

## **NEW ISSUES - BOOK ENTRY ONLY**

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



### **\$122,795,000 ALASKA HOUSING FINANCE CORPORATION General Mortgage Revenue Bonds II**

**\$39,065,000 2022 Series A (Social Bonds)**

**\$83,730,000 2022 Series B (Social Bonds)  
(consisting of \$27,615,000 2022 Series B-1  
and \$56,115,000 2022 Series B-2)**

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Dated</i>                  | Date of delivery.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <i>Due</i>                    | As shown on inside cover page.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <i>Price</i>                  | As shown on inside cover page.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <i>Social Bonds</i>           | The 2022 Series A Bonds and the 2022 Series B Bonds described above (collectively, the "Offered Bonds") have been designated as "Social Bonds." (See "Designation of the Offered Bonds as Social Bonds" herein for a discussion of the use of proceeds of the Offered Bonds.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <i>Tax Exemption</i>          | In the opinion of Bond Counsel, interest on the Offered Bonds (A) assuming compliance with certain covenants designed to meet the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing laws, regulations, rulings and judicial decisions, (i) is excluded from gross income for federal income tax purposes and (ii) is not a specific preference item for purposes of the federal alternative minimum tax imposed under the Code and (B) is free from taxation by the State of Alaska 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). Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Offered Bonds. See "Tax Matters."                                                                                            |
| <i>Redemption</i>             | The Offered Bonds are subject to redemption at par prior to maturity under the circumstances described herein. See "The Offered Bonds — Redemption."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <i>Interest Rates</i>         | The Offered Bonds will bear interest at the rates set forth on the inside cover page.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <i>Security</i>               | <b>The Bonds are general obligations of the Corporation for which its full faith and credit are pledged, subject to agreements made and to be made with the holders of other obligations of the Corporation pledging particular revenues and assets not pledged to the Bonds and to the exclusion of money in the Corporation's Housing Development Fund. The Bonds will be secured by Acquired Obligations and amounts in the Funds and Accounts (excluding the Rebate Fund) held under the Indenture. See "Sources of Payment and Security for the Bonds" and "Acquired Obligations." THE CORPORATION HAS NO TAXING POWER. THE BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF ALASKA OR OF ANY POLITICAL SUBDIVISION THEREOF OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE STATE OF ALASKA OR OF ANY POLITICAL SUBDIVISION THEREOF. THE BONDS ARE GENERAL OBLIGATIONS OF THE CORPORATION AND ARE NOT INSURED OR GUARANTEED BY ANY OTHER GOVERNMENTAL AGENCY.</b> |
| <i>Interest Payment Dates</i> | Each June 1 and December 1, commencing June 1, 2022.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <i>Denominations</i>          | \$5,000 or any integral multiple thereof.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <i>Closing Date</i>           | January 12, 2022.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <i>Bond Counsel</i>           | Kutak Rock LLP.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <i>Underwriters' Counsel</i>  | Hawkins Delafield & Wood LLP.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <i>Trustee</i>                | U.S. Bank National Association.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <i>Financial Advisor</i>      | Masterson Advisors LLC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <i>Book-Entry System</i>      | The Depository Trust Company. See "The Offered Bonds — Book Entry Only."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

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

**Jefferies  
Barclays  
Ramirez & Co., Inc.**

**Raymond James  
BofA Securities  
Wells Fargo Securities**

## MATURITY SCHEDULE

### \$39,065,000 2022 Series A Bonds (Social Bonds)

\$11,360,000 2022 Series A Serial Bonds — Price: 100%

| <b><u>Maturity<br/>Date</u></b> | <b><u>Principal<br/>Amount</u></b> | <b><u>Interest<br/>Rate</u></b> | <b><u>CUSIP<sup>†</sup></u></b> |
|---------------------------------|------------------------------------|---------------------------------|---------------------------------|
| June 1, 2022                    | \$195,000                          | 0.15%                           | 01170RKW1                       |
| December 1, 2022                | 400,000                            | 0.20                            | 01170RKX9                       |
| June 1, 2023                    | 410,000                            | 0.30                            | 01170RKY7                       |
| December 1, 2023                | 415,000                            | 0.35                            | 01170RKZ4                       |
| June 1, 2024                    | 425,000                            | 0.45                            | 01170RLA8                       |
| December 1, 2024                | 430,000                            | 0.50                            | 01170RLB6                       |
| June 1, 2025                    | 435,000                            | 0.60                            | 01170RLC4                       |
| December 1, 2025                | 445,000                            | 0.70                            | 01170RLD2                       |
| June 1, 2026                    | 450,000                            | 0.80                            | 01170RLE0                       |
| December 1, 2026                | 460,000                            | 0.90                            | 01170RLF7                       |
| June 1, 2027                    | 465,000                            | 1.00                            | 01170RLG5                       |
| December 1, 2027                | 475,000                            | 1.15                            | 01170RLH3                       |
| June 1, 2028                    | 485,000                            | 1.25                            | 01170RLJ9                       |
| December 1, 2028                | 490,000                            | 1.375                           | 01170RLK6                       |
| June 1, 2029                    | 500,000                            | 1.50                            | 01170RLI4                       |
| December 1, 2029                | 505,000                            | 1.60                            | 01170RLM2                       |
| June 1, 2030                    | 515,000                            | 1.65                            | 01170RLN0                       |
| December 1, 2030                | 525,000                            | 1.75                            | 01170RLP5                       |
| June 1, 2031                    | 535,000                            | 1.85                            | 01170RLQ3                       |
| December 1, 2031                | 540,000                            | 1.90                            | 01170RLR1                       |
| June 1, 2032                    | 550,000                            | 1.95                            | 01170RLS9                       |
| December 1, 2032                | 560,000                            | 2.00                            | 01170RLT7                       |
| June 1, 2033                    | 570,000                            | 2.05                            | 01170RLU4                       |
| December 1, 2033                | 580,000                            | 2.10                            | 01170RLV2                       |

\$3,695,000 2.15% 2022 Series A Term Bonds due December 1, 2036 Price: 100% CUSIP<sup>†</sup> 01170RLW0

\$4,075,000 2.35% 2022 Series A Term Bonds due December 1, 2039 Price: 100% CUSIP<sup>†</sup> 01170RLX8

\$4,680,000 2.50% 2022 Series A Term Bonds due June 1, 2043 Price: 100% CUSIP<sup>†</sup> 01170RLY6

\$15,255,000 3.00% 2022 Series A Term Bonds due June 1, 2051 (PAC Bonds)  
Price: 107.962% CUSIP<sup>†</sup> 01170RLZ3

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

**\$83,730,000 2022 Series B Bonds (Social Bonds)**

**\$27,615,000 2022 Series B-1 Bonds**

\$14,355,000 2022 Series B-1 Serial Bonds — Price: 100%

| <b><u>Maturity<br/>Date</u></b> | <b><u>Principal<br/>Amount</u></b> | <b><u>Interest<br/>Rate</u></b> | <b><u>CUSIP</u><sup>†</sup></b> |
|---------------------------------|------------------------------------|---------------------------------|---------------------------------|
| June 1, 2030                    | \$ 30,000                          | 1.65%                           | 01170RMA7                       |
| December 1, 2030                | 3,025,000                          | 1.75                            | 01170RMB5                       |
| June 1, 2031                    | 25,000                             | 1.85                            | 01170RMC3                       |
| June 1, 2032                    | 3,500,000                          | 1.95                            | 01170RMD1                       |
| December 1, 2032                | 4,750,000                          | 2.00                            | 01170RME9                       |
| June 1, 2033                    | 3,025,000                          | 2.05                            | 01170RMF6                       |

\$13,260,000 2.15% 2022 Series B-1 Term Bonds due June 1, 2036 Price: 100% CUSIP<sup>†</sup> 01170RMG4

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**\$56,115,000 2022 Series B-2 Bonds**

\$8,285,000 5.00% 2022 Series B-2 Term Bonds due December 1, 2030  
Priced to Yield: 1.44%<sup>††</sup> CUSIP<sup>†</sup> 01170RMH2

\$12,300,000 5.00% 2022 Series B-2 Term Bonds due December 1, 2031  
Priced to Yield: 1.51%<sup>††</sup> CUSIP<sup>†</sup> 01170RMJ8

\$8,155,000 5.00% 2022 Series B-2 Term Bonds due December 1, 2032  
Priced to Yield: 1.56%<sup>††</sup> CUSIP<sup>†</sup> 01170RMK5

\$15,025,000 5.00% 2022 Series B-2 Term Bonds due December 1, 2033  
Priced to Yield: 1.58%<sup>††</sup> CUSIP<sup>†</sup> 01170RML3

\$7,560,000 5.00% 2022 Series B-2 Term Bonds due December 1, 2034  
Priced to Yield: 1.60%<sup>††</sup> CUSIP<sup>†</sup> 01170RMM1

\$3,800,000 5.00% 2022 Series B-2 Term Bonds due December 1, 2035  
Priced to Yield: 1.62%<sup>††</sup> CUSIP<sup>†</sup> 01170RMN9

\$990,000 5.00% 2022 Series B-2 Serial Bonds due June 1, 2036  
Priced to Yield: 1.64%<sup>††</sup> CUSIP<sup>†</sup> 01170RMP4

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

<sup>††</sup> Priced to the stated yield to the December 1, 2030 optional redemption date at a redemption price of 100%.

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

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

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**OFFICIAL STATEMENT  
OF  
ALASKA HOUSING FINANCE CORPORATION**

**Relating to**

**\$122,795,000 General Mortgage Revenue Bonds II**

**\$39,065,000 2022 Series A (Social Bonds)**

**\$83,730,000 2022 Series B (Social Bonds)  
(consisting of \$27,615,000 2022 Series B-1  
and \$56,115,000 2022 Series B-2)**

**INTRODUCTION**

This Official Statement (including the cover page, inside cover page and appendices) of the Alaska Housing Finance Corporation (the “Corporation”) sets forth information in connection with the Corporation’s General Mortgage Revenue Bonds II, 2022 Series A (the “2022 Series A Bonds”) and 2022 Series B (the “2022 Series B Bonds”; the 2022 Series B Bonds consist of 2022 Series B-1 (the “2022 Series B-1 Bonds”) and 2022 Series B-2 (the “2022 Series B-2 Bonds”); the 2022 Series A Bonds and the 2022 Series B Bonds collectively, the “Offered Bonds”). The Offered Bonds are authorized to be issued pursuant to Chapters 55 and 56 of Title 18 of the Alaska Statutes, as amended (the “Act”), an Indenture, dated as of July 1, 2012 (the “General Indenture”), by and between the Corporation and U.S. Bank National Association, Seattle, Washington, as trustee (the “Trustee”), a 2022 Series A Supplemental Indenture, dated as of January 1, 2022 (the “2022 Series A Supplemental Indenture”), by and between the Corporation and the Trustee, and a 2022 Series B Supplemental Indenture, dated as of January 1, 2022 (the “2022 Series B Supplemental Indenture”; together with the 2022 Series A Supplemental Indenture, the “2022 Series A and B Supplemental Indenture”), by and between the Corporation and the Trustee. All bonds outstanding under the General Indenture (including additional bonds which may hereafter be issued) are referred to collectively as the “Bonds.” Each series of Bonds is issued pursuant to a Supplemental Indenture. The General Indenture and all Supplemental Indentures (including the 2022 Series A and B Supplemental Indenture) are referred to collectively as the “Indenture.” Capitalized terms used and not otherwise defined herein have the respective meanings ascribed thereto in the Indenture. See “Summary of Certain Provisions of the Indenture — Certain Definitions.”

The Corporation has previously issued nine series of bonds under the General Indenture (collectively, the “Prior Series Bonds”) in an aggregate principal amount of \$835,200,000, of which \$469,435,000 aggregate principal amount was outstanding as of October 31, 2021. The Mortgage Loans (as defined below) and participations therein allocable to the Prior Series Bonds consist of certain of the “Prior Series Mortgage Loans.” For certain information concerning the Prior Series Mortgage Loans, see “Acquired Obligations — Prior Series Mortgage Loans.”

The Corporation is permitted to issue additional bonds (including refunding bonds) pursuant to and secured under the Indenture (“Additional Bonds”), subject to certain conditions. See “Sources of Payment and Security for the Bonds — Additional Bonds.” The 2022 Series A Bonds and the 2022 Series B Bonds will be secured on a parity with each other, with the Prior Series Bonds and with any Additional Bonds.

A portion of the proceeds of the 2022 Series A Bonds is expected to be used to purchase Mortgage Loans, primarily from a pool of certain previously-originated Mortgage Loans (the “Available Mortgage

Loans”). However, no assurance is given as to what portion, if any, of the Available Mortgage Loans will be purchased with 2022 Series A Bonds proceeds. For certain information concerning the Available Mortgage Loans, see “Acquired Obligations — Available Mortgage Loans.” The Mortgage Loans to be financed with the proceeds of, or attributable to, the 2022 Series A Bonds are referred to herein as the “2022 Series A Mortgage Loans.” The balance of the proceeds of the 2022 Series A Bonds is expected to be used to pay costs of issuance related to the 2022 Series A Bonds.

Proceeds of the 2022 Series B Bonds will be used, within 90 days of the date of issuance of the Offered Bonds, to refund certain outstanding obligations of the Corporation (the “Refunded Obligations”).

In connection with the refunding of the Refunded Obligations, certain mortgage loans or participations therein financed with proceeds of the Refunded Obligations (the “Transferred Mortgage Loans”) and certain other amounts will be transferred to and become subject to the lien and pledge of the Indenture. For certain information concerning the Transferred Mortgage Loans, see “Acquired Obligations — Transferred Mortgage Loans.”

Upon the issuance of the Offered Bonds, the Corporation from its general unrestricted funds will pay costs of issuance related to the 2022 Series B Bonds and make a deposit to the Debt Service Reserve Fund. See “Application of Funds” and “Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses.”

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

The Bonds are general obligations of the Corporation for which its full faith and credit are pledged, subject to agreements made and to be made with the holders of other obligations of the Corporation pledging particular revenues and assets not pledged to the Bonds and to the exclusion of moneys in the Corporation’s Housing Development Fund. A significant portion of the assets of the Corporation is pledged to the payment of outstanding obligations of the Corporation. See Appendix A, which contains the most recent audited and unaudited financial statements of the Corporation.

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

## **DESIGNATION OF THE OFFERED BONDS AS SOCIAL BONDS**

### **Social Bonds Designation**

The Offered Bonds are the first two Series of Bonds under the Indenture to be designated by the Corporation as “Social Bonds.” The Corporation is designating the Offered Bonds as Social Bonds based on the intended use of proceeds to purchase Available Mortgage Loans and to refund certain obligations of the Corporation, thereby financing, or refunding obligations whose proceeds originally were used to finance, home loans to meet the housing needs of persons of lower and moderate income or of remote, underdeveloped or blighted areas in the State. As described below, the Corporation’s Social Bonds designation reflects the intended use of proceeds of the Offered Bonds in a manner that is consistent with

the four core components described by the International Capital Market Association (“ICMA”) in its June 2021 publication, *Social Bond Principles: Voluntary Process Guidelines for Issuing Social Bonds* (the “Social Bond Principles”). Social Bonds are aligned with such core components of the Social Bond Principles and finance projects that directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes, especially but not exclusively for a target population(s). For the avoidance of doubt, it is acknowledged that the definition of target population can vary depending on local contexts and that, in some cases, such target population(s) may also be served by addressing the general public. The Corporation’s loan programs serve certain of the target populations included by the ICMA in the Social Bond Principles, such as communities that are underserved regarding affordable homeownership.

The Social Bond Principles include project categories for the most commonly used types of projects (defined as “Social Projects”) supported by or expected to be supported by the Social Bond market. Social Project categories include providing and/or promoting: affordable housing, affordable basic infrastructure, access to essential services, or socioeconomic advancement and empowerment. By reference to the ICMA’s June 2020 publication “*Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals*,” the Corporation has determined that the Corporation’s Social Bonds designation reflects the use of the proceeds in a manner that is consistent with the following of the United Nations 17 Sustainable Development Goals (the “UNSDGs”): “Goal 1: No Poverty,” because the provision of affordable housing helps to mitigate poverty and promotes socioeconomic advancement and empowerment, “Goal 8: Decent Work and Economic Growth,” because the Corporation’s network of lenders provides access to the Corporation’s mortgage loan programs to all who qualify throughout the State, “Goal 10: Reduced Inequalities,” because the mortgage loans promote the social, economic and political inclusion of all, and “Goal 11: Sustainable Cities and Communities,” because the mortgage loans provide safe and affordable housing throughout the State (respectively, “SDG 1,” “SDG 8,” “SDG 10” and “SDG 11”). The UNSDGs were adopted by the United Nations General Assembly in September 2015, as part of its 2030 Agenda for Sustainable Development. According to the United Nations, SDG 1 is focused on ending poverty in all its forms everywhere, SDG 8 is focused on sustainable and inclusive growth, SDG 10 is focused on the needs of disadvantaged and marginalized populations and SDG 11 is focused on making cities and communities inclusive, safe, resilient and sustainable. The ICMA’s “*Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals*” maps SDG 1.4 to ICMA Social Bond Principles “Affordable Housing,” “Socioeconomic Advancement and Empowerment” and “Access to Essential Services”; maps SDG 8.10 to ICMA Social Bond Principle “Access to Essential Services”; maps SDG 10.2 to ICMA Social Bond Principles “Socioeconomic Advancement and Empowerment” and “Access to Essential Services”; and maps SDG 11.1 to ICMA Social Bond Principles “Affordable Housing” and “Affordable Basic Infrastructure.”

The ICMA Social Bond Principles, updated as of June 2021, include the following four core components: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting. The Corporation’s determination of the Social Bonds designation is based, in summary, on the following:

*Use of Proceeds.* The 2022 Series A Bonds will be used to purchase Available Mortgage Loans generally made to first-time homeowners who are from low and moderate income households. Proceeds of the 2022 Series B Bonds will be used to refund the Refunded Obligations whose proceeds originally were used to finance Mortgage Loans (including the Transferred Mortgage Loans), under various loan programs offered by the Corporation, in furtherance of its mission to provide housing for Alaskans of lower and moderate income or in remote, underdeveloped or blighted areas in the State. See “ACQUIRED OBLIGATIONS” and “THE CORPORATION — Activities of the Corporation.”

*Program Evaluation and Selection.* Available Mortgage Loans that will be funded by the proceeds of the 2022 Series A Bonds were originated by Lenders consistent with current underwriting requirements

of the Program. Transferred Mortgage Loans that will be allocable to the 2022 Series B Bonds were originated by Lenders consistent with underwriting requirements of various loan programs offered by the Corporation. The Corporation is the administrator of its loan programs, in which capacity it reviews loan compliance and borrower eligibility with requirements of each of its loan programs.

*Management of Proceeds.* Proceeds of the Offered Bonds will be deposited in segregated accounts under the Indenture and invested in Investment Securities as permitted by the Indenture until disbursed to purchase Available Mortgage Loans or refund the Refunded Obligations.

*Reporting.* All Offered Bonds proceeds will be disbursed immediately to purchase Available Mortgage Loans and refund the Refunded Obligations. Loan data for the Offered Bonds is provided further below. No additional reporting on disbursements of bond proceeds and loan data will be provided.

*Designation Does Not Involve Provision of Additional Security or Assumption of Special Risk.* The term “Social Bonds” is neither defined in nor related to provisions in the Indenture. The use of such term in this Official Statement and in the Offered Bonds is for identification purposes only and is not intended to provide or imply that Bonds so designated, including the Offered Bonds, are entitled to any additional security beyond that provided therefor in the Indenture. Such Offered Bonds will be secured on a parity with the Prior Series Bonds and any Additional Bonds issued under the Indenture.

## Mission and Summary Statistics

The Corporation’s mission is to meet the housing needs of low and moderate income Alaskans or of remote, underdeveloped or blighted areas of the State. The Corporation finances affordable housing through a variety of channels to advance the Corporation’s mission of financing mortgage loans and otherwise providing for Residential Housing in the State. See “THE CORPORATION — Activities of the Corporation.”

The data provided below represents mortgage loans that are expected to be funded by the 2022 Series A Bonds and a representative pool of mortgage loans of which approximately \$129,599,728 in aggregate principal amount is expected to be transferred to the 2022 Series B Bonds. Data from both tables below assisted the Corporation in making the determination that the use of proceeds of the Offered Bonds is expected to meet the goals discussed herein for their designation as Social Bonds.

| 2022 Series A Bonds             |                      | 2022 Series B Bonds             |                      |
|---------------------------------|----------------------|---------------------------------|----------------------|
| First Lien Loans (\$)           | Boroughs Represented | First Lien Loans (\$)           | Boroughs Represented |
| \$39,050,531 <sup>†</sup>       | 12/30                | \$638,520,141                   | 29/30                |
| Loan Statistics                 |                      | Loan Statistics                 |                      |
| First-time Homebuyers           | \$39,050,531         | First-time Homebuyers           | \$273,039,555        |
| Average Mortgage Amount         | \$217,744            | Average Mortgage Amount         | \$219,669            |
| Average Household Annual Income | \$62,108             | Average Household Annual Income | \$83,005             |
| Minority Households             | \$7,943,041          | Minority Households             | \$99,267,759         |
| Rural Areas                     | \$622,865            | Rural Areas                     | \$119,685,804        |
| Senior (55 and Over)            | \$1,467,066          | Senior (55 and Over)            | \$98,827,318         |

<sup>†</sup> In addition to the above mortgage loans funding at closing, approximately \$950,421 of additional first lien loans at 0% interest will be funded post-closing.

| Borrower Income Statistics |                           |              |  |                     |              |
|----------------------------|---------------------------|--------------|--|---------------------|--------------|
|                            | 2022 Series A Bonds       |              |  | 2022 Series B Bonds |              |
| AMI Band                   | \$                        | Cumulative % |  | \$                  | Cumulative % |
| <50.01%                    | \$ 8,290,918              | 21.23%       |  | \$ 60,668,164       | 9.50%        |
| 50.01% - 60%               | 7,267,259                 | 39.84%       |  | 51,683,431          | 17.60%       |
| 60.01% - 70%               | 9,982,953                 | 65.41%       |  | 58,598,539          | 26.77%       |
| 70.01% - 80%               | 4,927,053                 | 78.02%       |  | 55,356,667          | 35.44%       |
| 80.01% - 100%              | 7,744,446                 | 97.85%       |  | 106,086,878         | 52.06%       |
| 100.01% - 115%             | 303,254                   | 98.63%       |  | 57,840,784          | 61.12%       |
| 115.01%+                   | 534,649                   | 100.00%      |  | 248,285,678         | 100.00%      |
| Total                      | \$39,050,531 <sup>†</sup> |              |  | \$638,520,141       |              |

<sup>†</sup> In addition to the above mortgage loans funding at closing, approximately \$950,421 of additional first lien loans at 0% interest will be funded post-closing.

*The information set forth herein concerning the designation of the Offered Bonds as “Social Bonds” has been furnished by the Corporation and by other sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. The information and expressions of opinion related to the designation of the Offered Bonds as Social Bonds herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Corporation since the date hereof.*

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

### **General**

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

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

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

### **Mortgage Loans**

The Indenture authorizes the Corporation to issue Bonds to provide funds to enable the Corporation to acquire mortgage loans (the “Mortgage Loans”) for any type of loan the Corporation is

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

For information concerning the Corporation’s current underwriting requirements for single-family Mortgage Loans (including the 2022 Series A Mortgage Loans), see “Acquired Obligations — Mortgage Loan Underwriting.” For information concerning the Prior Series Mortgage Loans, the Transferred Mortgage Loans and the Available Mortgage Loans, see “Acquired Obligations — Prior Series Mortgage Loans,” “— Transferred Mortgage Loans” and “— Available Mortgage Loans.”

Certain of the Prior Series Mortgage Loans and the Transferred Mortgage Loans previously were or will be transferred to the Indenture from prior related indentures that contain requirements regarding the income of the borrower, loan-to-value ratios, primary mortgage insurance or guarantees of the Federal Housing Administration (“FHA”), the Department of Veterans Affairs (“VA”) or Rural Development (formerly the Farmers Home Administration) of the United States Department of Agriculture (“USDA” or “RD”), hazard insurance or similar provisions. No representation is made as to whether or not any such Mortgage Loan satisfies any such requirements. Neither the Corporation nor the Underwriters have reviewed such Mortgage Loans, and the Corporation is not required to substitute other mortgage loans or repurchase such Mortgage Loans if they do not in fact satisfy such requirements.

Certain of the Mortgage Loans are not first-lien loans to homebuyers. Such Mortgage Loans will not be considered when determining Bond Coverage (except to show Parity) absent the consent of the Rating Agencies (see “Sources of Payment and Security for the Bonds — Bond Coverage Certificates” below) and the statements relating to Mortgage Loans under the headings “Acquired Obligations — Mortgage Servicing,” “— Standard Homeowner Insurance Policies” and “— Alaska Foreclosure Law” may not apply to such Mortgage Loans.

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

### **Debt Service Reserve Fund**

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

If two Business Days prior to any Principal Installment Date or Interest Payment Date, the amount on deposit, or to be deposited on such Principal Installment Date or Interest Payment Date, in the Principal Account and the Interest Account is less than the amount required to pay interest on, principal of or sinking fund installments on Outstanding Bonds, any such deficiency is required to be made up with amounts in the Debt Service Reserve Fund or, if insufficient, funds of the Corporation made available by

the Corporation or amounts in the Special Reserve Fund or any other Fund or Account (except for the Unpledged Funds). See “Summary of Certain Provisions of the Indenture — Debt Service Reserve Fund.” No amounts will be deposited in the Special Reserve Fund in connection with the issuance of the Offered Bonds.

Amounts on deposit in the Debt Service Reserve Fund are to be invested in Investment Securities. As of October 31, 2021, the aggregate amount of Investment Securities on deposit in the Debt Service Reserve Fund was \$13,550,967.73.

In connection with the issuance of the Offered Bonds, the Corporation expects to deposit approximately \$1,774,635.59 of its own available moneys to the Debt Service Reserve Fund. The amount on deposit in the Debt Service Reserve Fund will be at least equal to the Debt Service Reserve Fund Requirement on the date of issuance of the Offered Bonds.

### **Special Reserve Fund**

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

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

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

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

### **Bond Coverage Certificates**

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

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

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

### **Additional Bonds**

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

“Summary of Certain Provisions of the Indenture — Provisions for Issuance of Bonds” and “Summary of Certain Provisions of the Indenture — Provisions for Refunding Issues.”

## APPLICATION OF FUNDS

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

|                                                     |                                |
|-----------------------------------------------------|--------------------------------|
| Deposit to Series Account of the Mortgage Loan Fund |                                |
| to Purchase Mortgage Loans                          | \$ 40,000,952.02               |
| Contributed Mortgage Loans                          | 10,007,341.00                  |
| Refunding of Refunded Obligations                   | 99,760,000.00 <sup>†</sup>     |
| Deposit to Debt Service Reserve Fund                | 3,392,013.60 <sup>††</sup>     |
| Payment of Underwriting Fee                         | 627,576.65                     |
| Payment of other Costs of Issuance                  | <u>250,000.00</u>              |
| <b>TOTAL</b>                                        | <b><u>\$154,037,883.27</u></b> |

<sup>†</sup> In connection with the refunding of the Refunded Obligations, approximately \$43,062,730 aggregate principal amount of mortgage loans will be transferred and made subject to the lien and pledge of the Indenture and approximately \$86,536,998 aggregate principal amount of Prior Series Mortgage Loans currently allocated under the Indenture to Prior Series Bonds, which are already pledged to the Bonds, will be reallocated to the Offered Bonds.

<sup>††</sup> Includes amounts contributed by the Corporation and amounts transferred and made subject to the lien and pledge of the Indenture in connection with the refunding of the Refunded Obligations.

## THE OFFERED BONDS

### General

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

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

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

### Redemption

#### *Special Redemption*

*Redemption from Unexpended Proceeds.* The 2022 Series A Bonds are subject to redemption at the option of the Corporation at 100% of the original issue price thereof, plus accrued interest, at any time, from amounts in the 2022 Series A Account of the Mortgage Loan Fund not applied to purchase Acquired Obligations. Any amounts remaining in the 2022 Series A Account of the Mortgage Loan Fund on May 1, 2025 are required by the 2022 Series A Supplemental Indenture to be applied to redeem 2022 Series A Bonds on July 1, 2025, at 100% of the original issue price thereof, plus accrued interest. Amounts available to redeem 2022 Series A Bonds as described in this paragraph may be applied at the direction of the Corporation to any maturity of the 2022 Series A Bonds, *provided* that the ratio of 2022 Series A Bonds maturing June 1, 2051 (the “PAC Bonds”) Outstanding to all 2022 Series A Bonds

Outstanding immediately following such redemption may not be less than such ratio immediately prior to such redemption.

The 2022 Series B Bonds are not subject to redemption from unexpended proceeds.

*Redemption from Amounts in the 2022 Series A Special Redemption Account and the 2022 Series B Special Redemption Account of the Redemption Fund.* The 2022 Series A Bonds and the 2022 Series B-1 Bonds are subject to redemption at the option of the Corporation at 100% of the principal amount thereof, plus accrued interest, on any date beginning June 1, 2022, from amounts deposited in the 2022 Series A Special Redemption Account and the 2022 Series B Special Redemption Account, respectively, of the Redemption Fund. Amounts so available to redeem the 2022 Series A Bonds may be applied at the direction of the Corporation to any maturity of the 2022 Series A Bonds; *provided* that such amounts may be applied to redeem the PAC Bonds only if and to the extent that the principal amount of such Bonds Outstanding exceeds the PAC Outstanding Amount (set forth below) for the related period, unless otherwise required by the Code or if no other 2022 Series A Bonds remain Outstanding. Amounts so available to redeem the 2022 Series B-1 Bonds may be applied at the direction of the Corporation to any maturity of the 2022 Series B-1 Bonds.

The 2022 Series B-2 Bonds are not subject to redemption from amounts deposited in the 2022 Series B Special Redemption Account of the Redemption Fund.

Amounts deposited in the 2022 Series A Special Redemption Account and the 2022 Series B Special Redemption Account of the Redemption Fund as directed by the Corporation are expected to consist primarily of Pledged Receipts in excess of (a) scheduled debt service with respect to all Outstanding Bonds, (b) any amount required to replenish the Debt Service Reserve Fund and the Special Reserve Fund to their respective requirements, if any, (c) any amount required to fund the payment of Program Expenses and (d) amounts not used for recycling. Proceeds of the sale of Acquired Obligations constitute Pledged Receipts and may under certain circumstances be deposited in the Redemption Fund and used to redeem Bonds. See “Summary of Certain Provisions of the Indenture — Mortgage Loan Fund” and “— Corporation’s Programs.” However, the Corporation covenants in the 2022 Series A and B Supplemental Indenture not to redeem the Offered Bonds as described under this subheading “Redemption from Amounts in the 2022 Series A Special Redemption Account and the 2022 Series B Special Redemption Account of the Redemption Fund” from the proceeds of (i) a voluntary sale of Mortgage Certificates or (ii) a voluntary sale of Mortgage Loans, unless such Mortgage Loans are (a) in default, (b) not in compliance with the Corporation’s Program requirements or (c) sold in order to meet the Corporation’s tax covenants. Such voluntary Mortgage Certificate sale proceeds and voluntary Mortgage Loan sale proceeds (except from sales of Mortgage Loans described in clauses (a), (b) or (c) of the immediately preceding sentence) may only be used to redeem Offered Bonds as described below under “Redemption When Offered Bonds Outstanding are 15% or Less of Initial Amount” and “Optional Redemption.”

Applicable federal tax law requires redemption of the Offered Bonds on or before certain dates and in certain amounts in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Offered Bonds. See “Tax Matters — Other Requirements Imposed by the Code — Required Redemptions.” It is currently expected that the following approximate percentages of principal repayments and prepayments of the 2022 Series A Mortgage Loans received on or after the dates set forth in the following table, will be required by the Code to be applied no later than the close of the first semi-annual period beginning after the date of receipt to the retirement of the 2022 Series A Bonds.

| <u>Date</u>                     | <u>Approximate Percentage</u> |
|---------------------------------|-------------------------------|
| January 12, 2022                | 0%                            |
| January 12, 2032 and thereafter | 100                           |

Such percentages and dates derive from the Corporation's expected use of proceeds. No assurance can be given that the actual use of proceeds will be such as to produce such percentages, or that the Code will not be amended so as to no longer require such redemptions.

Current federal tax law requires a payment to the United States from certain mortgagors whose mortgage loans are originated after December 31, 1990. See "Tax Matters — Other Requirements Imposed by the Code — Recapture Provision." Since such recapture requirement remains in effect with respect to any mortgage loan subject thereto for a period ending nine years from the closing of such mortgage loan, the Corporation is unable to predict what effect, if any, such requirement will have on the origination or prepayment of Mortgage Loans to which such provision applies.

*Special Mandatory Redemption.* The PAC Bonds are subject to mandatory redemption, at 100% of the principal amount thereof, plus accrued interest, from amounts deposited in the 2022 Series A Special Redemption Account of the Redemption Fund or any other source of funds available therefor, on June 1, 2022, and thereafter on each June 1 and December 1, in an amount equal to the lesser of (i) prepayments and principal repayments of 2022 Series A Mortgage Loans (the "Series A PAC Loans") received as of the 60th day prior to such date (except to the extent needed to pay scheduled principal and sinking fund payments of 2022 Series A Bonds) and (ii) the amount by which the principal amount of PAC Bonds then Outstanding exceeds the PAC Outstanding Amount (set forth below and subject to adjustment as described below) for the related period.

| <u>Period Ending</u>        | <u>PAC Outstanding Amount</u> |
|-----------------------------|-------------------------------|
| June 1, 2022                | \$14,985,000                  |
| December 1, 2022            | 14,385,000                    |
| June 1, 2023                | 13,575,000                    |
| December 1, 2023            | 12,570,000                    |
| June 1, 2024                | 11,510,000                    |
| December 1, 2024            | 10,500,000                    |
| June 1, 2025                | 9,530,000                     |
| December 1, 2025            | 8,600,000                     |
| June 1, 2026                | 7,710,000                     |
| December 1, 2026            | 6,860,000                     |
| June 1, 2027                | 6,045,000                     |
| December 1, 2027            | 5,265,000                     |
| June 1, 2028                | 4,520,000                     |
| December 1, 2028            | 3,805,000                     |
| June 1, 2029                | 3,125,000                     |
| December 1, 2029            | 2,480,000                     |
| June 1, 2030                | 1,860,000                     |
| December 1, 2030            | 1,270,000                     |
| June 1, 2031                | 705,000                       |
| December 1, 2031            | 170,000                       |
| June 1, 2032 and thereafter | 0                             |

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

The PAC Assumptions may differ from the assumptions made in establishing the dates and amounts of the Sinking Fund Payments and maturities of the 2022 Series A Bonds. See “Assumptions Regarding Revenues, Debt Service Requirements, and Program Expenses.” The Corporation makes no representation that actual experience will conform to the PAC Assumptions. If actual experience differs from the PAC Assumptions, the principal amount of PAC Bonds actually redeemed in each semiannual period pursuant to the provision described under this subheading may differ from that derived from the PAC Outstanding Amounts.

Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The PSA model represents an assumed monthly rate of prepayment of the then outstanding principal balance of a pool of new mortgage loans. PSA does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Series A PAC Loans. One hundred percent PSA assumes prepayment rates of 0.2 percent per year of the then-unpaid principal balance of such mortgage loans in the first month of the life of the mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of the mortgage loans, 100 percent PSA assumes a constant prepayment rate of six percent per year. Multiples will be calculated from this prepayment rate series; e.g., 200 percent PSA assumes prepayment rates will be 0.4 percent per year in month one, 0.8 percent per year in month two, reaching 12 percent per year in month 30 and remaining constant at 12 percent per year thereafter.

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

Set forth in the following table are the projected weighted average lives (in years) of PAC Bonds, based upon various rates of prepayment of the Series A PAC Loans expressed as percentages of the PSA standard prepayment model. The numbers set forth in the following table have not been independently verified or audited by a third party and the Corporation does not make any representation or warranty as to the accuracy of such information. The Corporation has made no projections as to the weighted average lives of PAC Bonds at rates of prepayment of the Series A PAC Loans exceeding 500 percent of PSA. The table assumes, among other things, that (i) all Series A PAC Loans will be acquired on the Closing Date, (ii) all Series A PAC Loans are prepaid at the percentage of PSA indicated on the table, (iii) all prepayments and scheduled principal repayments of Series A PAC Loans are timely received and the Corporation experiences no foreclosure losses thereon, (iv) there will be no optional redemption of 2022 Series A Bonds, (v) amounts available under the Indenture to be applied to the special redemption of Bonds will only be used to redeem Bonds of the related Series, (vi) amounts available under the Indenture to be applied to the special redemption of 2022 Series A Bonds other than PAC Bonds will be applied pro

rata to such other 2022 Series A Bonds then Outstanding, and (vii) the remaining Bonds of a Series will not be redeemed as a consequence of the aggregate principal amount of such Bonds then Outstanding becoming equal to or less than 15% of the original aggregate principal amount of such Bonds. Some or all of such assumptions are unlikely to reflect actual experience.

| <b><u>Prepayment Speed<br/>(expressed as a<br/>percentage of PSA)</u></b> | <b><u>Projected Weighted<br/>Average Life<br/>(in years)</u></b> |
|---------------------------------------------------------------------------|------------------------------------------------------------------|
| 0%                                                                        | 25.6                                                             |
| 25                                                                        | 17.3                                                             |
| 50                                                                        | 10.5                                                             |
| 75                                                                        | 6.6                                                              |
| 100                                                                       | 5.0                                                              |
| 200                                                                       | 5.0                                                              |
| 300                                                                       | 5.0                                                              |
| 400                                                                       | 5.0                                                              |
| 500                                                                       | 5.0                                                              |

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

*Redemption When Offered Bonds Outstanding are 15% or Less of Initial Principal Amount.* The 2022 Series A Bonds and the 2022 Series B-1 Bonds are subject to redemption at 100% of the principal amount thereof, plus accrued interest, in whole on any date at the option of the Corporation, from any source of funds, if, in the case of the 2022 Series A Bonds, the aggregate principal amount of then Outstanding 2022 Series A Bonds (reduced by any 2022 Series A Bonds otherwise to be redeemed on such date) is less than or equal to 15% of the aggregate initial principal amount of the 2022 Series A Bonds (\$5,859,750) and, in the case of the 2022 Series B-1 Bonds, the aggregate principal amount of then Outstanding 2022 Series B-1 Bonds (reduced by any such 2022 Series B-1 Bonds otherwise to be redeemed on such date) is less than or equal to 15% of the aggregate initial principal amount of the 2022 Series B-1 Bonds (\$4,142,250).

