,147
Other liabilities	58,868	63,894	55,009	49,522	21,079
Derivative instrument - interest rate swaps	104,674	144,903	210,543	150,199	140,366
<b>Total Liabilities</b>	<b>2,555,282</b>	<b>2,425,582</b>	<b>2,430,351</b>	<b>2,427,544</b>	<b>2,545,295</b>
<b>Deferred Inflow of Resources</b>	<b>7,582</b>	<b>531</b>	<b>670</b>	<b>3,277</b>	<b>-</b>
<b>Total Net Position</b>	<b>\$ 1,538,696</b>	<b>\$ 1,513,628</b>	<b>\$ 1,499,533</b>	<b>\$ 1,485,481</b>	<b>\$ 1,509,908</b>
<b>Operating Revenues</b>					
Mortgage and loans revenue	\$ 135,055	\$ 130,538	\$ 128,942	\$ 126,140	\$ 120,740
Investment interest	6,273	4,727	3,595	4,388	6,532
Net change in fair value of investments	2,967	1,899	2,754	1,627	2,450
Net change of hedge termination	760	1,028	(552)	11	37
Total Investment Revenue	10,000	7,654	5,797	6,026	9,019
Externally funded programs	86,844	96,081	123,782	146,236	163,739
Rental	11,305	11,155	10,707	9,342	8,951
Other	3,076	4,051	4,952	2,355	5,637
<b>Total Operating Revenues</b>	<b>246,280</b>	<b>249,479</b>	<b>274,180</b>	<b>290,099</b>	<b>308,086</b>
<b>Operating Expenses</b>					
Interest	71,246	69,890	70,357	75,349	81,184
Mortgage and loan costs	11,452	10,843	10,836	11,327	9,442
Operations and administration	5,027	4,512	58,373	53,287	58,771
Financing expenses	(4,560)	(5,584)	3,556	5,064	4,415
Provision for loan loss	46,127	56,867	(5,831)	(5,741)	(5,688)
Housing grants and subsidies	15,091	14,296	107,054	125,222	149,188
Rental housing operating expenses	68,314	84,310	15,634	17,086	14,159
<b>Total Operating Expenses</b>	<b>212,697</b>	<b>235,134</b>	<b>259,979</b>	<b>281,594</b>	<b>311,471</b>
<b>Operating Income (Loss)</b>	<b>33,583</b>	<b>14,345</b>	<b>14,201</b>	<b>8,505</b>	<b>(3,385)</b>
<b>Non-Operating &amp; Special Item</b>					
Contribution to State or State agency	(125)	(250)	(149)	(3,825)	(1,380)
Special item	-	-	-	-	-
<b>Change in Net Position</b>	<b>\$ 33,458</b>	<b>\$ 14,095</b>	<b>\$ 14,052</b>	<b>\$ 4,680</b>	<b>\$ (4,765)</b>

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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

	2018	2017	2016	2015	2014
The Corporation's proportion of the net pension liability (asset)	0.689820%	0.852380%	0.780600%	0.608214%	0.598696%
The Corporation's proportionate share of the net pension liability (asset)	\$ 35,660	\$ 47,645	\$ 37,859	\$ 28,368	\$ 31,440
State's proportionate share of the net pension liability (asset) associated with the Corporation	13,285	6,003	10,856	22,644	26,434
Total	\$ 48,945	\$ 53,648	\$ 48,715	\$ 51,012	\$ 57,874
The Corporation's covered employee payroll	\$ 13,817	\$ 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	258.10%	312.39%	232.06%	165.04%	176.48%
Plan fiduciary net position as a percentage of the total pension liability	63.37%	59.55%	63.96%	62.37%	56.04%

Information in this table is presented based on the Plan measurement date. For June 30, 2018, the plan measurement date is June 30, 2017.

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.

NOTE DISCLOSURES  
 TO THE FINANCIAL STATEMENTS

**Schedule of the Corporation's Contributions (in thousands)**

	2018	2017	2016	2015	2014
Contractually required contributions	\$ 2,932	\$ 2,679	\$ 2,475	\$ 2,403	\$ 2,128
Contributions in relation to the contractually required contributions	2,932	2,679	2,475	2,403	2,128
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
The Corporation's covered employee payroll	12,583	13,817	15,252	16,314	17,189
Contributions as a percentage of covered-employee payroll	23.30%	19.39%	16.23%	14.73%	12.38%

This table reports the Corporation's pension contributions to PERS during fiscal year 2018. These contributions are reported as a deferred outflow of resources on the June 30, 2018 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.

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

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

	2018	2017
The Corporation's proportion of the net OPEB liability (asset) for Defined Benefit - Retiree Medical	0.68992000%	0.85265000%
The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plans)	0.70310000%	0.66252000%
The Corporation's proportionate share of the net OPEB liability (asset)	\$ 5,765	\$ 9,752
State's proportionate share of the net OPEB liability (asset) associated with the Corporation	2,173	-
Total	<u>\$ 7,939</u>	<u>\$ 9,752</u>
The Corporation's covered employee payroll	\$ 21,133	\$ 21,629
The Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	27.28%	45.09%
Defined Benefit - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	89.68%	85.45%
Defined Contribution - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability	93.98%	86.82%
Defined Contribution - Occupational Death & Disability Plan fiduciary net position as a percentage of the total OPEB liability	212.97%	245.29%

Information in this table is presented based on the Plan measurement date. For June 30, 2018, the plan measurement date is June 30, 2017.

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

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design

NOTE DISCLOSURES  
TO THE FINANCIAL STATEMENTS

**Schedule of the Corporation's Contributions (in thousands)**

		<b>2018</b>		<b>2017</b>
Contractually required contributions	\$	1,189	\$	1,593
Contributions in relation to the contractually required contributions	\$	1,189	\$	1,593
Contribution deficiency (excess)		-		-
The Corporation's covered employee payroll		20,629		21,133
Contributions as a percentage of covered-employee payroll		5.76%		7.54%

This table reports the Corporation's OPEB contributions to SOA during fiscal year 2018. These contributions are reported as a deferred outflow of resources on the June 30, 2018 basic financial statements.

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

Defined Benefit - Retiree Medical Plan is reporting no changes in benefit terms from the prior measurement

Defined Contribution Pension Plans (Retiree Medical Plan and Occupational Death & Disability Plan) are reporting the following changes in benefit terms from the prior measurement period:

- Updated non-Medicare eligible dependent coverage premiums to reflect subsidy when the member is Medicare-eligible.
- Updated factors used to adjust the defined benefit plan costs to reflect adopted Defined Contribution Retiree Medical plan design



# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

COMBINED - ALL FUNDS

As of June 30, 2018

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 29,902	\$ -	\$ -	\$ -
Investments	500,382	12,306	18,796	2,099
Accrued interest receivable	3,373	812	2,675	210
Inter-fund due to/from	(27,714)	3,369	12,603	753
Mortgage loans, notes and other loans	3,449	6,237	21,139	1,846
Net investment in direct financing lease	-	-	-	-
Other assets	3,814	-	-	-
Intergovernmental receivable	208	-	-	-
<b>Total Current</b>	<b>513,414</b>	<b>22,724</b>	<b>55,213</b>	<b>4,908</b>
<b>Non Current</b>				
Investments	13	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	121,867	243,704	744,745	59,672
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	2,917	-	-	-
Capital assets - depreciable, net	17,626	-	-	-
Other assets	4,521	-	-	-
<b>Total Non Current</b>	<b>146,944</b>	<b>243,704</b>	<b>744,745</b>	<b>59,672</b>
<b>Total Assets</b>	<b>660,358</b>	<b>266,428</b>	<b>799,958</b>	<b>64,580</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	5,226	-	100,090	-
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	-	8,655	5,360	1,280
Short term debt	53,269	-	-	-
Accrued interest payable	2,473	548	1,405	98
Other liabilities	8,810	76	236	19
Intergovernmental payable	-	-	-	-
<b>Total Current</b>	<b>64,552</b>	<b>9,279</b>	<b>7,001</b>	<b>1,397</b>
<b>Non Current</b>				
Bonds payable	-	199,721	502,978	46,840
Other liabilities	2,262	-	-	-
Derivative instrument - interest rate swaps	-	-	92,950	-
Pension and OPEB liability	41,425	-	-	-
<b>Total Non Current</b>	<b>43,687</b>	<b>199,721</b>	<b>595,928</b>	<b>46,840</b>
<b>Total Liabilities</b>	<b>108,239</b>	<b>209,000</b>	<b>602,929</b>	<b>48,237</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	7,582	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	20,543	-	-	-
Restricted by bond resolutions	-	57,428	297,119	16,343
Restricted by contractual or statutory agreements	73,121	-	-	-
Unrestricted or (deficit)	456,099	-	-	-
<b>Total Net Position</b>	<b>\$ 549,763</b>	<b>\$ 57,428</b>	<b>\$ 297,119</b>	<b>\$ 16,343</b>

**Schedule 1**

Combined Other Housing Bonds	Combined Non-Housing Bonds	Combined Other Programs	Combined Total
\$ -	\$ 161	\$ 39,546	\$ 69,609
29,853	31,559	1,125	596,120
1,485	5,381	179	14,115
6,085	15,631	(10,727)	-
14,606	37,985	1,322	86,584
-	2,223	-	2,223
-	-	5,838	9,652
-	-	13,855	14,063
52,029	92,940	51,138	792,366
-	-	-	13
-	-	-	-
496,033	1,324,894	54,938	3,045,853
-	24,780	-	24,780
-	-	17,330	20,247
-	-	62,599	80,225
447	-	1	4,969
496,480	1,349,674	134,868	3,176,087
548,509	1,442,614	186,006	3,968,453
10,245	17,546	-	133,107
14,100	35,960	-	65,355
-	-	-	53,269
836	4,624	-	9,984
181	329	4,584	14,235
-	161	424	585
15,117	41,074	5,008	143,428
294,188	1,219,405	-	2,263,132
-	-	361	2,623
9,102	2,622	-	104,674
-	-	-	41,425
303,290	1,222,027	361	2,411,854
318,407	1,263,101	5,369	2,555,282
-	-	-	7,582
-	-	79,929	100,472
240,347	-	-	611,237
-	-	104,187	177,308
-	197,059	(3,479)	649,679
\$ 240,347	\$ 197,059	\$ 180,637	\$ 1,538,696

**ALASKA HOUSING FINANCE CORPORATION****Schedule 2**

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION****ADMINISTRATIVE FUND**

As of June 30, 2018

(in thousands of dollars)

**ASSETS****Current**

Cash	\$	29,902
Investments		500,382
Accrued interest receivable		3,373
Inter-fund due to/from		(27,714)
Mortgage loans, notes and other loans		3,449
Net investment in direct financing lease		-
Other assets		3,814
Intergovernmental receivable		208
<b>Total Current</b>		<b>513,414</b>

**Non Current**

Investments		13
Inter-fund due to/from		-
Mortgage loans, notes and other loans		121,867
Net investment in direct financing lease		-
Capital assets - non-depreciable		2,917
Capital assets - depreciable, net		17,626
Other assets		4,521
<b>Total Non Current</b>		<b>146,944</b>
<b>Total Assets</b>		<b>660,358</b>

**DEFERRED OUTFLOW OF RESOURCES**

5,226

**LIABILITIES****Current**

Bonds payable		-
Short term debt		53,269
Accrued interest payable		2,473
Other liabilities		8,810
Intergovernmental payable		-
<b>Total Current</b>		<b>64,552</b>

**Non Current**

Bonds payable		-
Other liabilities		2,262
Derivative instrument - interest rate swaps		-
Pension and OPEB liability		41,425
<b>Total Non Current</b>		<b>43,687</b>
<b>Total Liabilities</b>		<b>108,239</b>

**DEFERRED INFLOW OF RESOURCES**

7,582

**NET POSITION**

Net investment in capital assets		20,543
Restricted by bond resolutions		-
Restricted by contractual or statutory agreements		73,121
Unrestricted or (deficit)		456,099
<b>Total Net Position</b>	<b>\$</b>	<b>549,763</b>

**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, 2018

(in thousands of dollars)