### ***Sinking Fund Redemption***

The 2022 Series A Bonds maturing on December 1, 2036, December 1, 2039, June 1, 2043 and June 1, 2051, 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:

| <b>Date</b>      | <b>2022 Series A<br/>Term Bonds<br/>Maturing<br/>December 1, 2036</b> | <b>2022 Series A<br/>Term Bonds<br/>Maturing<br/>December 1, 2039</b> | <b>2022 Series A<br/>Term Bonds<br/>Maturing<br/>June 1, 2043</b> | <b>2022 Series A PAC<br/>Term Bonds<br/>Maturing<br/>June 1, 2051</b> |
|------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------|
| June 1, 2034     | \$595,000                                                             |                                                                       |                                                                   |                                                                       |
| December 1, 2034 | 600,000                                                               |                                                                       |                                                                   |                                                                       |
| June 1, 2035     | 610,000                                                               |                                                                       |                                                                   |                                                                       |
| December 1, 2035 | 620,000                                                               |                                                                       |                                                                   |                                                                       |
| June 1, 2036     | 630,000                                                               |                                                                       |                                                                   |                                                                       |
| December 1, 2036 | 640,000 <sup>†</sup>                                                  |                                                                       |                                                                   |                                                                       |
| June 1, 2037     |                                                                       | \$655,000                                                             |                                                                   |                                                                       |
| December 1, 2037 |                                                                       | 665,000                                                               |                                                                   |                                                                       |
| June 1, 2038     |                                                                       | 670,000                                                               |                                                                   |                                                                       |
| December 1, 2038 |                                                                       | 685,000                                                               |                                                                   |                                                                       |
| June 1, 2039     |                                                                       | 695,000                                                               |                                                                   |                                                                       |
| December 1, 2039 |                                                                       | 705,000 <sup>†</sup>                                                  |                                                                   |                                                                       |
| June 1, 2040     |                                                                       |                                                                       | \$720,000                                                         |                                                                       |
| December 1, 2040 |                                                                       |                                                                       | 730,000                                                           |                                                                       |
| June 1, 2041     |                                                                       |                                                                       | 740,000                                                           |                                                                       |
| December 1, 2041 |                                                                       |                                                                       | 755,000                                                           |                                                                       |
| June 1, 2042     |                                                                       |                                                                       | 765,000                                                           |                                                                       |
| December 1, 2042 |                                                                       |                                                                       | 780,000                                                           |                                                                       |
| June 1, 2043     |                                                                       |                                                                       | 190,000 <sup>†</sup>                                              | \$ 600,000                                                            |
| December 1, 2043 |                                                                       |                                                                       |                                                                   | 805,000                                                               |
| June 1, 2044     |                                                                       |                                                                       |                                                                   | 820,000                                                               |
| December 1, 2044 |                                                                       |                                                                       |                                                                   | 835,000                                                               |
| June 1, 2045     |                                                                       |                                                                       |                                                                   | 845,000                                                               |
| December 1, 2045 |                                                                       |                                                                       |                                                                   | 860,000                                                               |
| June 1, 2046     |                                                                       |                                                                       |                                                                   | 875,000                                                               |
| December 1, 2046 |                                                                       |                                                                       |                                                                   | 890,000                                                               |
| June 1, 2047     |                                                                       |                                                                       |                                                                   | 905,000                                                               |
| December 1, 2047 |                                                                       |                                                                       |                                                                   | 920,000                                                               |
| June 1, 2048     |                                                                       |                                                                       |                                                                   | 935,000                                                               |
| December 1, 2048 |                                                                       |                                                                       |                                                                   | 950,000                                                               |
| June 1, 2049     |                                                                       |                                                                       |                                                                   | 970,000                                                               |
| December 1, 2049 |                                                                       |                                                                       |                                                                   | 985,000                                                               |
| June 1, 2050     |                                                                       |                                                                       |                                                                   | 1,005,000                                                             |
| December 1, 2050 |                                                                       |                                                                       |                                                                   | 1,020,000                                                             |
| June 1, 2051     |                                                                       |                                                                       |                                                                   | 1,035,000 <sup>†</sup>                                                |

<sup>†</sup> Stated Maturity

The 2022 Series B-1 Bonds maturing on June 1, 2036, and the 2022 Series B-2 Bonds maturing on December 1, 2030, December 1, 2031, December 1, 2032, December 1, 2033, December 1, 2034 and December 1, 2035, are subject to mandatory redemption in part from sinking fund payments at 100% of the principal amount thereof, plus accrued interest, on the respective dates and in the respective principal amounts set forth below:

| <b>Date</b>      | <b>2022 Series B-2<br/>Term Bonds<br/>Maturing<br/>December 1, 2030</b> | <b>2022 Series B-2<br/>Term Bonds<br/>Maturing<br/>December 1, 2031</b> | <b>2022 Series B-2<br/>Term Bonds<br/>Maturing<br/>December 1, 2032</b> | <b>2022 Series B-2<br/>Term Bonds<br/>Maturing<br/>December 1, 2033</b> |
|------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|
| June 1, 2030     | \$5,000,000                                                             |                                                                         |                                                                         |                                                                         |
| December 1, 2030 | 3,285,000 <sup>†</sup>                                                  |                                                                         |                                                                         |                                                                         |
| June 1, 2031     |                                                                         | \$6,000,000                                                             |                                                                         |                                                                         |
| December 1, 2031 |                                                                         | 6,300,000 <sup>†</sup>                                                  |                                                                         |                                                                         |
| June 1, 2032     |                                                                         |                                                                         | \$3,475,000                                                             |                                                                         |
| December 1, 2032 |                                                                         |                                                                         | 4,680,000 <sup>†</sup>                                                  |                                                                         |
| June 1, 2033     |                                                                         |                                                                         |                                                                         | \$7,500,000                                                             |
| December 1, 2033 |                                                                         |                                                                         |                                                                         | 7,525,000 <sup>†</sup>                                                  |

<sup>†</sup> Stated Maturity

| <b>Date</b>      | <b>2022 Series B-2 Term<br/>Bonds Maturing<br/>December 1, 2034</b> | <b>2022 Series B-2 Term<br/>Bonds Maturing<br/>December 1, 2035</b> | <b>2022 Series B-1 Term<br/>Bonds Maturing<br/>June 1, 2036</b> |
|------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------|
| June 1, 2034     | \$4,785,000                                                         |                                                                     | \$5,010,000                                                     |
| December 1, 2034 | 2,775,000 <sup>†</sup>                                              |                                                                     | 3,000,000                                                       |
| June 1, 2035     |                                                                     | \$2,025,000                                                         | 2,250,000                                                       |
| December 1, 2035 |                                                                     | 1,775,000 <sup>†</sup>                                              | 2,000,000                                                       |
| June 1, 2036     |                                                                     |                                                                     | 1,000,000 <sup>†</sup>                                          |

<sup>†</sup> Stated Maturity

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

### ***Optional Redemption***

The Offered Bonds maturing on or after June 1, 2031, *other than* the PAC Bonds, are subject to redemption at the option of the Corporation at 100% of the principal amount thereof, plus accrued interest, at any time on or after December 1, 2030, in whole or in part, from any source of funds.

The PAC Bonds are subject to redemption at the option of the Corporation at any time on or after December 1, 2030, in whole or in part, from any source of funds, at 100% of the principal amount thereof, plus accrued interest, plus the unamortized premium thereon as determined by the Corporation by a straight-line amortization of the initial issue premium thereon reflected on the inside cover page between the date of issuance and June 1, 2032.

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

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

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

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

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

### **Book Entry Only**

#### ***General***

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

The information in this section concerning DTC and the DTC book-entry system has been obtained from DTC, and neither the Corporation nor the Underwriters take responsibility for the accuracy or completeness thereof.

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

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

with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Offered Bonds of a particular Series and maturity bearing the same interest rate (and otherwise of like tenor) are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in the Offered Bonds of such Series and maturity bearing the same interest rate (and otherwise of like tenor) to be redeemed.

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

Payments of principal and purchase price of and interest on the Offered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Corporation or the Trustee, on a payable date in accordance with their respective

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

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

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

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

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

with satisfactory indemnity, is provided to the Trustee. The fees and expenses of the Corporation and the Trustee in connection with such replacement shall be paid by the owner.

### **ASSUMPTIONS REGARDING REVENUES, DEBT SERVICE REQUIREMENTS AND PROGRAM EXPENSES**

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

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

1. no Additional Bonds will be issued;
2. the proceeds of the Offered Bonds will be applied as described above under “Introduction” on the date of issuance of the Offered Bonds;
3. on the date of issuance of the Offered Bonds, a portion of the lendable proceeds of the 2022 Series A Bonds will be used to purchase approximately \$39.1 million aggregate principal amount of Available Mortgage Loans that, as of October 31, 2021, bore interest at the rates and had outstanding principal balances and weighted average remaining terms as described under “Acquired Obligations — Available Mortgage Loans”;
4. on or after the date of issuance of the Offered Bonds, the remainder of the lendable proceeds of the 2022 Series A Bonds will be used to purchase approximately \$950,421 aggregate principal amount of additional first lien loans bearing interest at 0%;
5. on the date of issuance of the Offered Bonds, there will be transferred to the lien and pledge of the Indenture and allocated to the Offered Bonds Transferred Mortgage Loans with an approximate aggregate principal balance, bearing interest at an approximate weighted average yield to the Corporation, with an approximate weighted average mortgage loan coupon rate to the borrower and with an approximate weighted average remaining term, all as described under “Acquired Obligations — Transferred Mortgage Loans”;
6. on the date of issuance of the Offered Bonds, the Corporation from its unrestricted general funds will pay a portion of costs of issuance with respect to such Bonds and make a deposit to the Debt Service Reserve Fund as reflected under “Application of Funds”;
7. on the date of issuance of the Offered Bonds, a total of approximately \$1.62 million made available as a result of the refunding of the Refunded Obligations will be deposited to the Debt Service Reserve Fund;
8. scheduled principal of and interest on Mortgage Loans will be paid on the first day of the month following the scheduled payment date therefor, and Acquired Obligations will not be prepaid or otherwise terminated prior to maturity;
9. losses on defaulted Mortgage Loans will not exceed any applicable insurance coverage or guarantees and recoveries upon disposition, including foreclosures or sales in lieu of foreclosures;
10. amounts in all Funds and Accounts under the Indenture will be invested at an annual rate of 0.05%; and

11. the Servicers will be paid a monthly servicing fee of one-twelfth of 0.375% of the then-outstanding aggregate principal balance of the Mortgage Loans, and other semiannual Program Expenses of the Corporation and the Trustee under the Program will be equal to .055% of the principal amount of then outstanding Acquired Obligations in the Mortgage Loan Fund.

The Corporation believes it is reasonable to make such assumptions, but no representation is made that the assumptions reflect any particular set of historical circumstances, no assurance can be given that actual receipt of amounts under the Indenture will be sufficient to pay debt service on the Bonds (including the Offered Bonds) when due and Program Expenses of the Corporation and the Trustee under the Program, and to the extent that actual experience differs from any of the assumptions, availability of such amounts may be significantly affected. The Corporation has a history of actively recycling Mortgage Loan prepayments and excess revenues into new qualifying mortgage loans when economically appropriate and also when economically appropriate of using such amounts to redeem bonds and refund such redeemed bonds and thereafter make new qualifying mortgage loans, and presently intends to continue to do both. The Corporation currently expects to recycle prepayments and scheduled repayments of Mortgage Loans allocable to the 2022 Series B Bonds. The rate of principal payments is likely to vary considerably over time. Generally, a borrower may prepay a Mortgage Loan at any time without penalty. Because so many factors affect the rate of prepayment of a pool of mortgage loans, the Corporation cannot estimate or predict the rate of principal payments on the Mortgage Loans.

## ACQUIRED OBLIGATIONS

### Prior Series Mortgage Loans

As of October 31, 2021, there were Prior Series Mortgage Loans with an outstanding aggregate principal balance of \$607,963,543, bearing interest at a weighted average yield to the Corporation of approximately 3.79% per annum, with a weighted average mortgage loan coupon rate to the borrower of approximately 3.58% per annum and a weighted average remaining term of 302 months.

The following table sets forth certain information as of October 31, 2021, regarding the type of primary mortgage insurance coverage originally applicable to the Prior Series Mortgage Loans. No representation is made as to the current status of primary mortgage insurance coverage or the current loan-to-value ratios of the Prior Series Mortgage Loans. No representation is made as to the amount of private mortgage insurance coverage provided by carriers whose claims-paying ability is rated investment grade or better by Moody's, S&P or Fitch.

### Prior Series Mortgage Loans Primary Insurance

| <u>Type</u>                 | <u>Outstanding<br/>Principal<br/>Balance</u> | <u>Percentage of Total Prior<br/>Series Mortgage Loans<br/>by Outstanding<br/>Principal Balance</u> |
|-----------------------------|----------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Uninsured <sup>†</sup>      | \$240,788,818                                | 39.6%                                                                                               |
| Private Mortgage Insurance  | 195,386,602                                  | 32.1%                                                                                               |
| Federally Insured - FHA     | 66,868,560                                   | 11.0%                                                                                               |
| Federally Insured - RD      | 56,744,229                                   | 9.3%                                                                                                |
| Federally Insured - HUD 184 | 29,523,694                                   | 4.9%                                                                                                |
| Federally Insured - VA      | <u>18,651,640</u>                            | <u>3.1%</u>                                                                                         |
| TOTAL                       | <u>\$607,963,543</u>                         | <u>100.0%</u>                                                                                       |

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

In connection with the refunding of the Refunded Obligations, approximately \$86,536,998 aggregate principal amount of Prior Series Mortgage Loans currently allocated under the Indenture to Prior Series Bonds will be reallocated to the Offered Bonds.

### Transferred Mortgage Loans

Transferred Mortgage Loans with an approximate aggregate principal balance of \$43,062,730 will be allocated to the Offered Bonds from a pool of mortgage loans (the “Eligible Mortgage Loans”) currently allocated to the Refunded Obligations.

As of October 31, 2021, there were Eligible Mortgage Loans with an outstanding aggregate principal balance of \$608,162,003, bearing interest at a weighted average yield to the Corporation of approximately 3.84% per annum, with a weighted average mortgage loan coupon rate to the borrower of approximately 3.69% per annum and a weighted average remaining term of approximately 295 months.

The following table sets forth certain information as of October 31, 2021, regarding the type of primary mortgage insurance coverage originally applicable to the Eligible 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 Eligible 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.

#### Eligible Mortgage Loans Primary Insurance

| <u>Type</u>                 | <u>Outstanding<br/>Principal<br/>Balance</u> | <u>Percentage of Total Eligible<br/>Mortgage Loans<br/>by Outstanding<br/>Principal Balance</u> |
|-----------------------------|----------------------------------------------|-------------------------------------------------------------------------------------------------|
| Uninsured <sup>†</sup>      | \$296,257,795                                | 48.7%                                                                                           |
| Private Mortgage Insurance  | 193,825,379                                  | 31.9%                                                                                           |
| Federally Insured - FHA     | 57,703,445                                   | 9.5%                                                                                            |
| Federally Insured - RD      | 27,659,600                                   | 4.5%                                                                                            |
| Federally Insured - HUD 184 | 19,867,619                                   | 3.3%                                                                                            |
| Federally Insured - VA      | <u>12,848,165</u>                            | <u>2.1%</u>                                                                                     |
| <b>TOTAL</b>                | <b><u>\$608,162,003</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% (90% in the case of Rural Program Mortgage Loans) and insurance coverage was therefore not required.

In connection with the refunding of the Refunded Obligations, approximately \$43,062,730 aggregate principal amount of mortgage loans that will be transferred and made subject to the lien and pledge of the Indenture and approximately \$86,536,998 aggregate principal amount of Prior Series Mortgage Loans currently allocated under the Indenture to Prior Series Bonds will also be reallocated to the Offered Bonds.

### Contributed Mortgage Loans

It is expected that as of the date of issuance of the Offered Bonds, the Corporation will transfer to the lien and pledge of the Indenture mortgage loans that, as of October 31, 2021, had an outstanding aggregate principal balance of approximately \$7,500,000, bearing interest at a weighted average yield to the Corporation of approximately 3.05% per annum and a weighted average remaining term of approximately 350 months and mortgage loans that, as of October 31, 2021, had an outstanding aggregate principal balance of approximately \$2,558,902, bearing interest at a weighted average yield to the

Corporation of approximately 4.65% per annum and a weighted average remaining term of approximately 316 months (collectively, the “Contributed Mortgage Loans”).

### Available Mortgage Loans

As of October 31, 2021, there were Available Mortgage Loans with an outstanding aggregate principal balance of \$39,050,531, bearing interest at a weighted average yield to the Corporation of approximately 3.31% per annum, with a weighted average mortgage loan coupon rate to the borrower of approximately 2.64% per annum and a weighted average remaining term of approximately 352 months.

The following table sets forth certain information as of October 31, 2021, regarding the type of primary mortgage insurance coverage originally applicable to the Available Mortgage Loans. No representation is made as to the current status of primary mortgage insurance coverage or the current loan-to-value ratios of the Available Mortgage Loans. No representation is made as to the amount of private mortgage insurance coverage provided by carriers whose claims-paying ability is rated investment grade or better by Moody’s, S&P or Fitch.

#### Available Mortgage Loans Primary Insurance

| <u>Type</u>                 | <u>Outstanding<br/>Principal<br/>Balance</u> | <u>Percentage of Total Available<br/>Mortgage Loans<br/>by Outstanding<br/>Principal Balance</u> |
|-----------------------------|----------------------------------------------|--------------------------------------------------------------------------------------------------|
| Private Mortgage Insurance  | \$19,230,114                                 | 49.2%                                                                                            |
| Uninsured <sup>†</sup>      | 10,368,526                                   | 26.6%                                                                                            |
| Federally Insured - FHA     | 5,154,244                                    | 13.2%                                                                                            |
| Federally Insured - RD      | 3,454,482                                    | 8.9%                                                                                             |
| Federally Insured - HUD 184 | 484,242                                      | 1.2%                                                                                             |
| Federally Insured - VA      | <u>358,923</u>                               | <u>0.9%</u>                                                                                      |
| TOTAL                       | <u>\$39,050,531</u>                          | <u>100.0%</u>                                                                                    |

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

### Mortgage Delinquency and Foreclosure Summary

The following table set forth certain delinquency information (including loans receiving forbearance or in loss mitigation) as of October 31, 2021, regarding the Prior Series Mortgage Loans, Eligible Mortgage Loans and Available Mortgage Loans:

|                            | <u>As of 6/30/2021</u>     | <u>As of 10/31/2021</u>                 |
|----------------------------|----------------------------|-----------------------------------------|
| Delinquent 30 Days         | 1.53%                      | 1.36%                                   |
| Delinquent 60 Days         | 0.79                       | 0.58                                    |
| Delinquent 90 Days or More | <u>2.16</u>                | <u>1.92</u>                             |
| Total Mortgage Delinquency | <u>4.49%</u>               | <u>3.87%</u>                            |
|                            | <u>As of<br/>6/30/2021</u> | <u>Four Months Ended<br/>10/31/2021</u> |
| Total Foreclosures         | <u>\$1,637,680</u>         | <u>\$969,300</u>                        |

## **Mortgage Loan Underwriting**

The following description provides certain information concerning the Corporation's current underwriting requirements for single-family Mortgage Loans (including the 2022 Series A Mortgage Loans), including requirements with respect to loan-to-value ratios, loan amounts and primary mortgage insurance. No representation is made as to whether or not the Prior Series Mortgage Loans or the Transferred Mortgage Loans conformed to such current requirements. The Corporation's current underwriting requirements for single-family Mortgage Loans may be revised at any time. See "Sources of Payment and Security for the Bonds — Mortgage Loans."

### ***Eligibility***

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

### ***General Terms***

Each Mortgage Loan must:

- (1) be serviced by a servicer approved by the Corporation (see "Acquired Obligations — Mortgage Servicing" below);
- (2) be secured by a first or second lien on real estate in fee simple or on a leasehold estate and (A) if a first lien, be subject only to permitted encumbrances, or (B) if a second lien, be subject only to permitted encumbrances including a first-lien mortgage;
- (3) if the Mortgage Loan is secured by a first lien and if the loan-to-value ratio of the property exceeds 80% (90% in the case of Rural Program Mortgage Loans), be the subject of private mortgage insurance, federal insurance, or federal guarantee, with benefits in each case payable to the Corporation;
- (4) be for the purchase or refinancing of completed, owner-occupied residential housing, the improvement or rehabilitation of owner-occupied residential housing, or the purchase or refinancing of owner-occupied residential housing together with improvement or rehabilitation of the housing, which in any case is eligible for purchase by the Corporation under the terms otherwise described in this section; and
- (5) be insured by an American Land Title Association (ALTA) insurance policy issued by a title insurance company qualified to do business in the area in which the residence is located and acceptable to the Corporation, insuring the enforceable mortgage, subject only to permitted encumbrances or in the case of a second-lien mortgage, subject only to permitted encumbrances and the first-lien mortgage. Second lien mortgages do not require an ALTA policy.

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 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 FHA, VA, or RD for similar refinance loans.

### ***Income Limits***

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

### ***Purchase Price Requirements***

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

### ***Loan Terms***

Mortgage Loans may have any term up to 30 years, but are typically in the form of 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 approximately 25 Lenders approved by the Corporation. All of the Lenders must have an office in Alaska. The Corporation requires each Lender to provide audited financial statements and proof of

insurance to the Corporation on an annual basis. Lenders must maintain policies of worker's compensation insurance (minimum coverage of \$100,000 per person per occurrence) and general liability insurance (minimum coverage of \$1,000,000 per occurrence), and a fidelity bond and errors and omissions insurance (coverage based on origination volume; minimum of \$300,000). The Corporation also performs annual audits of at least 10% of the loans purchased from each Lender during each year to assure compliance with AHFC underwriting standards and program requirements.

### ***Underwriting Process***

Mortgage Loans undergo one of three underwriting processes: Full Underwriting process, Program Compliance process, or Delegated process, 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 twenty-four 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 exists in an amount equal to the unpaid principal due on the mortgage. The Servicer services the mortgage loan for a fee, charged monthly at an annual rate. As compensation for servicing loans for the Corporation, the Servicer is paid servicing fees pursuant to the contractual agreements in place, generally not less than  $\frac{3}{8}$  of 1% on the unpaid principal due on such mortgage loan. The Corporation has adopted standards for qualifying eligible servicing institutions and underwriting and servicing guidelines with respect to the recording of and collection of principal and interest on the Mortgage Loans and the rendering to the Corporation of an accounting of funds collected. The servicing of a Mortgage Loan includes the responsibility for foreclosure, but not the bearing of any expenses thereof. The Servicer is expected to utilize collection and foreclosure prevention techniques during the various stages of delinquency to meet the goal of bringing delinquent Mortgage Loans current in the shortest time possible. The Servicers' collection policies and procedures address loss mitigation methods which include, but are not limited to, working with distressed borrowers on a temporary forbearance of less than or equal to a full payment and/or repayment of the delinquency. The Corporation requires its Servicers to have a collection program to address early payment defaults and to encourage listing the property for sale to avoid foreclosure. Foreclosures are undertaken when it has been determined the borrowers are unable to maintain their mortgage payments. See "Acquired Obligations — Private 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 Bond Counsel is unaware of any controlling judicial precedent, it is the opinion of 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 private 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 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 30% of the Mortgage Loan if the original loan-to-value ratio is between 90.00% and 95.00% and is a 30 year mortgage, (b) 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; (c) equal to 12% of the Mortgage Loan if the original loan-to-value ratio is between 80.00% and 95.00% and is a 30 year mortgage; (d) equal to 25% of the Mortgage Loan if the original loan-to-value ratio is between 80% and 95% and is a 15 year mortgage; (e) 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; (f) 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 with full entitlement is 25% of the loan amount. For partial entitlement the maximum amount of guaranty entitlement is 25% of the Fannie Mae and Freddie Mac conforming loan limit reduced by the amount of entitlement previously used (not restored). 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 according to the insurer or guarantee guidelines. 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 a 80% LTV (90% for Rural Programs) of the lesser of the original appraised value of the mortgaged property or the original sales price of the mortgaged property and the loan is current or (c) for renovation loans the LTV is 80% of the original "as complete" 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 accordance with advertising requirements. 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 \$60,250,000 State Capital Project Bonds, 2002 Series C; the Corporation's \$150,000,000 State Capital Project Bonds II, 2017 Series B; the Corporation's \$90,000,000 State Capital Project Bonds II, 2018 Series A; and the Corporation's \$140,000,000 State Capital Project Bonds II, 2019 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

October 31, 2021 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, 2021. 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 (there is currently one vacancy among the members appointed by the Governor):

| <b><u>Name</u></b>                                                                                             | <b><u>Location</u></b>                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Mr. Brent LeValley</b><br>Chair                                                                             | Retired<br>Fairbanks, Alaska                                                                                                              |
| <b>Mr. Jess Hall</b>                                                                                           | Hall Quality Homes<br>Palmer, Alaska                                                                                                      |
| <b>Ms. Vivian Stiver</b>                                                                                       | Self-Employed<br>Fairbanks, Alaska                                                                                                        |
| <b>Ms. Lucinda Mahoney</b><br>Commissioner<br>Alaska Department of Revenue                                     | <b>Mr. Deven Mitchell</b> (designee)<br>State Debt Manager<br>Alaska Department of Revenue<br>Juneau, Alaska                              |
| <b>Mr. Adam Crum</b><br>Commissioner<br>Alaska Department of Health and Social Services                        | <b>Mr. Albert Wall</b> (designee)<br>Deputy Commissioner<br>Alaska Department of Health and Social Services<br>Anchorage, Alaska          |
| <b>Ms. Julie Anderson</b><br>Commissioner<br>Alaska Department of Commerce, Community and Economic Development | <b>Ms. Sandra Moller</b> (designee)<br>Director<br>Alaska Department of Commerce, Community and Economic Development<br>Anchorage, Alaska |

Principal financial officers of the Corporation are as follows:

**Bryan 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 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 October 31, 2021:

| <b><u>Bond Series</u></b>                              | <b><u>Amount<br/>Outstanding</u></b> | <b><u>Liquidity Provider<br/>(or Self-Liquidity)</u></b> | <b><u>Facility<br/>Expiration Date</u></b> |
|--------------------------------------------------------|--------------------------------------|----------------------------------------------------------|--------------------------------------------|
| Governmental Purpose Bonds,<br>2001 Series A and B     | \$ 77,625,000                        | Federal Home Loan Bank-<br>Des Moines                    | June 27, 2022                              |
| State Capital Project Bonds,<br>2002 Series C          | 6,975,000                            | Self-Liquidity                                           | NA <sup>†</sup>                            |
| Home Mortgage Revenue Bonds,<br>2002 Series A          | 30,690,000                           | Federal Home Loan Bank-<br>Des Moines                    | September 18, 2023                         |
| Home Mortgage Revenue Bonds,<br>2007 Series A, B and D | 214,940,000                          | State Street Bank & Trust                                | August 11, 2025                            |
| Home Mortgage Revenue Bonds,<br>2009 Series A and B    | 154,930,000                          | Wells Fargo Bank, N.A.                                   | August 19, 2024                            |
| Home Mortgage Revenue Bonds,<br>2009 Series D          | 77,460,000                           | Federal Home Loan Bank-<br>Des Moines                    | May 30, 2022                               |
| State Capital Project Bonds II,<br>2017 Series B       | 150,000,000                          | Self-Liquidity                                           | NA <sup>†</sup>                            |
| State Capital Project Bonds II,<br>2018 Series A       | 90,000,000                           | Self-Liquidity                                           | NA <sup>†</sup>                            |
| State Capital Project Bonds II,<br>2019 Series A       | <u>140,000,000</u>                   | Self-Liquidity                                           | NA <sup>†</sup>                            |
|                                                        | <u>\$942,620,000</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 it.

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

*Home Mortgage Revenue Bonds.* The Corporation issues Home Mortgage Revenue Bonds to finance the purchase of mortgage loans or to refund other obligations of the Corporation. Mortgage loans and/or other assets are pledged as collateral for the Home Mortgage Revenue Bonds. Home Mortgage Revenue Bonds are also general obligations of the Corporation.

*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.

*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.

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

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

The following tables set forth certain information as of October 31, 2021, regarding bonds issued under the above-described financing programs and the Bonds issued under the Indenture:

### **Bonds Issued and Remaining Outstanding by Program**

| <b><u>Bond Program</u></b>        | <b><u>Issued through<br/>10/31/2021</u></b> | <b><u>Issued During<br/>Four Months<br/>Ended<br/>10/31/2021</u></b> | <b><u>Outstanding<br/>as of<br/>10/31/2021</u></b> |
|-----------------------------------|---------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------|
| Home Mortgage Revenue Bonds       | \$ 1,262,675,000                            | \$0                                                                  | \$ 478,020,000                                     |
| State Capital Project Bonds       | 680,190,000                                 | 0                                                                    | 6,975,000                                          |
| State Capital Project Bonds II    | 1,739,615,000                               | 0                                                                    | 1,160,915,000                                      |
| General Mortgage Revenue Bonds II | 835,200,000                                 | 0                                                                    | 469,435,000                                        |
| Governmental Purpose Bonds        | 973,170,000                                 | 0                                                                    | 77,625,000                                         |
| Veterans Collateralized Bonds     | 792,885,000                                 | 0                                                                    | 53,240,000                                         |
| Other Bonds                       | <u>13,603,684,122</u>                       | <u>0</u>                                                             | <u>0</u>                                           |
| Total Bonds                       | <u>\$19,887,419,122</u>                     | <u>\$0</u>                                                           | <u>\$2,246,210,000</u>                             |

### **Summary of Bonds Issued and Remaining Outstanding**

|                                    | <b><u>Issued through<br/>10/31/2021</u></b> | <b><u>Issued During Four<br/>Months Ended<br/>10/31/2021</u></b> | <b><u>Outstanding<br/>as of<br/>10/31/2021</u></b> |
|------------------------------------|---------------------------------------------|------------------------------------------------------------------|----------------------------------------------------|
| Tax-Exempt Bonds                   | \$14,585,494,122 <sup>†</sup>               | \$0                                                              | \$1,629,890,000                                    |
| Taxable Bonds                      | <u>5,301,925,000</u>                        | <u>0</u>                                                         | <u>616,320,000</u>                                 |
| Total Bonds                        | <u>\$19,887,419,122</u>                     | <u>\$0</u>                                                       | <u>\$2,246,210,000</u>                             |
| Self-Liquidity Bonds <sup>††</sup> | <u>\$440,250,000</u>                        | <u>\$0</u>                                                       | <u>\$386,975,000</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 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 Greely, 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 October 31, 2021, the remaining principal balance on this loan was \$140,826,358.

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

*First Home Limited Program.* The First Home Limited Program offers lower interest rates to eligible borrowers who meet income, purchase price, and other requirements of the Code.

*First Home Program.* The First Home Program offers a reduced interest rate to first-time homebuyers who do not meet the Code requirements of the First Home Limited Program.

*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.

*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%.

*My Home Program.* The My Home 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.

*Uniquely Alaskan Program.* The Uniquely Alaskan Program is targeted toward non-conforming loans for certain properties for which financing may not be obtained through private, state or federal mortgage programs.

*Military Facility Zone Program.* The Military Facility Zone Program is available for qualified two-to-four unit properties in Alaska's designated Military Facility Zone through June 30, 2024.

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

The following tables set forth certain information as of October 31, 2021, regarding the mortgage loans financed under the above-described lending programs:

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

| <u><b>Loan Program</b></u>                                                                                                          | <b>Original Principal<br/>Balance<br/>of Mortgage Loans<br/>Purchased<br/>during FY 2021</b> | <b>Original Principal Balance<br/>of Mortgage Loans<br/>Purchased during the<br/>Four Months Ended<br/>10/31/2021</b> |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| My Home                                                                                                                             | \$221,909,703                                                                                | \$ 77,867,185                                                                                                         |
| Rural                                                                                                                               | 111,345,586                                                                                  | 36,947,091                                                                                                            |
| First Home Limited                                                                                                                  | 99,090,533                                                                                   | 33,230,825                                                                                                            |
| First Home                                                                                                                          | 95,850,969                                                                                   | 40,456,686                                                                                                            |
| Multi-Family/Special Needs                                                                                                          | 30,721,850                                                                                   | 19,301,251                                                                                                            |
| Veterans                                                                                                                            | 24,794,641                                                                                   | 8,135,011                                                                                                             |
| Other Loan Programs                                                                                                                 | 16,311,324                                                                                   | 2,297,339                                                                                                             |
| Uniquely Alaskan                                                                                                                    | <u>1,958,810</u>                                                                             | <u>567,540</u>                                                                                                        |
| Total Mortgage Purchases                                                                                                            | <u>\$601,983,416</u>                                                                         | <u>\$218,802,928</u>                                                                                                  |
| Percentage of Original Principal Balance<br>of Total Mortgage Purchases during<br>Period Representing Streamline<br>Refinance Loans | 19.0%                                                                                        | 5.6%                                                                                                                  |

#### **Mortgage Portfolio Summary**

|                                         | <u><b>As of 6/30/2021</b></u> | <u><b>As of 10/31/2021</b></u> |
|-----------------------------------------|-------------------------------|--------------------------------|
| Mortgages and Participation Loans       | \$2,962,566,356               | \$2,968,111,786                |
| Unconventional Loans                    | 57,747,051                    | 56,853,062                     |
| Real Estate Owned/Insurance Receivables | <u>1,576,384</u>              | <u>1,788,156</u>               |
| Total Mortgage Portfolio                | <u>\$3,021,889,791</u>        | <u>\$3,026,753,004</u>         |

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

| <b>Type</b>                               | <b>Outstanding Principal<br/>Balance as of 10/31/2021</b> | <b>Percentage of Total<br/>Mortgage Loans by<br/>Outstanding<br/>Principal Balance</b> |
|-------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------------------------------|
| Uninsured <sup>††</sup>                   | \$1,656,726,198                                           | 55.8%                                                                                  |
| Private Mortgage Insurance <sup>†††</sup> | 769,465,052                                               | 25.9%                                                                                  |
| Federally Insured – FHA                   | 203,490,583                                               | 6.9%                                                                                   |
| Federally Insured – RD                    | 130,745,280                                               | 4.4%                                                                                   |
| Federally Insured – VA                    | 127,016,194                                               | 4.3%                                                                                   |
| Federally Insured – HUD 184               | <u>80,668,478</u>                                         | <u>2.7%</u>                                                                            |
| <b>TOTAL</b>                              | <b><u>\$2,968,111,786</u></b>                             | <b><u>100.0%</u></b>                                                                   |

<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<br/>Balance as of 10/31/2021</b> | <b>Percentage of Total<br/>Mortgage Loans by<br/>Outstanding<br/>Principal Balance</b> |
|-----------------------------|-----------------------------------------------------------|----------------------------------------------------------------------------------------|
| Radian Guaranty             | \$193,660,908                                             | 6.5%                                                                                   |
| United Guaranty             | 170,938,601                                               | 5.8%                                                                                   |
| Mortgage Guaranty           | 153,759,320                                               | 5.2%                                                                                   |
| Essent Guaranty             | 139,410,562                                               | 4.7%                                                                                   |
| Genworth GE                 | 60,397,456                                                | 2.0%                                                                                   |
| CMG Mortgage Insurance      | 46,555,127                                                | 1.6%                                                                                   |
| National Mortgage Insurance | 3,814,481                                                 | 0.1%                                                                                   |
| Commonwealth                | 380,125                                                   | 0.0%                                                                                   |
| PMI Mortgage Insurance      | 289,533                                                   | 0.0%                                                                                   |
| Republic Mortgage           | <u>258,940</u>                                            | <u>0.0%</u>                                                                            |
| <b>TOTAL</b>                | <b><u>\$769,465,052</u></b>                               | <b><u>25.9%</u></b>                                                                    |

The following table sets forth certain delinquency information (including loans receiving forbearance or in loss mitigation) as of October 31, 2021:

## Corporation Mortgage Delinquency and Foreclosure Summary

|                            | <u>As of 6/30/2021</u>    | <u>As of 10/31/2021</u>   |
|----------------------------|---------------------------|---------------------------|
| Delinquent 30 Days         | 1.51%                     | 1.68%                     |
| Delinquent 60 Days         | 0.68                      | 0.65                      |
| Delinquent 90 Days or More | <u>2.44</u>               | <u>1.73</u>               |
| Total Mortgage Delinquency | <u>4.63%</u>              | <u>4.06%</u>              |
|                            | <b>As of</b>              | <b>Four Months Ended</b>  |
|                            | <u><b>6/30/2021</b></u>   | <u><b>10/31/2021</b></u>  |
| Total Foreclosures         | <u><b>\$2,802,013</b></u> | <u><b>\$1,755,596</b></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.

### **COVID-19**

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Corporation's ability to conduct its business. A prolonged disruption in the Corporation's operations could have an adverse effect on the Corporation's financial condition and results of operations. To plan for and mitigate the impact such an event may have on its operations, the Corporation has developed a Business Continuity Plan (the "Plan"). The Plan is designed to (i) provide for the continued execution of the mission-essential functions of the Corporation and minimize disruption if an emergency threatens, interrupts or incapacitates the Corporation's operations; (ii) provide the Corporation's leadership with timely direction, control and coordination before, during and after an emergency; and (iii) facilitate the return to normal operating conditions as soon as practical based on the circumstances surrounding any given emergency. No assurances can be given that the Corporation's efforts to mitigate the effects of an emergency or other event will be successful in preventing any and all disruptions to its operations in the event of an emergency.