	Bonds 2009 A-1 2010 A, B	Bonds 2009 A-2 2011 A, B	Mortgage Revenue Bonds Combined Total
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$ -	\$ -	\$ -
Investments	5,426	6,880	12,306
Accrued interest receivable	349	463	812
Inter-fund due to/from	1,446	1,923	3,369
Mortgage loans, notes and other loans	2,507	3,730	6,237
Net investment in direct financing lease	-	-	-
Other assets	-	-	-
Intergovernmental receivable	-	-	-
<b>Total Current</b>	<b>9,728</b>	<b>12,996</b>	<b>22,724</b>
<b>Non Current</b>			
Investments	-	-	-
Inter-fund due to/from	-	-	-
Mortgage loans, notes and other loans	98,721	144,983	243,704
Net investment in direct financing lease	-	-	-
Capital assets - non-depreciable	-	-	-
Capital assets - depreciable, net	-	-	-
Other assets	-	-	-
<b>Total Non Current</b>	<b>98,721</b>	<b>144,983</b>	<b>243,704</b>
<b>Total Assets</b>	<b>108,449</b>	<b>157,979</b>	<b>266,428</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
<b>Current</b>			
Bonds payable	3,410	5,245	8,655
Short term debt	-	-	-
Accrued interest payable	292	256	548
Other liabilities	32	44	76
Intergovernmental payable	-	-	-
<b>Total Current</b>	<b>3,734</b>	<b>5,545</b>	<b>9,279</b>
<b>Non Current</b>			
Bonds payable	93,311	106,410	199,721
Other liabilities	-	-	-
Derivative instrument - interest rate swaps	-	-	-
Pension and OPEB liability	-	-	-
<b>Total Non Current</b>	<b>93,311</b>	<b>106,410</b>	<b>199,721</b>
<b>Total Liabilities</b>	<b>97,045</b>	<b>111,955</b>	<b>209,000</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	-	-	-
Restricted by bond resolutions	11,404	46,024	57,428
Restricted by contractual or statutory agreements	-	-	-
Unrestricted or (deficit)	-	-	-
<b>Total Net Position</b>	<b>\$ 11,404</b>	<b>\$ 46,024</b>	<b>\$ 57,428</b>

# 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, 2018

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	5,068	1,784	1,811	2,271
Accrued interest receivable	304	297	292	417
Inter-fund due to/from	1,842	1,367	1,562	2,445
Mortgage loans, notes and other loans	2,085	2,444	2,380	3,073
Net investment in direct financing lease	-	-	-	-
Other assets	-	-	-	-
Intergovernmental receivable	-	-	-	-
<b>Total Current</b>	<b>9,299</b>	<b>5,892</b>	<b>6,045</b>	<b>8,206</b>
<b>Non Current</b>				
Investments	-	-	-	-
Inter-fund due to/from	-	-	-	-
Mortgage loans, notes and other loans	79,602	85,001	81,973	109,396
Net investment in direct financing lease	-	-	-	-
Capital assets - non-depreciable	-	-	-	-
Capital assets - depreciable, net	-	-	-	-
Other assets	-	-	-	-
<b>Total Non Current</b>	<b>79,602</b>	<b>85,001</b>	<b>81,973</b>	<b>109,396</b>
<b>Total Assets</b>	<b>88,901</b>	<b>90,893</b>	<b>88,018</b>	<b>117,602</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
	2,439	15,083	15,066	17,769
<b>LIABILITIES</b>				
<b>Current</b>				
Bonds payable	-	1,680	1,680	2,000
Short term debt	-	-	-	-
Accrued interest payable	81	202	202	240
Other liabilities	26	28	26	38
Intergovernmental payable	-	-	-	-
<b>Total Current</b>	<b>107</b>	<b>1,910</b>	<b>1,908</b>	<b>2,278</b>
<b>Non Current</b>				
Bonds payable	33,883	70,965	70,965	84,535
Other liabilities	-	-	-	-
Derivative instrument - interest rate swaps	2,439	13,813	13,796	16,212
Pension and OPEB liability	-	-	-	-
<b>Total Non Current</b>	<b>36,322</b>	<b>84,778</b>	<b>84,761</b>	<b>100,747</b>
<b>Total Liabilities</b>	<b>36,429</b>	<b>86,688</b>	<b>86,669</b>	<b>103,025</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
	-	-	-	-
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	-
Restricted by bond resolutions	54,911	19,288	16,415	32,346
Restricted by contractual or statutory agreements	-	-	-	-
Unrestricted or (deficit)	-	-	-	-
<b>Total Net Position</b>	<b>\$ 54,911</b>	<b>\$ 19,288</b>	<b>\$ 16,415</b>	<b>\$ 32,346</b>

Schedule 4

Bonds 2009 A		Bonds 2009 B		Bonds 2009 D		Home Mortgage Revenue Bonds Combined Total	
\$	-	\$	-	\$	-	\$	-
	2,445		2,587		2,830		18,796
	426		441		498		2,675
	1,414		2,087		1,886		12,603
	3,593		3,796		3,768		21,139
	-		-		-		-
	-		-		-		-
	-		-		-		-
	7,878		8,911		8,982		55,213
	-		-		-		-
	-		-		-		-
	121,751		129,994		137,028		744,745
	-		-		-		-
	-		-		-		-
	-		-		-		-
	121,751		129,994		137,028		744,745
	129,629		138,905		146,010		799,958
	16,926		16,552		16,255		100,090
	-		-		-		5,360
	-		-		-		-
	290		99		291		1,405
	37		38		43		236
	-		-		-		-
	327		137		334		7,001
	80,880		80,880		80,870		502,978
	-		-		-		-
	15,899		15,525		15,266		92,950
	-		-		-		-
	96,779		96,405		96,136		595,928
	97,106		96,542		96,470		602,929
	-		-		-		-
	-		-		-		-
	49,449		58,915		65,795		297,119
	-		-		-		-
	-		-		-		-
\$	49,449	\$	58,915	\$	65,795	# \$	297,119

**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, 2018

(in thousands of dollars)

	<b>Collateralized Bonds 2016 First &amp; Second Series</b>
<b>ASSETS</b>	
<b>Current</b>	
Cash	\$ -
Investments	2,099
Accrued interest receivable	210
Inter-fund due to/from	753
Mortgage loans, notes and other loans	1,846
Net investment in direct financing lease	-
Other assets	-
Intergovernmental receivable	-
<b>Total Current</b>	<u>4,908</u>
<b>Non Current</b>	
Investments	-
Inter-fund due to/from	-
Mortgage loans, notes and other loans	59,672
Net investment in direct financing lease	-
Capital assets - non-depreciable	-
Capital assets - depreciable, net	-
Other assets	-
<b>Total Non Current</b>	<u>59,672</u>
<b>Total Assets</b>	<u>64,580</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<u>-</u>
<b>LIABILITIES</b>	
<b>Current</b>	
Bonds payable	1,280
Short term debt	-
Accrued interest payable	98
Other liabilities	19
Intergovernmental payable	-
<b>Total Current</b>	<u>1,397</u>
<b>Non Current</b>	
Bonds payable	46,840
Other liabilities	-
Derivative instrument - interest rate swaps	-
Pension and OPEB liability	-
<b>Total Non Current</b>	<u>46,840</u>
<b>Total Liabilities</b>	<u>48,237</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	<u>-</u>
<b>NET POSITION</b>	
Net investment in capital assets	-
Restricted by bond resolutions	16,343
Restricted by contractual or statutory agreements	-
Unrestricted or (deficit)	-
<b>Total Net Position</b>	<u>\$ 16,343</u>

**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, 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
<b>ASSETS</b>					
<b>Current</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	14,083	2,764	1,545	11,461	29,853
Accrued interest receivable	450	236	221	578	1,485
Inter-fund due to/from	2,412	463	-	3,210	6,085
Mortgage loans, notes and other loans	5,405	2,834	655	5,712	14,606
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
<b>Total Current</b>	<b>22,350</b>	<b>6,297</b>	<b>2,421</b>	<b>20,961</b>	<b>52,029</b>
<b>Non Current</b>					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	-	-	-
Mortgage loans, notes and other loans	178,433	91,640	21,170	204,790	496,033
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	6	441	447
<b>Total Non Current</b>	<b>178,433</b>	<b>91,640</b>	<b>21,176</b>	<b>205,231</b>	<b>496,480</b>
<b>Total Assets</b>	<b>200,783</b>	<b>97,937</b>	<b>23,597</b>	<b>226,192</b>	<b>548,509</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
	1,144	-	-	9,101	10,245
<b>LIABILITIES</b>					
<b>Current</b>					
Bonds payable	3,860	4,140	-	6,100	14,100
Short term debt	-	-	-	-	-
Accrued interest payable	325	194	15	302	836
Other liabilities	107	25	-	49	181
Intergovernmental payable	-	-	-	-	-
<b>Total Current</b>	<b>4,292</b>	<b>4,359</b>	<b>15</b>	<b>6,451</b>	<b>15,117</b>
<b>Non Current</b>					
Bonds payable	102,844	90,701	14,600	86,043	294,188
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	9,102	9,102
Pension and OPEB liability	-	-	-	-	-
<b>Total Non Current</b>	<b>102,844</b>	<b>90,701</b>	<b>14,600</b>	<b>95,145</b>	<b>303,290</b>
<b>Total Liabilities</b>	<b>107,136</b>	<b>95,060</b>	<b>14,615</b>	<b>101,596</b>	<b>318,407</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
	-	-	-	-	-
<b>NET POSITION</b>					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	94,791	2,877	8,982	133,697	240,347
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	-	-	-	-	-
<b>Total Net Position</b>	<b>\$ 94,791</b>	<b>\$ 2,877</b>	<b>\$ 8,982</b>	<b>\$ 133,697</b>	<b>\$ 240,347</b>



# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

### NON-HOUSING BONDS

As of June 30, 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
<b>ASSETS</b>					
<b>Current</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	3,226	-	567	461	1,066
Accrued interest receivable	206	-	37	225	362
Inter-fund due to/from	638	-	105	384	1,393
Mortgage loans, notes and other loans	939	-	75	1,066	1,746
Net investment in direct financing lease	-	-	-	-	-
Other assets	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
<b>Total Current</b>	<b>5,009</b>	<b>-</b>	<b>784</b>	<b>2,136</b>	<b>4,567</b>
<b>Non Current</b>					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	-	-	-
Mortgage loans, notes and other loans	34,127	-	7,055	53,835	75,492
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	-
Capital assets - depreciable, net	-	-	-	-	-
Other assets	-	-	-	-	-
<b>Total Non Current</b>	<b>34,127</b>	<b>-</b>	<b>7,055</b>	<b>53,835</b>	<b>75,492</b>
<b>Total Assets</b>	<b>39,136</b>	<b>-</b>	<b>7,839</b>	<b>55,971</b>	<b>80,059</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
	1,342	-	-	-	-
<b>LIABILITIES</b>					
<b>Current</b>					
Bonds payable	6,005	-	1,705	4,620	3,505
Short term debt	-	-	-	-	-
Accrued interest payable	820	-	26	162	243
Other liabilities	15	-	2	13	18
Intergovernmental payable	-	-	-	-	-
<b>Total Current</b>	<b>6,840</b>	<b>-</b>	<b>1,733</b>	<b>4,795</b>	<b>3,766</b>
<b>Non Current</b>					
Bonds payable	23,155	-	4,615	42,285	64,659
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	2,622	-	-	-	-
Pension and OPEB liability	-	-	-	-	-
<b>Total Non Current</b>	<b>25,777</b>	<b>-</b>	<b>4,615</b>	<b>42,285</b>	<b>64,659</b>
<b>Total Liabilities</b>	<b>32,617</b>	<b>-</b>	<b>6,348</b>	<b>47,080</b>	<b>68,425</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
	-	-	-	-	-
<b>NET POSITION</b>					
Net investment in capital assets	-	-	-	-	-
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	-	-	-	-	-
Unrestricted or (deficit)	7,861	-	1,491	8,891	11,634
<b>Total Net Position</b>	<b>\$ 7,861</b>	<b>\$ -</b>	<b>\$ 1,491</b>	<b>\$ 8,891</b>	<b>\$ 11,634</b>

## 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	State Capital Project Bonds II 2017 A & B	Non- Housing Bonds Combined Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161	\$ -	\$ -	\$ -	\$ 161
1,743	984	124	112	132	177	160	136	22,671	31,559
554	827	470	438	273	799	505	306	379	5,381
2,324	2,799	1,795	1,365	766	866	1,834	712	650	15,631
3,355	7,621	3,392	3,208	1,768	4,277	5,047	1,621	3,870	37,985
-	-	-	-	-	2,223	-	-	-	2,223
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
7,976	12,231	5,781	5,123	2,939	8,503	7,546	2,775	27,570	92,940
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
126,057	253,815	117,781	104,699	57,611	138,305	178,607	52,410	125,100	1,324,894
-	-	-	-	-	24,780	-	-	-	24,780
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
126,057	253,815	117,781	104,699	57,611	163,085	178,607	52,410	125,100	1,349,674
134,033	266,046	123,562	109,822	60,550	171,588	186,153	55,185	152,670	1,442,614
-	-	4,460	4,225	1,622	5,728	-	169	-	17,546
6,695	120	3,790	3,015	2,795	3,170	-	-	540	35,960
-	-	-	-	-	-	-	-	-	-
453	614	385	343	205	574	238	182	379	4,624
37	70	37	30	17	-	47	14	29	329
-	-	-	-	-	161	-	-	-	161
7,185	804	4,212	3,388	3,017	3,905	285	196	948	41,074
109,855	226,736	109,162	93,808	52,624	161,310	150,000	51,789	129,407	1,219,405
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	2,622
-	-	-	-	-	-	-	-	-	-
109,855	226,736	109,162	93,808	52,624	161,310	150,000	51,789	129,407	1,222,027
117,040	227,540	113,374	97,196	55,641	165,215	150,285	51,985	130,355	1,263,101
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
16,993	38,506	14,648	16,851	6,531	12,101	35,868	3,369	22,315	197,059
\$ 16,993	\$ 38,506	\$ 14,648	\$ 16,851	\$ 6,531	\$ 12,101	\$ 35,868	\$ 3,369	\$ 22,315	\$ 197,059

# ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

## STATEMENT OF NET POSITION

OTHER PROGRAM FUNDS

As of June 30, 2018

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal	Low Rent Program
<b>ASSETS</b>					
<b>Current</b>					
Cash	\$ 975	\$ 4,813	\$ 3	\$ 5,791	\$ 14,013
Investments	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Inter-fund due to/from	(2,854)	(3,923)	(3,038)	(9,815)	(1,127)
Mortgage loans, notes and other loans	-	-	68	68	-
Net investment in direct financing lease	-	-	-	-	-
Other assets	516	410	3,812	4,738	700
Intergovernmental receivable	5,029	265	8,047	13,341	515
<b>Total Current</b>	<b>3,666</b>	<b>1,565</b>	<b>8,892</b>	<b>14,123</b>	<b>14,101</b>
<b>Non Current</b>					
Investments	-	-	-	-	-
Inter-fund due to/from	-	-	1,425	1,425	-
Mortgage loans, notes and other loans	-	-	1,145	1,145	-
Net investment in direct financing lease	-	-	-	-	-
Capital assets - non-depreciable	-	-	-	-	12,533
Capital assets - depreciable, net	-	32	-	32	46,768
Other assets	-	-	-	-	-
<b>Total Non Current</b>	<b>-</b>	<b>32</b>	<b>2,570</b>	<b>2,602</b>	<b>59,301</b>
<b>Total Assets</b>	<b>3,666</b>	<b>1,597</b>	<b>11,462</b>	<b>16,725</b>	<b>73,402</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
	-	-	-	-	-
<b>LIABILITIES</b>					
<b>Current</b>					
Bonds payable	-	-	-	-	-
Short term debt	-	-	-	-	-
Accrued interest payable	-	-	-	-	-
Other liabilities	1,539	11	1,668	3,218	1,049
Intergovernmental payable	-	-	-	-	424
<b>Total Current</b>	<b>1,539</b>	<b>11</b>	<b>1,668</b>	<b>3,218</b>	<b>1,473</b>
<b>Non Current</b>					
Bonds payable	-	-	-	-	-
Other liabilities	-	-	-	-	-
Derivative instrument - interest rate swaps	-	-	-	-	-
Pension and OPEB liability	-	-	-	-	-
<b>Total Non Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,539</b>	<b>11</b>	<b>1,668</b>	<b>3,218</b>	<b>1,473</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
	-	-	-	-	-
<b>NET POSITION</b>					
Net investment in capital assets	-	32	-	32	59,301
Restricted by bond resolutions	-	-	-	-	-
Restricted by contractual or statutory agreements	3,692	2,399	10,295	16,386	13,167
Unrestricted or (deficit)	(1,565)	(845)	(501)	(2,911)	(539)
<b>Total Net Position</b>	<b>\$ 2,127</b>	<b>\$ 1,586</b>	<b>\$ 9,794</b>	<b>\$ 13,507</b>	<b>\$ 71,929</b>

## Schedule 8

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
\$ 12,415	\$ -	\$ -	\$ 26,428	\$ 7,327	\$ 39,546
-	2	1,123	1,125	-	1,125
-	33	80	113	66	179
(442)	60	631	(878)	(34)	(10,727)
-	369	885	1,254	-	1,322
-	-	-	-	-	-
69	-	-	769	331	5,838
(1)	-	-	514	-	13,855
12,041	464	2,719	29,325	7,690	51,138
-	-	-	-	-	-
-	-	-	-	(1,425)	-
-	11,927	29,432	41,359	12,434	54,938
-	-	-	-	-	-
1,130	-	-	13,663	3,667	17,330
15,799	-	-	62,567	-	62,599
-	-	-	-	1	1
16,929	11,927	29,432	117,589	14,677	134,868
28,970	12,391	32,151	146,914	22,367	186,006
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
301	4	7	1,361	5	4,584
-	-	-	424	-	424
301	4	7	1,785	5	5,008
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	361	361
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	361	361
301	4	7	1,785	366	5,369
-	-	-	-	-	-
16,929	-	-	76,230	3,667	79,929
-	-	-	-	-	-
11,740	12,387	32,144	69,438	18,363	104,187
-	-	-	(539)	(29)	(3,479)
\$ 28,669	\$ 12,387	\$ 32,144	\$ 145,129	\$ 22,001	\$ 180,637

# 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, 2018

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	\$ 10,934	\$ 10,536	\$ 32,693	\$ 2,333
Investment interest	1,854	410	890	168
Net change in the fair value of investments	3,023	1	13	(3)
Net change of hedge termination	-	-	-	-
Total Investment Revenue	4,877	411	903	165
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	456	-	-	-
Other revenue	2,005	-	-	-
<b>Total Operating Revenues</b>	18,272	10,947	33,596	2,498
<b>OPERATING EXPENSES</b>				
Interest	931	6,897	20,287	1,184
Mortgage and loan costs	1,688	1,010	3,011	204
Bond financing expenses	467	32	2,820	8
Provision for loan loss	(1,019)	(1,452)	(1,596)	169
Operations and administration	14,214	526	1,315	75
Rental housing operating expenses	724	-	-	-
Grant expense	-	-	-	-
<b>Total Operating Expenses</b>	17,005	7,013	25,837	1,640
<b>Operating Income (Loss)</b>	1,267	3,934	7,759	858
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	(125)	-	-	-
Transfers - Internal	(13,055)	(5,488)	13,925	2,402
Change in Net Position	(11,913)	(1,554)	21,684	3,260
Net position at beginning of year	570,066	58,982	275,435	13,083
Cumulative effect of accounting change	(8,390)	-	-	-
Revised net position at beginning of year	561,676	58,982	275,435	13,083
<b>Net Position at End of Period</b>	\$ 549,763	\$ 57,428	\$ 297,119	\$ 16,343

**Schedule 9**

<b>Combined Other Housing Bonds</b>	<b>Combined Non-Housing Bonds</b>	<b>Combined Other Programs</b>	<b>Combined Total</b>
\$ 17,105	\$ 59,759	\$ 1,695	\$ 135,055
932	1,947	72	6,273
(102)	35	-	2,967
-	760	-	760
830	2,742	72	10,000
-	-	72,781	72,781
-	-	14,063	14,063
-	-	10,849	11,305
223	-	848	3,076
18,158	62,501	100,308	246,280
10,591	31,355	1	71,246
1,517	3,875	147	11,452
152	1,548	-	5,027
(284)	865	(1,243)	(4,560)
685	1,629	27,683	46,127
-	-	14,367	15,091
-	-	68,314	68,314
12,661	39,272	109,269	212,697
5,497	23,229	(8,961)	33,583
-	-	-	(125)
3,396	(9,846)	8,666	-
8,893	13,383	(295)	33,458
231,454	183,676	180,932	1,513,628
-	-	-	(8,390)
231,454	183,676	180,932	1,505,238
\$ 240,347	\$ 197,059	\$ 180,637	\$ 1,538,696

**ALASKA HOUSING FINANCE CORPORATION**

Schedule 10

(A Component Unit of the State of Alaska)

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****ADMINISTRATIVE FUND**

For the Year Ended June 30, 2018

*(in thousands of dollars)*

	<b>Administrative Fund</b>
<hr/>	
<b>OPERATING REVENUES</b>	
Mortgage and loans revenue	\$ 10,934
Investment interest	1,854
Net change in the fair value of investments	3,023
Net change of hedge termination	-
Total Investment Revenue	<u>4,877</u>
Grant revenue	-
Housing rental subsidies	-
Rental revenue	456
Other revenue	<u>2,005</u>
<b>Total Operating Revenues</b>	<u>18,272</u>
<b>OPERATING EXPENSES</b>	
Interest	931
Mortgage and loan costs	1,688
Bond financing expenses	467
Provision for loan loss	(1,019)
Operations and administration	14,214
Rental housing operating expenses	724
Grant expense	-
<b>Total Operating Expenses</b>	<u>17,005</u>
<b>Operating Income (Loss)</b>	1,267
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>	
Contributions to the State of Alaska or other State agencies	(125)
Transfers - Internal	<u>(13,055)</u>
Change in Net Position	(11,913)
Net position at beginning of year	570,066
Cumulative effect of accounting change	<u>(8,390)</u>
Revised net position at beginning of year	<u>561,676</u>
<b>Net Position at End of Period</b>	<u><u>\$ 549,763</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, 2018

(in thousands of dollars)

	<b>Bonds 2009 A-1 2010 A, B</b>	<b>Bonds 2009 A-2 2011 A, B</b>	<b>Mortgage Revenue Bonds Combined Total</b>
<b>OPERATING REVENUES</b>			
Mortgage and loans revenue	\$ 4,572	\$ 5,964	\$ 10,536
Investment interest	160	250	410
Net change in the fair value of investments	2	(1)	1
Net change of hedge termination	-	-	-
Total Investment Revenue	162	249	411
Grant revenue	-	-	-
Housing rental subsidies	-	-	-
Rental revenue	-	-	-
Other revenue	-	-	-
<b>Total Operating Revenues</b>	<b>4,734</b>	<b>6,213</b>	<b>10,947</b>
<b>OPERATING EXPENSES</b>			
Interest	3,635	3,262	6,897
Mortgage and loan costs	427	583	1,010
Bond financing expenses	13	19	32
Provision for loan loss	(606)	(846)	(1,452)
Operations and administration	207	319	526
Rental housing operating expenses	-	-	-
Grant expense	-	-	-
<b>Total Operating Expenses</b>	<b>3,676</b>	<b>3,337</b>	<b>7,013</b>
<b>Operating Income (Loss)</b>	<b>1,058</b>	<b>2,876</b>	<b>3,934</b>
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>			
Contributions to the State of Alaska or other State agencies	-	-	-
Transfers - Internal	(1,354)	(4,134)	(5,488)
Change in Net Position	(296)	(1,258)	(1,554)
Net position at beginning of year	11,700	47,282	58,982
Cumulative effect of accounting change	-	-	-
Revised net position at beginning of year	11,700	47,282	58,982
<b>Net Position at End of Period</b>	<b>\$ 11,404</b>	<b>\$ 46,024</b>	<b>\$ 57,428</b>



# 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, 2018

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	\$ 4,312	\$ 3,769	\$ 3,773	\$ 4,976
Investment interest	96	116	113	132
Net change in the fair value of investments	3	1	1	2
Net change of hedge termination	-	-	-	-
Total Investment Revenue	99	117	114	134
Grant revenue	-	-	-	-
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	-	-	-
Total Operating Revenues	4,411	3,886	3,887	5,110
<b>OPERATING EXPENSES</b>				
Interest	2,291	2,784	2,784	3,308
Mortgage and loan costs	392	368	346	457
Bond financing expenses	549	292	281	333
Provision for loan loss	(450)	(148)	(146)	(240)
Operations and administration	223	157	145	194
Rental housing operating expenses	-	-	-	-
Grant expense	-	-	-	-
Total Operating Expenses	3,005	3,453	3,410	4,052
Operating Income (Loss)	1,406	433	477	1,058
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	10,691	663	(243)	649
Change in Net Position	12,097	1,096	234	1,707
Net position at beginning of year	42,814	18,192	16,181	30,639
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	42,814	18,192	16,181	30,639
Net Position at End of Period	\$ 54,911	\$ 19,288	\$ 16,415	\$ 32,346