One such external event is the global outbreak of COVID-19 ("COVID-19"), a respiratory disease caused by a novel coronavirus and declared in 2020 to be a pandemic (the "Pandemic") by the World Health Organization, which is affecting the national capital markets and which may negatively impact the State's housing market and its overall economy. The threat from the Pandemic is being addressed on a national, federal, state and local level. Presidential administrations, Congress, the Federal Reserve, HUD/FHA (including Ginnie Mae), the Federal Housing Finance Agency (including Fannie Mae and Freddie Mac), USDA, VA, the Centers for Disease Control, and the Consumer Financial Protection Bureau, along with the State, have enacted legislation and/or issued orders or directives (collectively, "Governmental Actions") to alleviate the effects of COVID-19 on homeowners, renters, landlords, servicers and lenders. Governmental Actions have included loan forbearance directives, moratoriums on foreclosures and/or evictions, loan modification directives, loan servicing assistance, rental assistance, and homeownership loan assistance. Such legislation and/or orders have been extended and/or modified, and others have expired or been enjoined. While it is generally expected that new

legislation may be enacted, new orders may be issued, and existing and new orders may be extended, modified, litigated, or allowed to expire, no guarantee can be made with regards to the duration and/or effectiveness of any such legislation or orders.

The Governmental Actions, and other future federal, state, and local measures, may have both adverse and positive effects on the Corporation's operations, financial condition and bond ratings. In addition, unemployment in the State, and stock market fluctuation during the current recession, may have an adverse effect on existing and future loans in the Corporation's portfolio. The Corporation continues to review the possible impacts of these various actions and events on its operations, financial condition, and bond ratings.

The Pandemic is an ongoing situation. The Corporation cannot predict (i) the duration or extent of the COVID-19 pandemic or any other outbreak emergency; (ii) the duration or expansion of any foreclosure or eviction moratorium affecting the Corporation's ability to foreclose and collect on delinquent mortgage loans; (iii) the number of mortgage loans that will be in default as a result of the COVID-19 pandemic and subsequent federal, State and local responses thereto; (iv) whether and to what extent the COVID-19 pandemic or other outbreak or emergency may disrupt the local or global economy, manufacturing, or supply chain, or whether any such disruption may adversely impact the Corporation or its operations; (v) whether or to what extent the Corporation or other government agencies may provide additional deferrals, forbearances, adjustments, or other changes to payments on mortgage loans; or (vi) the effect of the COVID-19 pandemic on the State budget, or whether any such effect may adversely impact the Corporation or its operations. The COVID-19 pandemic and resulting business and market disruptions may have an adverse impact on the Corporation's operations, financial condition or bond ratings to an extent that may be material.

## 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 ended June 30. For additional detail, see the Statement of Revenues, Expenses, and Changes in Net Position in the Corporation's financial statements as of and for the year ended June 30, 2021, included in Appendix A to this Official Statement.

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

|                                               | Fiscal Year Ended June 30 |             |             |             |             |
|-----------------------------------------------|---------------------------|-------------|-------------|-------------|-------------|
|                                               | 2021                      | 2020        | 2019        | 2018        | 2017        |
| <b>Total Assets and Deferred Outflows</b>     | \$4,502,474               | \$4,609,943 | \$4,322,532 | \$4,101,560 | \$3,939,741 |
| <b>Total Liabilities and Deferred Inflows</b> | 2,886,543                 | 3,002,979   | 2,751,109   | 2,562,864   | 2,426,113   |
| <b>Total Net Position</b>                     | 1,615,931                 | 1,606,964   | 1,571,423   | 1,538,696   | 1,513,628   |
| <b>Total Operating Revenues</b>               | 306,080                   | 251,076     | 256,033     | 246,280     | 249,479     |
| <b>Total Operating Expenses</b>               | 296,102                   | 215,535     | 221,200     | 212,697     | 235,134     |
| <b>Operating Income (Loss)</b>                | 9,978                     | 35,541      | 34,833      | 33,583      | 14,345      |
| <b>Contribution to State or State agency</b>  | (1,011)                   | 0           | (2,106)     | (125)       | (250)       |
| <b>Change in Net Position</b>                 | \$8,967                   | \$35,541    | \$32,727    | \$33,458    | \$14,095    |

## **Legislative Activity/Transfers to the State**

### ***Prior Transfers to the State***

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

### ***The Current Transfer Plan***

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

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

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

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

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

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

The 2003 Legislature enacted Chapter 76 SLA 2003, subsequently amended by Chapter 120 SLA 2004, Chapter 7 SLA 2006 and Chapter 35 SLA 2010 (as so amended, the "2003 Act"), which modified and incorporated provisions of the Transfer Plan. The Corporation views the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. The 2003 Act provides that the amount transferred by the Corporation to the State in fiscal years 2004, 2005, and 2006 shall not exceed \$103,000,000 (in each case,

less debt service on certain State Capital Project Bonds and any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations for the Corporation's operating budget).

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

- (i) the lesser of (A) \$103,000,000 and (B) the respective percentage of adjusted change in net assets for the fiscal year two years prior thereto (the "base fiscal year") for such fiscal year set forth in the table below, less
- (ii) debt service on certain State Capital Project Bonds, less
- (iii) any legislative appropriation of the Corporation's unrestricted, unencumbered funds other than appropriations for the Corporation's operating budget.

| <u>Fiscal Year</u>  | <u>Percentage of Adjusted<br/>Change in Net Assets</u> |
|---------------------|--------------------------------------------------------|
| 2007                | 95%                                                    |
| 2008                | 85%                                                    |
| 2009 and thereafter | 75%                                                    |

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

#### ***Dividend to the State of Alaska***

Following are the details of the Corporation's dividend to the State as of June 30, 2021 (in thousands).

|                                     | <u>Dividend Due<br/>to State</u> | <u>Expenditures</u>  | <u>Remaining<br/>Commitments</u> |
|-------------------------------------|----------------------------------|----------------------|----------------------------------|
| State General Fund Transfers        | \$ 799,514                       | \$ (788,948)         | \$ 10,566                        |
| State Capital Projects Debt Service | 494,877                          | (482,877)            | 12,000                           |
| State of Alaska Capital Projects    | 294,915                          | (252,652)            | 42,263                           |
| Corporation Capital Projects        | <u>554,942</u>                   | <u>(506,102)</u>     | <u>48,840</u>                    |
| Total                               | <u>\$2,144,248</u>               | <u>\$(2,030,579)</u> | <u>\$113,669</u>                 |

(Includes FY23 Dividend of \$26.6 million, to be approved by the Legislature in the 2022 Session)

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

The Corporation's fiscal year 2023 operating budget is expected to be enacted by the Legislature during the 2022 legislative session. Consistent with the Transfer Plan, the expected fiscal year 2023 operating budget estimates that \$26.6 million will be available from the adjusted change in net position for payment of debt service, appropriation for capital projects and transfers to the State General Fund.

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

## **Litigation**

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

## **SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

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

### **Certain Definitions (Section 101)**

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

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

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

(A) The Corporation delivers to the Trustee a Certificate certifying that the schedules attached thereto show Parity and receipt and application of Eligible Funds (including assets that are anticipated to be transferred to any Fund specified in the applicable Supplemental Indenture from any Prior Indentures as described in the following sentence but not including Eligible Funds to be derived from any Mortgage Loan that is not secured by a Mortgage constituting a first lien on the property

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

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

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

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

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

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

"Cash Equivalent" means a letter of credit, insurance policy, surety, guarantee or other security arrangement (a) provided by an institution (which may include the Corporation) which has received a

rating of its claims-paying ability or unsecured long-term debt rating from each Rating Agency then rating the applicable Series of Bonds at least equal to the then-existing rating on such Series of Bonds or whose unsecured debt securities are rated at least the then-existing rating on such Series of Bonds (or the highest rating of short-term obligations if the Cash Equivalent is a short-term instrument) by such Rating Agency or (b) otherwise of Rating Quality.

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

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

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

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

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

the provisions of this definition, an Investment Agreement shall be of Rating Quality. In the event that any Investment Agreement is entered into and has a term greater than one year, the Corporation shall promptly notify the Rating Agencies of such entry, identifying the parties thereto. The Trustee shall provide the party entering into an Investment Agreement with the Corporation with written notice (x) at least one Business Day prior to the date of withdrawal of principal amounts under the Investment Agreement (i) to purchase Bonds which are subject to a tender or put provision and which have not been remarketed by the date of purchase pursuant to such tender or put provision or (ii) as necessary upon the receipt of written instructions from the Corporation to preserve the exclusion of interest on the Bonds from federal income taxation, and (y) not later than the day the Trustee is required to provide Bondholders with notice in connection with a partial redemption of the Bonds or conversion of the Bonds to a Fixed Rate.

“Investment Assumptions” means an annual rate of 2.5%; provided, however, that if, at the date of any Bond Coverage Certificate to be delivered investment earnings assumptions used by the Rating Agencies are higher than the assumed annual rate set forth in this definition (as evidenced in writing from each Rating Agency) or if actual investment earnings may be calculated for any period (including any period commencing in the future in the case of amounts which when received will be invested under an Investment Agreement) by reason of the existence of a rate assured by an Investment Agreement, then “Investment Assumptions” will mean the earnings at the earning assumptions used by the Rating Agencies or the earnings on the Investment Agreement (but only until the termination date of such Investment Agreement) as the case may be; provided, however, that “Investment Assumptions” may be modified by Supplemental Indenture if such modification will not adversely affect the Unenhanced Ratings then assigned to any Bonds by the Rating Agencies.

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

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

(2) demand and time deposits with, negotiable certificates of deposit of, or banker’s acceptances issued by any bank or trust company the unsecured short-term obligations of which are rated A-1+ or equivalent by each Rating Agency and which is (i) incorporated or organized under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or (ii) a foreign bank with a branch or agency licensed under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, or (iii) a foreign bank having a long-term issuer credit rating of at least AA+ or equivalent from each Rating Agency;

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

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

- (5) commercial paper rated A-1+ or equivalent by each Rating Agency;
- (6) an Investment Agreement;
- (7) money market funds rated AA+m or equivalent by each Rating Agency;
- (8) any other investment that is of Rating Quality and that is not unacceptable to the Trustee.

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

“Mortgage Certificate and Loan Assumptions” means and includes the following assumptions, or any other set of assumptions that is of Rating Quality, to be used by the Corporation in preparing each Bond Coverage Certificate: (1) payment lags from the first day of the month in which the Acquired Obligations are funded to the receipt date of (a) 50 days for each GNMA I Certificate and each Gold FHLMC PC held in the Mortgage Loan Fund, (b) 60 days for each GNMA II Certificate held in the Mortgage Loan Fund, (c) 60 days for each FNMA MBS held in the Mortgage Loan Fund, and (d) 90 days for Mortgage Loans not represented by a Mortgage Certificate; (2) payment when due of applicable servicing and guarantee fees to GNMA, FNMA, and FHLMC; (3) use of money in the Mortgage Loan Fund which has not been expended for the purchase of Acquired Obligations to acquire Mortgage Loans that have not been converted to Mortgage Certificates; and (4) use of the money described in clause (3) hereof in the manner described in clause (3) hereof either on the last day of the acquisition period (if application of such money to such purpose prior to such last day would result in the receipt of Eligible Funds during such period in excess of the amount required to provide timely payment of the principal of and interest on the Bonds during such period) or, otherwise, on the date of calculation or as otherwise provided in the applicable Supplemental Indenture.

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

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

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

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

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

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

“Pledged Mortgage Grouping” means a group of Mortgage Loans that are not represented by Mortgage Certificates and that are to be deposited with the Trustee into groupings based on the interest rates of the Mortgage Loans. The Acquired Obligations in a Pledged Mortgage Grouping may bear

interest at a range of rates selected by the Corporation, and the Corporation may treat all Acquired Obligations bearing interest within such range as part of such Pledged Mortgage Grouping for purposes of any Bond Coverage Certificate. In calculating Bond Coverage, the Corporation shall assume that all Acquired Obligations have maturities equal to the maturity of the Acquired Obligation in such Pledged Mortgage Grouping having the latest maturity date at the time of such calculation and a Pass-Through Rate equal to the Pass-Through Rate for the Pledged Mortgage Grouping.

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

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

“Program” means the Corporation’s program of financing mortgage loans and otherwise providing for Residential Housing in the State pursuant to the Act through the issuance of its Bonds.

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

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

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

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

“Scheduled Payments,” as set forth in a Bond Coverage Certificate, means the scheduled payments (assuming no prepayments) of principal of and interest (at the Pass-Through Rate) on the

Acquired Obligations then held under the Indenture or assumed to be held under the Indenture for purposes of such Bond Coverage Certificate.

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

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

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

### **Indenture to Constitute Contract (Section 202)**

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

### **Provisions for Issuance of Bonds (Sections 204 and 206)**

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

- (i) a Counsel’s Opinion to the effect, among other things, that the Bonds of such Series have been duly and validly authorized and issued in accordance with the constitution and statutes of the State, including the Act as amended to the date of such Opinion, and in accordance with the Indenture;
- (ii) a written order as to authentication and delivery of such Bonds, signed by an Authorized Officer;
- (iii) an executed original of the Supplemental Indenture authorizing such Series;
- (iv) the amount of the proceeds of such Series to be deposited in any Fund or Account held by the Trustee pursuant to the Indenture;
- (v) a Certificate of an Authorized Officer stating that the Corporation is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture;

- (vi) a Bond Coverage Certificate;
- (vii) written verification from the Rating Agencies that the issuance of such Series of Bonds will not, in and of itself, cause a withdrawal or reduction in the rating assigned by the Rating Agencies to any Outstanding Bonds of any prior Series;
- (viii) if such Series of Bonds is to have the benefit of a Liquidity Facility or be secured by Credit Enhancement, the executed Liquidity Facility or Credit Enhancement or evidence that all conditions precedent to the issuance of such Liquidity Facility or Credit Enhancement have been met as of the date of issuance of such Series of Bonds; and
- (ix) such further documents and moneys as are required by the provisions of the Indenture or any Supplemental Indenture.

### **Provisions for Refunding Issues (Section 207)**

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

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

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

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

### **Establishment of Funds and Accounts (Section 502)**

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

- (i) Mortgage Loan Fund;
  - (a) Mortgage Loan Account or Accounts;
  - (b) Pass-Through Rate Supplement Accounts;
  - (c) Collateral Mortgage Asset Account;

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

### **Mortgage Loan Fund (Section 503)**

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

### **Revenue Fund (Section 504)**

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

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

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

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

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

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

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

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

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

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

#### **Debt Service Fund (Section 505)**

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

As soon as practicable after the forty-fifth day preceding the due date of any Sinking Fund Payment, the Trustee is to proceed to call for redemption on such due date, Bonds of the Series and

maturity for which such Sinking Fund Payment was established in a principal amount equal to the amount of such Sinking Fund Payment reduced by crediting thereto the principal amount of Bonds purchased or redeemed as described above. The Trustee is required to call such Bonds for redemption whether or not it then has moneys in the Principal Account sufficient to pay the applicable Redemption Price on the Redemption Date.

### **Redemption Fund (Section 506)**

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

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

On or before the redemption date, the Trustee is required to pay from the applicable Account within the Redemption Fund the amounts required for the payment of the Redemption Price on any Bonds to be redeemed. When none of the Bonds of the Series relating thereto remain Outstanding, a Special Redemption Account will be closed and the amounts therein will be withdrawn and deposited in the Revenue Fund. Except for amounts required to be retained therein for the redemption of Bonds for which

notice of redemption has been given or for which the Trustee has received irrevocable instructions to give such notice on a future date, amounts in any Account in the Redemption Fund may be transferred to the Principal Account at the written request of an Authorized Officer of the Corporation.

#### **Debt Service Reserve Fund (Section 507)**

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

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

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

#### **Rebate Fund (Section 508)**

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

#### **Creation of Additional Accounts and Subaccounts (Section 509)**

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

#### **Deposits and Investments (Sections 510 and 512)**

All amounts held by any Fiduciary or Depositary under the Indenture will be invested in Investment Securities. Amounts in the Debt Service Reserve Fund may only be in investments described in clauses (1), (2), (3) or (6) of the definition of Investment Securities under "Certain Definitions" above, and any such investment (unless in an Investment Agreement) must mature no later than six months after its purchase. Unless otherwise provided, obligations purchased as an investment of moneys in any Fund or Account held by the Trustee under the Indenture shall be deemed at all times to be a part of such Fund or Account but the income or interest earned and gains realized in excess of losses suffered by a Fund or Account, other than the Special Reserve Fund, due to the investment thereof shall be deposited as Pledged

Receipts into the Revenue Fund. In computing the amount in any Fund or Account, obligations purchased as an investment of moneys therein will be valued at par if purchased at par value or at amortized value if purchased at other than par value. Valuation shall be made on the tenth day prior to each Interest Payment Date, and except in the case of the Debt Service Reserve Fund, on any particular date will not include the amount of interest then earned or accrued to such date on any such moneys or investment. No investment may be sold for less than (i) in the case of an investment purchased at par value, its par value or (ii) in the case of an investment purchased at other than par value, its amortized value, unless, in each case, (x) such sale is reflected in the most recent Bond Coverage Certificate or (y) such sale is necessary to provide amounts to pay principal of or interest on Bonds of any Series when and as due.

### **Special Reserve Fund (Section 513)<sup>†</sup>**

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

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

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

The Corporation is duly authorized under all applicable laws to adopt the Indenture. The Bonds and the provisions of the Indenture are and will be the valid and legally enforceable obligations of the Corporation in accordance with their terms. The Corporation shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Acquired Obligations, Pledged Receipts, and other assets and revenues, including rights therein pledged under the Indenture and all the rights of the Bondholders under the Indenture against all claims and demands of all persons whomsoever.

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

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

### **Tax Covenants (Section 706) (Article III of 2022 Series A Supplemental Indenture and 2022 Series B Supplemental Indenture)**

With respect to Bonds intended to bear interest that is excludible from gross income for federal income tax purposes, the Corporation covenants to (i) meet all applicable requirements of the Internal Revenue Code of 1954, as amended (the “1954 Code”), and the Internal Revenue Code of 1986, as amended (the “Code”), (ii) not permit at any time or times any of the proceeds of the Bonds or any other funds of the Corporation to be used directly or indirectly to acquire any securities or obligations, the acquisitions of which would cause any Bond to be an “arbitrage bond” and (iii) take all action necessary to assure that interest on such Bonds (including the Offered Bonds) shall be excludable from gross

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<sup>†</sup> No amounts will be deposited in the Special Reserve Fund in connection with the issuance of the Offered Bonds.

income for purposes of federal income taxation. The Corporation covenants that it shall require that no person or “related person” shall purchase Bonds in an amount related to the Acquired Obligations to be acquired by the Corporation from such person or “related person.”

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

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

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

### **Budgets (Section 708)**

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

The Corporation will adopt an Annual Budget for the Program covering its fiscal operations for the succeeding Fiscal Year and file the same with such officials of the State as may be required by the Act, as then amended. The Annual Budget will at least set forth for such Fiscal Year the estimated Pledged Receipts due and payable or estimated to become due and payable during such Fiscal Year. Copies of the Annual Budget and any amended Annual Budget will be made available by the Corporation for inspection by any Bondholder.

### **Corporation’s Programs (Section 709)**

The Corporation from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of the Indenture and sound banking practices and principles, will (i) use and apply the proceeds of the Bonds to the extent not reasonably or otherwise required for other purposes of the Program, to finance Acquired Obligations pursuant to the Act and the Indenture, (ii) do all such acts and things necessary to receive and collect Pledged Receipts

sufficient to pay Program Expenses and principal or Redemption Price, if any, of and interest on the Bonds and (iii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Corporation to maintain any insurance on Acquired Obligations and to enforce all terms, covenants and conditions of Acquired Obligations.

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

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

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

1. to close the Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Indenture on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;
2. to add other covenants and agreements to be observed by the Corporation which are not contrary to or inconsistent with the Indenture;
3. to add other limitations and restrictions to be observed by the Corporation which are not contrary to or inconsistent with the Indenture;
4. to surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of the Indenture, but only if the surrender of such right, power, or privilege is not contrary to or inconsistent with the Indenture;
5. to authorize Bonds of a Series;
6. to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture or the Trust Estate;
7. to modify any of the provisions of the Indenture provided that (i) such modification shall be effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding, and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefore or in place thereof;
8. to make such additions, deletions, or modifications as may be necessary to assure compliance with Section 148(d)(3) of the Code or Section 148(f) of the Code or to obtain a satisfactory rating on a Series of Bonds from a Rating Agency, provided that no such additions, deletions, or modifications intended to obtain a satisfactory rating shall cause a reduction in any ratings assigned by a Rating Agency to Bonds then Outstanding; and

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

### **Supplemental Indentures Effective Upon Consent of Trustee (Section 802)**

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

1. to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture; or
2. to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect; or
3. to provide for additional duties of the Trustee in connection with the Acquired Obligations; or
4. to make any other changes not materially adverse to the interests of the Bondholders.

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

### **Powers of Amendment (Section 902)**

Any modification or amendment of any provision of the Indenture or of the rights and obligations of the Corporation and of the holders of the Bonds may be made by a Supplemental Indenture, with the written consent given as provided in the Indenture (i) of the holders of at least two-thirds in principal amount of the Outstanding Bonds, (ii) in case less than all of the several Series of Bonds would be affected by such modification or amendment, of the holders of at least two-thirds in principal amount of the Outstanding Bonds of each Series so affected and (iii) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the holders of at least two-thirds in principal amount of the Outstanding Bonds of the particular Series and maturity entitled to such Sinking Fund Payment; except that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the holders of such Bonds is not required. No such modification or amendment will permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond or reduce the percentages or otherwise affect the classes of Bonds, the consent of the holders of which is required to effect any such modification or amendment. A Series of Bonds will be deemed to be affected by a modification or amendment of the Indenture if the same adversely affects or diminishes the rights of the holders of Bonds of such Series.

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

Each of the following events is an “Event of Default”: (a) the Corporation defaults in the payment of the principal (including Sinking Fund Payments) or Redemption Price, if any, of any Bond within two Business Days after the same becomes due, whether at maturity or upon call for redemption or otherwise; (b) payment of any installment of interest on any of the Bonds is not made within two Business Days after the same becomes due; (c) the Corporation fails or refuses to comply with the provisions of the Indenture, or defaults in the performance or observance of any of the covenants, agreements or conditions contained therein, or in any Supplemental Indenture or the Bonds, and such failure, refusal or default continues for a period of 45 days after written notice thereof by the Trustee or the holders of not less than 25% in principal amount of the Outstanding Bonds; or (d) any event designated an Event of Default by a Supplemental Indenture shall have occurred and remain uncured.

## **Remedies (Section 1003)**

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

## **Priority of Payments After Default (Section 1004)**

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

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

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

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

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

Whenever moneys are to be applied by the Trustee pursuant to the Indenture, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Corporation, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon which such interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the holder of any unpaid Bonds unless such Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

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

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

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

No holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law, or for the protection or enforcement of any right under the Indenture or any right under law unless such holder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless

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

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

#### **Trustee (Sections 1105, 1108 and 1109)**

The Corporation may remove the Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the Corporation. Any successor to the Trustee is required to be a trust company or bank having the powers of a trust company having capital and surplus aggregating at least \$25,000,000. The Corporation is required to pay to the Trustee and to each Paying Agent from time to time reasonable compensation for all services rendered under the Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Indenture, and the Trustee and each Paying Agent shall have a lien therefor on any and all funds at any time held by it under the Indenture.

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

If the Corporation pays or causes to be paid, to the holders of the Bonds, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of any revenues and assets thereby pledged and all other rights granted thereby shall be discharged and satisfied.

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

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of Bond Counsel, to be delivered on the date of issuance of the Offered Bonds, assuming compliance with certain covenants which are designed to meet the requirements of the Code, under existing laws, regulations, rulings and judicial decisions, (i) interest on the Offered Bonds is excluded from gross income for federal income tax purposes and (ii) interest on the Offered Bonds is not a specific preference item for purposes of the alternative minimum tax imposed under the Code.

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

### **General**

The requirements of applicable federal tax law must be satisfied with respect to both the 2022 Series A Bonds and the 2022 Series B Bonds in order that interest on either Series of the Offered Bonds not be included in gross income for federal income tax purposes retroactive to the date of issuance thereof. The Code provides that interest on obligations of a governmental unit such as the Corporation issued to finance, or to refund bonds issued to finance, single family residences for first time homebuyers (such as the 2022 Series A Bonds) is not included in gross income for federal income tax purposes only if

certain requirements are met with respect to the terms, amount and purpose of the obligations and the use of the funds generated by the issuance of the obligations, the nature of the residences and the mortgages, and the eligibility of the borrowers executing the mortgages. Such requirements generally do not apply to the mortgage loans financed by the 2022 Series B Bonds as a result of transition rules in various federal tax laws adopted since 1980.

### **Loan Eligibility Requirements Imposed by the Code**

The Code contains the following loan eligibility requirements that are applicable to Mortgage Loans financed with proceeds attributable to the 2022 Series A Bonds in order that interest on the Offered Bonds not be included in gross income for federal income tax purposes retroactive to the date of issuance thereof.

#### ***Residence Requirement***

The Code requires that each of the premises financed with proceeds of qualified mortgage bonds be a one-to-four-family residence, one unit of which can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the financing is provided. In the case of a two-to-four-family residence (other than two-family residences in targeted areas having borrowers whose family income does not exceed 140% of applicable family median income), the residence must have been occupied as a residence at least five years before the mortgage is executed. Certain documents adopted by the Corporation that establish procedures to be followed in connection with the financing of Mortgage Loans with amounts attributable to the 2022 Series A Bonds in order to assure that interest paid on the Offered Bonds not be included in gross income for federal income tax purposes under the Code (the “Program Documents”) require each mortgagor to submit an affidavit stating such person’s intention to occupy the premises as his principal residence within 60 days after closing of the Mortgage Loan. In the case of a two-to-four-family residence (other than two-family residences in targeted areas having borrowers whose family income does not exceed 140% of applicable family median income), the mortgagor is required by the Program Documents to certify that the residence was first occupied as a residence at least five years before the Mortgage Loan was executed.

#### ***First-Time Homebuyer Requirement***

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

#### ***New Mortgage Requirement***

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

### ***Purchase Price Limitation***

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

### ***Income Limitation***

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

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

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

### ***Requirements as to Assumptions***

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

### ***General***

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

## **Other Requirements Imposed by the Code**

### ***General***

The Code provides that gross income for federal income tax purposes does not include interest on a mortgage revenue bond if it is a qualified mortgage bond. A qualified mortgage bond is a part of an issue of a state or political subdivision all the proceeds of which (net of amounts applied to any costs of issuance thereof and to fund a reasonably required reserve) are used to finance, or to refund bonds issued to finance, owner-occupied residences and that meets certain (i) general requirements, (ii) arbitrage restrictions on the use and investment of proceeds of the issue, and (iii) loan eligibility requirements set forth in the Code and as more fully described above under “Tax Matters — Loan Eligibility Requirements Imposed by the Code.” Such requirements do not apply to the 2022 Series B Bonds, except as noted below, as a result of transition rules in various federal tax laws adopted since 1980.

The first general requirement of the Code applicable to the Corporation’s Program is that the aggregate amount of private activity bonds that may be issued by the Corporation in any calendar year (or previous years’ carried forward amount) must not exceed the portion of the private activity bond volume limit for the State for such calendar year that is allocated to the Corporation. The 2022 Series A Bonds are within the applicable limit for the Corporation. The second general requirement of the Code applicable to the Corporation’s Program is that at least 20% of the lendable proceeds of an issue of bonds (or such lesser amount as permitted by the Code) must be made available (and applied with reasonable diligence) for owner-financing of residences in targeted areas (as defined by the Code) for at least one year after the date on which such funds are first available for such owner-financing (the “targeted area requirement”). The Corporation has covenanted to comply with such requirements to the extent required by the Code.

The Code requires the issuer of qualified mortgage bonds to file with the Internal Revenue Service reports on the issuance of its qualified mortgage bonds following such issuance, as well as an annual qualified mortgage loan information report. The Corporation has covenanted to file, as required, such reports with respect to the mortgage loans financed by the 2022 Series A Bonds.

The Code requires that the effective interest rate on mortgage loans financed with the lendable proceeds of qualified mortgage bonds (such as the 2022 Series A Bonds) may not exceed the yield on the composite issue of 2022 Series A Bonds and 2022 Series B Bonds by more than 1.125% and the effective interest rate on the mortgage loans collectively financed by the composite issue of the 2022 Series A Bonds and 2022 Series B Bonds may not exceed the yield on the composite issue by more than 1.50%. With respect to both the 2022 Series A Bonds and the 2022 Series B Bonds, the Code requires that certain investment earnings on non-mortgage investments, calculated based upon the extent such investment earnings exceed the amount that would have been earned on such investments if the investments were invested at a yield equal to the yield on the issue, be rebated to the United States. The Corporation has covenanted to comply with these requirements and has established procedures to determine the amount of excess earnings, if any, that must be rebated to the United States.

### ***Recapture Provision***

For certain mortgage loans made after December 31, 1990, from the proceeds of tax-exempt bonds issued after August 15, 1986, and for assumptions of such mortgage loans, the Code requires a payment to the United States from certain mortgagors upon sale or other disposition of their homes (the “Recapture Provision”). The Recapture Provision requires that an amount determined to be the subsidy provided by a qualified mortgage bond financing to a mortgagor be paid to the United States on disposition of the house (but not in excess of 50% of the gain realized by the mortgagor). The recapture amount would (i) increase over the period of ownership, with full recapture occurring if the house were sold between four and five full years after the closing of the mortgage loan, and (ii) decline ratably to zero

with respect to sales occurring between five and nine full years after the closing of the mortgage loan. An exception excludes from recapture part or all of the subsidy in the case of certain assisted individuals whose incomes are less than prescribed amounts at the time of the disposition. The Code requires an issuer to inform mortgagors of certain information with respect to the Recapture Provision. The Corporation has established procedures which the Corporation believes will enable it to meet such recapture information requirement.

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

### ***Required Redemptions***

The Code requires redemption of certain qualified mortgage bonds issued after 1988 from unexpended proceeds required to be used to make mortgage loans that have not been used within 42 months from the date of issuance (or the date of issuance of the original bonds in the case of refundings of unexpended proceeds), except for a \$250,000 de minimis amount. As a result, the Corporation may be required by the Code to redeem the 2022 Series A Bonds from unexpended proceeds attributable to the 2022 Series A Bonds. Additionally, for bonds issued after 1988, the Code permits repayments (including prepayments) of principal of mortgage loans financed with the proceeds of an issue of bonds to be used to make additional mortgage loans for only 10 years from the date of issuance of the bonds (or the date of issuance of the original bonds in the case of refundings), after which date such amounts must be used to redeem bonds, except for a \$250,000 de minimis amount. As a result, the Corporation may be required by the Code to redeem Offered Bonds from repayments (including prepayments) of principal of Mortgage Loans financed with proceeds attributable to the 2022 Series A Bonds.

### **Compliance**

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Offered Bonds, including compliance with restrictions on the yield of mortgage loans and non-mortgage investments and periodic rebate payments to the federal government, as well as restrictions on the type of Mortgage Loans financed. The Corporation will deliver concurrently with the delivery the Offered Bonds, a Tax Regulatory Agreement and No Arbitrage Certificate which contains provisions and procedures relating to compliance with such requirements of the Code, and the Corporation has included provisions in the Program Documents that establish procedures, including receipt of certain affidavits and warranties from Mortgage Lenders and mortgagors, in order to assure compliance with the loan eligibility requirements and other requirements that must be satisfied subsequent to the date of issuance of the Offered Bonds. The Corporation also has covenanted in the Indenture to do and perform all acts and things permitted by law and necessary or desirable to assure that interest paid on the Offered Bonds shall not be included in gross income for federal income tax purposes and, for such purpose, to adopt and maintain appropriate procedures. Failure to comply with these covenants may result in interest on the Offered Bonds being included in gross income for federal income tax purposes from their date of issuance. The opinion of Bond Counsel assumes the Corporation is in compliance with these covenants. Bond Counsel is not aware of any reason why the Corporation cannot or will not be in compliance with such covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Offered Bonds may affect the tax status of interest on the Offered Bonds.

## **Original Issue Discount**

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

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

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

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

## **Original Issue Premium**

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

## **Backup Withholding**

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Offered Bonds is subject to information reporting in a

manner similar to that with respect to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007, to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Offered Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

### **Certain Additional Federal Tax Consequences**

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

Although Bond Counsel will render an opinion that interest on the Offered Bonds will be excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Offered Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Offered Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions or recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing, holding or selling the Offered Bonds.

### **Changes in Federal and State Tax Law**

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

### **CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12**

In order to assist the Underwriters of the Offered Bonds in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the Corporation will execute and deliver a Continuing Disclosure Certificate. The Corporation will undertake to provide the Municipal Securities Rulemaking Board (the "MSRB"), on an annual basis on or before 180 days after the end of each fiscal year for the Corporation, commencing with the fiscal year ending June 30, 2022, the financial and operating data concerning the Corporation outlined in the Continuing Disclosure Certificate. In addition, the Corporation will undertake, for the benefit of the

registered owners and beneficial owners of the Offered Bonds, to provide to the MSRB, the notices described in the Continuing Disclosure Certificate by the times set forth therein.

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

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

### **RATINGS OF THE OFFERED BONDS**

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

### **FINANCIAL STATEMENTS**

The Corporation’s financial statements as of and for the year ended June 30, 2021, included in Appendix A to this Official Statement, have been audited by Eide Bailly LLP, independent auditors, as stated in their report appearing herein.

### **LITIGATION**

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

### **LEGAL MATTERS**

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

## **STATE NOT LIABLE ON BONDS**

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

## **LEGALITY FOR INVESTMENT**

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

## **UNDERWRITING**

The Offered Bonds are being purchased by the Underwriters. The Underwriters have jointly and severally agreed to purchase the Offered Bonds at the price of \$139,836,417.99 (equal to the principal amount of the Offered Bonds, plus original issue premium of \$17,240,536.10, less underwriters' discount on the 2022 Series A Bonds of \$199,118.11), plus accrued interest, if any. The Underwriters will be paid a fee of \$428,458.54 with respect to the 2022 Series B Bonds. The Bond Purchase Agreement with respect to the Offered Bonds provides that the Underwriters will purchase all of such Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Bond Purchase Agreement, the receipt of certain legal opinions, and certain other conditions. The initial public offering prices and yields of the Offered Bonds may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Offered Bonds to certain dealers (including dealers depositing such Bonds into unit investment trusts, certain of which may be sponsored or managed by an Underwriter) and others at prices lower or yields higher than the public offering prices and yields of the Offered Bonds set forth on the inside cover page.

The following paragraph has been provided by the Underwriters:

Each of the Underwriters and its affiliates is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Each of the Underwriters and its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Corporation, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, each of the Underwriters and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Corporation.

The following paragraph has been provided by BofA Securities, Inc.:

BofA Securities, Inc., an Underwriter of the Offered Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Offered Bonds.

The following paragraph has been provided by Jefferies LLC:

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

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

Wells Fargo Corporate & Investment Banking (which may be referred to elsewhere as “CIB,” “Wells Fargo Securities” or “WFS”) is the trade name used for the corporate banking, capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association (“WFBNA”), a member of the National Futures Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, N.A. Municipal Finance Group, a separately identifiable department of WFBNA, registered with the U.S. Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

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

### **FINANCIAL ADVISOR**

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

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

### **FORWARD-LOOKING STATEMENTS**

The following statements are made as contemplated by the provisions of the Private Securities Litigation Reform Act of 1995: If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes” and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have

been projected. Such risks and uncertainties include, among others, general economic and business conditions relating to the Corporation and the housing industry in general, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Corporation. These forward-looking statements speak only as of the date of this Official Statement. The Corporation disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Corporation's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

### **ADDITIONAL INFORMATION**

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

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

## **APPENDIX A**

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

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*A Component Unit of the State of Alaska*

**Financial Statements**  
And Independent Auditor's Report

**June 30, 2021**

With Summarized Financial Information  
for June 30, 2020

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This publication of Alaska Housing Finance Corporation. For comments or questions:

Website: <https://www.ahfc.us/investors/financials-history> or

E-Mail: [nmeyers@ahfc.us](mailto:nmeyers@ahfc.us)



## Independent Auditor's Report

To the Board of Directors  
Alaska Housing Finance Corporation  
Anchorage, Alaska

### Report on the Financial Statements

We have audited the accompanying financial statements of net position, revenues, expenses, and change in net position and cash flows of each major fund of the Alaska Housing Finance Corporation (the Corporation), a component unit of the State of Alaska, as of and for the year ended June 30, 2021, 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 from 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 Corporation'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 Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of 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.

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**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Alaska Housing Finance Corporation as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters****Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the net pension liability, contributions to the pension plan, net OPEB liability, and contributions to the OPEB plan 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 an opinion on the financial statements that collectively comprise the Alaska Housing Finance Corporation's basic financial statements. The accompanying supplementary financial 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 financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 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 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 September 30, 2021, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Authority'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 the Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Erik Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
September 30, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

## OVERVIEW OF THE FINANCIAL STATEMENTS

The financial report of the Alaska Housing Finance Corporation (the "Corporation" or "AHFC") 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 2021 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, 2021. 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, 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 Activities (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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For fiscal year 2021, the Corporation reports the following major funds:

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

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

As of June 30, 2021, the Administrative Fund reported a net position of \$641.5 million, an increase of \$84.5 million from June 30, 2020. The increase in net position is largely due to internal transfers from the Mortgage and Bond Funds, despite an operating loss of \$7.6 million. The Administrative Fund transferred \$728.3 million to the Mortgage and Bond Funds, whereas \$839.3 million transferred from the Mortgage and Bond Funds, resulting in a net transfer into the Administrative Fund of \$111.0 million. Transfers for loan purchases totaled \$87.3 million more than in the previous year, and loans were warehoused in the Administrative Fund after the refunding of bonds. Interest rate cuts during the COVID-19 Pandemic by the Federal Reserve, and an increase in medical expense of \$2.0 million contributed to the operating loss. Unrestricted net position totaled \$500.8 million, or 78% of the total net position in the fund, and may be used for operations and to meet the continuing obligations of the Corporation.

The Grant Programs Fund includes 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. In fiscal year 2021, the Corporation received Federal grants from the U.S. Treasury Department for rental and mortgage assistance for those impacted by the COVID-19 Pandemic totaling \$225.3 million, with additional funding expected in fiscal year 2022. This had no appreciable effect on net position, as the majority of the funding is used to assist those in need.

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, 2021, the Mortgage and Bond Funds reported a net position of \$802.3 million, a decrease of \$72.0 million from the previous year. Funds are transferred to the Administrative Fund to fund mortgage purchases, and there was \$87.3 million more transferred to the Administrative Fund in FY2021 for purchases than in FY2020. Even though there were more loan purchases in FY2021 than the previous year, loan payoffs increased by 52% during the current fiscal year due to lower interest rates and refinancing. During fiscal year 2021, the mortgage loan portfolio decreased by 8.1%, or \$266.5 million, from fiscal year 2020. Approximately \$624.3 million, or 77.8%, of the fund's net position is restricted by bond resolutions.

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. The fund had an operating loss of \$6.3 million in fiscal year 2021. This exceeded the loss in fiscal year 2020 by \$2.1 million. In fiscal year 2021, the Administrative Fund transferred \$2.3 million to Other Funds and Programs.

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, 2021, was \$24.7 million. ACAH had an operating loss of \$8,000 in fiscal year 2021, and the Administrative Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

transferred \$618,000 into ACAH. ACAH's net income (loss) is the product of rental income from both housing and non-housing properties and expenses include rental property expenses and payroll expenses.

**FINANCIAL HIGHLIGHTS**

- The Corporation had operating income in fiscal year 2021 of \$10.0 million. The decrease from fiscal year 2020 was the result of lower interest rates earned on investments as well as on the mortgage portfolio. The average interest rate on the mortgage portfolio was 4.17%, a 5.7% decrease from the prior year, and the portfolio itself decreased by \$266.5 million, or 8.1%. (See discussion above in "Mortgage and Bond Funds".)
- The Corporation's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources as of June 30, 2021, by \$1.62 billion (net position), 77.8% of which is unrestricted.
- During the fiscal year ended June 30, 2021, the investment portfolio earned approximately 0.24% overall, as compared to 1.76% for the fiscal year ended June 30, 2020, reflecting the decrease in short-term interest rates.
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2021, the mortgage loan portfolio decreased by 8.1%, primarily due to loan payoffs. Loan payoffs in fiscal year 2021 exceeded loan purchases by \$120.2 million.
- The bond portfolio decreased by 8.6%. See the paragraphs below regarding bonds issued and redeemed in fiscal year 2021.
- On September 15, 2020, the Corporation issued \$209,845,000 in General Mortgage Revenue Bonds II, 2020 Series A and Series B. Net proceeds of the bonds totaled \$228,549,000, including a premium of \$18,704,000. Proceeds were used to refund a portion of the Corporation's outstanding commercial paper, purchase mortgages, refund bonds, and pay costs of issuance. The bonds are general obligations of the Corporation and are tax exempt. The bonds bear interest at fixed rates and are payable on each June 1 and December 1, with a final maturity of December 1, 2044.
- On October 13, 2020, the Corporation issued \$96,665,000 in State Capital Project Bonds II, 2020 Series A. Proceeds were used to fund an escrow account for the partial defeasance of State Capital Project Bonds II, 2012 Series A, 2013 Series A, and 2014 Series A. The bonds are taxable general obligations of the Corporation bearing interest at fixed rates between 0.531% and 2.18%, payable on each June 1 and December 1, with a final maturity of December 1, 2033.
- On April 28, 2021, the Corporation issued \$90,420,000 of State Capital Project Bonds II, 2021 Series A (Social Bonds). Net proceeds totaled \$110,885,000, including a premium of \$20,465,000. The bonds are the first series of bonds designated by the Corporation as "Social Bonds" based on the intended use of proceeds. Social Bonds finance projects that directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes. The bonds are tax-exempt general obligations of the Corporation bearing interest at fixed rates between 3.00% and 5.00%, payable on each June 1 and December 1, with a final maturity of June 1, 2030.
- The Corporation redeemed a total of \$424,980,000 in bonds. Scheduled bond redemptions totaled \$95,325,000, and special redemptions totaled \$329,655,000. Redemptions exceeded new bond issuances by over \$28.1 million.
- As of June 30, 2021, the weighted average interest rate on the mortgage and bond portfolios was 4.17% and 3.03%, respectively, yielding a net interest margin of 1.14%, an increase of 2.7% from 1.11% in fiscal year 2020.
- The U.S. Department of the Treasury awarded the Corporation funding for rental and mortgage assistance for those affected by the COVID-19 pandemic. The funding came from the Consolidated Appropriations

MANAGEMENT'S DISCUSSION AND ANALYSIS

and the Rescue America Plan Acts of 2021. Funding received in fiscal year 2021 totaled \$225,300,000 to assist Alaskans struggling to make rent or mortgage payments due to the coronavirus pandemic.

**CONDENSED STATEMENT OF NET POSITION**

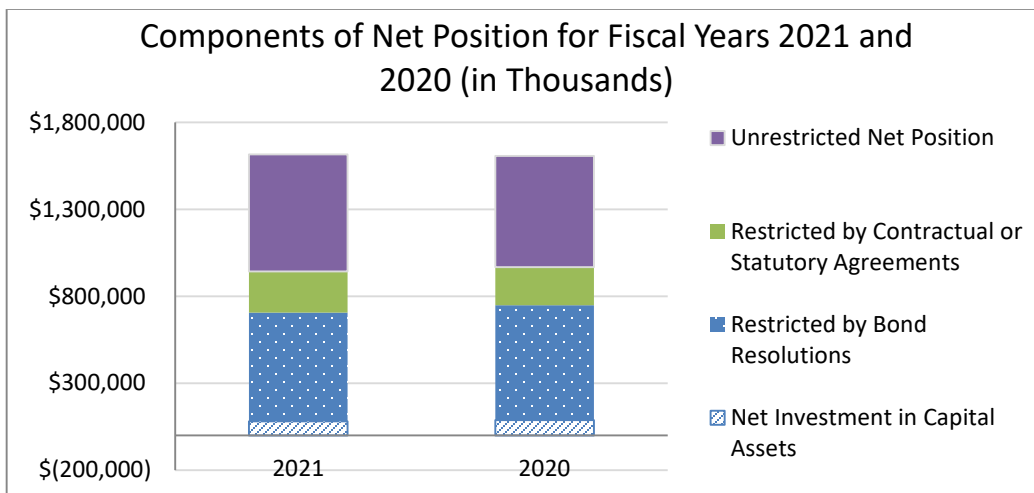
The following table presents condensed information about the financial position of the Corporation as of June 30, 2021, and 2020, and changes in balances during the fiscal year ended June 30, 2021 (in thousands):

|                                            | 2021         | 2020         | Increase/(Decrease) |        |
|--------------------------------------------|--------------|--------------|---------------------|--------|
| Cash and investments                       | \$ 1,141,834 | \$ 945,157   | \$ 196,677          | 20.8%  |
| Mortgage loans, notes and other loans, net | 2,995,561    | 3,256,290    | (260,729)           | -8.0%  |
| Capital assets, net                        | 81,177       | 87,061       | (5,884)             | -6.8%  |
| Other assets                               | 73,647       | 60,108       | 13,539              | 22.5%  |
| Total Assets                               | 4,292,219    | 4,348,616    | (56,397)            | -1.3%  |
| Deferred outflow of resources              | 210,255      | 261,327      | (51,072)            | -19.5% |
| Bonds and notes payable, net               | 2,366,206    | 2,572,813    | (206,607)           | -8.0%  |
| Short term debt                            | 130,697      | 115,366      | 15,331              | 13.3%  |
| Accrued interest payable                   | 6,681        | 7,257        | (576)               | -7.9%  |
| Derivatives                                | 168,250      | 234,281      | (66,031)            | -28.2% |
| Pension and OPEB liabilities               | 37,216       | 36,968       | 248                 | 0.7%   |
| Other liabilities                          | 173,981      | 33,433       | 140,548             | 420.4% |
| Total Liabilities                          | 2,883,031    | 3,000,118    | (117,087)           | -3.9%  |
| Deferred inflow of resources               | 3,512        | 2,861        | 651                 | 22.8%  |
| Total net position                         | \$ 1,615,931 | \$ 1,606,964 | \$ 8,967            | 0.6%   |

The decrease in total assets during FY 2021 is primarily due to a decrease in mortgage loans due to loan payoffs resulting from the availability of relatively low market interest rates.

Total liabilities decreased by \$117,087,000. The Corporation issued new bonds totaling \$396,930,000, but bond redemptions, both scheduled and special, totaled \$424,980,000. Bond redemptions exceeded new bond issuance by \$28.1 million. See the description of new bond issuances in fiscal year 2021 in the Financial Highlights section of this report.

The chart below shows the various components of net position in fiscal years 2021 and 2020.



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, 2021, and 2020, and the variances from the prior fiscal year (in thousands):

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

|                                         | 2021       | 2020       | Increase/(Decrease) |         |
|-----------------------------------------|------------|------------|---------------------|---------|
| Mortgage and loan revenue               | \$ 132,258 | \$ 147,068 | \$ (14,810)         | -10.1%  |
| Investment interest income              | 5,669      | 13,031     | (7,362)             | -56.5%  |
| Net change in fair value of investments | (1,579)    | 1,745      | (3,324)             | -190.5% |
| Externally funded programs              | 154,023    | 76,113     | 77,910              | 102.4%  |
| Rental and other revenue                | 15,709     | 13,119     | 2,590               | 19.7%   |
| Total operating revenue                 | 306,080    | 251,076    | 55,004              | 21.9%   |
| Interest expense                        | 70,987     | 81,137     | (10,150)            | -12.5%  |
| Mortgage and loan costs                 | 8,581      | 8,124      | 457                 | 5.6%    |
| Bond financing expenses                 | 6,033      | 5,163      | 870                 | 16.9%   |
| Operations and administration           | 50,360     | 40,958     | 9,402               | 23.0%   |
| Rental housing and grant expenses       | 160,141    | 80,153     | 79,988              | 99.8%   |
| Total operating expense                 | 296,102    | 215,535    | 80,567              | 37.4%   |
| Operating income(loss)                  | 9,978      | 35,541     | (25,563)            | -71.9%  |
| Contributions to the State of Alaska    | (1,011)    | -          | (1,011)             |         |
| Change in net position                  | \$ 8,967   | \$ 35,541  | \$ (26,574)         | -74.8%  |

Total operating revenues decreased by \$55.0 million during fiscal year 2021. The low interest rates set by the Federal Reserve are the primary cause of the decrease since both investment revenue and mortgage interest revenue have been negatively impacted. Grant revenue increased by \$77.9 million from the previous year due to large COVID-19 housing grants from the Federal Government, but as grant expenses similarly increased, there was essentially no effect on operating income.

Operating expenses increased in 2021 due primarily to increased medical expense and other administrative expenses.

In fiscal year 2021, the Corporation sent \$1.0 million cash contributions to the State of Alaska. See Footnote No. 18 in the Notes to the Financial Statements for more details about the Transfer Plan.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The Corporation's capital assets include land, buildings, office, and computer equipment. Capital assets are presented in the financial statements at \$81.2 million (net of accumulated depreciation), a decrease of 6.8%. No large capital assets were disposed of in fiscal year 2021. The decrease is due to depreciation of those capital assets. Typically, the change in capital assets in any given year is immaterial to the overall operation of the Corporation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of June 30, 2021, the Corporation had \$2.4 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. There has been no change in the Corporation's ratings from previous years.

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

Significant debt activity during the year included the following:

- Issued \$396.9 million in new bonds;
- Redeemed bonds through both scheduled and special redemption provisions of their respective indentures of \$424.9 million.

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

**ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION**

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

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

Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. The Corporation uses these prepayments to redeem higher rate bonds, thus lowering the interest expense incurred on the Corporation's overall portfolio, or to recycle mortgages to obtain the maximum allowable spread. 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).

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**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**

COMBINED – ALL MAJOR PROGRAMS

As of June 30, 2021

(in thousands of dollars)

|                                                   | Administrative<br>Fund | Grant<br>Programs | Mortgage and<br>Bond Funds |
|---------------------------------------------------|------------------------|-------------------|----------------------------|
| <b>ASSETS</b>                                     |                        |                   |                            |
| <b>Current</b>                                    |                        |                   |                            |
| Cash                                              | \$ 38,508              | \$ 31,834         | \$ 116                     |
| Investments                                       | 719,819                | -                 | 312,896                    |
| Accrued interest receivable                       | 4,269                  | -                 | 10,378                     |
| Inter-fund due (to)/from                          | (158,934)              | 100,193           | 60,787                     |
| Mortgage loans, notes and other loans             | 6,391                  | 32                | 83,110                     |
| Net investment in direct financing lease          | -                      | -                 | 2,238                      |
| Other assets                                      | 2,765                  | 22,208            | -                          |
| Intergovernmental receivable                      | 72                     | 5,516             | -                          |
| <b>Total Current</b>                              | <b>612,890</b>         | <b>159,783</b>    | <b>469,525</b>             |
| <b>Non Current</b>                                |                        |                   |                            |
| Investments                                       | 256                    | -                 | -                          |
| Inter-fund due (to)/from                          | -                      | 1,423             | -                          |
| Mortgage loans, notes and other loans             | 191,058                | 1,054             | 2,653,620                  |
| Net investment in direct financing lease          | -                      | -                 | 18,049                     |
| Capital assets - non-depreciable                  | 2,483                  | -                 | -                          |
| Capital assets - depreciable, net                 | 12,468                 | 35                | -                          |
| Other assets                                      | 1,261                  | -                 | 1,054                      |
| OPEB asset                                        | 3,015                  | -                 | -                          |
| <b>Total Non Current</b>                          | <b>210,541</b>         | <b>2,512</b>      | <b>2,672,723</b>           |
| <b>Total Assets</b>                               | <b>823,431</b>         | <b>162,295</b>    | <b>3,142,248</b>           |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>              |                        |                   |                            |
|                                                   | <b>7,469</b>           | <b>-</b>          | <b>202,786</b>             |
| <b>LIABILITIES</b>                                |                        |                   |                            |
| <b>Current</b>                                    |                        |                   |                            |
| Bonds payable                                     | -                      | -                 | 94,740                     |
| Short term debt                                   | 130,697                | -                 | -                          |
| Accrued interest payable                          | -                      | -                 | 6,681                      |
| Other liabilities                                 | 15,605                 | 152,441           | 785                        |
| Intergovernmental payable                         | -                      | -                 | 116                        |
| <b>Total Current</b>                              | <b>146,302</b>         | <b>152,441</b>    | <b>102,322</b>             |
| <b>Non Current</b>                                |                        |                   |                            |
| Bonds payable                                     | -                      | -                 | 2,271,466                  |
| Other liabilities                                 | 3,120                  | -                 | -                          |
| Derivative instrument - interest rate swaps       | -                      | -                 | 168,250                    |
| Pension liability                                 | 37,216                 | -                 | -                          |
| <b>Total Non Current</b>                          | <b>40,336</b>          | <b>-</b>          | <b>2,439,716</b>           |
| <b>Total Liabilities</b>                          | <b>186,638</b>         | <b>152,441</b>    | <b>2,542,038</b>           |
| <b>DEFERRED INFLOW OF RESOURCES</b>               |                        |                   |                            |
|                                                   | <b>2,799</b>           | <b>-</b>          | <b>713</b>                 |
| <b>NET POSITION</b>                               |                        |                   |                            |
| Net investment in capital assets                  | 14,951                 | 35                | -                          |
| Restricted by bond resolutions                    | -                      | -                 | 624,266                    |
| Restricted by contractual or statutory agreements | 125,697                | 14,743            | -                          |
| Unrestricted or (deficit)                         | 500,815                | (4,924)           | 178,017                    |
| <b>Total Net Position</b>                         | <b>\$ 641,463</b>      | <b>\$ 9,854</b>   | <b>\$ 802,283</b>          |

See accompanying notes to the financial statements.

| Other Funds<br>and Programs | Total<br>Programs<br>and Funds | Alaska<br>Corporation<br>for Affordable<br>Housing | Total<br>June 30,<br>2021 |
|-----------------------------|--------------------------------|----------------------------------------------------|---------------------------|
| \$ 29,651                   | \$ 100,109                     | \$ 8,660                                           | \$ 108,769                |
| 94                          | 1,032,809                      | -                                                  | 1,032,809                 |
| 136                         | 14,783                         | 67                                                 | 14,850                    |
| (1,949)                     | 97                             | (97)                                               | -                         |
| 1,422                       | 90,955                         | -                                                  | 90,955                    |
| -                           | 2,238                          | -                                                  | 2,238                     |
| 1,370                       | 26,343                         | 136                                                | 26,479                    |
| 1,112                       | 6,700                          | -                                                  | 6,700                     |
| <b>31,836</b>               | <b>1,274,034</b>               | <b>8,766</b>                                       | <b>1,282,800</b>          |
| -                           | 256                            | -                                                  | 256                       |
| -                           | 1,423                          | (1,423)                                            | -                         |
| 45,985                      | 2,891,717                      | 12,889                                             | 2,904,606                 |
| -                           | 18,049                         | -                                                  | 18,049                    |
| 13,636                      | 16,119                         | 4,740                                              | 20,859                    |
| 47,815                      | 60,318                         | -                                                  | 60,318                    |
| -                           | 2,315                          | 1                                                  | 2,316                     |
| -                           | 3,015                          | -                                                  | 3,015                     |
| <b>107,436</b>              | <b>2,993,212</b>               | <b>16,207</b>                                      | <b>3,009,419</b>          |
| <b>139,272</b>              | <b>4,267,246</b>               | <b>24,973</b>                                      | <b>4,292,219</b>          |
| -                           | <b>210,255</b>                 | -                                                  | <b>210,255</b>            |
| -                           | 94,740                         | -                                                  | 94,740                    |
| -                           | 130,697                        | -                                                  | 130,697                   |
| -                           | 6,681                          | -                                                  | 6,681                     |
| 1,260                       | 170,091                        | 3                                                  | 170,094                   |
| 384                         | 500                            | -                                                  | 500                       |
| <b>1,644</b>                | <b>402,709</b>                 | <b>3</b>                                           | <b>402,712</b>            |
| -                           | 2,271,466                      | -                                                  | 2,271,466                 |
| -                           | 3,120                          | 267                                                | 3,387                     |
| -                           | 168,250                        | -                                                  | 168,250                   |
| -                           | 37,216                         | -                                                  | 37,216                    |
| -                           | <b>2,480,052</b>               | <b>267</b>                                         | <b>2,480,319</b>          |
| <b>1,644</b>                | <b>2,882,761</b>               | <b>270</b>                                         | <b>2,883,031</b>          |
| -                           | <b>3,512</b>                   | -                                                  | <b>3,512</b>              |
| 61,451                      | 76,437                         | 4,740                                              | 81,177                    |
| -                           | 624,266                        | -                                                  | 624,266                   |
| 76,878                      | 217,318                        | 20,009                                             | 237,327                   |
| (701)                       | 673,207                        | (46)                                               | 673,161                   |
| <b>\$ 137,628</b>           | <b>\$ 1,591,228</b>            | <b>\$ 24,703</b>                                   | <b>\$ 1,615,931</b>       |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF ACTIVITIES**

COMBINED – ALL MAJOR PROGRAMS

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                    | Administrative<br>Fund | Grant<br>Programs | Mortgage and<br>Bond Funds | Other Funds<br>and Programs | Total<br>Programs<br>and Funds |
|----------------------------------------------------|------------------------|-------------------|----------------------------|-----------------------------|--------------------------------|
| <b>OPERATING REVENUES</b>                          |                        |                   |                            |                             |                                |
| Mortgage and loan revenue                          | \$ 8,057               | \$ -              | \$ 122,819                 | \$ 1,243                    | \$ 132,119                     |
| Investment interest                                | 3,246                  | 10                | 2,346                      | 57                          | 5,659                          |
| Net change in the fair value of investments        | (1,943)                | -                 | (215)                      | -                           | (2,158)                        |
| Net change of hedge termination                    | -                      | -                 | 579                        | -                           | 579                            |
| Total Investment Revenue                           | 1,303                  | 10                | 2,710                      | 57                          | 4,080                          |
| Grant revenue                                      | -                      | 139,627           | -                          | 2,474                       | 142,101                        |
| Housing rental subsidies                           | -                      | -                 | -                          | 11,922                      | 11,922                         |
| Rental revenue                                     | 9                      | -                 | -                          | 11,011                      | 11,020                         |
| Gain (Loss) on Disposal of Capital Assets          | 14                     | -                 | -                          | 20                          | 34                             |
| Other revenue                                      | 3,118                  | 973               | 326                        | -                           | 4,417                          |
| <b>Total Operating Revenues</b>                    | <b>12,501</b>          | <b>140,610</b>    | <b>125,855</b>             | <b>26,727</b>               | <b>305,693</b>                 |
| <b>OPERATING EXPENSES</b>                          |                        |                   |                            |                             |                                |
| Interest                                           | 217                    | -                 | 70,770                     | -                           | 70,987                         |
| Mortgage and loan costs                            | 1,565                  | -                 | 9,665                      | 112                         | 11,342                         |
| Bond financing expenses                            | 1,069                  | -                 | 4,964                      | -                           | 6,033                          |
| Provision for loan loss                            | 168                    | 29                | (3,016)                    | 47                          | (2,772)                        |
| Operations and administration                      | 17,112                 | 12,354            | 4,589                      | 15,926                      | 49,981                         |
| Rental housing operating expenses                  | -                      | 34                | -                          | 16,973                      | 17,007                         |
| Grant expense                                      | -                      | 143,129           | -                          | -                           | 143,129                        |
| <b>Total Operating Expenses</b>                    | <b>20,131</b>          | <b>155,546</b>    | <b>86,972</b>              | <b>33,058</b>               | <b>295,707</b>                 |
| <b>Operating Income (Loss)</b>                     | <b>(7,630)</b>         | <b>(14,936)</b>   | <b>38,883</b>              | <b>(6,331)</b>              | <b>9,986</b>                   |
| <b>NON-OPERATING EXPENSES AND TRANSFERS</b>        |                        |                   |                            |                             |                                |
| Contributions to State of Alaska or State agencies | (1,011)                | -                 | -                          | -                           | (1,011)                        |
| Interfund receipts (payments) for operations       | 93,189                 | 14,781            | (110,958)                  | 2,370                       | (618)                          |
| Change in Net Position                             | 84,548                 | (155)             | (72,075)                   | (3,961)                     | 8,357                          |
| Net position at beginning of year                  | 556,915                | 10,009            | 874,358                    | 141,589                     | 1,582,871                      |
| <b>Net Position at End of Year</b>                 | <b>\$ 641,463</b>      | <b>\$ 9,854</b>   | <b>\$ 802,283</b>          | <b>\$ 137,628</b>           | <b>\$ 1,591,228</b>            |

See accompanying notes to the financial statements.

| Alaska<br>Corporation<br>for Affordable<br>Housing | Total<br>June 30,<br>2021 |
|----------------------------------------------------|---------------------------|
| \$ 139                                             | \$ 132,258                |
| 10                                                 | 5,669                     |
| -                                                  | (2,158)                   |
| -                                                  | 579                       |
| 10                                                 | 4,090                     |
| -                                                  | 142,101                   |
| -                                                  | 11,922                    |
| 199                                                | 11,219                    |
| -                                                  | 34                        |
| 39                                                 | 4,456                     |
| <b>387</b>                                         | <b>306,080</b>            |
| -                                                  | 70,987                    |
| -                                                  | 11,342                    |
| -                                                  | 6,033                     |
| 11                                                 | (2,761)                   |
| 379                                                | 50,360                    |
| 5                                                  | 17,012                    |
| -                                                  | 143,129                   |
| <b>395</b>                                         | <b>296,102</b>            |
| <b>(8)</b>                                         | <b>9,978</b>              |
| -                                                  | (1,011)                   |
| 618                                                | -                         |
| 610                                                | 8,967                     |
| 24,093                                             | 1,606,964                 |
| <b>\$ 24,703</b>                                   | <b>\$ 1,615,931</b>       |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

COMBINED – ALL MAJOR PROGRAMS

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                    | Administrative<br>Fund | Grant<br>Programs | Mortgage and<br>Bond Funds | Other Funds<br>and Programs | Total<br>Programs<br>and Funds |
|----------------------------------------------------|------------------------|-------------------|----------------------------|-----------------------------|--------------------------------|
| <b>CASH FLOWS</b>                                  |                        |                   |                            |                             |                                |
| <b>Operating Activities</b>                        |                        |                   |                            |                             |                                |
| Interest income on mortgages and loans             | \$ 7,721               | \$ -              | \$ 117,322                 | \$ 1,153                    | \$ 126,196                     |
| Principal receipts on mortgages and loans          | 13,496                 | -                 | 845,027                    | 10,314                      | 868,837                        |
| Disbursements to fund mortgages and loans          | (587,867)              | -                 | -                          | -                           | (587,867)                      |
| Receipts (payments) for interfund loan transfers   | 530,038                | -                 | (530,055)                  | 17                          | -                              |
| Mortgage and loan proceeds receipts                | 977,867                | -                 | -                          | -                           | 977,867                        |
| Mortgage and loan proceeds paid to trust funds     | (994,621)              | -                 | -                          | -                           | (994,621)                      |
| Payroll-related disbursements                      | (22,029)               | (5,246)           | -                          | (9,644)                     | (36,919)                       |
| Payments for goods and services                    | (7,200)                | (2,615)           | -                          | (14,732)                    | (24,547)                       |
| Receipts from externally funded programs           | -                      | 25,915            | -                          | 12,993                      | 38,908                         |
| Receipts from Federal HAP subsidies                | -                      | 33,811            | -                          | -                           | 33,811                         |
| Payments for Federal HAP subsidies                 | -                      | (34,762)          | -                          | -                           | (34,762)                       |
| Interfund receipts (payments)                      | (133,655)              | 131,059           | -                          | 1,802                       | (794)                          |
| Grant payments to other agencies                   | -                      | (126,232)         | -                          | -                           | (126,232)                      |
| Other operating cash receipts (payments)           | 3,737                  | 1,659             | (75)                       | 10,337                      | 15,658                         |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(212,513)</b>       | <b>23,589</b>     | <b>432,219</b>             | <b>12,240</b>               | <b>255,535</b>                 |
| <b>Non-Capital Financing Activities</b>            |                        |                   |                            |                             |                                |
| Proceeds from bond issuance                        | -                      | -                 | 436,925                    | -                           | 436,925                        |
| Principal paid on bonds                            | -                      | -                 | (354,796)                  | -                           | (354,796)                      |
| Payments to defease bonds                          | -                      | -                 | (96,665)                   | -                           | (96,665)                       |
| Payment of bond issuance costs                     | (1,477)                | -                 | (1,456)                    | -                           | (2,933)                        |
| Interest paid on bonds                             | -                      | -                 | (78,842)                   | -                           | (78,842)                       |
| Proceeds from short-term debt issuance             | 860,531                | -                 | -                          | -                           | 860,531                        |
| Payment of short term debt                         | (845,417)              | -                 | -                          | -                           | (845,417)                      |
| Contributions to State of Alaska or State agencies | (1,011)                | -                 | -                          | -                           | (1,011)                        |
| Transfers from (to) other funds                    | 380,150                | -                 | (364,526)                  | (15,624)                    | -                              |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>392,776</b>         | <b>-</b>          | <b>(459,360)</b>           | <b>(15,624)</b>             | <b>(82,208)</b>                |
| <b>Capital Financing Activities</b>                |                        |                   |                            |                             |                                |
| Acquisition of capital assets                      | (85)                   | -                 | -                          | (281)                       | (366)                          |
| Proceeds from the disposal of capital assets       | 14                     | -                 | -                          | 20                          | 34                             |
| Principal paid on capital notes                    | -                      | -                 | (6,477)                    | -                           | (6,477)                        |
| Interest paid on capital notes                     | -                      | -                 | (1,115)                    | -                           | (1,115)                        |
| Proceeds from direct financing leases              | -                      | -                 | 3,303                      | -                           | 3,303                          |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(71)</b>            | <b>-</b>          | <b>(4,289)</b>             | <b>(261)</b>                | <b>(4,621)</b>                 |
| <b>Investing Activities</b>                        |                        |                   |                            |                             |                                |
| Purchase of investments                            | (4,404,854)            | -                 | (2,043,074)                | (15,720)                    | (6,463,648)                    |
| Proceeds from maturity of investments              | 4,231,834              | -                 | 2,073,127                  | 19,851                      | 6,324,812                      |
| Interest received from investments                 | 3,298                  | 10                | 1,304                      | 55                          | 4,667                          |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(169,722)</b>       | <b>10</b>         | <b>31,357</b>              | <b>4,186</b>                | <b>(134,169)</b>               |
| Net Increase (decrease) in cash                    | 10,470                 | 23,599            | (73)                       | 541                         | 34,537                         |
| Cash at beginning of year                          | 28,038                 | 8,235             | 189                        | 29,110                      | 65,572                         |
| <b>Cash at end of period</b>                       | <b>\$ 38,508</b>       | <b>\$ 31,834</b>  | <b>\$ 116</b>              | <b>\$ 29,651</b>            | <b>\$ 100,109</b>              |

| <b>Alaska<br/>Corporation<br/>for Affordable<br/>Housing</b> | <b>Total<br/>June 30,<br/>2021</b> |
|--------------------------------------------------------------|------------------------------------|
| \$ -                                                         | \$ 126,196                         |
| -                                                            | 868,837                            |
| -                                                            | (587,867)                          |
| -                                                            | -                                  |
| -                                                            | 977,867                            |
| -                                                            | (994,621)                          |
| (274)                                                        | (37,193)                           |
| (110)                                                        | (24,657)                           |
| -                                                            | 38,908                             |
| -                                                            | 33,811                             |
| -                                                            | (34,762)                           |
| 794                                                          | -                                  |
| -                                                            | (126,232)                          |
| 40                                                           | 15,698                             |
| <b>450</b>                                                   | <b>255,985</b>                     |
| -                                                            | 436,925                            |
| -                                                            | (354,796)                          |
| -                                                            | (96,665)                           |
| -                                                            | (2,933)                            |
| -                                                            | (78,842)                           |
| -                                                            | 860,531                            |
| -                                                            | (845,417)                          |
| -                                                            | (1,011)                            |
| -                                                            | -                                  |
| <b>-</b>                                                     | <b>(82,208)</b>                    |
| -                                                            | (366)                              |
| -                                                            | 34                                 |
| -                                                            | (6,477)                            |
| -                                                            | (1,115)                            |
| -                                                            | 3,303                              |
| <b>-</b>                                                     | <b>(4,621)</b>                     |
| -                                                            | (6,463,648)                        |
| -                                                            | 6,324,812                          |
| 10                                                           | 4,677                              |
| <b>10</b>                                                    | <b>(134,159)</b>                   |
| 460                                                          | 34,997                             |
| 8,200                                                        | 73,772                             |
| <b>\$ 8,660</b>                                              | <b>\$ 108,769</b>                  |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**

COMBINED – ALL MAJOR PROGRAMS

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                                           | Administrative<br>Fund | Grant<br>Programs | Mortgage and<br>Bond Funds | Other Funds<br>and Programs | Total<br>Programs<br>and Funds |
|---------------------------------------------------------------------------|------------------------|-------------------|----------------------------|-----------------------------|--------------------------------|
| <b>RECONCILIATION</b>                                                     |                        |                   |                            |                             |                                |
| <b>Operating Income (Loss) to Net Cash</b>                                |                        |                   |                            |                             |                                |
| Operating income (loss)                                                   | \$ (7,630)             | \$ (14,936)       | \$ 38,883                  | \$ (6,331)                  | \$ 9,986                       |
| <i>Adjustments:</i>                                                       |                        |                   |                            |                             |                                |
| Depreciation expense                                                      | 987                    | 15                | -                          | 5,399                       | 6,401                          |
| Provision for loan loss                                                   | 168                    | 29                | (3,016)                    | 47                          | (2,772)                        |
| Net change in the fair value of investments                               | 1,943                  | -                 | 215                        | -                           | 2,158                          |
| Interfund receipts (payments) for operations                              | 93,189                 | 14,781            | (110,958)                  | 2,370                       | (618)                          |
| Interest received from investments                                        | (3,298)                | (10)              | (1,304)                    | (55)                        | (4,667)                        |
| Interest paid on bonds and capital notes                                  | -                      | -                 | 79,957                     | -                           | 79,957                         |
| <i>Change in assets, liabilities and deferred resources:</i>              |                        |                   |                            |                             |                                |
| Net (increase) decrease in mortgages and loans                            | (26,131)               | 29                | 291,640                    | (4,681)                     | 260,857                        |
| Net increase (decrease) in assets, liabilities,<br>and deferred resources | (271,741)              | 23,681            | 136,802                    | 15,491                      | (95,767)                       |
| <b>Net Operating Cash Receipts (Disbursements)</b>                        | <b>\$ (212,513)</b>    | <b>\$ 23,589</b>  | <b>\$ 432,219</b>          | <b>\$ 12,240</b>            | <b>\$ 255,535</b>              |
| <b>Non-Cash Activities</b>                                                |                        |                   |                            |                             |                                |
| Deferred outflow of resources - derivatives                               | \$ -                   | \$ -              | \$ (93,515)                | \$ -                        | \$ (93,515)                    |
| Derivative instruments liability                                          | -                      | -                 | (93,190)                   | -                           | (93,190)                       |
| Net change of hedge termination                                           | -                      | -                 | 645                        | -                           | 645                            |
| Deferred outflow debt refunding                                           | -                      | -                 | (13,885)                   | -                           | (13,885)                       |
| <b>Total Non-Cash Activities</b>                                          | <b>\$ -</b>            | <b>\$ -</b>       | <b>\$ (199,945)</b>        | <b>\$ -</b>                 | <b>\$ (199,945)</b>            |

See accompanying notes to the financial statements.

| <b>Alaska<br/>Corporation<br/>for Affordable<br/>Housing</b> | <b>Total<br/>June 30,<br/>2021</b> |
|--------------------------------------------------------------|------------------------------------|
| \$ (8)                                                       | \$ 9,978                           |
| -                                                            | 6,401                              |
| 11                                                           | (2,761)                            |
| -                                                            | 2,158                              |
| 618                                                          | -                                  |
| (10)                                                         | (4,677)                            |
| -                                                            | 79,957                             |
| (128)                                                        | 260,729                            |
| (33)                                                         | (95,800)                           |
| <b>\$ 450</b>                                                | <b>\$ 255,985</b>                  |
| \$ -                                                         | \$ (93,515)                        |
| -                                                            | (93,190)                           |
| -                                                            | 645                                |
| -                                                            | (13,885)                           |
| <b>\$ -</b>                                                  | <b>\$ (199,945)</b>                |

## NOTE DISCLOSURES INDEX

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## FOR THE TWELVE MONTHS ENDED JUNE 30, 2021

### 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 affiliates 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 affiliate issues annual audited financial statements. Copies may be found at the following links, or please contact AHFC to obtain a copy. The affiliates 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 affiliates of AHFC are not closely related, nor financially integrated with AHFC. There is no financial accountability for the other affiliates by AHFC. They are not component units of AHFC, thus not included in these financial statements. NTSC and AHCC are component units of the State.

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

#### Basis of Accounting

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

### **Basis of Presentation**

The financial reporting entity is engaged in business-type activities that utilize enterprise funds. The basic fund financial statements are comprised of the Statement of Net Position (Exhibit A), the Statement of Revenues, Expenses and Changes in Net Position (Exhibit B), the Cash Flow Statement (Exhibit C) and the accompanying note disclosures. The supplementary 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.

### **Accrued Interest Receivable on Loans and Real Estate Owned**

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

### **Loans and Allowances for Estimated Loan Losses**

Mortgage loans are carried at their unpaid principal balances net of allowance for estimated loan losses. Once monies have been disbursed, the mortgage loans are recorded.

The Corporation provides for possible losses on loans on which foreclosure is anticipated. A potential loss is recorded when the net realizable value, or fair value, of the related collateral or security interest is estimated to be less than the Corporation's investment in the property less anticipated recoveries from private mortgage insurance, private credit insurance, and various other loan guarantees. In providing for losses, through a charge to operations, consideration is given to the costs of holding real estate, including interest costs. The loan portfolio, property holding periods and property holding costs are reviewed periodically. A general allowance is applied to the performing loan portfolio, and a specific reserve on individual non-performing. This can be modified. 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. Costs of issuance are expensed when incurred.

### **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.

### **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 hedgeable derivatives is recorded as deferred inflows of resources or deferred outflows of resources, and the change in the fair value of the investment derivatives is recorded as investment revenue.

### **Operating Revenues and Expenses**

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

## Income Taxes

The Corporation is exempt from federal and state income taxes.

## 3 CASH AND INVESTMENTS

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

|                   | June 30, 2021 |
|-------------------|---------------|
| Restricted cash   | \$ 79,235     |
| Unrestricted cash | 29,534        |
| Carrying amount   | 108,769       |
| Bank balance      | \$ 109,746    |

## 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)     |                     |              |               |                          |               |
|--------------------------------------|---------------------|--------------|---------------|--------------------------|---------------|
|                                      | Less Than<br>1 Year | 1-5<br>Years | 6-10<br>Years | More<br>Than 10<br>Years | June 30, 2021 |
| Commercial paper & medium-term notes | \$ 509,810          | \$256        | \$ -          | \$ -                     | \$ 510,066    |
| Corporate Certificates of Deposit    | 7,822               | -            | -             | -                        | 7,822         |
| Money market funds                   | 463,675             | -            | -             | -                        | 463,675       |
| Repurchase agreements                | 50,000              | -            | -             | -                        | 50,000        |
| Total not including GeFONSI          | \$ 1,031,307        | \$256        | \$ -          | \$ -                     | \$ 1,031,563  |
| GeFONSI pool                         |                     |              |               |                          | 1,502         |
| Total AHFC Investment Portfolio      |                     |              |               |                          | \$ 1,033,065  |

## Restricted Investments

A large portion of the Corporation's investments, \$426,659,000, is restricted by bond resolutions, contractual agreements, and statutory agreements, and the remainder, \$606,406,000, 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 decrease 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):

| Original Amount                       | June 30, 2021 |
|---------------------------------------|---------------|
| Ending unrealized holding gain        | \$ 1,458      |
| Beginning unrealized holding gain     | 3,433         |
| Net change in unrealized holding gain | (1,975)       |
| Net realized gain (loss)              | (183)         |
| Net increase (decrease) in fair value | \$ (2,158)    |

#### Deposit and Investment Policies

The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested. All funds are classified as trusted or non-trusted, and this classification determines the applicable investment guidelines used by staff when making investment decisions. Trusted funds are invested in accordance with their respective indentures or governing agreements. Non-trusted funds are governed by the terms outlined in the Corporation's Fiscal Policies and are typically invested to meet the projected need for use of such funds.