**Schedule 12**

<b>Bonds 2009 A</b>	<b>Bonds 2009 B</b>	<b>Bonds 2009 D</b>	<b>Home Mortgage Revenue Bonds Combined Total</b>
<hr/>			
\$ 4,865	\$ 5,211	\$ 5,787	\$ 32,693
141	147	145	890
2	2	2	13
-	-	-	-
<hr/> 143	<hr/> 149	<hr/> 147	<hr/> 903
-	-	-	-
-	-	-	-
-	-	-	-
<hr/> 5,008	<hr/> 5,360	<hr/> 5,934	<hr/> 33,596
3,099	2,908	3,113	20,287
442	477	529	3,011
468	385	512	2,820
(75)	(138)	(399)	(1,596)
178	197	221	1,315
-	-	-	-
-	-	-	-
<hr/> 4,112	<hr/> 3,829	<hr/> 3,976	<hr/> 25,837
896	1,531	1,958	7,759
-	-	-	-
<hr/> 782	<hr/> 512	<hr/> 871	<hr/> 13,925
1,678	2,043	2,829	21,684
47,771	56,872	62,966	275,435
-	-	-	-
<hr/> 47,771	<hr/> 56,872	<hr/> 62,966	<hr/> 275,435
<hr/> \$ 49,449	<hr/> \$ 58,915	<hr/> \$ 65,795	<hr/> \$ 297,119

**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, 2018

*(in thousands of dollars)*

	<b>Collateralized Bonds 2016 First &amp; Second Series</b>
<b>OPERATING REVENUES</b>	
Mortgage and loans revenue	\$ 2,333
Investment interest	168
Net change in the fair value of investments	(3)
Net change of hedge termination	-
Total Investment Revenue	165
Grant revenue	-
Housing rental subsidies	-
Rental revenue	-
Other revenue	-
Total Operating Revenues	2,498
<b>OPERATING EXPENSES</b>	
Interest	1,184
Mortgage and loan costs	204
Bond financing expenses	8
Provision for loan loss	169
Operations and administration	75
Rental housing operating expenses	-
Grant expense	-
Total Operating Expenses	1,640
Operating Income (Loss)	858
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>	
Contributions to the State of Alaska or other State agencies	-
Transfers - Internal	2,402
Change in Net Position	3,260
Net position at beginning of year	13,083
Cumulative effect of accounting change	-
Revised net position at beginning of year	13,083
Net Position at End of Period	\$ 16,343

**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, 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
<b>OPERATING REVENUES</b>					
Mortgage and loans revenue	\$ 6,330	\$ 3,305	\$ 584	\$ 6,886	\$ 17,105
Investment interest	233	276	54	369	932
Net change in the fair value of investments	1	(108)	3	2	(102)
Net change of hedge termination	-	-	-	-	-
Total Investment Revenue	234	168	57	371	830
Grant revenue	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-
Rental revenue	-	-	-	-	-
Other revenue	-	-	6	217	223
<b>Total Operating Revenues</b>	6,564	3,473	647	7,474	18,158
<b>OPERATING EXPENSES</b>					
Interest	4,030	2,243	160	4,158	10,591
Mortgage and loan costs	544	346	-	627	1,517
Bond financing expenses	9	12	14	117	152
Provision for loan loss	351	166	(173)	(628)	(284)
Operations and administration	237	160	2	286	685
Rental housing operating expenses	-	-	-	-	-
Grant expense	-	-	-	-	-
<b>Total Operating Expenses</b>	5,171	2,927	3	4,560	12,661
<b>Operating Income (Loss)</b>	1,393	546	644	2,914	5,497
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>					
Contributions to the State of Alaska or other State agencies	-	-	-	-	-
Transfers - Internal	3,563	243	(122)	(288)	3,396
Change in Net Position	4,956	789	522	2,626	8,893
Net position at beginning of year	89,835	2,088	8,460	131,071	231,454
Cumulative effect of accounting change	-	-	-	-	-
Revised net position at beginning of year	89,835	2,088	8,460	131,071	231,454
<b>Net Position at End of Period</b>	\$ 94,791	\$ 2,877	\$ 8,982	\$ 133,697	\$ 240,347

# 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, 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	State Capital Project Bonds II 2014 A & B
<b>OPERATING REVENUES</b>						
Mortgage and loans revenue	\$ 1,853	\$ 150	\$ 1,362	\$ 4,012	\$ 5,710	\$ 6,767
Investment interest	36	1,171	25	37	55	88
Net change in the fair value of investments	(1)	-	-	-	-	-
Net change of hedge termination	760	-	-	-	-	-
Total Investment Revenue	795	1,171	25	37	55	88
Grant revenue	-	-	-	-	-	-
Housing rental subsidies	-	-	-	-	-	-
Rental revenue	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Operating Revenues	2,648	1,321	1,387	4,049	5,765	6,855
<b>OPERATING EXPENSES</b>						
Interest	1,649	1,141	879	1,937	2,711	4,024
Mortgage and loan costs	151	11	92	229	371	482
Bond financing expenses	39	1	3	4	6	7
Provision for loan loss	(166)	(303)	(930)	(1,013)	(1,397)	(626)
Operations and administration	86	3	22	64	93	178
Rental housing operating expenses	-	-	-	-	-	-
Grant expense	-	-	-	-	-	-
Total Operating Expenses	1,759	853	66	1,221	1,784	4,065
Operating Income (Loss)	889	468	1,321	2,828	3,981	2,790
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>						
Contributions to the State of Alaska or other State agencies	-	-	-	-	-	-
Transfers - Internal	354	(6,527)	(13,125)	(3,823)	(9,820)	122
Change in Net Position	1,243	(6,059)	(11,804)	(995)	(5,839)	2,912
Net position at beginning of year	6,618	6,059	13,295	9,886	17,473	14,081
Cumulative effect of accounting change	-	-	-	-	-	-
Revised net position at beginning of year	6,618	6,059	13,295	9,886	17,473	14,081
Net Position at End of Period	\$ 7,861	\$ -	\$ 1,491	\$ 8,891	\$ 11,634	\$ 16,993

## Schedule 15

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	State Capital Project Bonds II 2017 A & B	Non-Housing Bonds Combined Total
\$ 12,037	\$ 5,920	\$ 5,382	\$ 3,104	\$ 7,399	\$ 3,919	\$ 1,500	\$ 644	\$ 59,759
125	63	60	46	163	34	19	25	1,947
-	-	-	-	-	-	-	36	35
-	-	-	-	-	-	-	-	760
125	63	60	46	163	34	19	61	2,742
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
12,162	5,983	5,442	3,150	7,562	3,953	1,519	705	62,501
5,136	3,029	3,207	1,652	3,533	1,449	681	327	31,355
928	477	389	215	17	375	84	54	3,875
12	6	5	3	586	417	208	251	1,548
(711)	(284)	(32)	(34)	2,891	1,621	546	1,303	865
397	215	189	119	11	182	38	32	1,629
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5,762	3,443	3,758	1,955	7,038	4,044	1,557	1,967	39,272
6,400	2,540	1,684	1,195	524	(91)	(38)	(1,262)	23,229
-	-	-	-	-	-	-	-	-
(50,908)	47	(860)	174	11,577	35,959	3,407	23,577	(9,846)
(44,508)	2,587	824	1,369	12,101	35,868	3,369	22,315	13,383
83,014	12,061	16,027	5,162	-	-	-	-	183,676
-	-	-	-	-	-	-	-	-
83,014	12,061	16,027	5,162	-	-	-	-	183,676
\$ 38,506	\$ 14,648	\$ 16,851	\$ 6,531	\$ 12,101	\$ 35,868	\$ 3,369	\$ 22,315	\$ 197,059

# 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, 2018

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
<b>OPERATING REVENUES</b>				
Mortgage and loans revenue	\$ -	\$ -	\$ -	\$ -
Investment interest	1	6	-	7
Net change in the fair value of investments	-	-	-	-
Net change of hedge termination	-	-	-	-
Total Investment Revenue	1	6	-	7
Grant revenue	11,902	43,938	16,941	72,781
Housing rental subsidies	-	-	-	-
Rental revenue	-	-	-	-
Other revenue	-	13	745	758
<b>Total Operating Revenues</b>	11,903	43,957	17,686	73,546
<b>OPERATING EXPENSES</b>				
Interest	-	-	-	-
Mortgage and loan costs	-	-	-	-
Bond financing expenses	-	-	-	-
Provision for loan loss	-	-	(1,212)	(1,212)
Operations and administration	3,152	5,689	3,194	12,035
Rental housing operating expenses	-	-	-	-
Grant expense	11,549	36,794	19,971	68,314
<b>Total Operating Expenses</b>	14,701	42,483	21,953	79,137
<b>Operating Income (Loss)</b>	(2,798)	1,474	(4,267)	(5,591)
<b>NON-OPERATING EXPENSES, SPECIAL ITEMS &amp; TRANSFERS</b>				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	2,412	(751)	8,502	10,163
Change in Net Position	(386)	723	4,235	4,572
Net position at beginning of year	2,513	863	5,559	8,935
Cumulative effect of accounting change	-	-	-	-
Revised net position at beginning of year	2,513	863	5,559	8,935
<b>Net Position at End of Period</b>	\$ 2,127	\$ 1,586	\$ 9,794	\$ 13,507

## 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
\$ -	\$ -	\$ 332	\$ 1,226	\$ 1,558	\$ 137	\$ 1,695
12	11	14	18	55	10	72
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12	11	14	18	55	10	72
-	-	-	-	-	-	72,781
11,809	2,254	-	-	14,063	-	14,063
8,317	2,273	-	-	10,590	259	10,849
16	6	-	-	22	68	848
20,154	4,544	346	1,244	26,288	474	100,308
1	-	-	-	1	-	1
-	-	32	115	147	-	147
-	-	-	-	-	-	-
-	-	7	(28)	(21)	(10)	(1,243)
12,284	3,053	14	40	15,391	257	27,683
12,157	2,210	-	-	14,367	-	14,367
-	-	-	-	-	-	68,314
24,442	5,263	53	127	29,885	247	109,269
(4,288)	(719)	293	1,117	(3,597)	227	(8,961)
-	-	-	-	-	-	-
(39)	17	14	(1,489)	(1,497)	-	8,666
(4,327)	(702)	307	(372)	(5,094)	227	(295)
76,256	29,371	12,080	32,516	150,223	21,774	180,932
-	-	-	-	-	-	-
76,256	29,371	12,080	32,516	150,223	21,774	180,932
\$ 71,929	\$ 28,669	\$ 12,387	\$ 32,144	\$ 145,129	\$ 22,001	\$ 180,637



# 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, 2018

(in thousands of dollars)