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

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

- Fixed and floating-rate notes and bonds, other than commercial paper, issued by corporate or municipal obligors and rated at least “AA” by S&P or “Aa2” by Moody’s or “AA” by Fitch if maturing in excess of one year, or at least “A-1” by S&P or “P-1” by Moody’s or “F1” by Fitch if maturing, or with a provision for investor withdrawal or put at par, in one year or less;
- Asset-backed securities, other than asset-backed commercial paper, rated at least “AA+” by S&P or “Aa1” by Moody’s or “AA+” by Fitch; and
- Investment pools managed by the State of Alaska, including the General Fund and Other Non-Segregated Investments (“GeFONSI”) pool.

### Credit Risk

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

The credit quality ratings of the Corporation’s investments as of June 30, 2021, as determined by nationally recognized statistical rating organizations, are shown below (in thousands), and do not include investments held by GeFONSI pool.

|                                                                  | Moody's | Fitch | Investment Fair Value |
|------------------------------------------------------------------|---------|-------|-----------------------|
| Commercial paper, medium-term notes and Certificates of Deposit: | Aa2     | A+    | \$ 256                |
|                                                                  | A1      | WR    | 256                   |
|                                                                  | P-1     | F1+   | 73,402                |
|                                                                  | P-1     | F1    | 48,170                |
|                                                                  | P-1     | WR    | 37,366                |
|                                                                  | P-1     | NA    | 157,853               |
|                                                                  | P-2     | F1+   | 5,697                 |
|                                                                  | P-2     | F1    | 194,888               |
|                                                                  |         |       | <u>517,888</u>        |
| Money market funds:                                              | Aaa-mf  | AAAmf | 463,675               |
| Repurchase agreements:                                           | P-2     | F1    | <u>50,000</u>         |
|                                                                  |         |       | <u>\$ 1,031,563</u>   |

### Concentration Risk

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

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

#### 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, 2021, 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 |
|-----------------------|-----------------------|-------------------------------|
| Morgan Stanley        | \$ 386,072            | 37.37%                        |
| Toronto Dominion Bank | 80,048                | 7.75%                         |
| JP Morgan             | 78,053                | 7.56%                         |
| Royal Bank of Canada  | 56,667                | 5.49%                         |

#### 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. As stated in the Corporation's Fiscal Policies, credit risk is mitigated by limiting investments to those highly-rated securities permitted in the Fiscal Policies and by pre-qualifying firms through which the Corporation administers its investment activities.

Of the Corporation's \$109,746,000 bank balance at June 30, 2021, cash deposits in the amount of \$231,000 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. As stated in the Corporation's Fiscal Policies, 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, 2021, in thousands:

| Issuer                                | Investment Fair Value | Modified Duration |
|---------------------------------------|-----------------------|-------------------|
| Certificate of deposit                | \$ 7,822              | 0.341             |
| Commercial paper & medium-term notes: |                       |                   |
| Commercial paper discounts            | 506,681               | 0.363             |
| Medium-term notes                     | 3,385                 | 0.518             |
| Money market funds                    | 463,675               | 0.000             |
| Repurchase agreements                 | 50,000                | 0.403             |
| Portfolio modified duration           | \$ 1,031,563          | 0.202             |

#### 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 was \$1,502,000 on June 30, 2021.

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, 2021, 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       |  | \$ -                | \$ 4,232       | \$ -                      | \$ 2,617                | \$ 97                                     | \$ 6,946   |
| Grant Programs            |  | 104,425             | -              | -                         | -                       | 1,423                                     | 105,848    |
| Mortgage or Bond Programs |  | 60,787              | -              | -                         | -                       | -                                         | 60,787     |
| Other Funds or Programs   |  | 668                 | -              | -                         | -                       | -                                         | 668        |
| Total                     |  | \$ 165,880          | \$ 4,232       | \$ -                      | \$ 2,617                | \$ 1,520                                  | \$ 174,249 |

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 in 2013.

#### 5 MORTGAGE LOANS, NOTES AND OTHER LOANS

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

|                              | June 30, 2021 |
|------------------------------|---------------|
| Mortgage loans               | \$ 2,534,423  |
| Multifamily loans            | 428,147       |
| Other notes receivable       | 71,790        |
|                              | 3,034,360     |
| Less:                        |               |
| Allowance for losses         | (38,799)      |
| Net Mortgages, Notes & Other | \$ 2,995,561  |

Of the \$3,034,360,000 mortgage loans, notes, and other loans, \$90,955,000 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 \$14,009,000. Included in the allowance for losses is \$1,120,000 for ACAH's notes receivable bringing ACAH's net notes receivable to \$12,889,000.

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

|                                         |    | June 30, 2021 |
|-----------------------------------------|----|---------------|
| <u>Loans Delinquent 30 days or more</u> | \$ | 137,026       |
| Foreclosures during reporting period    |    | 2,802         |
| Loans in foreclosure process            |    | 5,907         |
| <u>Mortgage-related commitments:</u>    |    |               |
| To purchase mortgage loans              | \$ | 141,484       |

## 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 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).

| Future Minimum Payments Due              |                |
|------------------------------------------|----------------|
| Year Ending June 30,                     | Parking Garage |
| 2022                                     | \$ 3,304       |
| 2023                                     | 3,304          |
| 2024                                     | 3,304          |
| 2025                                     | 3,304          |
| 2026                                     | 3,304          |
| Thereafter                               | 6,604          |
| Gross payments due                       | 23,124         |
| Less: Unearned revenue                   | (2,837)        |
| Net investment in direct financing lease | \$ 20,287      |

## 8 CAPITAL ASSETS

Capital assets activity for the twelve months ended June 30, 2021, and a summary of balances is shown below (in thousands):

| Issuer                                 | June 30, 2020    | Additions         | Reductions  | June 30, 2021    |
|----------------------------------------|------------------|-------------------|-------------|------------------|
| <b>Non-Depreciable Capital Assets:</b> |                  |                   |             |                  |
| Land                                   | \$ 20,859        | \$ -              | \$ -        | \$ 20,859        |
| Total Non-Depreciable                  | 20,859           | -                 | -           | 20,859           |
| <b>Depreciable Capital Assets:</b>     |                  |                   |             |                  |
| Buildings                              | 243,819          | 123               | -           | 243,942          |
| Computers & Equipment                  | 3,171            | 84                | (10)        | 3,245            |
| Vehicles                               | 2,573            | 310               | (206)       | 2,677            |
| Less: Accumulated depreciation         |                  |                   |             |                  |
| Buildings                              | (178,675)        | (5,920)           | -           | (184,595)        |
| Computers & Equipment                  | (2,675)          | (239)             | 10          | (2,904)          |
| Vehicles                               | (2,011)          | (242)             | 206         | (2,047)          |
| Total Depreciable, Net                 | 66,202           | (5,884)           | -           | 60,318           |
| <b>Total Capital Assets, Net</b>       | <b>\$ 87,061</b> | <b>\$ (5,884)</b> | <b>\$ -</b> | <b>\$ 81,177</b> |

The above capital assets include \$4,740,000 of land and land improvements that belong to ACAH.

Depreciation expense charged by the Corporation was \$6,401,000 for the twelve months ended June 30, 2021.

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 \$10,098,000 at June 30, 2021.

## 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, 2021, were interest rate swap derivatives of \$167,094,000, deferred debt refunding expense of \$35,692,000, pension deferred outflows of \$3,911,000, and other post employment benefits deferred outflows of \$3,558,000 for a total of \$210,255,000.

## 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. 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 June 30, 2021, are shown on the next three pages (in thousands):

|                                                                        | Original<br>Amount | June 30, 2021 |
|------------------------------------------------------------------------|--------------------|---------------|
| <b>Housing Bonds:</b>                                                  |                    |               |
| <b>Home Mortgage Revenue Bonds, Tax-Exempt:</b>                        |                    |               |
| • 2002 Series A; Floating Rate*; 0.03% at June 30, 2021, due 2032-2036 | \$ 170,000         | \$ 30,690     |
| Unamortized swap termination penalty                                   | -                  | (1,383)       |
| • 2007 Series A; Floating Rate*; 0.03% at June 30, 2021, due 2021-2041 | 75,000             | 67,350        |
| • 2007 Series B; Floating Rate*; 0.02% at June 30, 2021, due 2021-2041 | 75,000             | 67,350        |
| • 2007 Series D; Floating Rate*; 0.03% at June 30, 2021, due 2021-2041 | 89,370             | 80,240        |
| • 2009 Series A; Floating Rate*; 0.03% at June 30, 2021, due 2021-2040 | 80,880             | 77,465        |
| • 2009 Series B; Floating Rate*; 0.03% at June 30, 2021, due 2021-2040 | 80,880             | 77,465        |
| • 2009 Series D; Floating Rate*; 0.03% at June 30, 2021, due 2021-2040 | 80,870             | 77,460        |
| Total Home Mortgage Revenue Bonds                                      | 652,000            | 476,637       |
| <b>Collateralized Bonds (Veterans Mortgage Program), Tax-Exempt:</b>   |                    |               |
| • 2016 First and Second Series; 1.25% to 3.05%, due 2021-2046          | 50,000             | 34,030        |
| • 2019 First and Second Series; 1.75% to 4.00%, due 2021-2048          | 60,000             | 25,480        |
| Unamortized premium                                                    | -                  | 687           |
| Total Collateralized Bonds (Veterans Mortgage Program)                 | 110,000            | 60,197        |
| <b>General Mortgage Revenue Bonds II, Tax-Exempt:</b>                  |                    |               |
| • 2016 Series A; 1.30%-3.50%, due 2021-2046                            | 100,000            | 59,710        |
| Unamortized premium                                                    | -                  | 422           |
| • 2018 Series A; 2.05%-4.00%, due 2021-2048                            | 109,260            | 70,480        |
| Unamortized premium                                                    | -                  | 1,501         |
| • 2018 Series B; 5.00%, due 2031                                       | 58,520             | 28,465        |
| Unamortized premium                                                    | -                  | 3,823         |
| • 2019 Series A; 1.25%-3.75%, due 2021-2044                            | 136,700            | 109,745       |
| Unamortized premium                                                    | -                  | 1,658         |
| • 2019 Series B; 2.50%-5.00%, due 2030-2034                            | 24,985             | 24,385        |
| Unamortized premium                                                    | -                  | 4,223         |
| • 2020 Series A; 0.30%-3.25%, due 2021-2044                            | 135,170            | 129,960       |
| Unamortized premium                                                    | -                  | 4,579         |
| • 2020 Series B; 2.00%-5.00%, due 2030-2035                            | 74,675             | 74,675        |
| Unamortized premium                                                    | -                  | 12,655        |
| Total General Mortgage Revenue Bonds II, Tax-Exempt                    | 639,310            | 526,281       |

|                                                                        | Original<br>Amount | June 30, 2021 |
|------------------------------------------------------------------------|--------------------|---------------|
| <b>Housing Bonds (cont.)</b>                                           |                    |               |
| <b>Governmental Purpose Bonds, Tax-Exempt:</b>                         |                    |               |
| • 2001 Series A; Floating Rate*; 0.03% at June 30, 2021, due 2021-2030 | \$ 76,580          | \$ 34,935     |
| Unamortized swap termination penalty                                   | -                  | (2,763)       |
| • 2001 Series B; Floating Rate*; 0.03% at June 30, 2021, due 2021-2030 | 93,590             | 42,690        |
| Total Governmental Purpose Bonds                                       | 170,170            | 74,862        |
| Total Housing Bonds                                                    | 1,571,480          | 1,137,977     |
| <b>Non-Housing Bonds:</b>                                              |                    |               |
| <b>State Capital Project Bonds, Tax-Exempt:</b>                        |                    |               |
| • 2002 Series C; Floating Rate*; 0.03% at June 30, 2021, due 2021-2022 | 60,250             | 10,350        |
| Total State Capital Project Bonds, Tax-Exempt                          | 60,250             | 10,350        |
| <b>State Capital Project Bonds II, Tax-Exempt:</b>                     |                    |               |
| • 2012 Series A; 3.25% to 5.00%, due 2021-2032                         | 99,360             | 5,250         |
| Unamortized premium                                                    | -                  | 85            |
| • 2013 Series A; 4.00% to 5.00%, due 2021-2032                         | 86,765             | 6,140         |
| Unamortized premium                                                    | -                  | 113           |
| • 2014 Series A; 4.00% to 5.00%, due 2021-2033                         | 95,115             | 15,090        |
| Unamortized premium                                                    | -                  | 380           |
| • 2014 Series B; 5.00%, due 2021-2029                                  | 29,285             | 6,115         |
| Unamortized premium                                                    | -                  | 222           |
| • 2014 Series D; 5.00%, due 2021-2029                                  | 78,105             | 25,430        |
| Unamortized premium                                                    | -                  | 1,150         |
| • 2015 Series A; 4.00% to 5.00%, due 2021-2030                         | 111,535            | 63,200        |
| Unamortized premium                                                    | -                  | 3,534         |
| • 2015 Series B; 3.00% to 5.00%, due 2021-2036                         | 93,365             | 58,210        |
| Unamortized discount                                                   | -                  | (149)         |
| Unamortized premium                                                    | -                  | 1,035         |
| • 2015 Series C; 5.00%, due 2022-2035                                  | 55,620             | 11,120        |
| Unamortized premium                                                    | -                  | 771           |
| • 2017 Series A; 4.00% to 5.00%, due 2021-2032                         | 143,955            | 129,845       |
| Unamortized premium                                                    | -                  | 13,122        |
| • 2017 Series C; 5.00%, due 2024-2032                                  | 43,855             | 43,855        |
| Unamortized premium                                                    | -                  | 5,154         |
| • 2018 Series B; 3.125% to 5.00%, due 2021-2038                        | 35,570             | 32,745        |
| Unamortized discount                                                   | -                  | (64)          |
| Unamortized premium                                                    | -                  | 3,092         |
| • 2019 Series B; 4.00% to 5.00%, due 2021-2039                         | 60,000             | 57,175        |
| Unamortized premium                                                    | -                  | 8,608         |
| • 2021 Series A; 3.00% to 5.00%, due 2023-2030                         | 90,420             | 90,420        |
| Unamortized premium                                                    | -                  | 19,911        |
| Total State Capital Project Bonds II, Tax-Exempt                       | 1,022,950          | 601,559       |

|                                                                                | Original<br>Amount  | June 30, 2021       |
|--------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Non-Housing Bonds (cont.):</b>                                              |                     |                     |
| <b>State Capital Project Bonds II, Taxable:</b>                                |                     |                     |
| • 2017 Series B; Floating Rate*; 0.10% at June 30, 2021, due 2047              | \$ 150,000          | \$ 150,000          |
| • 2018 Series A; Floating Rate*; 0.09% at June 30, 2021, due 2031-2043         | 90,000              | 90,000              |
| • 2019 Series A; Floating Rate*; 0.07% at June 30, 2021, due 2033-2044         | 140,000             | 140,000             |
| • 2020 Series A; 0.63% to 2.18%, due 2021-2033                                 | 96,665              | 96,320              |
| Total State Capital Project Bonds II, Taxable                                  | 476,665             | 476,320             |
| Total Non-Housing Bonds                                                        | 1,559,865           | 1,088,229           |
| <b>Direct Placement Bonds, Taxable:</b>                                        |                     |                     |
| • 2014 Series C; Indexed Floating Rate**,<br>0.592% at June 30, 2021, due 2029 | 140,000             | 140,000             |
| Total Direct Placement Bonds, Taxable                                          | 140,000             | 140,000             |
| <b>Total Bonds Payable</b>                                                     | <b>\$ 3,271,345</b> | <b>\$ 2,366,206</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.

#### Assets Pledged As Collateral for Debt

AHFC's bonds are secured by the general obligation of the Corporation and may also be secured with collateral from mortgages, investments and/or direct financing leases. See the table below (in thousands):

|             | Mortgages   | Investments | Leases    | Total       |
|-------------|-------------|-------------|-----------|-------------|
| Housing     | \$1,544,303 | \$163,700   | \$ -      | \$1,708,003 |
| Non-Housing | -           | -           | 20,288    | 20,288      |
| Total       | \$1,544,303 | \$163,700   | \$ 20,288 | \$1,728,291 |

#### 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 terms of the related agreements governing such redemptions. For housing bonds, such agreements typically permit surplus revenues resulting primarily from mortgage loan prepayments to be used to retire housing obligations at par. With respect to non-housing and direct placement bonds, such agreements typically permit optional redemptions at par from any source of funds on or after a specified date.

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, 2021, the Corporation made special redemptions in the amount of \$329,655,000.

#### Advance Refundings

In the twelve months ending June 30, 2021, the Corporation effected advanced refundings where the proceeds of the issued bonds or cash from the Corporation was used to defease outstanding debt of the Corporation.

A summary of all defeased debt, as of June 30, 2021, follows (in thousands):

|                                               | Date Defeased | June 30, 2021     |
|-----------------------------------------------|---------------|-------------------|
| State Capital Project Bonds II, 2012 Series A | December 2017 | \$ 29,795         |
| State Capital Project Bonds II, 2013 Series A | December 2017 | 16,345            |
| State Capital Project Bonds II, 2012 Series A | October 2020  | 17,750            |
| State Capital Project Bonds II, 2013 Series A | October 2020  | 33,745            |
| State Capital Project Bonds II, 2014 Series A | October 2020  | 35,200            |
| State Capital Project Bonds II, 2012 Series A | June 2021     | 7,290             |
| State Capital Project Bonds II, 2013 Series A | June 2021     | 9,420             |
| State Capital Project Bonds II, 2014 Series A | June 2021     | 18,250            |
| State Capital Project Bonds II, 2014 Series B | June 2021     | 13,860            |
| State Capital Project Bonds II, 2014 Series D | June 2021     | 39,980            |
| State Capital Project Bonds II, 2015 Series A | June 2021     | 23,200            |
| State Capital Project Bonds II, 2015 Series B | June 2021     | 21,495            |
| State Capital Project Bonds II, 2015 Series C | June 2021     | 31,045            |
|                                               |               | <u>\$ 297,375</u> |

**Debt Service Requirements\*\***

For all bonds in the preceding schedules, the Corporation's annual debt service requirements through 2026 and in five year increments thereafter to maturity are shown below (in thousands):

| Year Ended<br>June 30, | Housing Bond<br>Debt Service |                  |                    | Non-Housing Bond<br>Debt Service |                  |                    |
|------------------------|------------------------------|------------------|--------------------|----------------------------------|------------------|--------------------|
|                        | Principal                    | Interest*        | Total              | Principal                        | Interest*        | Total              |
| 2022                   | \$35,715                     | \$36,515         | \$72,230           | \$59,025                         | \$22,860         | \$81,885           |
| 2023                   | 38,040                       | 35,561           | 73,601             | 47,205                           | 20,110           | 67,315             |
| 2024                   | 39,345                       | 34,544           | 73,889             | 54,410                           | 30,319           | 84,729             |
| 2025                   | 40,730                       | 33,457           | 74,187             | 52,660                           | 19,270           | 71,930             |
| 2026                   | 43,680                       | 32,295           | 75,975             | 38,675                           | 17,067           | 55,742             |
| 2027-2031              | 254,700                      | 140,630          | 395,330            | 270,570                          | 54,375           | 324,945            |
| 2032-2036              | 355,715                      | 81,099           | 436,814            | 141,385                          | 12,660           | 154,045            |
| 2037-2041              | 227,280                      | 36,287           | 263,567            | 57,225                           | 2,689            | 59,914             |
| 2042-2046              | 65,685                       | 7,043            | 72,728             | 160,110                          | 1,121            | 161,231            |
| 2047-2051              | 11,685                       | 643              | 12,328             | 150,000                          | 225              | 150,225            |
|                        | <u>\$1,112,575</u>           | <u>\$438,074</u> | <u>\$1,550,649</u> | <u>\$1,031,265</u>               | <u>\$180,696</u> | <u>\$1,211,961</u> |

| Year Ended<br>June 30, | Direct Placement<br>Debt Service |           |           | Total Debt Service |           |             |
|------------------------|----------------------------------|-----------|-----------|--------------------|-----------|-------------|
|                        | Principal                        | Interest* | Total     | Principal          | Interest* | Total       |
| 2022                   | \$ -                             | \$4,573   | \$4,573   | \$94,740           | \$63,949  | \$158,689   |
| 2023                   | -                                | 4,573     | 4,573     | 85,245             | 60,244    | 145,489     |
| 2024                   | -                                | 4,586     | 4,586     | 93,755             | 69,449    | 163,204     |
| 2025                   | -                                | 4,573     | 4,573     | 93,390             | 57,300    | 150,690     |
| 2026                   | -                                | 4,574     | 4,574     | 82,355             | 53,936    | 136,291     |
| 2027-2031              | 140,000                          | 16,026    | 156,026   | 665,270            | 211,031   | 876,301     |
| 2032-2036              | -                                | -         | -         | 497,100            | 93,759    | 590,859     |
| 2037-2041              | -                                | -         | -         | 284,505            | 38,976    | 323,481     |
| 2042-2046              | -                                | -         | -         | 225,795            | 8,164     | 233,959     |
| 2047-2051              | -                                | -         | -         | 161,685            | 868       | 162,553     |
|                        | \$140,000                        | \$38,905  | \$178,905 | \$2,283,840        | \$657,676 | \$2,941,516 |

\* 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, 2021.

\*\* 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 June 30, 2021, follows (in thousands):

|                                                      | Maximum<br>Issue Amount | Balance as of<br>June 30, 2021 | Remaining<br>Authority as of<br>June 30, 2021 |
|------------------------------------------------------|-------------------------|--------------------------------|-----------------------------------------------|
| Revenue Bonds, 2021 (Spenard East Phase I Project)   | \$ 7,500                | \$ 50                          | \$ 7,450                                      |
| Revenue Bonds, 2021 (Jewel Lake Apartments Project)  | 19,000                  | 19,000                         | -                                             |
| Revenue Bonds, 2020 (Old Mat Phase 1 Project)        | 3,800                   | 50                             | 3,750                                         |
| Revenue Bonds, 2020 (West 32nd Avenue Project)       | 3,500                   | 2,866                          | 634                                           |
| Revenue Bonds, 2020 (Spruce View Apartments Project) | 9,500                   | 6,837                          | 2,663                                         |
| Total                                                | \$ 43,300               | \$ 28,803                      | \$ 14,497                                     |

### Events of Default

Significant finance-related events of default with respect to the Corporation's outstanding housing, non-housing, and direct placement bonds include a failure to repay principal at stated maturity or upon redemption (including sinking fund payments); a failure to pay interest when due; and a continued failure to comply with, or default in the performance or observance of, any of the covenants, agreements or conditions in the Indenture 45 days after having received written notice thereof.

## 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, 2021, 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, 2021, 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                                  |
| SC14C               | 06/01/19       | 3.2220%         | 100% of 1M LIBOR             | 12/01/29              | AA-/Aa2                                 |

1. Governmental Purpose Bonds

2. Home Mortgage Revenue Bonds

3. State Capital Project Bonds (I/II)

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 June 30, 2021, 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, 2021       | June 30, 2020       |                      |
| GP01A                   | \$ 34,935         | \$ 38,115         | \$ (3,180)          | \$ (4,745)          | \$ 1,565             |
| GP01B                   | 42,690            | 50,270            | (7,580)             | (10,355)            | 2,775                |
| E021A1                  | 30,690            | 34,598            | (3,908)             | (5,630)             | 1,722                |
| SC02C                   | 10,350            | 10,566            | (216)               | (695)               | 479                  |
| E071AB                  | 128,964           | 166,739           | (37,775)            | (51,628)            | 13,853               |
| E071AD                  | 85,976            | 111,277           | (25,301)            | (34,198)            | 8,897                |
| E091A                   | 69,717            | 89,696            | (19,979)            | (27,363)            | 7,384                |
| E091B                   | 69,717            | 89,466            | (19,749)            | (26,920)            | 7,171                |
| E091ABD                 | 92,956            | 119,324           | (26,368)            | (35,591)            | 9,223                |
| SC14C                   | 140,000           | 163,038           | (23,038)            | (35,421)            | 12,383               |
|                         | 705,995           | 873,089           | (167,094)           | (232,546)           | 65,452               |
| <b>Investment Issue</b> |                   |                   |                     |                     |                      |
| SC02B                   | 14,555            | 15,711            | (1,156)             | (1,735)             | 579                  |
| <b>Total</b>            | <b>\$ 720,550</b> | <b>\$ 888,800</b> | <b>\$ (168,250)</b> | <b>\$ (234,281)</b> | <b>\$ 66,031</b>     |

As of June 30, 2021, 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.

| <b>Fiscal Year Ending<br/>June 30</b> | <b>VRDO<br/>Principal</b> | <b>VRDO<br/>Interest</b> | <b>Swap Net<br/>Payments</b> | <b>Total<br/>Payments</b> |
|---------------------------------------|---------------------------|--------------------------|------------------------------|---------------------------|
| 2022                                  | \$29,230                  | \$987                    | \$24,275                     | \$54,492                  |
| 2023                                  | 27,175                    | 978                      | 23,199                       | 51,352                    |
| 2024                                  | 24,750                    | 971                      | 22,296                       | 48,017                    |
| 2025                                  | 25,920                    | 964                      | 21,428                       | 48,312                    |
| 2026                                  | 27,115                    | 956                      | 20,519                       | 48,590                    |
| 2027-2031                             | 291,010                   | 3,412                    | 80,834                       | 375,256                   |
| 2032-2036                             | 125,585                   | 320                      | 40,987                       | 166,892                   |
| 2037-2041                             | 146,970                   | 124                      | 16,007                       | 163,101                   |
| 2042-2046                             | 8,240                     | 2                        | 149                          | 8,391                     |
|                                       | <b>\$705,995</b>          | <b>\$8,714</b>           | <b>\$249,694</b>             | <b>\$964,403</b>          |

#### **Credit Risk**

As of June 30, 2021, 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 six separate counterparties. Approximately 32.5% of the total notional amount of the swaps is held with one counterparty rated "AA-/Aa2". Another 26.8% of the total notional amount of the swaps is held with another counterparty rated "A+/Aa1" and 19.8% of the total notional amount of the swaps is held with another counterparty rated "AA-/Aa2." Of the remaining swaps, the counterparties are rated "A+/Aa1", "AA/Aa3", and "BBB+/A3", approximating 9.9%, 6.0%, and 4.9% 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, 2021, SIFMA was 0.03% and 1-month LIBOR was 0.10%, resulting in a SIFMA/LIBOR ratio of 29.85%. The 3-month LIBOR was 0.15%, resulting in a SIFMA/LIBOR ratio of 20.58%. 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.

#### **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, 2021, are shown below:

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

The change in fair value of the investment derivative as of June 30, 2021, 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 Value    |               | Change in Fair Value |
|--------------------|------------------|----------------|---------------|---------------|----------------------|
|                    |                  |                | June 30, 2021 | June 30, 2020 |                      |
| SC02B              | \$14,555         | \$15,711       | \$(1,156)     | \$(1,735)     | \$579                |

### Credit Risk

As of June 30, 2021, 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 OTHER LIABILITIES

Other Liabilities as of June 30, 2021, are composed of the accounts and balances as follows (in thousands):

| Other Liabilities               | 2021              |
|---------------------------------|-------------------|
| Accounts Payable                | \$ 6,830          |
| Accrued Payroll                 | 5,656             |
| Other Miscellaneous Liabilities | 18                |
| Security Deposits               | 800               |
| Service Fees Payables           | 846               |
| Unearned Grant Revenue          | 155,944           |
| Total                           | <u>\$ 170,094</u> |

## 13 LONG TERM LIABILITIES

The activity for the twelve months ended June 30, 2021, is summarized in the following schedule (in thousands):

|                               | June 30, 2020       | Additions         | Reductions          | June 30, 2021       | Due Within One Year |
|-------------------------------|---------------------|-------------------|---------------------|---------------------|---------------------|
| Total bonds and notes payable | \$ 2,572,813        | \$ 415,636        | \$ (622,243)        | \$ 2,366,206        | \$ 94,740           |
| Net Pension liability         | 35,960              | 1,204             | -                   | 37,164              | -                   |
| Net OPEB liability            | 1,008               | -                 | (956)               | 52                  | -                   |
| Compensated absences          | 4,732               | 2,803             | (2,327)             | 5,208               | 2,088               |
| Other liabilities             | -                   | 338               | (338)               | -                   | -                   |
| Total long-term liabilities   | <u>\$ 2,614,513</u> | <u>\$ 419,981</u> | <u>\$ (625,864)</u> | <u>\$ 2,408,630</u> | <u>\$ 96,828</u>    |

## 14 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, 2021, was 0.09% and the highest, 0.72%.

Short term debt activity for the twelve months ended June 30, 2021, is summarized in the following schedule (in thousands).

|                       | June 30, 2020 | Additions  | Reductions   | June 30, 2021 |
|-----------------------|---------------|------------|--------------|---------------|
| Commercial paper      | \$ 115,417    | \$ 860,712 | \$ (845,417) | \$ 130,712    |
| Unamortized discount  | (51)          | (255)      | 291          | (15)          |
| Commercial paper, net | \$ 115,366    | \$860,457  | \$(845,126)  | \$ 130,697    |

## 15 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, 2021, totaling \$363,000, represent the changes in proportion and differences between employer contributions in the State of Alaska's PERS Defined Benefit Retirement Plan. AHFC's OPEB deferred inflows of resources at June 30, 2021, represent \$295,000 difference between expected and actual experience, \$2,126,000 changes in assumptions, and \$15,000 changes in proportion and differences between employer contributions in the OPEB plan. The total of all OPEB deferred inflows of resources is \$2,436,000. Total deferred debt refunding inflows for the State Capital Project Bonds II 2012 A & B and State Capital Project Bonds II 2013 A & B were \$713,000. The combined total of all deferred inflows of resources is \$3,512,000.

## 16 TRANSFERS

Transfers for the twelve months ended June 30, 2021, 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                                     |
| T<br>o | Administrative Fund                       | \$ -                | \$ 648         | \$ 839,258                | \$ 15,608               | \$ -                                      |
|        | Grant Programs                            | 15,429              | -              | -                         | -                       | -                                         |
|        | Mortgage or Bond Programs                 | 728,300             | -              | -                         | -                       | -                                         |
|        | Other Funds or Programs                   | 17,978              | -              | -                         | -                       | -                                         |
|        | Alaska Corporation for Affordable Housing | 618                 | -              | -                         | -                       | -                                         |
| Total  |                                           | \$ 762,325          | \$ 648         | \$ 839,258                | \$ 15,608               | \$ -                                      |
|        |                                           |                     |                |                           |                         | \$1,617,839                               |

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.

## 17 OTHER CREDIT ARRANGEMENTS

The Corporation currently has certain outstanding debt obligations in relation to which it has entered into standby bond purchase agreements ("SBPAs") to guarantee the payment of debt service in the event of unremarketed tenders. The Corporation also entered into a revolving credit agreement ("RCA") in 2017 for up to \$300,000,000 of additional liquidity with respect to debt issued under its State Capital Project Bonds indenture, State Capital Project Bonds II indenture, and Commercial Paper Notes program.

At June 30, 2021, the Corporation had the following available unused credit lines (in thousands):

|                                                         | Credit Type | Credit Exposure |       | Available Unused Lines of Credit |
|---------------------------------------------------------|-------------|-----------------|-------|----------------------------------|
|                                                         |             | S&P             | Moody |                                  |
| 2002 Series A Home Mortgage Revenue Bonds               | SBPA        | AA+             | Aaa   | \$ 30,690                        |
| 2007 Series A, B, D Home Mortgage Revenue Bonds         | SBPA        | AA+             | Aaa   | 214,940                          |
| 2009 Series A Home Mortgage Revenue Bonds               | SBPA        | A+              | Aa1   | 77,465                           |
| 2009 Series B Home Mortgage Revenue Bonds               | SBPA        | A+              | Aa1   | 77,465                           |
| 2009 Series D Home Mortgage Revenue Bonds               | SBPA        | AA+             | Aaa   | 77,460                           |
| 2001 Series A & B Governmental Purpose Bonds            | SBPA        | AA+             | Aaa   | 77,625                           |
| State Capital Project Bonds (I & II) & Commercial Paper | RCA         | A               | A1    | 300,000                          |
| Total                                                   |             |                 |       | <u>\$ 855,645</u>                |

## 18 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 \$1,451,000, but rebate liability as of June 30, 2021, was \$397,000, resulting in \$1,054,000 due to the Corporation.

## 19 STATE AUTHORIZATIONS AND COMMITMENTS

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

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

The projected amounts stated in the legislative intent language were based on the Corporation's financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected "net income". The following table shows the cumulative total of all dividends due and payable to the State since 1991, and the remaining commitment as of June 30, 2021, (in thousands).

|                                     | Dividend Due to State | Expenditures          | Remaining Commitments |
|-------------------------------------|-----------------------|-----------------------|-----------------------|
| State General Fund Transfers        | \$ 799,514            | \$ (788,948)          | \$ 10,566             |
| State Capital Projects Debt Service | 494,877               | (482,877)             | 12,000                |
| State of Alaska Capital Projects    | 294,915               | (252,652)             | 42,263                |
| AHFC Capital Projects               | 554,942               | (506,102)             | 48,840                |
| Total                               | <u>\$ 2,144,248</u>   | <u>\$ (2,030,579)</u> | <u>\$ 113,669</u>     |

### **Transfer Plan with the State**

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

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

The Corporation has issued \$196,345,000 principal amount of State Capital Project Bonds pursuant to the 1998 Act, \$74,535,000 principal amount of State Capital Project Bonds pursuant to the 2000 Act, \$60,250,000 principal amount of State Capital Project Bonds pursuant to the 2002 Act, and \$45,000,000 principal amount of bonds under the State Capital Project agreement pursuant to the 2004 Act, and has completed its issuance authority under the Acts. The 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.

## 20 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, 2021     |
|-------------------------------------------------------------|-------------------|
| AMHTA Rural Capacity Expansion                              | \$ 11             |
| Beneficiaries and Special Needs Housing                     | 2,764             |
| Competitive Grants for Public Housing                       | 38                |
| Continuum of Care Homeless Assistance                       | 2,073             |
| COVID-19 Consolidated Appropriation Act - Rental Assistance | 59,896            |
| COVID-19 Housing Relief Expansion                           | 4,948             |
| Alaska Housing Relief Program (AHR)                         | 9,923             |
| Denali Commission Program                                   | 272               |
| Domestic Violence                                           | 1,669             |
| Discharge Incentive grant                                   | 201               |
| Drug Elimination                                            | 25                |
| Emergency Shelter Grant (ESG)                               | 1,086             |
| Energy Efficiency Monitoring Research                       | 362               |
| Foster Youth to Independence                                | 72                |
| HOME Investment Partnership                                 | 3,611             |
| Homeless Assistance Program (HAP)                           | 5,831             |
| Housing Choice Vouchers                                     | 30,280            |
| Housing Choice Voucher - Mainstream                         | 345               |
| Housing Loan Program                                        | 1,590             |
| Housing Opportunities for Persons with AIDS                 | 665               |
| Housing Trust Fund                                          | 2,364             |
| Low Income Weatherization Assistance                        | 5,274             |
| Low Income Home Energy Assistance                           | 1,108             |
| Non-Elderly Disabled (NED)                                  | 229               |
| Parolees (TBRA)                                             | 440               |
| Section 811 Rental Housing Assistance                       | 227               |
| Section 8 Rehabilitation                                    | 519               |
| Senior Citizen Housing Development Grant                    | 2,038             |
| Supplemental Housing Grant                                  | 3,018             |
| Veterans Affairs Supportive Housing                         | 2,087             |
| Victims of Human Trafficking                                | 36                |
| Youth (TBRA)                                                | 127               |
| <b>Total Housing Grants and Subsidies Expenses</b>          | <b>\$ 143,129</b> |

In addition to grant payments made, the Corporation had advanced grant funds of \$21,673,000 and committed to third parties a sum of \$110,363,000 in grant awards as of June 30, 2021.

## 21 PENSION AND POST-EMPLOYMENT HEALTHCARE PLANS

### Description of Plans

As of June 30, 2021, 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 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 2021, 14.57% of covered salary is for the pension plan and 7.43% is for the post-employment healthcare plan.

Under AS39.35.255, the State funds 8.85%, the difference between the actuarial required contribution of 30.85% for fiscal year 2021 and the employer rate of 22.00%.

The Corporation's contributions to the Defined Benefit pension plan for the twelve months ended June 30, 2021, totaled \$1,384,000.

*Pension Liability:*

For the year ended June 30, 2021, the Corporation reported a liability for its proportionate share of net pension liability of \$37,164,000. This amount reflected State pension support provided to the Corporation of \$15,376,000. The total net pension liability associated with the Corporation was \$52,540,000.

The net pension liability for the June 30, 2020 measurement date, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020.

*Pension Expense:*

For the year ended June 30, 2021, the Corporation recognized pension expense of \$4,432,000 and revenue of \$1,845,000 for support provided by the State.

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

For the year ended June 30, 2021, the Corporation's deferred outflows of resources related to pension expense of \$3,911,000 were due to a difference between expected and actual experience \$117,000, a difference between projected and actual investment earnings of \$1,513,000 and contributions to the pension plan subsequent to the measurement date of \$2,281,000. The Corporation's deferred inflows of resources related to pension of \$363,000 were due to a change in proportion and differences between employer contributions.

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2021. 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<br>of Resources | Deferred Inflows<br>of Resources | Total           |
|---------------------|-----------------------------------|----------------------------------|-----------------|
| 2022                | \$ 2,153                          | \$ (90)                          | \$ 2,063        |
| 2023                | 623                               | (91)                             | 532             |
| 2024                | 653                               | (91)                             | 562             |
| 2025                | 482                               | (91)                             | 391             |
|                     | <u>\$ 3,911</u>                   | <u>\$ (363)</u>                  | <u>\$ 3,548</u> |

*Pension Employer Contributions:*

In 2021, the Corporation was credited with the following contributions to the PERS plan:

|                             | Measurement Period<br>Corporation FY20 | Measurement Period<br>Corporation FY19 |
|-----------------------------|----------------------------------------|----------------------------------------|
| Employer PERS contributions | \$ 2,572,000                           | \$ 2,616,000                           |

*Pension and OPEB Actuarial Assumptions:*

The total pension and OPEB Liability for the fiscal year ending June 30, 2021, was determined by an actuarial valuation as of June 30, 2019, rolled forward to the measurement date of June 30, 2020. The valuation was prepared assuming an inflation rate of 2.50%. Salary increases were determined by grading by service to range from 6.75% to 2.75%. The investment rate of return was calculated at 7.38%, net of pension and OPEB plan investment expenses, based on an average inflation rate of 2.50% and a real return of 4.88%.

Mortality rates were based on 2013-2017 actual experience.

The long-term expected rate of return on pension and OPEB plans 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 and OPEB plans investment expense and inflation) are developed for each major asset class. These ranges 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, excluding the inflation component of 2.50%, for each major asset class included in the and OPEB plans' target asset allocation are summarized in the following table:

| Asset Class              | Long-term Expected Real<br>Rate of Return |
|--------------------------|-------------------------------------------|
| Domestic Equity          | 6.24%                                     |
| Global Equity (non-U.S.) | 6.67%                                     |
| Aggregate Bonds          | (0.16)%                                   |
| Opportunistic            | 3.01%                                     |
| Real Assets              | 3.82%                                     |
| Private Equity           | 10.00%                                    |
| Cash Equivalents         | (1.09)%                                   |

*Pension Discount rate:*

The discount rate used to measure the total pension liability was 7.38%. The projection of cash flows used to determine the discount rate assumed that the Corporation and non-employer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Corporation's proportionate share of the net pension liability using the discount rate of 7.38% and what it would be if the discount was 1% lower (6.38%) or 1% higher (8.38%), (in thousands).

|                                                                | 1% Decrease<br>(6.38%) | Current<br>Discount<br>Rate (7.38%) | 1% Increase<br>(8.38%) |
|----------------------------------------------------------------|------------------------|-------------------------------------|------------------------|
| Corporation's proportionate share of the net pension liability | \$ 48,320              | \$ 37,164                           | \$ 27,806              |

**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 fiscal year 2021 are as follows:

|                                                  | Other<br>Tier IV |
|--------------------------------------------------|------------------|
| Pension Employer Contribution                    | 5.00%            |
| Occupational Death and Disability Benefits (ODD) | 0.31%            |
| Retiree Medical                                  | 1.27%            |
| Total OPEB                                       | 1.58%            |
| Total Contribution Rates                         | 6.58%            |

Under State law, the Corporation is required to contribute 22% of annual covered salary. For fiscal year 2021, 6.58% of covered salary is split between 5.00% for the pension plan and 1.58% for the post-employment healthcare plan. Then, to offset additional individual post-employment healthcare cost, an annual flat dollar amount of \$2,159, representing 3% of total annual covered compensation in the Plan for each full-time employee, and \$1.38 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, 2021, the Corporation paid additional contributions of \$1,371,000. These contributions equal \$908,000 for the defined benefit pension as of June 30, 2021, and \$463,000 for the defined benefit post-employment healthcare plans as of June 30, 2021.

The contributions to the pension plan for the twelve months ended June 30, 2021, by the employees totaled \$900,000 and by the Corporation totaled \$551,000.

The contributions to Other Post-Employment Benefits (OPEB) plan by the Corporation for the twelve months ended June 30, 2021, totaled \$174,000.

The Corporation contributed \$365,000 to a Health Reimbursement Arrangement for the twelve months ended June 30, 2021.

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](https://alaska.gov/drb/employer/resources/gasb.html).

## Other Post-Employment Benefits (“OPEB”) Defined Benefit and Defined Contribution Plans

The Corporation's contributions to the defined benefit post-employment healthcare plan for the twelve months ended June 30, 2021, totaled \$706,000, and for the years ended June 30, 2020, and June 30, 2019, totaled \$669,000 and \$676,000, respectively.

### OPEB Employer Contribution Rate:

In 2021, the Corporation was credited with the following contributions to the OPEB plan:

|                                       | Measurement Period<br>Corporation FY20 | Measurement Period<br>Corporation FY19 |
|---------------------------------------|----------------------------------------|----------------------------------------|
| Employer contributions DB             | \$2,572,000                            | \$ 2,616,000                           |
| Employer contributions DC RM          | 133,000                                | 82,000                                 |
| Employer contributions DC ODD         | 26,000                                 | 23,000                                 |
| Nonemployer contributions (on-behalf) | -                                      | -                                      |
| <b>Total Contributions</b>            | <b>\$2,731,000</b>                     | <b>\$ 2,721,000</b>                    |

### Changes in Benefit Assumptions Since the Prior Valuation of OPEB:

For the DB and DC OPEB plans, in addition to the changes in assumptions due to the experience study displayed in the table “OPEB Actuarial Assumptions,” the following assumption changes have been made since the prior evaluation: a) per capita claims costs were updated to reflect recent experience. Retired member contribution trend rates were updated to reflect the ongoing shift in the population from pre-Medicare to Medicare-eligible and projection of the expected future retiree contributions, b) the Further Consolidated Appropriations Act, 2020 that was signed into law in December 2019 made several changes, including the repeal of the Cadillac tax, c) the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from plan assets.

### OPEB healthcare cost trend rates:

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<br>Pre-65 | Medical<br>Post-65 | Prescription<br>Drugs/<br>Employer<br>Group Waiver<br>Plan (EGWP) |
|-----------|-------------------|--------------------|-------------------------------------------------------------------|
| FY20      | 7.0%              | 5.4%               | 8.0%                                                              |
| FY21      | 6.5%              | 5.4%               | 7.5%                                                              |
| FY22      | 6.3%              | 5.4%               | 7.1%                                                              |
| FY23      | 6.1%              | 5.4%               | 6.8%                                                              |
| FY24      | 5.9%              | 5.4%               | 6.4%                                                              |
| FY25      | 5.8%              | 5.4%               | 6.1%                                                              |
| FY26      | 5.6%              | 5.4%               | 5.7%                                                              |
| FY27-FY40 | 5.4%              | 5.4%               | 5.4%                                                              |
| FY41      | 5.3%              | 5.3%               | 5.3%                                                              |
| FY42      | 5.2%              | 5.2%               | 5.2%                                                              |
| FY43      | 5.1%              | 5.1%               | 5.1%                                                              |
| FY44      | 5.1%              | 5.1%               | 5.1%                                                              |
| FY45      | 5.0%              | 5.0%               | 5.0%                                                              |
| FY46      | 4.9%              | 4.9%               | 4.9%                                                              |
| FY47      | 4.8%              | 4.8%               | 4.8%                                                              |
| FY48      | 4.7%              | 4.7%               | 4.7%                                                              |
| FY49      | 4.6%              | 4.6%               | 4.6%                                                              |
| FY50+     | 4.5%              | 4.5%               | 4.5%                                                              |

*Key Elements of OPEB formula:*

Liability and contributions shown in the report are computed using the Entry Age Normal Actuarial Cost Method. 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 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, which 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, 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.

*Post-employment healthcare benefits:*

For DB plan 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 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 1.25% and 1.875%, respectively, is valued for the annual automatic Post-Retirement Pension Adjustment (PRPA).

For DC RM and DC ODD retirement eligibility: must retire from the plan and have 30 years of service or be eligible for Medicare and have 10 years of service. Once member becomes eligible for Medicare, the required contribution follows a set plan schedule. The plan's coverage is supplemental to Medicare, referred to in the industry as exclusion coordination. Medicare payment is deducted from the Medicare allowable expense and plan parameters are applied to the remaining amount. Starting in 2019, the prescription drug coverage will be through a Medicare Part D Employer Group Waiver Plan (EGWP) arrangement. 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. Occupational Disability and Death benefit are 40% of salary at date of qualifying event. Medicare exclusion coordination applies to ODD benefits.

*OPEB Asset and Liability:*

For the year ended June 30, 2021, the total net OPEB Asset associated with the Corporation was \$3,015,000 and the total net OPEB Liability associated with the Corporation was \$52,000.

For the year ended June 30, 2021, the Corporation reported an asset for its proportionate share of the net OPEB Asset ("NOA") that reflected an increase 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 Liability:                  | 2021            |
| Corporation's proportionate share of NOL – DC RM                       | \$ 52,000       |
| State's proportionate share of the NOL associated with the Corporation | -               |
| <b>Total Net OPEB Liability</b>                                        | <b>\$52,000</b> |

|                                                   |                     |
|---------------------------------------------------|---------------------|
| Corporation's proportionate share Net OPEB Asset: | 2021                |
| Corporation's proportionate share of NOA – DB     | \$ 2,851,000        |
| Corporation's proportionate share of NOA – DC ODD | 164,000             |
| <b>Total Net OPEB Asset</b>                       | <b>\$ 3,015,000</b> |

The net OPEB liability was measured as of June 30, 2020, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to June 30, 2020.

|                                                       | June 30, 2019<br>Measurement<br>Date Employer<br>Proportion | June 30, 2020<br>Measurement<br>Date Employer<br>Proportion | Change    |
|-------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|-----------|
| Corporation's proportionate share Net OPEB Liability: |                                                             |                                                             |           |
| DB                                                    | 0.65680%                                                    | 0.62960%                                                    | -0.02720% |
| DC RM                                                 | 0.69949%                                                    | 0.74451%                                                    | 0.04502%  |
| DC ODD                                                | 0.55609%                                                    | 0.60268%                                                    | 0.04659%  |

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

For DC RM and DC ODD plans, there were no changes in benefit provisions.

*OPEB Expense:*

For the year ended June 30, 2021, the Corporation recognized a reduction of OPEB expense of \$1,577,000 and no support provided by the State.

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

For the year ended June 30, 2021, the Corporation reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources (in thousands):

| Year Ended June 30, 2021                                             | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Contributions subsequent to the measurement date                     | \$ 2,157                             | \$ -                                |
| Difference between expected and actual experience                    | -                                    | (295)                               |
| Difference between projected and actual investment earnings          | 1,173                                | -                                   |
| Changes in assumptions                                               | 74                                   | (2,126)                             |
| Changes in proportion and differences between employer contributions | 154                                  | (15)                                |
| <b>Total Deferred Outflows and Deferred Inflows</b>                  | <b>\$ 3,558</b>                      | <b>\$ (2,436)</b>                   |

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

| Year Ended June 30: | Total           |
|---------------------|-----------------|
| 2022                | \$ 48           |
| 2023                | 400             |
| 2024                | 430             |
| 2025                | 300             |
| 2026                | (16)            |
| Thereafter          | (40)            |
|                     | <b>\$ 1,122</b> |

*OPEB Discount rate:*

The discount rate used to measure the total OPEB liability was 7.38%. 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 7.38% and what it would be if the discount was 1-percentage-point (6.38%) lower or 1-percentage-point higher (8.38%), (in thousands).

| Corporation's proportionate share of the net OPEB Liability (asset): | Proportional Share | 1% Decrease (6.38%) | Current Discount Rate (7.38%) | 1% Increase (8.38%) |
|----------------------------------------------------------------------|--------------------|---------------------|-------------------------------|---------------------|
| DB plan                                                              | 0.62960            | \$ 2,975            | \$ (2,851)                    | \$ (7,677)          |
| DC RM plan                                                           | 0.74451            | 327                 | 52                            | (155)               |
| DC ODD plan                                                          | 0.60268            | (154)               | (164)                         | (172)               |

*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 Liability (asset): | Proportional Share | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------------------------------------------------------------|--------------------|-------------|-----------------------|-------------|
| DB plan                                                              | 0.62960            | \$ (8,243)  | \$ (2,851)            | \$ 3,678    |
| DC RM plan                                                           | 0.74451            | (185)       | 52                    | 377         |
| DC ODD plan                                                          | 0.60268            | n/a         | (164)                 | 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: <http://doa.alaska.gov/drb/employer/resources/gasb.html#.YMPxY6hKg2x>.

*Annual Postemployment Healthcare Cost*

For the year ended June 30, 2021, the Corporation recognized \$365,000 in DC OPEB costs. These amounts were recognized as expense.

## 22 OTHER COMMITMENTS AND CONTINGENCIES

### Medical Self Insurance

During the fiscal year ended June 30, 1998, the Corporation began a program of self-insurance for employee medical benefits. Costs are billed directly to the Corporation by an Administrative Services Provider that processes all of the claims from the employees and their dependents. The Corporation has purchased a stop-loss policy that limits its liability to \$200,000 per employee per year. The Corporation has provided for an estimate of the Incurred but Not Reported ("IBNR") liability in the amount of \$1,931,000 as of June 30, 2021.

### 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 twelve months ended June 30, 2021, 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.

### Contingent Liabilities

The Corporation participates in several federally assisted programs. These programs are subject to program compliance audits and adjustment by the grantor agencies or their representatives. Any disallowed claims, including

amounts already collected, would become a liability of the Administrative Fund. In management's opinion, disallowance, if any, will be immaterial.

## **23 RISK MANAGEMENT**

The Corporation is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by various commercial insurance policies and contractual risk transfers. When the Corporation enters into agreements, contracts or grants, it requires insurance from the party 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.

## REQUIRED SUPPLEMENTARY INFORMATION

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

|                                                                                                                            | 2021      | 2020      | 2019      | 2018      |
|----------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|
| The Corporation's proportion of the net pension liability (asset)                                                          | 0.629770% | 0.656900% | 0.714740% | 0.689820% |
| The Corporation's proportionate share of the net pension liability (asset)                                                 | \$ 37,164 | \$ 35,960 | \$ 35,515 | \$ 35,660 |
| State's proportionate share of the net pension liability (asset) associated with the Corporation                           | \$ 15,376 | 14,276    | 10,284    | 13,285    |
| Total                                                                                                                      | \$ 52,540 | \$ 50,236 | \$ 45,799 | \$ 48,945 |
| The Corporation's covered employee payroll                                                                                 | \$ 10,681 | \$11,680  | \$12,583  | \$ 13,817 |
| The Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 347.94%   | 307.88%   | 282.24%   | 258.10%   |
| Plan fiduciary net position as a percentage of the total pension liability                                                 | 61.61%    | 63.42%    | 65.19%    | 63.37%    |
|                                                                                                                            | 2017      | 2016      | 2015      | 2014      |
| The Corporation's proportion of the net pension liability (asset)                                                          | 0.852380% | 0.780600% | 0.608214% | 0.598696% |
| The Corporation's proportionate share of the net pension liability (asset)                                                 | \$ 47,645 | \$ 37,859 | \$ 28,368 | \$ 31,440 |
| State's proportionate share of the net pension liability (asset) associated with the Corporation                           | 6,003     | 10,856    | 22,644    | 26,434    |
| Total                                                                                                                      | \$ 53,648 | \$ 48,715 | \$ 51,012 | \$ 57,874 |
| The Corporation's covered employee payroll                                                                                 | \$ 15,252 | \$ 16,314 | \$ 17,189 | \$ 17,815 |
| The Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 312.39%   | 232.06%   | 165.04%   | 176.48%   |
| Plan fiduciary net position as a percentage of the total pension liability                                                 | 59.55%    | 63.96%    | 62.37%    | 56.04%    |

Information in this table is presented based on the Plan measurement date. For June 30, 2021, the plan measurement date is June 30, 2020.

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.

See accompanying independent auditor's report.

## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of the Corporation's Contributions to the Pension Plan (in thousands):

|                                                                       | 2021     | 2020     | 2019     | 2018     |
|-----------------------------------------------------------------------|----------|----------|----------|----------|
| Contractually required contributions                                  | \$ 2,292 | \$ 2,561 | \$ 2,727 | \$ 2,932 |
| Contributions in relation to the contractually required contributions | 2,292    | 2,561    | 2,727    | 2,932    |
| Contribution deficiency (excess)                                      | -        | -        | -        | -        |
| The Corporation's covered employee payroll                            | 9,602    | 10,681   | 11,680   | 12,583   |
| Contributions as a percentage of covered-employee payroll             | 23.87%   | 23.98%   | 23.35%   | 23.30%   |
|                                                                       | 2017     | 2016     | 2015     | 2014     |
| Contractually required contributions                                  | \$ 2,679 | \$ 2,475 | \$ 2,403 | \$ 2,128 |
| Contributions in relation to the contractually required contributions | 2,679    | 2,475    | 2,403    | 2,128    |
| Contribution deficiency (excess)                                      | -        | -        | -        | -        |
| The Corporation's covered employee payroll                            | 13,817   | 15,252   | 16,314   | 17,189   |
| Contributions as a percentage of covered-employee payroll             | 19.39%   | 16.23%   | 14.73%   | 12.38%   |

This table reports the Corporation's pension contributions to PERS during fiscal year 2021. These contributions are reported as a deferred outflow of resources on the June 30, 2021 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.

See accompanying independent auditor's report.

## REQUIRED SUPPLEMENTARY INFORMATION

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

|                                                                                                                                              | 2021              | 2020            | 2019            | 2018            | 2017            |
|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|-----------------|-----------------|-----------------|
| The Corporation's proportion of the net OPEB liability (asset) for Defined Benefit - Retiree Medical                                         | 0.62960%          | 0.65680%        | 0.71458%        | 0.68992%        | 0.85265%        |
| The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans - Retiree Medical Plan                 | 0.74451%          | 0.69949%        | 0.71095%        | 0.70310%        | 0.66252%        |
| The Corporation's proportion of the net OPEB liability (asset) for Defined Contribution Pension Plans - Occupational Death & Disability Plan | 0.60268%          | 0.55609%        | 0.71095%        | 0.70310%        | 0.66252%        |
| The Corporation's proportionate share of the net OPEB liability (asset)                                                                      | \$ (2,963)        | \$ 1,007        | \$ 7,286        | \$ 5,765        | \$ 9,752        |
| State's proportionate share of the net OPEB liability (asset) associated with the Corporation                                                | (1,183)           | 388             | 2,129           | 2,173           | -               |
| <b>Total</b>                                                                                                                                 | <b>\$ (4,146)</b> | <b>\$ 1,395</b> | <b>\$ 9,415</b> | <b>\$ 7,939</b> | <b>\$ 9,752</b> |
| The Corporation's covered employee payroll                                                                                                   | \$ 20,850         | \$ 20,890       | \$ 20,629       | \$ 21,133       | \$ 21,629       |
| The Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll                      | (14.21%)          | 4.82%           | 35.32%          | 27.28%          | 45.09%          |
| Defined Benefit - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability                                    | 106.15%           | 98.13%          | 88.12%          | 89.68%          | 85.45%          |
| Defined Contribution - Retiree Medical Plan fiduciary net position as a percentage of the total OPEB liability                               | 95.23%            | 83.17%          | 88.71%          | 93.98%          | 86.82%          |
| Defined Contribution - Occupational Death & Disability Plan fiduciary net position as a percentage of the total OPEB liability               | 283.80%           | 297.43%         | 270.62%         | 212.97%         | 245.29%         |

Information in this table is presented based on the Plan measurement date. For June 30, 2021, the plan measurement date is June 30, 2020.

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.

The Plan is reporting no changes in assumptions 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.

See accompanying independent auditor's report.

## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of the Corporation's Contributions to the OPEB Plan (in thousands):

|                                                                       | 2021     | 2020     | 2019     | 2018     | 2017     |
|-----------------------------------------------------------------------|----------|----------|----------|----------|----------|
| Contractually required contributions                                  | \$ 1,712 | \$ 1,520 | \$ 1,434 | \$ 1,287 | \$ 1,689 |
| Contributions in relation to the contractually required contributions | 1,712    | 1,520    | 1,434    | 1,287    | 1,689    |
| Contribution deficiency (excess)                                      | -        | -        | -        | -        | -        |
| The Corporation's covered employee payroll                            | 20,850   | 20,890   | 20,775   | 20,629   | 21,133   |
| Contributions as a percentage of covered-employee payroll             | 8.21%    | 7.28%    | 6.90%    | 6.24%    | 7.99%    |

This table reports the Corporation's OPEB contributions to SOA during fiscal year 2021. These contributions are reported as a deferred outflow of resources on the June 30, 2021 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

See accompanying independent auditor's report.

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**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**

COMBINED - ALL FUNDS

As of June 30, 2021

(in thousands of dollars)

|                                                   | Administrative<br>Fund | Combined<br>Home<br>Mortgage<br>Revenue<br>Bonds | Combined<br>General<br>Mortgage<br>Revenue<br>Bonds |
|---------------------------------------------------|------------------------|--------------------------------------------------|-----------------------------------------------------|
| <b>ASSETS</b>                                     |                        |                                                  |                                                     |
| <b>Current</b>                                    |                        |                                                  |                                                     |
| Cash                                              | \$ 38,508              | \$ -                                             | \$ -                                                |
| Investments                                       | 719,819                | 58,357                                           | 66,400                                              |
| Accrued interest receivable                       | 4,269                  | 2,498                                            | 1,746                                               |
| Inter-fund due (to)/from                          | (158,934)              | 15,656                                           | 10,579                                              |
| Mortgage loans, notes and other loans             | 6,391                  | 21,636                                           | 18,071                                              |
| Net investment in direct financing lease          | -                      | -                                                | -                                                   |
| Other assets                                      | 2,765                  | -                                                | -                                                   |
| Intergovernmental receivable                      | 72                     | -                                                | -                                                   |
| <b>Total Current</b>                              | <b>612,890</b>         | <b>98,147</b>                                    | <b>96,796</b>                                       |
| <b>Non Current</b>                                |                        |                                                  |                                                     |
| Investments                                       | 256                    | -                                                | -                                                   |
| Inter-fund due (to)/from                          | -                      | -                                                | -                                                   |
| Mortgage loans, notes and other loans             | 191,058                | 699,523                                          | 550,715                                             |
| Net investment in direct financing lease          | -                      | -                                                | -                                                   |
| Capital assets - non-depreciable                  | 2,483                  | -                                                | -                                                   |
| Capital assets - depreciable, net                 | 12,468                 | -                                                | -                                                   |
| Other assets                                      | 1,261                  | -                                                | -                                                   |
| OPEB asset                                        | 3,015                  | -                                                | -                                                   |
| <b>Total Non Current</b>                          | <b>210,541</b>         | <b>699,523</b>                                   | <b>550,715</b>                                      |
| <b>Total Assets</b>                               | <b>823,431</b>         | <b>797,670</b>                                   | <b>647,511</b>                                      |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>              |                        |                                                  |                                                     |
|                                                   | <b>7,469</b>           | <b>139,164</b>                                   | <b>-</b>                                            |
| <b>LIABILITIES</b>                                |                        |                                                  |                                                     |
| <b>Current</b>                                    |                        |                                                  |                                                     |
| Bonds payable                                     | -                      | 13,470                                           | 12,925                                              |
| Short term debt                                   | 130,697                | -                                                | -                                                   |
| Accrued interest payable                          | -                      | 1,483                                            | 1,233                                               |
| Other liabilities                                 | 15,605                 | 241                                              | 166                                                 |
| Intergovernmental payable                         | -                      | -                                                | -                                                   |
| <b>Total Current</b>                              | <b>146,302</b>         | <b>15,194</b>                                    | <b>14,324</b>                                       |
| <b>Non Current</b>                                |                        |                                                  |                                                     |
| Bonds payable                                     | -                      | 463,170                                          | 513,356                                             |
| Other liabilities                                 | 3,120                  | -                                                | -                                                   |
| Derivative instrument - interest rate swaps       | -                      | 133,080                                          | -                                                   |
| Pension liability                                 | 37,216                 | -                                                | -                                                   |
| <b>Total Non Current</b>                          | <b>40,336</b>          | <b>596,250</b>                                   | <b>513,356</b>                                      |
| <b>Total Liabilities</b>                          | <b>186,638</b>         | <b>611,444</b>                                   | <b>527,680</b>                                      |
| <b>DEFERRED INFLOW OF RESOURCES</b>               |                        |                                                  |                                                     |
|                                                   | <b>2,799</b>           | <b>-</b>                                         | <b>-</b>                                            |
| <b>NET POSITION</b>                               |                        |                                                  |                                                     |
| Net investment in capital assets                  | 14,951                 | -                                                | -                                                   |
| Restricted by bond resolutions                    | -                      | 325,390                                          | 119,831                                             |
| Restricted by contractual or statutory agreements | 125,697                | -                                                | -                                                   |
| Unrestricted or (deficit)                         | 500,815                | -                                                | -                                                   |
| <b>Total Net Position</b>                         | <b>\$ 641,463</b>      | <b>\$ 325,390</b>                                | <b>\$ 119,831</b>                                   |

See accompanying notes to the financial statements.

## Schedule 1

| Combined<br>Mortgage<br>Revenue<br>Bonds | Combined<br>Collateralized<br>Veterans<br>Mortgage<br>Bonds | Combined<br>Governmental<br>Purpose<br>Bonds | Combined<br>State Capital<br>Project<br>Bonds | Combined<br>Other<br>Programs | Total<br>June 30,<br>2021 |
|------------------------------------------|-------------------------------------------------------------|----------------------------------------------|-----------------------------------------------|-------------------------------|---------------------------|
| \$ -                                     | \$ -                                                        | \$ -                                         | \$ 116                                        | \$ 70,145                     | \$ 108,769                |
| -                                        | 11,830                                                      | 27,249                                       | 149,060                                       | 94                            | 1,032,809                 |
| -                                        | 282                                                         | 470                                          | 5,382                                         | 203                           | 14,850                    |
| -                                        | 1,867                                                       | 4,229                                        | 28,456                                        | 98,147                        | -                         |
| -                                        | 2,511                                                       | 5,515                                        | 35,377                                        | 1,454                         | 90,955                    |
| -                                        | -                                                           | -                                            | 2,238                                         | -                             | 2,238                     |
| -                                        | -                                                           | -                                            | -                                             | 23,714                        | 26,479                    |
| -                                        | -                                                           | -                                            | -                                             | 6,628                         | 6,700                     |
| -                                        | <b>16,490</b>                                               | <b>37,463</b>                                | <b>220,629</b>                                | <b>200,385</b>                | <b>1,282,800</b>          |
| -                                        | -                                                           | -                                            | -                                             | -                             | 256                       |
| -                                        | -                                                           | -                                            | -                                             | -                             | -                         |
| -                                        | 81,196                                                      | 178,326                                      | 1,143,860                                     | 59,928                        | 2,904,606                 |
| -                                        | -                                                           | -                                            | 18,049                                        | -                             | 18,049                    |
| -                                        | -                                                           | -                                            | -                                             | 18,376                        | 20,859                    |
| -                                        | -                                                           | -                                            | -                                             | 47,850                        | 60,318                    |
| -                                        | -                                                           | 1,054                                        | -                                             | 1                             | 2,316                     |
| -                                        | -                                                           | -                                            | -                                             | -                             | 3,015                     |
| -                                        | <b>81,196</b>                                               | <b>179,380</b>                               | <b>1,161,909</b>                              | <b>126,155</b>                | <b>3,009,419</b>          |
| -                                        | <b>97,686</b>                                               | <b>216,843</b>                               | <b>1,382,538</b>                              | <b>326,540</b>                | <b>4,292,219</b>          |
| -                                        | -                                                           | <b>10,760</b>                                | <b>52,862</b>                                 | -                             | <b>210,255</b>            |
| -                                        | 2,465                                                       | 6,855                                        | 59,025                                        | -                             | 94,740                    |
| -                                        | -                                                           | -                                            | -                                             | -                             | 130,697                   |
| -                                        | 136                                                         | 217                                          | 3,612                                         | -                             | 6,681                     |
| -                                        | 26                                                          | 46                                           | 306                                           | 153,704                       | 170,094                   |
| -                                        | -                                                           | -                                            | 116                                           | 384                           | 500                       |
| -                                        | <b>2,627</b>                                                | <b>7,118</b>                                 | <b>63,059</b>                                 | <b>154,088</b>                | <b>402,712</b>            |
| -                                        | 57,732                                                      | 68,007                                       | 1,169,201                                     | -                             | 2,271,466                 |
| -                                        | -                                                           | -                                            | -                                             | 267                           | 3,387                     |
| -                                        | -                                                           | 10,760                                       | 24,410                                        | -                             | 168,250                   |
| -                                        | -                                                           | -                                            | -                                             | -                             | 37,216                    |
| -                                        | <b>57,732</b>                                               | <b>78,767</b>                                | <b>1,193,611</b>                              | <b>267</b>                    | <b>2,480,319</b>          |
| -                                        | <b>60,359</b>                                               | <b>85,885</b>                                | <b>1,256,670</b>                              | <b>154,355</b>                | <b>2,883,031</b>          |
| -                                        | -                                                           | -                                            | <b>713</b>                                    | -                             | <b>3,512</b>              |
| -                                        | -                                                           | -                                            | -                                             | 66,226                        | 81,177                    |
| -                                        | 37,327                                                      | 141,718                                      | -                                             | -                             | 624,266                   |
| -                                        | -                                                           | -                                            | -                                             | 111,630                       | 237,327                   |
| -                                        | -                                                           | -                                            | 178,017                                       | (5,671)                       | 673,161                   |
| <b>\$ -</b>                              | <b>\$ 37,327</b>                                            | <b>\$ 141,718</b>                            | <b>\$ 178,017</b>                             | <b>\$ 172,185</b>             | <b>\$ 1,615,931</b>       |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

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

As of June 30, 2021

(in thousands of dollars)

**Schedule 2**

|                                                   | <b>Administrative<br/>Fund</b> |
|---------------------------------------------------|--------------------------------|
| <b>ASSETS</b>                                     |                                |
| <b>Current</b>                                    |                                |
| Cash                                              | \$ 38,508                      |
| Investments                                       | 719,819                        |
| Accrued interest receivable                       | 4,269                          |
| Inter-fund due (to)/from                          | (158,934)                      |
| Mortgage loans, notes and other loans             | 6,391                          |
| Net investment in direct financing lease          | -                              |
| Other assets                                      | 2,765                          |
| Intergovernmental receivable                      | 72                             |
| <b>Total Current</b>                              | <b>612,890</b>                 |
| <b>Non Current</b>                                |                                |
| Investments                                       | 256                            |
| Inter-fund due (to)/from                          | -                              |
| Mortgage loans, notes and other loans             | 191,058                        |
| Net investment in direct financing lease          | -                              |
| Capital assets - non-depreciable                  | 2,483                          |
| Capital assets - depreciable, net                 | 12,468                         |
| Other assets                                      | 1,261                          |
| OPEB asset                                        | 3,015                          |
| <b>Total Non Current</b>                          | <b>210,541</b>                 |
| <b>Total Assets</b>                               | <b>823,431</b>                 |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>              | <b>7,469</b>                   |
| <b>LIABILITIES</b>                                |                                |
| <b>Current</b>                                    |                                |
| Bonds payable                                     | -                              |
| Short term debt                                   | 130,697                        |
| Accrued interest payable                          | -                              |
| Other liabilities                                 | 15,605                         |
| Intergovernmental payable                         | -                              |
| <b>Total Current</b>                              | <b>146,302</b>                 |
| <b>Non Current</b>                                |                                |
| Bonds payable                                     | -                              |
| Other liabilities                                 | 3,120                          |
| Derivative instrument - interest rate swaps       | -                              |
| Pension liability                                 | 37,216                         |
| <b>Total Non Current</b>                          | <b>40,336</b>                  |
| <b>Total Liabilities</b>                          | <b>186,638</b>                 |
| <b>DEFERRED INFLOW OF RESOURCES</b>               | <b>2,799</b>                   |
| <b>NET POSITION</b>                               |                                |
| Net investment in capital assets                  | 14,951                         |
| Restricted by bond resolutions                    | -                              |
| Restricted by contractual or statutory agreements | 125,697                        |
| Unrestricted or (deficit)                         | 500,815                        |
| <b>Total Net Position</b>                         | <b>\$ 641,463</b>              |

See accompanying notes to the financial statements.