	Administrative Fund	Combined Mortgage Revenue Bonds	Combined Home Mortgage Revenue Bonds	Combined Veterans Mortgage Program Bonds
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	\$ 7,109	\$ 9,595	\$ 30,042	\$ 2,175
Principal payments received on mortgages and loans	11,175	30,601	93,618	8,354
Disbursements to fund mortgages and loans	(564,200)	-	-	-
Receipt (payment) for loan transfers between funds	326,828	(16,867)	(126,548)	(21,718)
Mortgage and loan proceeds	442,112	-	-	-
Payment of mortgage and loan proceeds to funds	(431,945)	-	-	-
Payments to employees and other payroll disbursements	(21,148)	-	-	-
Payments for goods and services	(10,482)	-	-	-
Cash received for externally funded programs	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-
Interfund receipts (payments)	(7,757)	-	-	-
Grant payments to other agencies	-	-	-	-
Other operating cash receipts	30,722	-	-	-
Other operating cash payments	(5)	-	(326)	-
<b>Net cash provided by (used for) operating activities</b>	<b>(217,591)</b>	<b>23,329</b>	<b>(3,214)</b>	<b>(11,189)</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	-	(18,325)	(22,980)	(1,280)
Payment to defease bonds	(676)	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	-	(6,918)	(19,049)	(1,184)
Proceeds from issuance of short term debt	437,453	-	-	-
Payment of short term debt	(467,214)	-	-	-
Contributions to the State of Alaska or other State agencies	(107)	-	-	-
Transfers (to) from other funds	279,287	(5,940)	6,831	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>248,743</b>	<b>(31,183)</b>	<b>(35,198)</b>	<b>(2,464)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	(330)	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(330)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(7,099,040)	(156,270)	(368,547)	(57,079)
Proceeds from maturity of investments	7,067,601	163,335	406,067	70,551
Interest received from investments	1,676	407	862	181
<b>Net cash provided by (used for) investing activities</b>	<b>(29,763)</b>	<b>7,472</b>	<b>38,382</b>	<b>13,653</b>
Net Increase (decrease) in cash	1,059	(382)	(30)	-
Cash at the beginning of year	28,843	382	30	-
<b>Cash at the end of period</b>	<b>\$ 29,902</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 1,267	\$ 3,934	\$ 7,759	\$ 858
<i>Adjustments:</i>				
Depreciation expense	1,087	-	-	-
Provision for loan losses	(1,019)	(1,452)	(1,596)	169
Net change in the fair value of investments	(3,023)	(1)	(13)	3
Transfers between funds for operating activity	(13,055)	(5,488)	13,925	2,402
Interest received from investments	(1,676)	(407)	(862)	(181)
Interest paid	-	6,918	19,049	1,184
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	81,919	11,645	(34,522)	(16,422)
Net increase (decrease) in assets, liabilities and deferred resources	(283,091)	8,180	(6,954)	798
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (217,591)</b>	<b>\$ 23,329</b>	<b>\$ (3,214)</b>	<b>\$ (11,189)</b>

**Schedule 17**

Combined Other Housing Bonds		Combined Non-Housing Bonds		Combined Other Programs		Combined Total	
\$	15,557	\$	55,461	\$	1,445	\$	121,384
	51,333		111,148		3,564		309,793
	-		-		-		(564,200)
	(65,899)		(91,709)		(4,087)		-
	-		-		-		442,112
	-		-		-		(431,945)
	-		-		(15,803)		(36,951)
	-		-		(13,169)		(23,651)
	-		-		45,688		45,688
	-		-		37,846		37,846
	-		-		(36,140)		(36,140)
	-		-		7,757		-
	-		-		(33,643)		(33,643)
	-		161		12,715		43,598
	-		(152)		(2,573)		(3,056)
	991		74,909		3,600		(129,165)
	-		450,838		-		450,838
	(17,575)		(53,433)		-		(113,593)
	-		(122,459)		-		(123,135)
	-		(1,412)		-		(1,412)
	(10,068)		(38,897)		-		(76,116)
	-		-		-		437,453
	-		-		-		(467,214)
	-		-		-		(107)
	248		(278,898)		(1,528)		-
	(27,395)		(44,261)		(1,528)		106,714
	-		-		(119)		(449)
	-		-		22		22
	-		(5,663)		-		(5,663)
	-		(1,743)		-		(1,743)
	-		3,304		-		3,304
	-		(4,102)		(97)		(4,529)
	(319,638)		(415,141)		(6,165)		(8,421,880)
	344,938		387,846		6,926		8,447,264
	906		758		72		4,862
	26,206		(26,537)		833		30,246
	(198)		9		2,808		3,266
	198		152		36,738		66,343
\$	-	\$	161	\$	39,546	\$	69,609
\$	5,497	\$	23,229	\$	(8,961)	\$	33,583
	-		-		5,664		6,751
	(284)		865		(1,243)		(4,560)
	102		(35)		-		(2,967)
	3,396		(9,846)		8,649		(17)
	(906)		(758)		(72)		(4,862)
	10,068		38,897		-		76,116
	-		-		-		-
	(17,518)		(191,778)		(355)		(167,031)
	636		214,335		(82)		(66,178)
\$	991	\$	74,909	\$	3,600	\$	(129,165)

**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, 2018

(in thousands of dollars)

	<b>Administrative Fund</b>
<b><u>Cash flows from operating activities:</u></b>	
Interest income on mortgages and loans	\$ 7,109
Principal payments received on mortgages and loans	11,175
Disbursements to fund mortgages and loans	(564,200)
Receipt (payment) for loan transfers between funds	326,828
Mortgage and loan proceeds	442,112
Payment of mortgage and loan proceeds to funds	(431,945)
Payments to employees and other payroll disbursements	(21,148)
Payments for goods and services	(10,482)
Cash received for externally funded programs	-
Cash received for Federal HAP subsidies	-
Payments for Federal HAP subsidies	-
Interfund receipts (payments)	(7,757)
Grant payments to other agencies	-
Other operating cash receipts	30,722
Other operating cash payments	(5)
<b>Net cash provided by (used for) operating activities</b>	<b>(217,591)</b>
<b><u>Cash flows from noncapital financing activities:</u></b>	
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	437,453
Payment of short term debt	(467,214)
Contributions to the State of Alaska or other State agencies	(107)
Transfers (to) from other funds	279,287
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>248,743</b>
<b><u>Cash flows from capital financing activities:</u></b>	
Acquisition of capital assets	(330)
Proceeds from the disposal of capital assets	-
Principal paid on capital notes	-
Interest paid on capital notes	-
Proceeds from direct financing leases	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(330)</b>
<b><u>Cash flows from investing activities:</u></b>	
Purchase of investments	(7,099,040)
Proceeds from maturity of investments	7,067,601
Interest received from investments	1,676
<b>Net cash provided by (used for) investing activities</b>	<b>(29,763)</b>
Net Increase (decrease) in cash	1,059
Cash at the beginning of year	28,843
<b>Cash at the end of period</b>	<b>\$ 29,902</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>	
Operating income (loss)	\$ 1,267
<i>Adjustments:</i>	
Depreciation expense	1,087
Provision for loan losses	(1,019)
Net change in the fair value of investments	(3,023)
Transfers between funds for operating activity	(13,055)
Interest received from investments	(1,676)
<i>Changes in assets, liabilities and deferred resources:</i>	
For the Year Ended June 30, 2018	81,919
Net increase (decrease) in assets, liabilities and deferred resources	(283,091)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (217,591)</b>

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

FIRST TIME HOMEBUYERS PROGRAM

MORTGAGE REVENUE BONDS

For the Year Ended June 30, 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
<b>Cash flows from operating activities:</b>			
Interest income on mortgages and loans	\$ 4,160	\$ 5,435	\$ 9,595
Principal payments received on mortgages and loans	10,994	19,607	30,601
Disbursements to fund mortgages and loans	-	-	-
Receipt (payment) for loan transfers between funds	(5,897)	(10,970)	(16,867)
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	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>9,257</b>	<b>14,072</b>	<b>23,329</b>
<b>Cash flows from noncapital financing activities:</b>			
Proceeds from the issuance of bonds	-	-	-
Principal paid on bonds	(6,340)	(11,985)	(18,325)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	-	-	-
Interest paid	(3,631)	(3,287)	(6,918)
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	(1,421)	(4,519)	(5,940)
Other cash payments	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(11,392)</b>	<b>(19,791)</b>	<b>(31,183)</b>
<b>Cash flows from capital financing activities:</b>			
Acquisition of capital assets	-	-	-
Proceeds from the disposal of capital assets	-	-	-
Principal paid on capital notes	-	-	-
Interest paid on capital notes	-	-	-
Proceeds from direct financing leases	-	-	-
Other cash payments	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities:</b>			
Purchase of investments	(60,542)	(95,728)	(156,270)
Proceeds from maturity of investments	62,518	100,817	163,335
Interest received from investments	159	248	407
<b>Net cash provided by (used for) investing activities</b>	<b>2,135</b>	<b>5,337</b>	<b>7,472</b>
Net Increase (decrease) in cash	-	(382)	(382)
Cash at the beginning of year	-	382	382
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>			
Operating income (loss)	\$ 1,058	\$ 2,876	\$ 3,934
<b>Adjustments:</b>			
Depreciation expense	-	-	-
Provision for loan losses	(606)	(846)	(1,452)
Net change in the fair value of investments	(2)	1	(1)
Transfers between funds for operating activity	(1,354)	(4,134)	(5,488)
Interest received from investments	(159)	(248)	(407)
Interest paid	3,631	3,287	6,918
<b>Changes in assets, liabilities and deferred resources:</b>			
Net (increase) decrease in mortgages and loans	4,451	7,194	11,645
Net increase (decrease) in assets, liabilities and deferred resources	2,238	5,942	8,180
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 9,257</b>	<b>\$ 14,072</b>	<b>\$ 23,329</b>

# 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, 2018

(in thousands of dollars)

	Bonds 2002 A,B	Bonds 2007 A	Bonds 2007 B	Bonds 2007 D
<b><u>Cash flows from operating activities:</u></b>				
Interest income on mortgages and loans	\$ 3,983	\$ 3,442	\$ 3,476	\$ 4,585
Principal payments received on mortgages and loans	11,617	11,539	10,610	14,086
Disbursements to fund mortgages and loans	-	-	-	-
Receipt (payment) for loan transfers between funds	(5,577)	(15,635)	(12,334)	(20,407)
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	(326)	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>9,697</b>	<b>(654)</b>	<b>1,752</b>	<b>(1,736)</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
Proceeds from the issuance of bonds	-	-	-	-
Principal paid on bonds	(17,890)	(1,590)	(1,590)	(1,910)
Payment to defease bonds	-	-	-	-
Payment of bond issuance costs	-	-	-	-
Interest paid	(1,261)	(2,744)	(2,745)	(3,254)
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	10,147	(244)	(1,016)	(682)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(9,004)</b>	<b>(4,578)</b>	<b>(5,351)</b>	<b>(5,846)</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	(40,434)	(51,058)	(47,536)	(56,018)
Proceeds from maturity of investments	39,620	56,176	51,026	63,468
Interest received from investments	91	114	109	132
<b>Net cash provided by (used for) investing activities</b>	<b>(723)</b>	<b>5,232</b>	<b>3,599</b>	<b>7,582</b>
Net Increase (decrease) in cash	(30)	-	-	-
Cash at the beginning of year	30	-	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ 1,406	\$ 433	\$ 477	\$ 1,058
<i>Adjustments:</i>				
Depreciation expense	-	-	-	-
Provision for loan losses	(450)	(148)	(146)	(240)
Net change in the fair value of investments	(3)	(1)	(1)	(2)
Transfers between funds for operating activity	10,691	663	(243)	649
Interest received from investments	(91)	(114)	(109)	(132)
Interest paid	1,261	2,744	2,745	3,254
<i>Changes in assets, liabilities and deferred resources:</i>				
Net (increase) decrease in mortgages and loans	6,258	(4,152)	(1,356)	(7,780)
Net increase (decrease) in assets, liabilities and deferred resources	(9,375)	(79)	385	1,457
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 9,697</b>	<b>\$ (654)</b>	<b>\$ 1,752</b>	<b>\$ (1,736)</b>

Schedule 20

Bonds 2009 A		Bonds 2009 B		Bonds 2009 D		Home Mortgage Revenue Bonds Combined Total	
\$	4,489	\$	4,780	\$	5,287	\$	30,042
	14,373		16,405		14,988		93,618
	-		-		-		-
	(24,399)		(25,116)		(23,080)		(126,548)
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		(326)
	(5,537)		(3,931)		(2,805)		(3,214)
	-		-		-		-
	-		-		-		(22,980)
	-		-		-		-
	-		-		-		-
	(3,010)		(3,010)		(3,025)		(19,049)
	-		-		-		-
	-		-		-		-
	-		-		-		-
	(308)		(870)		(196)		6,831
	(3,318)		(3,880)		(3,221)		(35,198)
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	(52,321)		(60,976)		(60,204)		(368,547)
	61,043		68,644		66,090		406,067
	133		143		140		862
	8,855		7,811		6,026		38,382
	-		-		-		(30)
	-		-		-		30
\$	-	\$	-	\$	-	\$	-
\$	896	\$	1,531	\$	1,958	\$	7,759
	-		-		-		-
	(75)		(138)		(399)		(1,596)
	(2)		(2)		(2)		(13)
	782		512		871		13,925
	(133)		(143)		(140)		(862)
	3,010		3,010		3,025		19,049
	(10,169)		(9,125)		(8,198)		(34,522)
	154		424		80		(6,954)
\$	(5,537)	\$	(3,931)	\$	(2,805)	\$	(3,214)

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2018

(in thousands of dollars)

**Schedule 21**

<b>Collateralized Bonds 2016 First &amp; Second Series</b>	
\$	2,175
	8,354
	-
	(21,718)
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	-
	(11,189)
	-
	(1,280)
	-
	-
	(1,184)
	-
	-
	-
	-
	(2,464)
	-
	-
	-
	-
	-
	-
	(57,079)
	70,551
	181
	13,653
	-
	-
\$	-
\$	858
	-
	169
	3
	2,402
	(181)
	1,184.00
	(16,422)
	798
\$	(11,189)

**Cash flows from operating activities:**

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  
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****Cash flows from noncapital financing activities:**

Proceeds from the issuance of bonds  
Principal paid on bonds  
Payment to defease bonds  
Payment of bond issuance costs  
Interest paid  
Proceeds from issuance of short term debt  
Payment of short term debt  
Contributions to the State of Alaska or other State agencies  
Transfers (to) from other funds

**Net cash provided by (used for) noncapital financing activities****Cash flows from capital financing activities:**

Acquisition of capital assets  
Proceeds from the disposal of capital assets  
Principal paid on capital notes  
Interest paid on capital notes  
Proceeds from direct financing leases

**Net cash provided by (used for) capital financing activities****Cash flows from investing activities:**

Purchase of investments  
Proceeds from maturity of investments  
Interest received from investments

**Net cash provided by (used for) investing activities**

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)

**Adjustments:**

Depreciation expense  
Provision for loan losses  
Net change in the fair value of investments  
Transfers between funds for operating activity  
Interest received from investments  
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

**Net cash provided by (used for) operating activities**

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

OTHER HOUSING BONDS

For the Year Ended June 30, 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
<b><u>Cash flows from operating activities:</u></b>					
Interest income on mortgages and loans	\$ 5,663	\$ 2,959	\$ 595	\$ 6,340	\$ 15,557
Principal payments received on mortgages and loans	19,353	4,351	1,077	26,552	51,333
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	(11,071)	(20,401)	(5,794)	(28,633)	(65,899)
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	-	-	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>13,945</b>	<b>(13,091)</b>	<b>(4,122)</b>	<b>4,259</b>	<b>991</b>
<b><u>Cash flows from noncapital financing activities:</u></b>					
Proceeds from the issuance of bonds	-	-	-	-	-
Principal paid on bonds	(7,150)	(4,560)	-	(5,865)	(17,575)
Payment to defease bonds	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid	(4,049)	(2,380)	(155)	(3,484)	(10,068)
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
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(10,951)</b>	<b>(6,940)</b>	<b>(155)</b>	<b>(9,349)</b>	<b>(27,395)</b>
<b><u>Cash flows from capital financing activities:</u></b>					
Acquisition of capital assets	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-
Principal paid on capital notes	-	-	-	-	-
Interest paid on capital notes	-	-	-	-	-
Proceeds from direct financing leases	-	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>					
Purchase of investments	(85,016)	(82,030)	(12,539)	(140,053)	(319,638)
Proceeds from maturity of investments	81,800	101,626	16,761	144,751	344,938
Interest received from investments	222	277	55	352	906
<b>Net cash provided by (used for) investing activities</b>	<b>(2,994)</b>	<b>19,873</b>	<b>4,277</b>	<b>5,050</b>	<b>26,206</b>
Net Increase (decrease) in cash	-	(158)	-	(40)	(198)
Cash at the beginning of year	-	158	-	40	198
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>					
Operating income (loss)	\$ 1,393	\$ 546	\$ 644	\$ 2,914	\$ 5,497
<i>Adjustments:</i>					
Depreciation expense	-	-	-	-	-
Provision for loan losses	351	166	(173)	(628)	(284)
Net change in the fair value of investments	(1)	108	(3)	(2)	102
Transfers between funds for operating activity	3,563	243	(122)	(288)	3,396
Interest received from investments	(222)	(277)	(55)	(352)	(906)
Interest paid	4,049	2,380	155	3,484	10,068
<i>Changes in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	4,601	(16,390)	(4,747)	(982)	(17,518)
Net increase (decrease) in assets, liabilities and deferred resources	211	133	179	113	636
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 13,945</b>	<b>\$ (13,091)</b>	<b>\$ (4,122)</b>	<b>\$ 4,259</b>	<b>\$ 991</b>



# 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, 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
<b><u>Cash flows from operating activities:</u></b>					
Interest income on mortgages and loans	\$ 1,717	\$ (17)	\$ 1,326	\$ 3,943	\$ 5,020
Principal payments received on mortgages and loans	4,764	480	3,767	6,288	9,884
Disbursements to fund mortgages and loans	-	-	-	-	-
Receipt (payment) for loan transfers between funds	-	-	(1,762)	(2,646)	(6,452)
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)	-	-	-
<b>Net cash provided by (used for) operating activities</b>	<b>6,481</b>	<b>394</b>	<b>3,331</b>	<b>7,585</b>	<b>8,452</b>
<b><u>Cash flows from noncapital financing activities:</u></b>					
Proceeds from the issuance of bonds	-	-	-	-	-
Principal paid on bonds	(403)	(28,475)	(2,110)	(4,420)	(3,225)
Payment to defease bonds	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid	(70)	(672)	(344)	(2,834)	(3,966)
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	-	78	(372)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(247)</b>	<b>(3,861)</b>	<b>(2,454)</b>	<b>(7,176)</b>	<b>(7,563)</b>
<b><u>Cash flows from capital financing activities:</u></b>					
Acquisition of capital assets	-	-	-	-	-
Proceeds from the disposal of capital assets	-	-	-	-	-
Principal paid on capital notes	(5,348)	-	(315)	-	-
Interest paid on capital notes	(1,715)	-	(28)	-	-
Proceeds from direct financing leases	-	3,304	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>(7,063)</b>	<b>3,304</b>	<b>(343)</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>					
Purchase of investments	(13,362)	(4,452)	(13,644)	(16,580)	(27,692)
Proceeds from maturity of investments	14,156	4,458	13,084	16,134	26,747
Interest received from investments	35	5	26	37	56
<b>Net cash provided by (used for) investing activities</b>	<b>829</b>	<b>11</b>	<b>(534)</b>	<b>(409)</b>	<b>(889)</b>
Net Increase (decrease) in cash	-	(152)	-	-	-
Cash at the beginning of year	-	152	-	-	-
<b>Cash at the end of period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>					
Operating income (loss)	\$ 889	\$ 468	\$ 1,321	\$ 2,828	\$ 3,981
<i>Adjustments:</i>					
Depreciation expense	-	-	-	-	-
Provision for loan losses	(166)	(303)	(930)	(1,013)	(1,397)
Net change in the fair value of investments	1	-	-	-	-
Transfers between funds for operating activity	354	(6,527)	(13,125)	(3,823)	(9,820)
Interest received from investments	(35)	(5)	(26)	(37)	(56)
Interest paid	70	672	344	2,834	3,966
<i>Changes in assets, liabilities and deferred resources:</i>					
Net (increase) decrease in mortgages and loans	4,604	4,845	77,546	39,437	78,551
Net increase (decrease) in assets, liabilities and deferred resources	764	1,244	(61,799)	(32,641)	(66,773)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 6,481</b>	<b>\$ 394</b>	<b>\$ 3,331</b>	<b>\$ 7,585</b>	<b>\$ 8,452</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	State Capital Project Bonds II 2017 A & B	Non-Housing Bonds Combined Total
\$ 6,336	\$ 11,295	\$ 5,485	\$ 5,048	\$ 2,913	\$ 6,745	\$ 3,921	\$ 1,273	\$ 456	\$ 55,461
16,629	25,493	11,896	12,362	7,691	1,367	6,287	3,152	1,088	111,148
-	-	-	-	-	-	-	-	-	-
(10,192)	(29,190)	(9,094)	(12,485)	(4,919)	(3,889)	(6,359)	(3,330)	(1,391)	(91,709)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	78	-	-	-	161
-	-	-	-	-	-	-	-	-	(152)
12,773	7,598	8,287	4,925	5,685	4,301	3,849	1,095	153	74,909
-	-	-	-	-	168,153	100,259	52,374	130,052	450,838
(6,390)	(115)	(3,530)	(730)	(3,035)	(1,000)	-	-	-	(53,433)
-	-	-	-	-	(70,496)	-	(51,963)	-	(122,459)
-	-	-	-	-	(575)	(385)	(205)	(247)	(1,412)
(5,667)	(6,635)	(4,709)	(4,149)	(2,579)	(5,086)	(1,211)	(975)	-	(38,897)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
931	-	-	-	-	(95,121)	(102,383)	(207)	(107,336)	(278,898)
(11,126)	(6,750)	(8,239)	(4,879)	(5,614)	(4,125)	(3,720)	(976)	22,469	(44,261)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(5,663)
-	-	-	-	-	-	-	-	-	(1,743)
-	-	-	-	-	-	-	-	-	3,304
-	-	-	-	-	-	-	-	-	(4,102)
(42,324)	(56,823)	(30,502)	(29,394)	(20,760)	(101,609)	(14,580)	(7,137)	(36,282)	(415,141)
40,589	55,857	30,391	29,288	20,643	101,432	14,418	7,001	13,648	387,846
88	118	63	60	46	162	33	17	12	758
(1,647)	(848)	(48)	(46)	(71)	(15)	(129)	(119)	(22,622)	(26,537)
-	-	-	-	-	161	-	-	-	9
-	-	-	-	-	-	-	-	-	152
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161	\$ -	\$ -	\$ -	\$ 161
\$ 2,790	\$ 6,400	\$ 2,540	\$ 1,684	\$ 1,195	\$ 524	\$ (91)	\$ (38)	\$ (1,262)	\$ 23,229
-	-	-	-	-	-	-	-	-	-
(626)	(711)	(284)	(32)	(34)	2,891	1,621	546	1,303	865
-	-	-	-	-	-	-	-	(36)	(35)
122	(50,908)	47	(860)	174	11,577	35,959	3,407	23,577	(9,846)
(88)	(118)	(63)	(60)	(46)	(162)	(33)	(17)	(12)	(758)
5,667	6,635	4,709	4,149	2,579	5,086	1,211	975	-	38,897
13,552	94,170	2,596	119	2,039	(142,582)	(183,654)	(54,031)	(128,970)	(191,778)
(8,644)	(47,870)	(1,258)	(75)	(222)	126,967	148,836	50,253	105,553	214,335
\$ 12,773	\$ 7,598	\$ 8,287	\$ 4,925	\$ 5,685	\$ 4,301	\$ 3,849	\$ 1,095	\$ 153	\$ 74,909

**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, 2018

(in thousands of dollars)

	Energy Programs	Section 8 Voucher Programs	Other Grants	Grant Programs Subtotal
<b><u>Cash flows from operating activities:</u></b>				
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	(653)	(4,038)	(926)	(5,617)
Payments for goods and services	(793)	(354)	(839)	(1,986)
Cash received for externally funded programs	11,987	6,131	14,008	32,126
Cash received for Federal HAP subsidies	-	37,846	-	37,846
Payments for Federal HAP subsidies	-	(36,140)	-	(36,140)
Interfund receipts (payments)	1,047	(789)	8,106	8,364
Grant payments to other agencies	(11,602)	(851)	(21,190)	(33,643)
Other operating cash receipts	9	1,282	745	2,036
Other operating cash payments	-	(1,398)	-	(1,398)
<b>Net cash provided by (used for) operating activities</b>	<b>(5)</b>	<b>1,689</b>	<b>(96)</b>	<b>1,588</b>
<b><u>Cash flows from noncapital financing activities:</u></b>				
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	-	-	-	-
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Cash flows from capital financing activities:</u></b>				
Acquisition of capital assets	-	-	-	-
Proceeds from the disposal of capital assets	-	4	-	4
Proceeds from the issuance of capital notes	-	-	-	-
Principal paid on capital notes	-	-	-	-
Interest paid on capital notes	-	-	-	-
Proceeds from direct financing leases	-	-	-	-
Other cash payments	-	-	-	-
<b>Net cash provided by (used for) capital financing activities</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>4</b>
<b><u>Cash flows from investing activities:</u></b>				
Purchase of investments	-	-	-	-
Proceeds from maturity of investments	-	-	-	-
Interest received from investments	1	6	-	7
<b>Net cash provided by (used for) investing activities</b>	<b>1</b>	<b>6</b>	<b>-</b>	<b>7</b>
Net Increase (decrease) in cash	(4)	1,699	(96)	1,599
Cash at the beginning of year	979	3,114	99	4,192
<b>Cash at the end of period</b>	<b>\$ 975</b>	<b>\$ 4,813</b>	<b>\$ 3</b>	<b>\$ 5,791</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>				
Operating income (loss)	\$ (2,798)	\$ 1,474	\$ (4,267)	\$ (5,591)
<i>Adjustments:</i>				
Depreciation expense	-	15	-	15
Provision for loan losses	-	-	(1,212)	(1,212)
Net change in the fair value of investments	-	-	-	-
Transfers between funds for operating activity	2,412	(751)	8,502	10,163
Interest received from investments	(1)	(6)	-	(7)
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	382	957	(3,119)	(1,780)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (5)</b>	<b>\$ 1,689</b>	<b>\$ (96)</b>	<b>\$ 1,588</b>