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**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**

HOME MORTGAGE REVENUE BONDS

As of June 30, 2021

(in thousands of dollars)

|                                                   | Home<br>Mortgage<br>Revenue<br>Bonds<br>2002 A | Home<br>Mortgage<br>Revenue<br>Bonds<br>2007 A | Home<br>Mortgage<br>Revenue<br>Bonds<br>2007 B | Home<br>Mortgage<br>Revenue<br>Bonds<br>2007 D | Home<br>Mortgage<br>Revenue<br>Bonds<br>2009 A |
|---------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>ASSETS</b>                                     |                                                |                                                |                                                |                                                |                                                |
| <b>Current</b>                                    |                                                |                                                |                                                |                                                |                                                |
| Cash                                              | \$ -                                           | \$ -                                           | \$ -                                           | \$ -                                           | \$ -                                           |
| Investments                                       | 4,993                                          | 6,906                                          | 7,525                                          | 8,665                                          | 9,933                                          |
| Accrued interest receivable                       | 273                                            | 273                                            | 322                                            | 325                                            | 429                                            |
| Inter-fund due (to)/from                          | 1,089                                          | 2,162                                          | 748                                            | 2,887                                          | 2,523                                          |
| Mortgage loans, notes and other loans             | 2,160                                          | 2,415                                          | 2,323                                          | 3,151                                          | 3,564                                          |
| Net investment in direct financing lease          | -                                              | -                                              | -                                              | -                                              | -                                              |
| Other assets                                      | -                                              | -                                              | -                                              | -                                              | -                                              |
| Intergovernmental receivable                      | -                                              | -                                              | -                                              | -                                              | -                                              |
| <b>Total Current</b>                              | <b>8,515</b>                                   | <b>11,756</b>                                  | <b>10,918</b>                                  | <b>15,028</b>                                  | <b>16,449</b>                                  |
| <b>Non Current</b>                                |                                                |                                                |                                                |                                                |                                                |
| Investments                                       | -                                              | -                                              | -                                              | -                                              | -                                              |
| Inter-fund due (to)/from                          | -                                              | -                                              | -                                              | -                                              | -                                              |
| Mortgage loans, notes and other loans             | 69,825                                         | 78,085                                         | 75,111                                         | 101,870                                        | 115,228                                        |
| Net investment in direct financing lease          | -                                              | -                                              | -                                              | -                                              | -                                              |
| Capital assets - non-depreciable                  | -                                              | -                                              | -                                              | -                                              | -                                              |
| Capital assets - depreciable, net                 | -                                              | -                                              | -                                              | -                                              | -                                              |
| Other assets                                      | -                                              | -                                              | -                                              | -                                              | -                                              |
| OPEB asset                                        | -                                              | -                                              | -                                              | -                                              | -                                              |
| <b>Total Non Current</b>                          | <b>69,825</b>                                  | <b>78,085</b>                                  | <b>75,111</b>                                  | <b>101,870</b>                                 | <b>115,228</b>                                 |
| <b>Total Assets</b>                               | <b>78,340</b>                                  | <b>89,841</b>                                  | <b>86,029</b>                                  | <b>116,898</b>                                 | <b>131,677</b>                                 |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>              |                                                |                                                |                                                |                                                |                                                |
|                                                   | <b>3,908</b>                                   | <b>20,796</b>                                  | <b>20,804</b>                                  | <b>24,923</b>                                  | <b>23,067</b>                                  |
| <b>LIABILITIES</b>                                |                                                |                                                |                                                |                                                |                                                |
| <b>Current</b>                                    |                                                |                                                |                                                |                                                |                                                |
| Bonds payable                                     | -                                              | 1,945                                          | 1,945                                          | 2,320                                          | 2,420                                          |
| Short term debt                                   | -                                              | -                                              | -                                              | -                                              | -                                              |
| Accrued interest payable                          | 77                                             | 211                                            | 211                                            | 252                                            | 244                                            |
| Other liabilities                                 | 27                                             | 27                                             | 30                                             | 32                                             | 41                                             |
| Intergovernmental payable                         | -                                              | -                                              | -                                              | -                                              | -                                              |
| <b>Total Current</b>                              | <b>104</b>                                     | <b>2,183</b>                                   | <b>2,186</b>                                   | <b>2,604</b>                                   | <b>2,705</b>                                   |
| <b>Non Current</b>                                |                                                |                                                |                                                |                                                |                                                |
| Bonds payable                                     | 29,310                                         | 65,405                                         | 65,405                                         | 77,920                                         | 75,045                                         |
| Other liabilities                                 | -                                              | -                                              | -                                              | -                                              | -                                              |
| Derivative instrument - interest rate swaps       | 3,908                                          | 19,728                                         | 19,735                                         | 23,613                                         | 22,177                                         |
| Pension liability                                 | -                                              | -                                              | -                                              | -                                              | -                                              |
| <b>Total Non Current</b>                          | <b>33,218</b>                                  | <b>85,133</b>                                  | <b>85,140</b>                                  | <b>101,533</b>                                 | <b>97,222</b>                                  |
| <b>Total Liabilities</b>                          | <b>33,322</b>                                  | <b>87,316</b>                                  | <b>87,326</b>                                  | <b>104,137</b>                                 | <b>99,927</b>                                  |
| <b>DEFERRED INFLOW OF RESOURCES</b>               |                                                |                                                |                                                |                                                |                                                |
|                                                   | -                                              | -                                              | -                                              | -                                              | -                                              |
| <b>NET POSITION</b>                               |                                                |                                                |                                                |                                                |                                                |
| Net investment in capital assets                  | -                                              | -                                              | -                                              | -                                              | -                                              |
| Restricted by bond resolutions                    | 48,926                                         | 23,321                                         | 19,507                                         | 37,684                                         | 54,817                                         |
| Restricted by contractual or statutory agreements | -                                              | -                                              | -                                              | -                                              | -                                              |
| Unrestricted or (deficit)                         | -                                              | -                                              | -                                              | -                                              | -                                              |
| <b>Total Net Position</b>                         | <b>\$ 48,926</b>                               | <b>\$ 23,321</b>                               | <b>\$ 19,507</b>                               | <b>\$ 37,684</b>                               | <b>\$ 54,817</b>                               |

See accompanying notes to the financial statements.

| Home<br>Mortgage<br>Revenue<br>Bonds<br>2009 B | Home<br>Mortgage<br>Revenue<br>Bonds<br>2009 D | Total<br>June 30,<br>2021 |
|------------------------------------------------|------------------------------------------------|---------------------------|
| \$ -                                           | \$ -                                           | \$ -                      |
| 10,397                                         | 9,938                                          | 58,357                    |
| 438                                            | 438                                            | 2,498                     |
| 2,314                                          | 3,933                                          | 15,656                    |
| 3,857                                          | 4,166                                          | 21,636                    |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| <b>17,006</b>                                  | <b>18,475</b>                                  | <b>98,147</b>             |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| 124,696                                        | 134,708                                        | 699,523                   |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| <b>124,696</b>                                 | <b>134,708</b>                                 | <b>699,523</b>            |
| <b>141,702</b>                                 | <b>153,183</b>                                 | <b>797,670</b>            |
| <b>22,837</b>                                  | <b>22,829</b>                                  | <b>139,164</b>            |
| 2,420                                          | 2,420                                          | 13,470                    |
| -                                              | -                                              | -                         |
| 244                                            | 244                                            | 1,483                     |
| 43                                             | 41                                             | 241                       |
| -                                              | -                                              | -                         |
| <b>2,707</b>                                   | <b>2,705</b>                                   | <b>15,194</b>             |
| 75,045                                         | 75,040                                         | 463,170                   |
| -                                              | -                                              | -                         |
| 21,947                                         | 21,972                                         | 133,080                   |
| -                                              | -                                              | -                         |
| <b>96,992</b>                                  | <b>97,012</b>                                  | <b>596,250</b>            |
| <b>99,699</b>                                  | <b>99,717</b>                                  | <b>611,444</b>            |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| 64,840                                         | 76,295                                         | 325,390                   |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| <b>\$ 64,840</b>                               | <b>\$ 76,295</b>                               | <b>\$ 325,390</b>         |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**
**GENERAL MORTGAGE REVENUE BONDS**

As of June 30, 2021

(in thousands of dollars)

|                                                   | General<br>Mortgage<br>Revenue<br>Bonds II<br>2012 A & B | General<br>Mortgage<br>Revenue<br>Bonds II<br>2016 A | General<br>Mortgage<br>Revenue<br>Bonds II<br>2018 A & B | General<br>Mortgage<br>Revenue<br>Bonds II<br>2019 A & B | General<br>Mortgage<br>Revenue<br>Bonds II<br>2020 A & B |
|---------------------------------------------------|----------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| <b>ASSETS</b>                                     |                                                          |                                                      |                                                          |                                                          |                                                          |
| <b>Current</b>                                    |                                                          |                                                      |                                                          |                                                          |                                                          |
| Cash                                              | \$ -                                                     | \$ -                                                 | \$ -                                                     | \$ -                                                     | \$ -                                                     |
| Investments                                       | 1,645                                                    | 3,073                                                | 10,686                                                   | 8,931                                                    | 42,065                                                   |
| Accrued interest receivable                       | -                                                        | 211                                                  | 434                                                      | 446                                                      | 655                                                      |
| Inter-fund due (to)/from                          | 108                                                      | 1,002                                                | 2,356                                                    | 2,860                                                    | 4,253                                                    |
| Mortgage loans, notes and other loans             | 1,948                                                    | 2,190                                                | 3,579                                                    | 4,161                                                    | 6,193                                                    |
| Net investment in direct financing lease          | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Other assets                                      | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Intergovernmental receivable                      | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| <b>Total Current</b>                              | <b>3,701</b>                                             | <b>6,476</b>                                         | <b>17,055</b>                                            | <b>16,398</b>                                            | <b>53,166</b>                                            |
| <b>Non Current</b>                                |                                                          |                                                      |                                                          |                                                          |                                                          |
| Investments                                       | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Inter-fund due (to)/from                          | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Mortgage loans, notes and other loans             | 29,417                                                   | 70,799                                               | 115,713                                                  | 134,554                                                  | 200,232                                                  |
| Net investment in direct financing lease          | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Capital assets - non-depreciable                  | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Capital assets - depreciable, net                 | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Other assets                                      | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| OPEB asset                                        | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| <b>Total Non Current</b>                          | <b>29,417</b>                                            | <b>70,799</b>                                        | <b>115,713</b>                                           | <b>134,554</b>                                           | <b>200,232</b>                                           |
| <b>Total Assets</b>                               | <b>33,118</b>                                            | <b>77,275</b>                                        | <b>132,768</b>                                           | <b>150,952</b>                                           | <b>253,398</b>                                           |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>              |                                                          |                                                      |                                                          |                                                          |                                                          |
|                                                   | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| <b>LIABILITIES</b>                                |                                                          |                                                      |                                                          |                                                          |                                                          |
| <b>Current</b>                                    |                                                          |                                                      |                                                          |                                                          |                                                          |
| Bonds payable                                     | -                                                        | 4,305                                                | 1,815                                                    | 3,120                                                    | 3,685                                                    |
| Short term debt                                   | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Accrued interest payable                          | -                                                        | 125                                                  | 321                                                      | 323                                                      | 464                                                      |
| Other liabilities                                 | -                                                        | 23                                                   | 38                                                       | 42                                                       | 63                                                       |
| Intergovernmental payable                         | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| <b>Total Current</b>                              | <b>-</b>                                                 | <b>4,453</b>                                         | <b>2,174</b>                                             | <b>3,485</b>                                             | <b>4,212</b>                                             |
| <b>Non Current</b>                                |                                                          |                                                      |                                                          |                                                          |                                                          |
| Bonds payable                                     | -                                                        | 55,827                                               | 102,454                                                  | 136,891                                                  | 218,184                                                  |
| Other liabilities                                 | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Derivative instrument - interest rate swaps       | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Pension liability                                 | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| <b>Total Non Current</b>                          | <b>-</b>                                                 | <b>55,827</b>                                        | <b>102,454</b>                                           | <b>136,891</b>                                           | <b>218,184</b>                                           |
| <b>Total Liabilities</b>                          | <b>-</b>                                                 | <b>60,280</b>                                        | <b>104,628</b>                                           | <b>140,376</b>                                           | <b>222,396</b>                                           |
| <b>DEFERRED INFLOW OF RESOURCES</b>               |                                                          |                                                      |                                                          |                                                          |                                                          |
|                                                   | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| <b>NET POSITION</b>                               |                                                          |                                                      |                                                          |                                                          |                                                          |
| Net investment in capital assets                  | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Restricted by bond resolutions                    | 33,118                                                   | 16,995                                               | 28,140                                                   | 10,576                                                   | 31,002                                                   |
| Restricted by contractual or statutory agreements | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Unrestricted or (deficit)                         | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| <b>Total Net Position</b>                         | <b>\$ 33,118</b>                                         | <b>\$ 16,995</b>                                     | <b>\$ 28,140</b>                                         | <b>\$ 10,576</b>                                         | <b>\$ 31,002</b>                                         |

See accompanying notes to the financial statements.

**Total  
June 30,  
2021**

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\$ -  
66,400  
1,746  
10,579  
18,071  
-  
-  
-  

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**96,796**

-  
-  
550,715  
-  
-  
-  
-  
-  

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**550,715**  

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**647,511**

-  

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12,925  
-  
1,233  
166  
-  

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**14,324**

513,356  
-  
-  
-  

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**513,356**  

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**527,680**

-  

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-  
119,831  
-  
-  

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**\$ 119,831**

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION****MORTGAGE REVENUE BONDS**

As of June 30, 2021

(in thousands of dollars)

**Schedule 5**

|                                                   | <b>Mortgage<br/>Revenue<br/>Bonds<br/>2009 A-2,<br/>2011 A &amp; B</b> |
|---------------------------------------------------|------------------------------------------------------------------------|
| <b>ASSETS</b>                                     |                                                                        |
| <b>Current</b>                                    |                                                                        |
| Cash                                              | \$ -                                                                   |
| Investments                                       | -                                                                      |
| Accrued interest receivable                       | -                                                                      |
| Inter-fund due (to)/from                          | -                                                                      |
| Mortgage loans, notes and other loans             | -                                                                      |
| Net investment in direct financing lease          | -                                                                      |
| Other assets                                      | -                                                                      |
| Intergovernmental receivable                      | -                                                                      |
| <b>Total Current</b>                              | <b>-</b>                                                               |
| <b>Non Current</b>                                |                                                                        |
| Investments                                       | -                                                                      |
| Inter-fund due (to)/from                          | -                                                                      |
| Mortgage loans, notes and other loans             | -                                                                      |
| Net investment in direct financing lease          | -                                                                      |
| Capital assets - non-depreciable                  | -                                                                      |
| Capital assets - depreciable, net                 | -                                                                      |
| Other assets                                      | -                                                                      |
| OPEB asset                                        | -                                                                      |
| <b>Total Non Current</b>                          | <b>-</b>                                                               |
| <b>Total Assets</b>                               | <b>-</b>                                                               |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>              | <b>-</b>                                                               |
| <b>LIABILITIES</b>                                |                                                                        |
| <b>Current</b>                                    |                                                                        |
| Bonds payable                                     | -                                                                      |
| Short term debt                                   | -                                                                      |
| Accrued interest payable                          | -                                                                      |
| Other liabilities                                 | -                                                                      |
| Intergovernmental payable                         | -                                                                      |
| <b>Total Current</b>                              | <b>-</b>                                                               |
| <b>Non Current</b>                                |                                                                        |
| Bonds payable                                     | -                                                                      |
| Other liabilities                                 | -                                                                      |
| Derivative instrument - interest rate swaps       | -                                                                      |
| Pension liability                                 | -                                                                      |
| <b>Total Non Current</b>                          | <b>-</b>                                                               |
| <b>Total Liabilities</b>                          | <b>-</b>                                                               |
| <b>DEFERRED INFLOW OF RESOURCES</b>               | <b>-</b>                                                               |
| <b>NET POSITION</b>                               |                                                                        |
| Net investment in capital assets                  | -                                                                      |
| Restricted by bond resolutions                    | -                                                                      |
| Restricted by contractual or statutory agreements | -                                                                      |
| Unrestricted or (deficit)                         | -                                                                      |
| <b>Total Net Position</b>                         | <b>\$ -</b>                                                            |

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**
**COLLATERALIZED VETERANS MORTGAGE BONDS**

As of June 30, 2021

(in thousands of dollars)

Schedule 6

|                                                   | Collateralized<br>Bonds, 2016<br>1st & 2nd<br>Series | Collateralized<br>Bonds, 2019<br>1st & 2nd<br>Series | Total<br>June 30,<br>2021 |
|---------------------------------------------------|------------------------------------------------------|------------------------------------------------------|---------------------------|
| <b>ASSETS</b>                                     |                                                      |                                                      |                           |
| <b>Current</b>                                    |                                                      |                                                      |                           |
| Cash                                              | \$ -                                                 | \$ -                                                 | \$ -                      |
| Investments                                       | 6,109                                                | 5,721                                                | 11,830                    |
| Accrued interest receivable                       | 144                                                  | 138                                                  | 282                       |
| Inter-fund due (to)/from                          | 1,123                                                | 744                                                  | 1,867                     |
| Mortgage loans, notes and other loans             | 1,312                                                | 1,199                                                | 2,511                     |
| Net investment in direct financing lease          | -                                                    | -                                                    | -                         |
| Other assets                                      | -                                                    | -                                                    | -                         |
| Intergovernmental receivable                      | -                                                    | -                                                    | -                         |
| <b>Total Current</b>                              | <b>8,688</b>                                         | <b>7,802</b>                                         | <b>16,490</b>             |
| <b>Non Current</b>                                |                                                      |                                                      |                           |
| Investments                                       | -                                                    | -                                                    | -                         |
| Inter-fund due (to)/from                          | -                                                    | -                                                    | -                         |
| Mortgage loans, notes and other loans             | 42,433                                               | 38,763                                               | 81,196                    |
| Net investment in direct financing lease          | -                                                    | -                                                    | -                         |
| Capital assets - non-depreciable                  | -                                                    | -                                                    | -                         |
| Capital assets - depreciable, net                 | -                                                    | -                                                    | -                         |
| Other assets                                      | -                                                    | -                                                    | -                         |
| OPEB asset                                        | -                                                    | -                                                    | -                         |
| <b>Total Non Current</b>                          | <b>42,433</b>                                        | <b>38,763</b>                                        | <b>81,196</b>             |
| <b>Total Assets</b>                               | <b>51,121</b>                                        | <b>46,565</b>                                        | <b>97,686</b>             |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>              |                                                      |                                                      |                           |
|                                                   | -                                                    | -                                                    | -                         |
| <b>LIABILITIES</b>                                |                                                      |                                                      |                           |
| <b>Current</b>                                    |                                                      |                                                      |                           |
| Bonds payable                                     | 1,650                                                | 815                                                  | 2,465                     |
| Short term debt                                   | -                                                    | -                                                    | -                         |
| Accrued interest payable                          | 68                                                   | 68                                                   | 136                       |
| Other liabilities                                 | 13                                                   | 13                                                   | 26                        |
| Intergovernmental payable                         | -                                                    | -                                                    | -                         |
| <b>Total Current</b>                              | <b>1,731</b>                                         | <b>896</b>                                           | <b>2,627</b>              |
| <b>Non Current</b>                                |                                                      |                                                      |                           |
| Bonds payable                                     | 32,380                                               | 25,352                                               | 57,732                    |
| Other liabilities                                 | -                                                    | -                                                    | -                         |
| Derivative instrument - interest rate swaps       | -                                                    | -                                                    | -                         |
| Pension liability                                 | -                                                    | -                                                    | -                         |
| <b>Total Non Current</b>                          | <b>32,380</b>                                        | <b>25,352</b>                                        | <b>57,732</b>             |
| <b>Total Liabilities</b>                          | <b>34,111</b>                                        | <b>26,248</b>                                        | <b>60,359</b>             |
| <b>DEFERRED INFLOW OF RESOURCES</b>               |                                                      |                                                      |                           |
|                                                   | -                                                    | -                                                    | -                         |
| <b>NET POSITION</b>                               |                                                      |                                                      |                           |
| Net investment in capital assets                  | -                                                    | -                                                    | -                         |
| Restricted by bond resolutions                    | 17,010                                               | 20,317                                               | 37,327                    |
| Restricted by contractual or statutory agreements | -                                                    | -                                                    | -                         |
| Unrestricted or (deficit)                         | -                                                    | -                                                    | -                         |
| <b>Total Net Position</b>                         | <b>\$ 17,010</b>                                     | <b>\$ 20,317</b>                                     | <b>\$ 37,327</b>          |

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION****GOVERNMENTAL PURPOSE BONDS**

As of June 30, 2021

(in thousands of dollars)

**Schedule 7**

|                                                   | <b>Governmental<br/>Purpose<br/>Bonds<br/>2001 A &amp; B</b> |
|---------------------------------------------------|--------------------------------------------------------------|
| <b>ASSETS</b>                                     |                                                              |
| <b>Current</b>                                    |                                                              |
| Cash                                              | \$ -                                                         |
| Investments                                       | 27,249                                                       |
| Accrued interest receivable                       | 470                                                          |
| Inter-fund due (to)/from                          | 4,229                                                        |
| Mortgage loans, notes and other loans             | 5,515                                                        |
| Net investment in direct financing lease          | -                                                            |
| Other assets                                      | -                                                            |
| Intergovernmental receivable                      | -                                                            |
| <b>Total Current</b>                              | <b>37,463</b>                                                |
| <b>Non Current</b>                                |                                                              |
| Investments                                       | -                                                            |
| Inter-fund due (to)/from                          | -                                                            |
| Mortgage loans, notes and other loans             | 178,326                                                      |
| Net investment in direct financing lease          | -                                                            |
| Capital assets - non-depreciable                  | -                                                            |
| Capital assets - depreciable, net                 | -                                                            |
| Other assets                                      | 1,054                                                        |
| OPEB asset                                        | -                                                            |
| <b>Total Non Current</b>                          | <b>179,380</b>                                               |
| <b>Total Assets</b>                               | <b>216,843</b>                                               |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>              | <b>10,760</b>                                                |
| <b>LIABILITIES</b>                                |                                                              |
| <b>Current</b>                                    |                                                              |
| Bonds payable                                     | 6,855                                                        |
| Short term debt                                   | -                                                            |
| Accrued interest payable                          | 217                                                          |
| Other liabilities                                 | 46                                                           |
| Intergovernmental payable                         | -                                                            |
| <b>Total Current</b>                              | <b>7,118</b>                                                 |
| <b>Non Current</b>                                |                                                              |
| Bonds payable                                     | 68,007                                                       |
| Other liabilities                                 | -                                                            |
| Derivative instrument - interest rate swaps       | 10,760                                                       |
| Pension liability                                 | -                                                            |
| <b>Total Non Current</b>                          | <b>78,767</b>                                                |
| <b>Total Liabilities</b>                          | <b>85,885</b>                                                |
| <b>DEFERRED INFLOW OF RESOURCES</b>               | <b>-</b>                                                     |
| <b>NET POSITION</b>                               |                                                              |
| Net investment in capital assets                  | -                                                            |
| Restricted by bond resolutions                    | 141,718                                                      |
| Restricted by contractual or statutory agreements | -                                                            |
| Unrestricted or (deficit)                         | -                                                            |
| <b>Total Net Position</b>                         | <b>\$ 141,718</b>                                            |

See accompanying notes to the financial statements.

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**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**
**STATE CAPITAL PROJECT BONDS**

As of June 30, 2021

(in thousands of dollars)

|                                                   | State<br>Capital<br>Project<br>Bonds<br>2002 A, B, C | State<br>Capital<br>Project<br>Bonds<br>2011 A | State<br>Capital<br>Project<br>Bonds II<br>2012 A & B | State<br>Capital<br>Project<br>Bonds II<br>2013 A & B | State<br>Capital<br>Project<br>Bonds II<br>2014 A, B, C & D |
|---------------------------------------------------|------------------------------------------------------|------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|
| <b>ASSETS</b>                                     |                                                      |                                                |                                                       |                                                       |                                                             |
| <b>Current</b>                                    |                                                      |                                                |                                                       |                                                       |                                                             |
| Cash                                              | \$ -                                                 | \$ -                                           | \$ -                                                  | \$ -                                                  | \$ -                                                        |
| Investments                                       | 3,926                                                | -                                              | 270                                                   | 20                                                    | 25,020                                                      |
| Accrued interest receivable                       | 94                                                   | -                                              | 75                                                    | 49                                                    | 853                                                         |
| Inter-fund due (to)/from                          | 470                                                  | -                                              | 53                                                    | 39                                                    | 5,042                                                       |
| Mortgage loans, notes and other loans             | 420                                                  | -                                              | 178                                                   | 209                                                   | 5,706                                                       |
| Net investment in direct financing lease          | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Other assets                                      | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Intergovernmental receivable                      | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| <b>Total Current</b>                              | <b>4,910</b>                                         | <b>-</b>                                       | <b>576</b>                                            | <b>317</b>                                            | <b>36,621</b>                                               |
| <b>Non Current</b>                                |                                                      |                                                |                                                       |                                                       |                                                             |
| Investments                                       | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Inter-fund due (to)/from                          | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Mortgage loans, notes and other loans             | 13,575                                               | -                                              | 5,763                                                 | 6,761                                                 | 184,489                                                     |
| Net investment in direct financing lease          | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Capital assets - non-depreciable                  | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Capital assets - depreciable, net                 | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Other assets                                      | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| OPEB asset                                        | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| <b>Total Non Current</b>                          | <b>13,575</b>                                        | <b>-</b>                                       | <b>5,763</b>                                          | <b>6,761</b>                                          | <b>184,489</b>                                              |
| <b>Total Assets</b>                               | <b>18,485</b>                                        | <b>-</b>                                       | <b>6,339</b>                                          | <b>7,078</b>                                          | <b>221,110</b>                                              |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>              |                                                      |                                                |                                                       |                                                       |                                                             |
|                                                   | <b>216</b>                                           | <b>-</b>                                       | <b>-</b>                                              | <b>-</b>                                              | <b>29,028</b>                                               |
| <b>LIABILITIES</b>                                |                                                      |                                                |                                                       |                                                       |                                                             |
| <b>Current</b>                                    |                                                      |                                                |                                                       |                                                       |                                                             |
| Bonds payable                                     | 6,825                                                | -                                              | 5,250                                                 | 6,140                                                 | 14,575                                                      |
| Short term debt                                   | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Accrued interest payable                          | 213                                                  | -                                              | 22                                                    | 26                                                    | 639                                                         |
| Other liabilities                                 | 7                                                    | -                                              | 4                                                     | 2                                                     | 63                                                          |
| Intergovernmental payable                         | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| <b>Total Current</b>                              | <b>7,045</b>                                         | <b>-</b>                                       | <b>5,276</b>                                          | <b>6,168</b>                                          | <b>15,277</b>                                               |
| <b>Non Current</b>                                |                                                      |                                                |                                                       |                                                       |                                                             |
| Bonds payable                                     | 3,525                                                | -                                              | 85                                                    | 113                                                   | 173,811                                                     |
| Other liabilities                                 | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Derivative instrument - interest rate swaps       | 1,372                                                | -                                              | -                                                     | -                                                     | 23,038                                                      |
| Pension liability                                 | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| <b>Total Non Current</b>                          | <b>4,897</b>                                         | <b>-</b>                                       | <b>85</b>                                             | <b>113</b>                                            | <b>196,849</b>                                              |
| <b>Total Liabilities</b>                          | <b>11,942</b>                                        | <b>-</b>                                       | <b>5,361</b>                                          | <b>6,281</b>                                          | <b>212,126</b>                                              |
| <b>DEFERRED INFLOW OF RESOURCES</b>               |                                                      |                                                |                                                       |                                                       |                                                             |
|                                                   | <b>-</b>                                             | <b>-</b>                                       | <b>290</b>                                            | <b>423</b>                                            | <b>-</b>                                                    |
| <b>NET POSITION</b>                               |                                                      |                                                |                                                       |                                                       |                                                             |
| Net investment in capital assets                  | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Restricted by bond resolutions                    | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Restricted by contractual or statutory agreements | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Unrestricted or (deficit)                         | 6,759                                                | -                                              | 688                                                   | 374                                                   | 38,012                                                      |
| <b>Total Net Position</b>                         | <b>\$ 6,759</b>                                      | <b>\$ -</b>                                    | <b>\$ 688</b>                                         | <b>\$ 374</b>                                         | <b>\$ 38,012</b>                                            |

See accompanying notes to the financial statements.

| State<br>Capital<br>Project<br>Bonds II<br>2015 A, B & C | State<br>Capital<br>Project<br>Bonds II<br>2017 A, B & C | State<br>Capital<br>Project<br>Bonds II<br>2018 A & B | State<br>Capital<br>Project<br>Bonds II<br>2019 A & B | State<br>Capital<br>Project<br>Bonds II<br>2020 A & B | State<br>Capital<br>Project<br>Bonds II<br>2021 A & B | Total<br>June 30,<br>2021 |
|----------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|---------------------------|
| \$ -                                                     | \$ 116                                                   | \$ -                                                  | \$ -                                                  | \$ -                                                  | \$ -                                                  | \$ 116                    |
| 45,331                                                   | 18,004                                                   | 12,116                                                | 12,101                                                | 28,894                                                | 3,378                                                 | 149,060                   |
| 717                                                      | 1,407                                                    | 389                                                   | 787                                                   | 377                                                   | 634                                                   | 5,382                     |
| 4,503                                                    | 4,498                                                    | 3,396                                                 | 5,238                                                 | 1,775                                                 | 3,442                                                 | 28,456                    |
| 4,392                                                    | 9,782                                                    | 3,632                                                 | 5,319                                                 | 2,445                                                 | 3,294                                                 | 35,377                    |
| -                                                        | 2,238                                                    | -                                                     | -                                                     | -                                                     | -                                                     | 2,238                     |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| <b>54,943</b>                                            | <b>36,045</b>                                            | <b>19,533</b>                                         | <b>23,445</b>                                         | <b>33,491</b>                                         | <b>10,748</b>                                         | <b>220,629</b>            |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| 142,006                                                  | 316,298                                                  | 117,447                                               | 171,967                                               | 79,063                                                | 106,491                                               | 1,143,860                 |
| -                                                        | 18,049                                                   | -                                                     | -                                                     | -                                                     | -                                                     | 18,049                    |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| <b>142,006</b>                                           | <b>334,347</b>                                           | <b>117,447</b>                                        | <b>171,967</b>                                        | <b>79,063</b>                                         | <b>106,491</b>                                        | <b>1,161,909</b>          |
| <b>196,949</b>                                           | <b>370,392</b>                                           | <b>136,980</b>                                        | <b>195,412</b>                                        | <b>112,554</b>                                        | <b>117,239</b>                                        | <b>1,382,538</b>          |
| <b>13,710</b>                                            | <b>4,653</b>                                             | <b>-</b>                                              | <b>-</b>                                              | <b>5,255</b>                                          | <b>-</b>                                              | <b>52,862</b>             |
| 14,115                                                   | 7,755                                                    | 1,225                                                 | 1,970                                                 | 1,170                                                 | -                                                     | 59,025                    |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| 489                                                      | 719                                                      | 407                                                   | 234                                                   | 146                                                   | 717                                                   | 3,612                     |
| 49                                                       | 47                                                       | 32                                                    | 43                                                    | 26                                                    | 33                                                    | 306                       |
| -                                                        | 116                                                      | -                                                     | -                                                     | -                                                     | -                                                     | 116                       |
| <b>14,653</b>                                            | <b>8,637</b>                                             | <b>1,664</b>                                          | <b>2,247</b>                                          | <b>1,342</b>                                          | <b>750</b>                                            | <b>63,059</b>             |
| 123,605                                                  | 334,221                                                  | 124,547                                               | 203,813                                               | 95,150                                                | 110,331                                               | 1,169,201                 |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | 24,410                    |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| <b>123,605</b>                                           | <b>334,221</b>                                           | <b>124,547</b>                                        | <b>203,813</b>                                        | <b>95,150</b>                                         | <b>110,331</b>                                        | <b>1,193,611</b>          |
| <b>138,258</b>                                           | <b>342,858</b>                                           | <b>126,211</b>                                        | <b>206,060</b>                                        | <b>96,492</b>                                         | <b>111,081</b>                                        | <b>1,256,670</b>          |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | <b>713</b>                |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| 72,401                                                   | 32,187                                                   | 10,769                                                | (10,648)                                              | 21,317                                                | 6,158                                                 | 178,017                   |
| <b>\$ 72,401</b>                                         | <b>\$ 32,187</b>                                         | <b>\$ 10,769</b>                                      | <b>\$ (10,648)</b>                                    | <b>\$ 21,317</b>                                      | <b>\$ 6,158</b>                                       | <b>\$ 178,017</b>         |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF NET POSITION**

OTHER PROGRAM FUNDS

As of June 30, 2021

(in thousands of dollars)

|                                                   | Low Rent<br>Program | Market Rate<br>Rental Housing<br>Program | Home<br>Ownership<br>Fund | Senior<br>Housing<br>Revolving<br>Loan Fund | Other Funds<br>or Programs<br>Subtotal |
|---------------------------------------------------|---------------------|------------------------------------------|---------------------------|---------------------------------------------|----------------------------------------|
| <b>ASSETS</b>                                     |                     |                                          |                           |                                             |                                        |
| <b>Current</b>                                    |                     |                                          |                           |                                             |                                        |
| Cash                                              | \$ 15,111           | \$ 14,537                                | \$ -                      | \$ 3                                        | \$ 29,651                              |
| Investments                                       | -                   | -                                        | 94                        | -                                           | 94                                     |
| Accrued interest receivable                       | -                   | -                                        | 27                        | 109                                         | 136                                    |
| Inter-fund due (to)/from                          | (1,378)             | (1,238)                                  | 57                        | 610                                         | (1,949)                                |
| Mortgage loans, notes and other loans             | -                   | -                                        | 389                       | 1,033                                       | 1,422                                  |
| Net investment in direct financing lease          | -                   | -                                        | -                         | -                                           | -                                      |
| Other assets                                      | 1,277               | 93                                       | -                         | -                                           | 1,370                                  |
| Intergovernmental receivable                      | 249                 | 863                                      | -                         | -                                           | 1,112                                  |
| <b>Total Current</b>                              | <b>15,259</b>       | <b>14,255</b>                            | <b>567</b>                | <b>1,755</b>                                | <b>31,836</b>                          |
| <b>Non Current</b>                                |                     |                                          |                           |                                             |                                        |
| Investments                                       | -                   | -                                        | -                         | -                                           | -                                      |
| Inter-fund due (to)/from                          | -                   | -                                        | -                         | -                                           | -                                      |
| Mortgage loans, notes and other loans             | -                   | -                                        | 12,575                    | 33,410                                      | 45,985                                 |
| Net investment in direct financing lease          | -                   | -                                        | -                         | -                                           | -                                      |
| Capital assets - non-depreciable                  | 12,506              | 1,130                                    | -                         | -                                           | 13,636                                 |
| Capital assets - depreciable, net                 | 35,559              | 12,256                                   | -                         | -                                           | 47,815                                 |
| Other assets                                      | -                   | -                                        | -                         | -                                           | -                                      |
| OPEB asset                                        | -                   | -                                        | -                         | -                                           | -                                      |
| <b>Total Non Current</b>                          | <b>48,065</b>       | <b>13,386</b>                            | <b>12,575</b>             | <b>33,410</b>                               | <b>107,436</b>                         |
| <b>Total Assets</b>                               | <b>63,324</b>       | <b>27,641</b>                            | <b>13,142</b>             | <b>35,165</b>                               | <b>139,272</b>                         |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>              |                     |                                          |                           |                                             |                                        |
|                                                   | -                   | -                                        | -                         | -                                           | -                                      |
| <b>LIABILITIES</b>                                |                     |                                          |                           |                                             |                                        |
| <b>Current</b>                                    |                     |                                          |                           |                                             |                                        |
| Bonds payable                                     | -                   | -                                        | -                         | -                                           | -                                      |
| Short term debt                                   | -                   | -                                        | -                         | -                                           | -                                      |
| Accrued interest payable                          | -                   | -                                        | -                         | -                                           | -                                      |
| Other liabilities                                 | 1,002               | 246                                      | 3                         | 9                                           | 1,260                                  |
| Intergovernmental payable                         | 383                 | 1                                        | -                         | -                                           | 384                                    |
| <b>Total Current</b>                              | <b>1,385</b>        | <b>247</b>                               | <b>3</b>                  | <b>9</b>                                    | <b>1,644</b>                           |
| <b>Non Current</b>                                |                     |                                          |                           |                                             |                                        |
| Bonds payable                                     | -                   | -                                        | -                         | -                                           | -                                      |
| Other liabilities                                 | -                   | -                                        | -                         | -                                           | -                                      |
| Derivative instrument - interest rate swaps       | -                   | -                                        | -                         | -                                           | -                                      |
| Pension liability                                 | -                   | -                                        | -                         | -                                           | -                                      |
| <b>Total Non Current</b>                          | <b>-</b>            | <b>-</b>                                 | <b>-</b>                  | <b>-</b>                                    | <b>-</b>                               |
| <b>Total Liabilities</b>                          | <b>1,385</b>        | <b>247</b>                               | <b>3</b>                  | <b>9</b>                                    | <b>1,644</b>                           |
| <b>DEFERRED INFLOW OF RESOURCES</b>               |                     |                                          |                           |                                             |                                        |
|                                                   | -                   | -                                        | -                         | -                                           | -                                      |
| <b>NET POSITION</b>                               |                     |                                          |                           |                                             |                                        |
| Net investment in capital assets                  | 48,065              | 13,386                                   | -                         | -                                           | 61,451                                 |
| Restricted by bond resolutions                    | -                   | -                                        | -                         | -                                           | -                                      |
| Restricted by contractual or statutory agreements | 14,575              | 14,008                                   | 13,139                    | 35,156                                      | 76,878                                 |
| Unrestricted or (deficit)                         | (701)               | -                                        | -                         | -                                           | (701)                                  |
| <b>Total Net Position</b>                         | <b>\$ 61,939</b>    | <b>\$ 27,394</b>                         | <b>\$ 13,139</b>          | <b>\$ 35,156</b>                            | <b>\$ 137,628</b>                      |

See accompanying notes to the financial statements.

| Energy Programs | Section 8 Voucher Programs | Other Grants    | COVID-19 Grants | Grant Programs Subtotal | Alaska Corporation for Affordable Housing | Total June 30, 2021 |
|-----------------|----------------------------|-----------------|-----------------|-------------------------|-------------------------------------------|---------------------|
| \$ 979          | \$ 5,470                   | \$ 3            | \$ 25,382       | \$ 31,834               | \$ 8,660                                  | \$ 70,145           |
| -               | -                          | -               | -               | -                       | -                                         | 94                  |
| -               | -                          | -               | -               | -                       | 67                                        | 203                 |
| (78)            | (1,732)                    | (3,825)         | 105,828         | 100,193                 | (97)                                      | 98,147              |
| -               | -                          | 32              | -               | 32                      | -                                         | 1,454               |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| 307             | 535                        | 3,400           | 17,966          | 22,208                  | 136                                       | 23,714              |
| 1,620           | 38                         | 3,858           | -               | 5,516                   | -                                         | 6,628               |
| <b>2,828</b>    | <b>4,311</b>               | <b>3,468</b>    | <b>149,176</b>  | <b>159,783</b>          | <b>8,766</b>                              | <b>200,385</b>      |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| -               | -                          | 1,423           | -               | 1,423                   | (1,423)                                   | -                   |
| -               | -                          | 1,054           | -               | 1,054                   | 12,889                                    | 59,928              |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| -               | -                          | -               | -               | -                       | 4,740                                     | 18,376              |
| -               | 35                         | -               | -               | 35                      | -                                         | 47,850              |
| -               | -                          | -               | -               | -                       | 1                                         | 1                   |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| -               | <b>35</b>                  | <b>2,477</b>    | -               | <b>2,512</b>            | <b>16,207</b>                             | <b>126,155</b>      |
| <b>2,828</b>    | <b>4,346</b>               | <b>5,945</b>    | <b>149,176</b>  | <b>162,295</b>          | <b>24,973</b>                             | <b>326,540</b>      |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| -               | 3,267                      | 3               | 149,171         | 152,441                 | 3                                         | 153,704             |
| -               | -                          | -               | -               | -                       | -                                         | 384                 |
| -               | <b>3,267</b>               | <b>3</b>        | <b>149,171</b>  | <b>152,441</b>          | <b>3</b>                                  | <b>154,088</b>      |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| -               | -                          | -               | -               | -                       | 267                                       | 267                 |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| -               | -                          | -               | -               | -                       | <b>267</b>                                | <b>267</b>          |
| -               | <b>3,267</b>               | <b>3</b>        | <b>149,171</b>  | <b>152,441</b>          | <b>270</b>                                | <b>154,355</b>      |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| -               | 35                         | -               | -               | 35                      | 4,740                                     | 66,226              |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| 4,306           | 3,636                      | 6,796           | 5               | 14,743                  | 20,009                                    | 111,630             |
| (1,478)         | (2,592)                    | (854)           | -               | (4,924)                 | (46)                                      | (5,671)             |
| <b>\$ 2,828</b> | <b>\$ 1,079</b>            | <b>\$ 5,942</b> | <b>\$ 5</b>     | <b>\$ 9,854</b>         | <b>\$ 24,703</b>                          | <b>\$ 172,185</b>   |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF ACTIVITIES**

COMBINED - ALL FUNDS

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                    | Administrative<br>Fund | Combined<br>Home<br>Mortgage<br>Revenue<br>Bonds | Combined<br>General<br>Mortgage<br>Revenue<br>Bonds | Combined<br>Mortgage<br>Revenue<br>Bonds | Combined<br>Collateralized<br>Veterans<br>Mortgage<br>Bonds |
|----------------------------------------------------|------------------------|--------------------------------------------------|-----------------------------------------------------|------------------------------------------|-------------------------------------------------------------|
| <b>OPERATING REVENUES</b>                          |                        |                                                  |                                                     |                                          |                                                             |
| Mortgage and loan revenue                          | \$ 8,057               | \$ 26,656                                        | \$ 23,818                                           | \$ 1,392                                 | \$ 3,895                                                    |
| Investment interest                                | 3,246                  | 386                                              | 155                                                 | 11                                       | 42                                                          |
| Net change in the fair value of investments        | (1,943)                | (93)                                             | (18)                                                | (2)                                      | (13)                                                        |
| Net change of hedge termination                    | -                      | -                                                | -                                                   | -                                        | -                                                           |
| Total Investment Revenue                           | 1,303                  | 293                                              | 137                                                 | 9                                        | 29                                                          |
| Grant revenue                                      | -                      | -                                                | -                                                   | -                                        | -                                                           |
| Housing rental subsidies                           | -                      | -                                                | -                                                   | -                                        | -                                                           |
| Rental revenue                                     | 9                      | -                                                | -                                                   | -                                        | -                                                           |
| Gain (Loss) on Disposal of Capital Assets          | 14                     | -                                                | -                                                   | -                                        | -                                                           |
| Other revenue                                      | 3,118                  | -                                                | -                                                   | -                                        | -                                                           |
| Total Operating Revenues                           | 12,501                 | 26,949                                           | 23,955                                              | 1,401                                    | 3,924                                                       |
| <b>OPERATING EXPENSES</b>                          |                        |                                                  |                                                     |                                          |                                                             |
| Interest                                           | 217                    | 18,209                                           | 14,804                                              | 657                                      | 2,134                                                       |
| Mortgage and loan costs                            | 1,565                  | 2,527                                            | 2,265                                               | 137                                      | 356                                                         |
| Bond financing expenses                            | 1,069                  | 2,147                                            | 1,333                                               | 10                                       | 9                                                           |
| Provision for loan loss                            | 168                    | 418                                              | 295                                                 | (1,150)                                  | (211)                                                       |
| Operations and administration                      | 17,112                 | 1,241                                            | 1,210                                               | 57                                       | 129                                                         |
| Rental housing operating expenses                  | -                      | -                                                | -                                                   | -                                        | -                                                           |
| Grant expense                                      | -                      | -                                                | -                                                   | -                                        | -                                                           |
| Total Operating Expenses                           | 20,131                 | 24,542                                           | 19,907                                              | (289)                                    | 2,417                                                       |
| Operating Income (Loss)                            | (7,630)                | 2,407                                            | 4,048                                               | 1,690                                    | 1,507                                                       |
| <b>NON-OPERATING EXPENSES AND TRANSFERS</b>        |                        |                                                  |                                                     |                                          |                                                             |
| Contributions to State of Alaska or State agencies | (1,011)                | -                                                | -                                                   | -                                        | -                                                           |
| Interfund receipts (payments) for operations       | 93,189                 | 293                                              | 1,357                                               | (52,584)                                 | 2,586                                                       |
| Change in Net Position                             | 84,548                 | 2,700                                            | 5,405                                               | (50,894)                                 | 4,093                                                       |
| Net position at beginning of year                  | 556,915                | 322,690                                          | 114,426                                             | 50,894                                   | 33,234                                                      |
| Net Position at End of Period                      | \$ 641,463             | \$ 325,390                                       | \$ 119,831                                          | \$ -                                     | \$ 37,327                                                   |

See accompanying notes to the financial statements.

| Combined<br>Governmental<br>Purpose<br>Bonds | Combined<br>State Capital<br>Project<br>Bonds | Combined<br>Other<br>Programs | Total<br>June 30,<br>2021 |
|----------------------------------------------|-----------------------------------------------|-------------------------------|---------------------------|
| \$ 5,324                                     | \$ 61,734                                     | \$ 1,382                      | \$ 132,258                |
| 109                                          | 1,643                                         | 77                            | 5,669                     |
| (6)                                          | (83)                                          | -                             | (2,158)                   |
| -                                            | 579                                           | -                             | 579                       |
| 103                                          | 2,139                                         | 77                            | 4,090                     |
| -                                            | -                                             | 142,101                       | 142,101                   |
| -                                            | -                                             | 11,922                        | 11,922                    |
| -                                            | -                                             | 11,210                        | 11,219                    |
| -                                            | -                                             | 20                            | 34                        |
| 326                                          | -                                             | 1,012                         | 4,456                     |
| <b>5,753</b>                                 | <b>63,873</b>                                 | <b>167,724</b>                | <b>306,080</b>            |
| 3,316                                        | 31,650                                        | -                             | 70,987                    |
| 500                                          | 3,880                                         | 112                           | 11,342                    |
| 303                                          | 1,162                                         | -                             | 6,033                     |
| 20                                           | (2,388)                                       | 87                            | (2,761)                   |
| 262                                          | 1,690                                         | 28,659                        | 50,360                    |
| -                                            | -                                             | 17,012                        | 17,012                    |
| -                                            | -                                             | 143,129                       | 143,129                   |
| <b>4,401</b>                                 | <b>35,994</b>                                 | <b>188,999</b>                | <b>296,102</b>            |
| <b>1,352</b>                                 | <b>27,879</b>                                 | <b>(21,275)</b>               | <b>9,978</b>              |
| -                                            | -                                             | -                             | (1,011)                   |
| 765                                          | (63,375)                                      | 17,769                        | -                         |
| 2,117                                        | (35,496)                                      | (3,506)                       | 8,967                     |
| 139,601                                      | 213,513                                       | 175,691                       | 1,606,964                 |
| <b>\$ 141,718</b>                            | <b>\$ 178,017</b>                             | <b>\$ 172,185</b>             | <b>\$ 1,615,931</b>       |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF ACTIVITIES****ADMINISTRATIVE FUND**

For the Year Ended June 30, 2021

(in thousands of dollars)

**Schedule 11**

|                                                    | <b>Administrative<br/>Fund</b> |
|----------------------------------------------------|--------------------------------|
| <b>OPERATING REVENUES</b>                          |                                |
| Mortgage and loan revenue                          | \$ 8,057                       |
| Investment interest                                | 3,246                          |
| Net change in the fair value of investments        | (1,943)                        |
| Net change of hedge termination                    | -                              |
| Total Investment Revenue                           | <u>1,303</u>                   |
| Grant revenue                                      | -                              |
| Housing rental subsidies                           | -                              |
| Rental revenue                                     | 9                              |
| Gain (Loss) on Disposal of Capital Assets          | 14                             |
| Other revenue                                      | 3,118                          |
| Total Operating Revenues                           | <u>12,501</u>                  |
| <b>OPERATING EXPENSES</b>                          |                                |
| Interest                                           | 217                            |
| Mortgage and loan costs                            | 1,565                          |
| Bond financing expenses                            | 1,069                          |
| Provision for loan loss                            | 168                            |
| Operations and administration                      | 17,112                         |
| Rental housing operating expenses                  | -                              |
| Grant expense                                      | -                              |
| Total Operating Expenses                           | <u>20,131</u>                  |
| Operating Income (Loss)                            | <u>(7,630)</u>                 |
| <b>NON-OPERATING EXPENSES AND TRANSFERS</b>        |                                |
| Contributions to State of Alaska or State agencies | (1,011)                        |
| Interfund receipts (payments) for operations       | 93,189                         |
| Change in Net Position                             | 84,548                         |
| Net position at beginning of year                  | <u>556,915</u>                 |
| Net Position at End of Period                      | <u>\$ 641,463</u>              |

See accompanying notes to the financial statements.