## Schedule 24

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
\$ -	\$ -	\$ 301	\$ 1,121	\$ 1,422	\$ 23	\$ 1,445
-	-	\$ 1,456	\$ 1,944	3,400	164	3,564
-	-	-	-	-	-	-
-	-	\$ (2,127)	\$ (1,960)	(4,087)	-	(4,087)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(8,268)	(1,761)	-	-	(10,029)	(157)	(15,803)
(9,395)	(1,729)	-	-	(11,124)	(59)	(13,169)
11,308	2,254	-	-	13,562	-	45,688
-	-	-	-	-	-	37,846
-	-	-	-	-	-	(36,140)
(188)	(366)	-	-	(554)	(53)	7,757
-	-	-	-	-	-	(33,643)
8,206	2,279	-	-	10,485	194	12,715
(1,153)	(22)	-	-	(1,175)	-	(2,573)
510	655	(370)	1,105	1,900	112	3,600
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(1,528)	(1,528)	-	(1,528)
-	-	-	-	-	-	-
-	-	-	(1,528)	(1,528)	-	(1,528)
(119)	-	-	-	(119)	-	(119)
12	6	-	-	18	-	22
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(107)	6	-	-	(101)	-	(97)
-	-	(1,727)	(4,438)	(6,165)	-	(6,165)
-	-	2,083	4,843	6,926	-	6,926
11	11	14	18	54	11	72
11	11	370	423	815	11	833
414	672	-	-	1,086	123	2,808
13,599	11,743	-	-	25,342	7,204	36,738
\$ 14,013	\$ 12,415	\$ -	\$ -	\$ 26,428	\$ 7,327	\$ 39,546
\$ (4,288)	\$ (719)	\$ 293	\$ 1,117	\$ (3,597)	\$ 227	\$ (8,961)
4,433	1,216	-	-	5,649	-	5,664
-	-	7	(28)	(21)	(10)	(1,243)
-	-	-	-	-	-	-
(39)	-	14	(1,489)	(1,514)	-	8,649
(11)	(11)	(14)	(18)	(54)	(11)	(72)
-	-	-	-	-	-	-
-	-	(651)	192	(459)	104	(355)
415	169	(19)	1,331	1,896	(198)	(82)
\$ 510	\$ 655	\$ (370)	\$ 1,105	\$ 1,900	\$ 112	\$ 3,600

## **APPENDIX B**

### **OPINION OF BIRCH, HORTON, BITTNER AND CHEROT DELIVERED ON THE DATE OF ORIGINAL ISSUANCE OF THE REMARKETED BONDS**

Alaska Housing Finance Corporation  
4300 Boniface Parkway  
Anchorage, AK 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 \$80,870,000 aggregate principal amount of Home Mortgage Revenue Bonds, 2009 Series C (the “2009 Series C Bonds”), and \$80,870,000 aggregate principal amount of Home Mortgage Revenue Bonds, 2009 Series D (the “2009 Series D Bonds”; together with the 2009 Series C Bonds, the “2009 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 2009 Bonds are authorized and issued pursuant to the Act and a resolution of the Corporation adopted June 24, 2009, and are issued pursuant to the Indenture by and between the Corporation and U.S. Bank National Association (previously known as U.S. Bank, N.A.), as trustee (the “Trustee”), dated as of May 1, 2002 (the “General Indenture”), and the 2009 Series C Supplemental Indenture (the “2009 Series C Supplemental Indenture”) and the 2009 Series D Supplemental Indenture (the “2009 Series D Supplemental Indenture”; together with the General Indenture and the 2009 Series C Supplemental Indenture, the “Indenture”), by and between the Corporation and the Trustee, dated as of August 1, 2009, executed pursuant to the General Indenture.

The 2009 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 2009 Bonds in order for interest on the 2009 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 and, as applicable, the Internal Revenue Code of 1954, as amended (collectively, the “Code”). The Corporation has covenanted that it will comply with such requirements and that

it will do all things necessary to ensure that interest on the 2009 Bonds will be, and remain, not included in gross income for Federal income tax purposes. We have examined the program documentation adopted by the Corporation, which, in our opinion, establishes procedures and covenants under which, if followed, such requirements can be met. In rendering this opinion, we have assumed compliance with, and enforcement of, the provisions of such program procedures and covenants.

As to any facts material to our opinion, we have relied upon various statements and representations of officers and other representatives of the Corporation including without limitation those contained in the Indenture, the Corporation's Certificate as to matters affecting the tax-exempt status of the 2009 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 2009 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 2009 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 2009 Bonds are secured by a pledge in the manner and to the extent set forth in the Indenture. The Indenture creates a valid pledge of a lien on all funds established by the Indenture and moneys and securities therein which the Indenture purports to create, to the extent and on the terms provided therein.

6. Under existing laws, regulations, rulings and judicial decisions, interest on the 2009 Bonds is excluded from gross income for Federal income tax purposes.

7. Interest on the 2009 Series C Bonds is not treated as a preference item for purposes of calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations; however, such interest is included in calculating the “adjusted current earnings” of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. We express no opinion regarding any other consequences affecting the Federal income tax liability of a recipient of interest on the 2009 Series C Bonds.

8. Interest on the 2009 Series D Bonds is not treated as a preference item for purposes of calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations; however, such interest is included in calculating the “adjusted current earnings” of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. We express no opinion regarding any other consequences affecting the Federal income tax liability of a recipient of interest on the 2009 Series D Bonds.

9. Under existing laws, interest on the 2009 Bonds is free from taxation of every kind by the State, and by municipalities and all other political subdivisions of the State (except that no opinion is expressed as to such exemption from State inheritance and estate taxes and taxes of transfers by or in anticipation of death).

10. Certain requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken, upon the advice or with the opinion of counsel. Except to the extent of our concurrence therewith, we express no opinion as to any 2009 Bond, or the interest thereon, if any change occurs or action is taken upon the advice or approval of other counsel.

Sincerely,

BIRCH, HORTON, BITTNER AND CHEROT

By /s/ Kenneth E. Vassar

Name Kenneth E. Vassar

## **APPENDIX C**

### **OPINION OF SPECIAL TAX COUNSEL DELIVERED ON THE DATE OF ORIGINAL ISSUANCE OF THE REMARKETED BONDS**

Alaska Housing Finance Corporation  
4300 Boniface Parkway  
Anchorage, AK 99504

Ladies and Gentlemen:

We have acted as Special Tax Counsel in connection with the issuance and sale of \$80,870,000 aggregate principal amount of Alaska Housing Finance Corporation Home Mortgage Revenue Bonds, 2008 Series C (the “2008 Series C Bonds”), and \$80,870,000 aggregate principal amount of Alaska Housing Finance Corporation Home Mortgage Revenue Bonds, 2009 Series D (the “2009 Series D Bonds”; together with the 2008 Series C Bonds, the “Bonds”). The Bonds will be issued pursuant to the Indenture by and between the Alaska Housing Finance Corporation (the “Corporation”) and U.S. Bank National Association, as trustee (the “Trustee”), dated as of May 1, 2002 (the “General Indenture”), and the 2009 Series C Supplemental Indenture (the “2009 Series C Supplemental Indenture”) and the 2009 Series D Supplemental Indenture (the “2009 Series D Supplemental Indenture”; together with the General Indenture and the 2009 Series C Supplemental Indenture, the “Indenture”) both by and between the Corporation and the Trustee, and dated as of August 1, 2009, authorizing the issuance of the Bonds. Capitalized terms not otherwise defined herein are used as defined in the Indenture.

In connection with the issuance of the Bonds, we have examined the Indenture, Tax Regulatory Agreement and No Arbitrage Certificate (the “Arbitrage Certificate”) of the Corporation and such other opinions, documents, certificates and letters as we deem relevant and necessary in rendering this opinion.

From such examination, we are of the opinion that, assuming compliance by the Corporation with certain restrictions, conditions and requirements contained in the Indenture and the Arbitrage Certificates designed to meet the requirements of the Internal Revenue Code of 1986, as amended, and, as applicable, the Internal Revenue Code of 1954, as amended (collectively, the “Code”), under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the alternative minimum tax provisions imposed on individuals and corporations by the Code.

We are further of the opinion that interest on the 2009 Series C Bonds is not included in adjusted current earnings of corporations for purposes of the alternative minimum tax provisions imposed on such corporations by the Code.



Interest on the 2009 Series D Bonds, however, is included in the adjusted current earnings (i.e., alternative minimum taxable income as adjusted for certain items, including those items that would be included in the calculation of a corporation's earnings and profits under Subchapter C of the Code) of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

We express no opinion regarding any other consequences affecting the federal income tax liability of a recipient of interest on the 2009 Series D Bonds.

The opinions expressed herein are rendered in reliance upon the opinion of Birch, Horton, Bittner and Cherot, Bond Counsel, as to the validity of the Bonds under the Constitution and laws of the State of Alaska.

Very truly yours,

/s/ Kutak Rock LLP

## **APPENDIX D**

### **FORM OF OPINION OF LAW OFFICE OF KENNETH E. VASSAR, AS CO-BOND COUNSEL**

Alaska Housing Finance Corporation  
4300 Boniface Parkway  
Anchorage, AK 99504

U.S. Bank National Association, as Trustee  
7th Floor  
1420 Fifth Avenue  
Mail Code PD-WA-T7CT  
Seattle, WA 98101

Ladies and Gentlemen:

On August 26, 2009, the Alaska Housing Finance Corporation (the “Corporation”) issued its \$80,870,000 aggregate original principal amount of Home Mortgage Revenue Bonds, 2009 Series D (the “Bonds”). The Bonds were issued pursuant to the Indenture by and between the Corporation and U.S. Bank National Association (previously known as U.S. Bank, N.A.), as trustee (the “Trustee”), dated as of May 1, 2002, as supplemented, and the 2009 Series D Supplemental Indenture by and between the Corporation and the Trustee, dated as of August 1, 2009, as amended, authorizing the issuance of the Bonds (together, the “Indenture”).

Capitalized terms used herein and not defined herein are used as defined in the Indenture.

In connection with delivery to the Trustee of the Standby Bond Purchase Agreement dated as of May 30, 2019 (the “FHLB Liquidity Facility”), among the Federal Home Loan Bank of Des Moines, as Liquidity Provider, the Corporation, and U.S. Bank National Association, as Trustee and Tender Agent, with respect to the Bonds, in our capacity as Co-Bond Counsel, we have examined the law, the Indenture and such other opinions, documents, certificates and letters as we deem relevant and necessary in rendering this opinion. Based on such review, we are of the opinion that:

1. The FHLB Liquidity Facility is authorized under the Indenture and complies with the terms thereof.
2. Under existing laws, regulations, rulings and judicial decisions, the delivery of the FHLB Liquidity Facility with respect to the Bonds on the date hereof will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Internal Revenue Code of 1986, as amended, establishes certain requirements that must be met subsequent to the issuance of the Bonds in order that interest thereon be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be subject to such tax retroactive to the date of issuance of the Bonds. The requirements include provisions that restrict the yield and set forth limitations within which the proceeds of the Bonds are to be invested and require that certain investment earnings be rebated on a periodic basis to the United States Treasury. The Indenture contains covenants of the Corporation to comply with such requirements. The opinions expressed above assume compliance with such covenants.

The accrual or receipt of interest on the 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. We express no opinion regarding any such consequences.

Sincerely,

LAW OFFICE OF  
KENNETH E. VASSAR, LLC

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**APPENDIX E**

**FORM OF OPINION OF  
KUTAK ROCK LLP, AS CO-BOND COUNSEL**

Alaska Housing Finance Corporation  
4300 Boniface Parkway  
Anchorage, AK 99504

Ladies and Gentlemen:

We acted as Special Tax Counsel in connection with the issuance and sale of \$80,870,000 aggregate original principal amount of Alaska Housing Finance Corporation Home Mortgage Revenue Bonds, 2009 Series D (the “Bonds”). The Bonds were issued pursuant to the Indenture by and between the Alaska Housing Finance Corporation (the “Corporation”) and U.S. Bank, N.A. (now known as U.S. Bank National Association), as trustee (the “Trustee”), dated as of May 1, 2002, as supplemented, and the 2009 Series D Supplemental Indenture by and between the Corporation and the Trustee, dated as of August 1, 2009, as amended, authorizing the issuance of the Bonds (together, the “Indenture”).

On August 26, 2009, the date of original issuance of the Bonds, we delivered our opinion (the “Original Opinion”) that, assuming compliance by the Corporation with certain restrictions, conditions and requirements contained in the Indenture, the Supplemental Indenture and the Tax Regulatory Agreement and No Arbitrage Certificate designed to meet the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount) is excluded from gross income for federal income tax purposes.

In connection with delivery of the Standby Bond Purchase Agreement dated as of May 30, 2019 (the “FHLB Liquidity Facility”), among Federal Home Loan Bank of Des Moines, the Corporation, and U.S. Bank National Association, as Trustee and Tender Agent, with respect to the Bonds, in our capacity as Co-Bond Counsel, we have examined the law, the Indenture, the Supplemental Indenture and such other opinions, documents, certificates and letters as we deem relevant and necessary in rendering this opinion. Based on such review, we are of the opinion that:

1. The FHLB Liquidity Facility is authorized under the Indenture and complies with the terms thereof.
2. Under existing laws, regulations, rulings and judicial decisions, the delivery of the FHLB Liquidity Facility with respect to the Bonds on the date hereof will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Original Opinion opinion was based upon then-existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and we express no opinion as of any date subsequent thereto except as set forth in the Approving Opinion. We have not undertaken to express any opinion regarding any such consequences or any changes in law or federal income tax regulations that occurred after August 26, 2009.

The Code establishes certain requirements that must be met subsequent to the issuance of the Bonds in order that interest thereon be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be subject to such tax retroactive to the date of issuance of the Bonds. The requirements include provisions that restrict the yield and set forth limitations within which the proceeds of the Bonds are to be invested and require that certain investment earnings be rebated on a periodic basis to the United States Treasury. The Indenture contains covenants of the Corporation to comply with such requirements. The Original Opinion and the opinions expressed above assume compliance with such covenants.

The accrual or receipt of interest on the 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. We express no opinion regarding any such consequences.

Capitalized terms not otherwise defined herein are used as defined in the Indenture and Supplemental Indenture.

Very truly yours,

## APPENDIX F

### CERTAIN DEFINITIONS WITH RESPECT TO THE REMARKETED BONDS

*“Alternate Liquidity Facility”* means any standby bond purchase agreement or similar agreement (not including a Non-Conforming Liquidity Facility or Self Liquidity) providing liquidity for the Remarketed Bonds or any portion thereof delivered to the Corporation in substitution for an existing Liquidity Facility pursuant to the terms of the 2009 Series D Supplemental Indenture, provided, however, that in connection with the delivery of such Alternate Liquidity Facility, there shall be delivered to the Trustee rating letters evidencing a short-term rating of the Remarketed Bonds of not less than “A-1” (in the case of S&P) or “P-1” or “VMIG-1” (in the case of Moody’s) or such other ratings or rating agencies as may be approved by the Corporation.

*“Bank”* means (i) with respect to the FHLB Liquidity Facility, the Federal Home Loan Bank of Des Moines, together with its successors and assigns; (ii) with respect to an Alternate Liquidity Facility or a Non-Conforming Liquidity Facility, the providers thereof, together with their successors and assigns; and (iii) with respect to Self Liquidity, the Corporation, together with its successors and assigns.

*“Bank Bonds”* means Remarketed Bonds purchased with funds provided by the Bank pursuant to a Liquidity Facility.

*“Bank Interest Rate”* means the rate of interest, if any, on all Bank Bonds held by and payable to a Bank at any time as determined and calculated in accordance with the provisions of the Liquidity Facility.

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

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

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

*“Effective Rate”* means the rate of interest (which rate shall be less than or equal to the Maximum Rate) payable on the Remarketed Bonds prior to Conversion, determined for each Effective Rate Period as herein described.

*“Effective Rate Date”* means the date on which the Remarketed Bonds begin to bear interest at the Effective Rate.

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

*“Fixed Interest Rates”* means long-term interest rates fixed to maturity of a Remarketed Bond, established in accordance with the 2009 Series D Supplemental Indenture. This Remarketing Statement is not intended to describe the Remarketed Bonds following a Conversion to Fixed Interest Rates.

*“Indexed Rate”* means an index-based variable rate determined in accordance with the 2009 Series D Supplemental Indenture. This Remarketing Statement is not intended to describe the Remarketed Bonds following a Conversion to an Indexed Rate.

*“Liquidity Expiration Event”* means either (i) the Corporation has determined to terminate the Liquidity Facility in whole or in part in accordance with its terms or (ii) the Trustee has not received written notice from the Bank on or prior to 30 days prior to the scheduled expiration of the Liquidity Facility that it will be extended or renewed.

*“Maximum Rate”* (i) means 15% per annum; or (ii) with respect to Bank Bonds, has the meaning ascribed to such term in the FHLB Liquidity Facility; provided, however, that in no event shall the Maximum Rate exceed the lesser of (x) 25% or such higher rate as approved by the Corporation’s Board of Directors or (y) the maximum rate permitted by applicable law, anything in the 2009 Series D Supplemental Indenture to the contrary notwithstanding.

*“Mode”* means the manner in which the interest rate is determined on each Rate Determination Date, consisting of a Daily Rate, Weekly Rate, Monthly Rate, Quarterly Rate, and Semiannual Rate. This Remarketing Statement is not intended to describe Remarketed Bonds bearing interest at other than a Weekly Rate.

*“Mode Change”* means a change from one Mode Period to another Mode Period.

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

*“Non-Conforming Liquidity Facility”* means a liquidity facility delivered by the Corporation pursuant to the 2009 Series D Supplemental Indenture, other than Self Liquidity. See “Liquidity Facility — Self Liquidity or Other Forms of Liquidity.”

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

*“Rate Determination Date”* means the date on which the Effective Rate for the Effective Rate Period following each such Rate Determination Date is determined, which, with respect to

an Effective Rate Period during which the Remarketed Bonds are to bear interest at a Weekly Rate, is by 11:00 A.M. on the related Effective Rate Date (unless such day is not a Business Day, in which case by 4:00 P.M. on the immediately preceding Business Day).

“*Remarketing Agent*” means, with respect to the Remarketed Bonds, Wells Fargo Securities, LLC and its successors and assigns, unless another remarketing agent shall be duly appointed in accordance with the Indenture.

“*Self Liquidity*” means a liquidity facility provided by the Corporation’s own funds other than a Non-Conforming Liquidity Facility.

“*SIFMA Index*” means (a) the SIFMA Rate or (b) if the SIFMA Rate is no longer available or no longer published, the S&P Index - High Grade (formerly known as the Kenny Index), or if neither the SIFMA Rate nor the S&P Index - High Grade is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Rate just prior to when the Securities Industry and Financial Markets Association stopped publishing the SIFMA Rate. The Paying Agent shall make the determination required by this definition, upon notification from the Corporation, if there is no Remarketing Agent, if the Remarketing Agent fails to make any such determination or if the Remarketing Agent has suspended its remarketing efforts in accordance with the Remarketing Agreement.

“*SIFMA Rate*” means the Securities Industry and Financial Markets Association Municipal Swap Index of Municipal Market Data, formerly the Bond Market Association/PSA Municipal Swap Index (as such term is defined in the 1992 ISDA U.S. Municipal Counterparty Definitions) most recently available as of the date of determination.

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

“*Variable Rate Bonds*” means Remarketed Bonds bearing interest at a Daily Rate, Weekly Rate, Monthly Rate, Quarterly Rate, or Semiannual Rate. This Remarketing Statement is not intended to describe Remarketed Bonds bearing interest at other than a Weekly Rate.



## **APPENDIX G**

### **CERTAIN INFORMATION RELATING TO THE FEDERAL HOME LOAN BANK OF DES MOINES**

#### **Information Concerning the Federal Home Loan Bank of Des Moines**

*The following information has been obtained from the Federal Home Loan Bank of Des Moines (the “Bank”) for inclusion herein. Such information is not guaranteed as to accuracy or completeness by the Corporation or the Remarketing Agent and is not to be construed as a representation by the Corporation or the Remarketing Agent. Neither the Corporation nor the Remarketing Agent has verified this information, and no representation is made by them as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to its date or the date hereof.*

The Bank is a federally chartered corporation located in Des Moines, Iowa, and is one of 11 district Federal Home Loan Banks.

The Bank serves the public by enhancing the availability of funds for residential mortgages and targeted community development. The Bank provides a readily available, low cost source of funds to its members and eligible housing associates in Alaska, Hawaii, Idaho, Iowa, Minnesota, Missouri, Montana, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming, and the U.S. Pacific territories of American Samoa and Guam and the Commonwealth of the Northern Mariana Islands. State and local housing authorities that meet certain statutory criteria may also borrow from the Bank; while eligible to borrow, housing associates are not members of the Bank and, as such, are not required to hold capital stock.

The Bank is a cooperative. This means the Bank is owned by its customers, whom the Bank calls members. All members must purchase and maintain membership capital stock based on the amount of their total assets as a condition of membership in the Bank. Each member is also required to purchase and maintain activity-based capital stock to support certain business activities with the Bank. The Bank conducts business with its stockholders in the normal course of business.

The Bank’s current members own nearly all of the outstanding capital stock of the Bank. Former members own the remaining capital stock to support business transactions still carried on the Bank’s statements of condition. All stockholders, including current members and former members, may receive dividends on their investment. As of December 31, 2018, the Bank had total assets of \$146.5 billion.

Moody’s Investors Service, Inc. (“Moody’s”) currently rates the Bank’s long-term bank deposits as “Aaa” and short-term bank deposits as “P-1,” both with a stable outlook. S&P Global Ratings, a division of The McGraw-Hill Companies, Inc. (“S&P”) rates the Bank’s long-term counterparty credit as “AA+” and its short-term counterparty credit as “A-1+,” both with a stable outlook. Fitch Ratings, Inc. (“Fitch”) rates the Bank’s long term Issuer Default Rating (“IDR”) of “AAA” with stable outlook and its short term IDR “F1+”, Support “1” and the Support Rating Floor of “AAA”. Further information with respect to such ratings may be obtained from Moody’s

and S&P, respectively. No assurances can be given that the current ratings of the Bank and its instruments will be maintained.

The Bank is a reporting company under the Securities Exchange Act of 1934, as amended. Bank reports filed with or submitted to the Securities and Exchange Commission (“SEC”) may be viewed by accessing the following website: <http://www.sec.gov/edgar/searchedgar/companysearch.html>. The Bank will provide without charge a copy of its most recent publicly available annual report. Written requests should be directed to: Federal Home Loan Bank of Des Moines, Suite 200, 909 Locust Street, Des Moines, Iowa 50309, Attention: Legal Department. The delivery of this information shall not create any implication that the information contained or referred to herein is correct as of any time subsequent to its date.

PAYMENTS OF THE PURCHASE PRICE OF THE REMARKETED BONDS WILL BE MADE PURSUANT TO THE STANDBY BOND PURCHASE AGREEMENT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE STANDBY BOND PURCHASE AGREEMENTS ARE BINDING OBLIGATIONS OF THE BANK, THE REMARKETED BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF THE FEDERAL HOME LOAN BANK OF DES MOINES AND ARE NOT GUARANTEED BY SUCH BANK. THE REMARKETED BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The inclusion of the information herein shall not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained or referred to in this Remarketing Statement is correct as of any time subsequent to its date.