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**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF ACTIVITIES****HOME MORTGAGE REVENUE BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                    | Home<br>Mortgage<br>Revenue<br>Bonds<br>2002 A | Home<br>Mortgage<br>Revenue<br>Bonds<br>2007 A | Home<br>Mortgage<br>Revenue<br>Bonds<br>2007 B | Home<br>Mortgage<br>Revenue<br>Bonds<br>2007 D | Home<br>Mortgage<br>Revenue<br>Bonds<br>2009 A |
|----------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>OPERATING REVENUES</b>                          |                                                |                                                |                                                |                                                |                                                |
| Mortgage and loan revenue                          | \$ 3,024                                       | \$ 3,052                                       | \$ 3,013                                       | \$ 3,993                                       | \$ 4,117                                       |
| Investment interest                                | 34                                             | 47                                             | 39                                             | 55                                             | 67                                             |
| Net change in the fair value of investments        | (9)                                            | (11)                                           | (9)                                            | (12)                                           | (16)                                           |
| Net change of hedge termination                    | -                                              | -                                              | -                                              | -                                              | -                                              |
| Total Investment Revenue                           | 25                                             | 36                                             | 30                                             | 43                                             | 51                                             |
| Grant revenue                                      | -                                              | -                                              | -                                              | -                                              | -                                              |
| Housing rental subsidies                           | -                                              | -                                              | -                                              | -                                              | -                                              |
| Rental revenue                                     | -                                              | -                                              | -                                              | -                                              | -                                              |
| Gain (Loss) on Disposal of Capital Assets          | -                                              | -                                              | -                                              | -                                              | -                                              |
| Other revenue                                      | -                                              | -                                              | -                                              | -                                              | -                                              |
| Total Operating Revenues                           | 3,049                                          | 3,088                                          | 3,043                                          | 4,036                                          | 4,168                                          |
| <b>OPERATING EXPENSES</b>                          |                                                |                                                |                                                |                                                |                                                |
| Interest                                           | 1,143                                          | 2,575                                          | 2,572                                          | 3,067                                          | 2,951                                          |
| Mortgage and loan costs                            | 295                                            | 304                                            | 287                                            | 370                                            | 385                                            |
| Bond financing expenses                            | 114                                            | 301                                            | 291                                            | 376                                            | 366                                            |
| Provision for loan loss                            | 32                                             | 53                                             | 41                                             | 58                                             | 67                                             |
| Operations and administration                      | 195                                            | 153                                            | 133                                            | 176                                            | 175                                            |
| Rental housing operating expenses                  | -                                              | -                                              | -                                              | -                                              | -                                              |
| Grant expense                                      | -                                              | -                                              | -                                              | -                                              | -                                              |
| Total Operating Expenses                           | 1,779                                          | 3,386                                          | 3,324                                          | 4,047                                          | 3,944                                          |
| Operating Income (Loss)                            | 1,270                                          | (298)                                          | (281)                                          | (11)                                           | 224                                            |
| <b>NON-OPERATING EXPENSES AND TRANSFERS</b>        |                                                |                                                |                                                |                                                |                                                |
| Contributions to State of Alaska or State agencies | -                                              | -                                              | -                                              | -                                              | -                                              |
| Interfund receipts (payments) for operations       | (2,116)                                        | 1,089                                          | 231                                            | (3)                                            | (366)                                          |
| Change in Net Position                             | (846)                                          | 791                                            | (50)                                           | (14)                                           | (142)                                          |
| Net position at beginning of year                  | 49,772                                         | 22,530                                         | 19,557                                         | 37,698                                         | 54,959                                         |
| Net Position at End of Period                      | \$ 48,926                                      | \$ 23,321                                      | \$ 19,507                                      | \$ 37,684                                      | \$ 54,817                                      |

See accompanying notes to the financial statements.

| Home<br>Mortgage<br>Revenue<br>Bonds<br>2009 B | Home<br>Mortgage<br>Revenue<br>Bonds<br>2009 D | Total<br>June 30,<br>2021 |
|------------------------------------------------|------------------------------------------------|---------------------------|
| \$ 4,472                                       | \$ 4,985                                       | \$ 26,656                 |
| 72                                             | 72                                             | 386                       |
| (18)                                           | (18)                                           | (93)                      |
| -                                              | -                                              | -                         |
| 54                                             | 54                                             | 293                       |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| 4,526                                          | 5,039                                          | 26,949                    |
| 2,951                                          | 2,950                                          | 18,209                    |
| 420                                            | 466                                            | 2,527                     |
| 367                                            | 332                                            | 2,147                     |
| 67                                             | 100                                            | 418                       |
| 193                                            | 216                                            | 1,241                     |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| 3,998                                          | 4,064                                          | 24,542                    |
| 528                                            | 975                                            | 2,407                     |
| -                                              | -                                              | -                         |
| (366)                                          | 1,824                                          | 293                       |
| 162                                            | 2,799                                          | 2,700                     |
| 64,678                                         | 73,496                                         | 322,690                   |
| \$ 64,840                                      | \$ 76,295                                      | \$ 325,390                |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF ACTIVITIES****GENERAL MORTGAGE REVENUE BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                    | General<br>Mortgage<br>Revenue<br>Bonds II<br>2012 A & B | General<br>Mortgage<br>Revenue<br>Bonds II<br>2016 A | General<br>Mortgage<br>Revenue<br>Bonds II<br>2018 A & B | General<br>Mortgage<br>Revenue<br>Bonds II<br>2019 A & B | General<br>Mortgage<br>Revenue<br>Bonds II<br>2020 A & B |
|----------------------------------------------------|----------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| <b>OPERATING REVENUES</b>                          |                                                          |                                                      |                                                          |                                                          |                                                          |
| Mortgage and loan revenue                          | \$ 3,391                                                 | \$ 2,683                                             | \$ 5,890                                                 | \$ 5,696                                                 | \$ 6,158                                                 |
| Investment interest                                | 15                                                       | 14                                                   | 32                                                       | 41                                                       | 53                                                       |
| Net change in the fair value of investments        | (2)                                                      | (1)                                                  | (2)                                                      | (5)                                                      | (8)                                                      |
| Net change of hedge termination                    | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Total Investment Revenue                           | 13                                                       | 13                                                   | 30                                                       | 36                                                       | 45                                                       |
| Grant revenue                                      | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Housing rental subsidies                           | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Rental revenue                                     | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Gain (Loss) on Disposal of Capital Assets          | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Other revenue                                      | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Total Operating Revenues                           | 3,404                                                    | 2,696                                                | 5,920                                                    | 5,732                                                    | 6,203                                                    |
| <b>OPERATING EXPENSES</b>                          |                                                          |                                                      |                                                          |                                                          |                                                          |
| Interest                                           | 2,382                                                    | 1,715                                                | 4,034                                                    | 3,615                                                    | 3,058                                                    |
| Mortgage and loan costs                            | 295                                                      | 283                                                  | 540                                                      | 542                                                      | 605                                                      |
| Bond financing expenses                            | 4                                                        | 5                                                    | 10                                                       | 12                                                       | 1,302                                                    |
| Provision for loan loss                            | (1,165)                                                  | (96)                                                 | (443)                                                    | (86)                                                     | 2,085                                                    |
| Operations and administration                      | 98                                                       | 156                                                  | 261                                                      | 292                                                      | 403                                                      |
| Rental housing operating expenses                  | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Grant expense                                      | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Total Operating Expenses                           | 1,614                                                    | 2,063                                                | 4,402                                                    | 4,375                                                    | 7,453                                                    |
| Operating Income (Loss)                            | 1,790                                                    | 633                                                  | 1,518                                                    | 1,357                                                    | (1,250)                                                  |
| <b>NON-OPERATING EXPENSES AND TRANSFERS</b>        |                                                          |                                                      |                                                          |                                                          |                                                          |
| Contributions to State of Alaska or State agencies | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Interfund receipts (payments) for operations       | (50,879)                                                 | 11,483                                               | 3,901                                                    | 4,600                                                    | 32,252                                                   |
| Change in Net Position                             | (49,089)                                                 | 12,116                                               | 5,419                                                    | 5,957                                                    | 31,002                                                   |
| Net position at beginning of year                  | 82,207                                                   | 4,879                                                | 22,721                                                   | 4,619                                                    | -                                                        |
| Net Position at End of Period                      | \$ 33,118                                                | \$ 16,995                                            | \$ 28,140                                                | \$ 10,576                                                | \$ 31,002                                                |

See accompanying notes to the financial statements.

**Total  
June 30,  
2021**

\$ 23,818

155

(18)

-

137

-

-

-

-

-

**23,955**

14,804

2,265

1,333

295

1,210

-

-

**19,907**

**4,048**

-

1,357

5,405

114,426

**\$ 119,831**

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF ACTIVITIES****MORTGAGE REVENUE BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

**Schedule 14**

|                                                    | <b>Mortgage<br/>Revenue<br/>Bonds<br/>2009 A-2,<br/>2011 A &amp; B</b> |
|----------------------------------------------------|------------------------------------------------------------------------|
| <b>OPERATING REVENUES</b>                          |                                                                        |
| Mortgage and loan revenue                          | \$ 1,392                                                               |
| Investment interest                                | 11                                                                     |
| Net change in the fair value of investments        | (2)                                                                    |
| Net change of hedge termination                    | -                                                                      |
| Total Investment Revenue                           | <u>9</u>                                                               |
| Grant revenue                                      | -                                                                      |
| Housing rental subsidies                           | -                                                                      |
| Rental revenue                                     | -                                                                      |
| Gain (Loss) on Disposal of Capital Assets          | -                                                                      |
| Other revenue                                      | -                                                                      |
| Total Operating Revenues                           | <u><b>1,401</b></u>                                                    |
| <b>OPERATING EXPENSES</b>                          |                                                                        |
| Interest                                           | 657                                                                    |
| Mortgage and loan costs                            | 137                                                                    |
| Bond financing expenses                            | 10                                                                     |
| Provision for loan loss                            | (1,150)                                                                |
| Operations and administration                      | 57                                                                     |
| Rental housing operating expenses                  | -                                                                      |
| Grant expense                                      | -                                                                      |
| Total Operating Expenses                           | <u><b>(289)</b></u>                                                    |
| Operating Income (Loss)                            | <u><b>1,690</b></u>                                                    |
| <b>NON-OPERATING EXPENSES AND TRANSFERS</b>        |                                                                        |
| Contributions to State of Alaska or State agencies | -                                                                      |
| Interfund receipts (payments) for operations       | <u>(52,584)</u>                                                        |
| Change in Net Position                             | <u>(50,894)</u>                                                        |
| Net position at beginning of year                  | <u>50,894</u>                                                          |
| Net Position at End of Period                      | <u><u><b>\$ -</b></u></u>                                              |

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF ACTIVITIES****COLLATERALIZED VETERANS MORTGAGE BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

Schedule 15

|                                                    | Collateralized<br>Bonds, 2016<br>1st & 2nd<br>Series | Collateralized<br>Bonds, 2019<br>1st & 2nd<br>Series | Total<br>June 30,<br>2021 |
|----------------------------------------------------|------------------------------------------------------|------------------------------------------------------|---------------------------|
| <b>OPERATING REVENUES</b>                          |                                                      |                                                      |                           |
| Mortgage and loan revenue                          | \$ 1,901                                             | \$ 1,994                                             | \$ 3,895                  |
| Investment interest                                | 26                                                   | 16                                                   | 42                        |
| Net change in the fair value of investments        | (10)                                                 | (3)                                                  | (13)                      |
| Net change of hedge termination                    | -                                                    | -                                                    | -                         |
| Total Investment Revenue                           | 16                                                   | 13                                                   | 29                        |
| Grant revenue                                      | -                                                    | -                                                    | -                         |
| Housing rental subsidies                           | -                                                    | -                                                    | -                         |
| Rental revenue                                     | -                                                    | -                                                    | -                         |
| Gain (Loss) on Disposal of Capital Assets          | -                                                    | -                                                    | -                         |
| Other revenue                                      | -                                                    | -                                                    | -                         |
| Total Operating Revenues                           | 1,917                                                | 2,007                                                | 3,924                     |
| <b>OPERATING EXPENSES</b>                          |                                                      |                                                      |                           |
| Interest                                           | 1,053                                                | 1,081                                                | 2,134                     |
| Mortgage and loan costs                            | 170                                                  | 186                                                  | 356                       |
| Bond financing expenses                            | 4                                                    | 5                                                    | 9                         |
| Provision for loan loss                            | (44)                                                 | (167)                                                | (211)                     |
| Operations and administration                      | 69                                                   | 60                                                   | 129                       |
| Rental housing operating expenses                  | -                                                    | -                                                    | -                         |
| Grant expense                                      | -                                                    | -                                                    | -                         |
| Total Operating Expenses                           | 1,252                                                | 1,165                                                | 2,417                     |
| Operating Income (Loss)                            | 665                                                  | 842                                                  | 1,507                     |
| <b>NON-OPERATING EXPENSES AND TRANSFERS</b>        |                                                      |                                                      |                           |
| Contributions to State of Alaska or State agencies | -                                                    | -                                                    | -                         |
| Interfund receipts (payments) for operations       | 1,172                                                | 1,414                                                | 2,586                     |
| Change in Net Position                             | 1,837                                                | 2,256                                                | 4,093                     |
| Net position at beginning of year                  | 15,173                                               | 18,061                                               | 33,234                    |
| Net Position at End of Period                      | \$ 17,010                                            | \$ 20,317                                            | \$ 37,327                 |

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF ACTIVITIES****GOVERNMENTAL PURPOSE BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

Schedule 16

|                                                    | <b>Governmental<br/>Purpose<br/>Bonds<br/>2001 A &amp; B</b> |
|----------------------------------------------------|--------------------------------------------------------------|
| <b>OPERATING REVENUES</b>                          |                                                              |
| Mortgage and loan revenue                          | \$ 5,324                                                     |
| Investment interest                                | 109                                                          |
| Net change in the fair value of investments        | (6)                                                          |
| Net change of hedge termination                    | -                                                            |
| Total Investment Revenue                           | <u>103</u>                                                   |
| Grant revenue                                      | -                                                            |
| Housing rental subsidies                           | -                                                            |
| Rental revenue                                     | -                                                            |
| Gain (Loss) on Disposal of Capital Assets          | -                                                            |
| Other revenue                                      | 326                                                          |
| <b>Total Operating Revenues</b>                    | <b><u>5,753</u></b>                                          |
| <b>OPERATING EXPENSES</b>                          |                                                              |
| Interest                                           | 3,316                                                        |
| Mortgage and loan costs                            | 500                                                          |
| Bond financing expenses                            | 303                                                          |
| Provision for loan loss                            | 20                                                           |
| Operations and administration                      | 262                                                          |
| Rental housing operating expenses                  | -                                                            |
| Grant expense                                      | -                                                            |
| <b>Total Operating Expenses</b>                    | <b><u>4,401</u></b>                                          |
| <b>Operating Income (Loss)</b>                     | <b><u>1,352</u></b>                                          |
| <b>NON-OPERATING EXPENSES AND TRANSFERS</b>        |                                                              |
| Contributions to State of Alaska or State agencies | -                                                            |
| Interfund receipts (payments) for operations       | 765                                                          |
| Change in Net Position                             | <u>2,117</u>                                                 |
| Net position at beginning of year                  | <u>139,601</u>                                               |
| <b>Net Position at End of Period</b>               | <b><u>\$ 141,718</u></b>                                     |

See accompanying notes to the financial statements.

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**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF ACTIVITIES****STATE CAPITAL PROJECT BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                    | State<br>Capital<br>Project<br>Bonds<br>2002 A, B, C | State<br>Capital<br>Project<br>Bonds<br>2011 A | State<br>Capital<br>Project<br>Bonds II<br>2012 A & B | State<br>Capital<br>Project<br>Bonds II<br>2013 A & B | State<br>Capital<br>Project<br>Bonds II<br>2014 A, B, C & D |
|----------------------------------------------------|------------------------------------------------------|------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|
| <b>OPERATING REVENUES</b>                          |                                                      |                                                |                                                       |                                                       |                                                             |
| Mortgage and loan revenue                          | \$ 822                                               | \$ 169                                         | \$ 1,345                                              | \$ 1,574                                              | \$ 12,869                                                   |
| Investment interest                                | 3                                                    | -                                              | 6                                                     | 32                                                    | 139                                                         |
| Net change in the fair value of investments        | (1)                                                  | -                                              | (1)                                                   | (5)                                                   | (19)                                                        |
| Net change of hedge termination                    | 579                                                  | -                                              | -                                                     | -                                                     | -                                                           |
| Total Investment Revenue                           | 581                                                  | 0                                              | 5                                                     | 27                                                    | 120                                                         |
| Grant revenue                                      | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Housing rental subsidies                           | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Rental revenue                                     | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Gain (Loss) on Disposal of Capital Assets          | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Other revenue                                      | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Total Operating Revenues                           | 1,403                                                | 169                                            | 1,350                                                 | 1,601                                                 | 12,989                                                      |
| <b>OPERATING EXPENSES</b>                          |                                                      |                                                |                                                       |                                                       |                                                             |
| Interest                                           | 1,263                                                | 54                                             | 692                                                   | 954                                                   | 10,161                                                      |
| Mortgage and loan costs                            | 66                                                   | 7                                              | 69                                                    | 84                                                    | 998                                                         |
| Bond financing expenses                            | 11                                                   | 2                                              | 2                                                     | 2                                                     | 20                                                          |
| Provision for loan loss                            | (44)                                                 | (45)                                           | (345)                                                 | (523)                                                 | (1,537)                                                     |
| Operations and administration                      | 57                                                   | 6                                              | 22                                                    | 25                                                    | 434                                                         |
| Rental housing operating expenses                  | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Grant expense                                      | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Total Operating Expenses                           | 1,353                                                | 24                                             | 440                                                   | 542                                                   | 10,076                                                      |
| Operating Income (Loss)                            | 50                                                   | 145                                            | 910                                                   | 1,059                                                 | 2,913                                                       |
| <b>NON-OPERATING EXPENSES AND TRANSFERS</b>        |                                                      |                                                |                                                       |                                                       |                                                             |
| Contributions to State of Alaska or State agencies | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Interfund receipts (payments) for operations       | 1,936                                                | (2,043)                                        | (7,521)                                               | (9,923)                                               | (15,525)                                                    |
| Change in Net Position                             | 1,986                                                | (1,898)                                        | (6,611)                                               | (8,864)                                               | (12,612)                                                    |
| Net position at beginning of year                  | 4,773                                                | 1,898                                          | 7,299                                                 | 9,238                                                 | 50,624                                                      |
| Net Position at End of Period                      | \$ 6,759                                             | \$ -                                           | \$ 688                                                | \$ 374                                                | \$ 38,012                                                   |

See accompanying notes to the financial statements.

| State<br>Capital<br>Project<br>Bonds II<br>2015 A, B & C | State<br>Capital<br>Project<br>Bonds II<br>2017 A, B & C | State<br>Capital<br>Project<br>Bonds II<br>2018 A & B | State<br>Capital<br>Project<br>Bonds II<br>2019 A & B | State<br>Capital<br>Project<br>Bonds II<br>2020 A & B | State<br>Capital<br>Project<br>Bonds II<br>2021 A & B | Total<br>June 30,<br>2021 |
|----------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|---------------------------|
| \$ 10,479                                                | \$ 17,779                                                | \$ 5,316                                              | \$ 7,965                                              | \$ 3,273                                              | \$ 143                                                | \$ 61,734                 |
| 147                                                      | 1,201                                                    | 33                                                    | 56                                                    | 22                                                    | 4                                                     | 1,643                     |
| (31)                                                     | (9)                                                      | (2)                                                   | (14)                                                  | (1)                                                   | -                                                     | (83)                      |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | 579                       |
| 116                                                      | 1,192                                                    | 31                                                    | 42                                                    | 21                                                    | 4                                                     | 2,139                     |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| 10,595                                                   | 18,971                                                   | 5,347                                                 | 8,007                                                 | 3,294                                                 | 147                                                   | 63,873                    |
| 7,819                                                    | 5,782                                                    | 1,313                                                 | 1,883                                                 | 1,566                                                 | 163                                                   | 31,650                    |
| 705                                                      | 683                                                      | 437                                                   | 614                                                   | 210                                                   | 7                                                     | 3,880                     |
| 16                                                       | 140                                                      | 53                                                    | 91                                                    | 453                                                   | 372                                                   | 1,162                     |
| (960)                                                    | (417)                                                    | (210)                                                 | (239)                                                 | 823                                                   | 1,109                                                 | (2,388)                   |
| 378                                                      | 272                                                      | 146                                                   | 217                                                   | 85                                                    | 48                                                    | 1,690                     |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| 7,958                                                    | 6,460                                                    | 1,739                                                 | 2,566                                                 | 3,137                                                 | 1,699                                                 | 35,994                    |
| 2,637                                                    | 12,511                                                   | 3,608                                                 | 5,441                                                 | 157                                                   | (1,552)                                               | 27,879                    |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| 31,608                                                   | (35,719)                                                 | (14,969)                                              | (40,089)                                              | 21,160                                                | 7,710                                                 | (63,375)                  |
| 34,245                                                   | (23,208)                                                 | (11,361)                                              | (34,648)                                              | 21,317                                                | 6,158                                                 | (35,496)                  |
| 38,156                                                   | 55,395                                                   | 22,130                                                | 24,000                                                | -                                                     | -                                                     | 213,513                   |
| \$ 72,401                                                | \$ 32,187                                                | \$ 10,769                                             | \$ (10,648)                                           | \$ 21,317                                             | \$ 6,158                                              | \$ 178,017                |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF ACTIVITIES**
**OTHER PROGRAM FUNDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                    | Low Rent<br>Program | Market Rate<br>Rental Housing<br>Program | Home<br>Ownership<br>Fund | Senior<br>Housing<br>Revolving<br>Loan Fund | Other Funds<br>or Programs<br>Subtotal |
|----------------------------------------------------|---------------------|------------------------------------------|---------------------------|---------------------------------------------|----------------------------------------|
| <b>OPERATING REVENUES</b>                          |                     |                                          |                           |                                             |                                        |
| Mortgage and loan revenue                          | \$ -                | \$ -                                     | \$ 222                    | \$ 1,021                                    | \$ 1,243                               |
| Investment interest                                | 23                  | 23                                       | 2                         | 9                                           | 57                                     |
| Net change in the fair value of investments        | -                   | -                                        | -                         | -                                           | -                                      |
| Net change of hedge termination                    | -                   | -                                        | -                         | -                                           | -                                      |
| Total Investment Revenue                           | 23                  | 23                                       | 2                         | 9                                           | 57                                     |
| Grant revenue                                      | 1,492               | 982                                      | -                         | -                                           | 2,474                                  |
| Housing rental subsidies                           | 9,523               | 2,399                                    | -                         | -                                           | 11,922                                 |
| Rental revenue                                     | 8,641               | 2,370                                    | -                         | -                                           | 11,011                                 |
| Gain (Loss) on Disposal of Capital Assets          | 20                  | -                                        | -                         | -                                           | 20                                     |
| Other revenue                                      | -                   | -                                        | -                         | -                                           | -                                      |
| <b>Total Operating Revenues</b>                    | <b>19,699</b>       | <b>5,774</b>                             | <b>224</b>                | <b>1,030</b>                                | <b>26,727</b>                          |
| <b>OPERATING EXPENSES</b>                          |                     |                                          |                           |                                             |                                        |
| Interest                                           | -                   | -                                        | -                         | -                                           | -                                      |
| Mortgage and loan costs                            | -                   | -                                        | 21                        | 91                                          | 112                                    |
| Bond financing expenses                            | -                   | -                                        | -                         | -                                           | -                                      |
| Provision for loan loss                            | -                   | -                                        | 4                         | 43                                          | 47                                     |
| Operations and administration                      | 12,723              | 3,144                                    | 14                        | 45                                          | 15,926                                 |
| Rental housing operating expenses                  | 13,447              | 3,526                                    | -                         | -                                           | 16,973                                 |
| Grant expense                                      | -                   | -                                        | -                         | -                                           | -                                      |
| <b>Total Operating Expenses</b>                    | <b>26,170</b>       | <b>6,670</b>                             | <b>39</b>                 | <b>179</b>                                  | <b>33,058</b>                          |
| <b>Operating Income (Loss)</b>                     | <b>(6,471)</b>      | <b>(896)</b>                             | <b>185</b>                | <b>851</b>                                  | <b>(6,331)</b>                         |
| <b>NON-OPERATING EXPENSES AND TRANSFERS</b>        |                     |                                          |                           |                                             |                                        |
| Contributions to State of Alaska or State agencies | -                   | -                                        | -                         | -                                           | -                                      |
| Interfund receipts (payments) for operations       | 2,047               | 466                                      | 21                        | (164)                                       | 2,370                                  |
| Change in Net Position                             | (4,424)             | (430)                                    | 206                       | 687                                         | (3,961)                                |
| Net position at beginning of year                  | 66,363              | 27,824                                   | 12,933                    | 34,469                                      | 141,589                                |
| <b>Net Position at End of Period</b>               | <b>\$ 61,939</b>    | <b>\$ 27,394</b>                         | <b>\$ 13,139</b>          | <b>\$ 35,156</b>                            | <b>\$ 137,628</b>                      |

See accompanying notes to the financial statements.

| Energy Programs | Section 8 Voucher Programs | Other Grants    | COVID-19 Grants | Grant Programs Subtotal | Alaska Corporation for Affordable Housing | Total June 30, 2021 |
|-----------------|----------------------------|-----------------|-----------------|-------------------------|-------------------------------------------|---------------------|
| \$ -            | \$ -                       | \$ -            | \$ -            | \$ -                    | \$ 139                                    | \$ 1,382            |
| 1               | 4                          | -               | 5               | 10                      | 10                                        | 77                  |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| 1               | 4                          | -               | 5               | 10                      | 10                                        | 77                  |
| 6,936           | 41,281                     | 15,325          | 76,085          | 139,627                 | -                                         | 142,101             |
| -               | -                          | -               | -               | -                       | -                                         | 11,922              |
| -               | -                          | -               | -               | -                       | 199                                       | 11,210              |
| -               | -                          | -               | -               | -                       | -                                         | 20                  |
| -               | 6                          | 967             | -               | 973                     | 39                                        | 1,012               |
| <b>6,937</b>    | <b>41,291</b>              | <b>16,292</b>   | <b>76,090</b>   | <b>140,610</b>          | <b>387</b>                                | <b>167,724</b>      |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| -               | -                          | -               | -               | -                       | -                                         | 112                 |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| -               | -                          | 29              | -               | 29                      | 11                                        | 87                  |
| 2,263           | 5,766                      | 3,007           | 1,318           | 12,354                  | 379                                       | 28,659              |
| -               | 34                         | -               | -               | 34                      | 5                                         | 17,012              |
| 6,743           | 35,768                     | 25,851          | 74,767          | 143,129                 | -                                         | 143,129             |
| <b>9,006</b>    | <b>41,568</b>              | <b>28,887</b>   | <b>76,085</b>   | <b>155,546</b>          | <b>395</b>                                | <b>188,999</b>      |
| <b>(2,069)</b>  | <b>(277)</b>               | <b>(12,595)</b> | <b>5</b>        | <b>(14,936)</b>         | <b>(8)</b>                                | <b>(21,275)</b>     |
| -               | -                          | -               | -               | -                       | -                                         | -                   |
| 2,070           | 285                        | 12,426          | -               | 14,781                  | 618                                       | 17,769              |
| 1               | 8                          | (169)           | 5               | (155)                   | 610                                       | (3,506)             |
| 2,827           | 1,071                      | 6,111           | -               | 10,009                  | 24,093                                    | 175,691             |
| <b>\$ 2,828</b> | <b>\$ 1,079</b>            | <b>\$ 5,942</b> | <b>\$ 5</b>     | <b>\$ 9,854</b>         | <b>\$ 24,703</b>                          | <b>\$ 172,185</b>   |

**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, 2021

(in thousands of dollars)

|                                                    | Administrative<br>Fund | Combined<br>Home<br>Mortgage<br>Revenue<br>Bonds | Combined<br>General<br>Mortgage<br>Revenue<br>Bonds | Combined<br>Mortgage<br>Revenue<br>Bonds | Combined<br>Collateralized<br>Veterans<br>Mortgage<br>Bonds |
|----------------------------------------------------|------------------------|--------------------------------------------------|-----------------------------------------------------|------------------------------------------|-------------------------------------------------------------|
| <b>CASH FLOWS</b>                                  |                        |                                                  |                                                     |                                          |                                                             |
| <b>Operating Activities</b>                        |                        |                                                  |                                                     |                                          |                                                             |
| Interest income on mortgages and loans             | \$ 7,721               | 24,937                                           | \$ 22,042                                           | \$ 1,299                                 | \$ 3,715                                                    |
| Principal receipts on mortgages and loans          | 13,496                 | 208,858                                          | 155,953                                             | 10,067                                   | 38,807                                                      |
| Disbursements to fund mortgages and loans          | (587,867)              | -                                                | -                                                   | -                                        | -                                                           |
| Receipts (payments) for interfund loan transfers   | 530,038                | (238,780)                                        | (110,823)                                           | -                                        | (16,572)                                                    |
| Mortgage and loan proceeds receipts                | 977,867                | -                                                | -                                                   | -                                        | -                                                           |
| Mortgage and loan proceeds paid to trust funds     | (994,621)              | -                                                | -                                                   | -                                        | -                                                           |
| Payroll-related disbursements                      | (22,029)               | -                                                | -                                                   | -                                        | -                                                           |
| Payments for goods and services                    | (7,200)                | -                                                | -                                                   | -                                        | -                                                           |
| Receipts from externally funded programs           | -                      | -                                                | -                                                   | -                                        | -                                                           |
| Receipts from Federal HAP subsidies                | -                      | -                                                | -                                                   | -                                        | -                                                           |
| Payments for Federal HAP subsidies                 | -                      | -                                                | -                                                   | -                                        | -                                                           |
| Interfund receipts (payments)                      | (133,655)              | -                                                | -                                                   | -                                        | -                                                           |
| Grant payments to other agencies                   | -                      | -                                                | -                                                   | -                                        | -                                                           |
| Other operating cash receipts (payments)           | 3,737                  | -                                                | -                                                   | -                                        | -                                                           |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(212,513)</b>       | <b>(4,985)</b>                                   | <b>67,172</b>                                       | <b>11,366</b>                            | <b>25,950</b>                                               |
| <b>Non-Capital Financing Activities</b>            |                        |                                                  |                                                     |                                          |                                                             |
| Proceeds from bond issuance                        | -                      | -                                                | 228,549                                             | -                                        | -                                                           |
| Principal paid on bonds                            | -                      | (14,640)                                         | (172,615)                                           | (76,400)                                 | (34,785)                                                    |
| Payments to defease bonds                          | -                      | -                                                | -                                                   | -                                        | -                                                           |
| Payment of bond issuance costs                     | (1,477)                | -                                                | (636)                                               | -                                        | -                                                           |
| Interest paid on bonds                             | -                      | (17,620)                                         | (16,738)                                            | (822)                                    | (2,323)                                                     |
| Proceeds from short-term debt issuance             | 860,531                | -                                                | -                                                   | -                                        | -                                                           |
| Payment of short term debt                         | (845,417)              | -                                                | -                                                   | -                                        | -                                                           |
| Contributions to State of Alaska or State agencies | (1,011)                | -                                                | -                                                   | -                                        | -                                                           |
| Transfers from (to) other funds                    | 380,150                | (11,853)                                         | (95,320)                                            | 57,063                                   | 2,392                                                       |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>392,776</b>         | <b>(44,113)</b>                                  | <b>(56,760)</b>                                     | <b>(20,159)</b>                          | <b>(34,716)</b>                                             |
| <b>Capital Financing Activities</b>                |                        |                                                  |                                                     |                                          |                                                             |
| Acquisition of capital assets                      | (85)                   | -                                                | -                                                   | -                                        | -                                                           |
| Proceeds from the disposal of capital assets       | 14                     | -                                                | -                                                   | -                                        | -                                                           |
| Principal paid on capital notes                    | -                      | -                                                | -                                                   | -                                        | -                                                           |
| Interest paid on capital notes                     | -                      | -                                                | -                                                   | -                                        | -                                                           |
| Proceeds from direct financing leases              | -                      | -                                                | -                                                   | -                                        | -                                                           |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(71)</b>            | <b>-</b>                                         | <b>-</b>                                            | <b>-</b>                                 | <b>-</b>                                                    |
| <b>Investing Activities</b>                        |                        |                                                  |                                                     |                                          |                                                             |
| Purchase of investments                            | (4,404,854)            | (489,873)                                        | (326,972)                                           | (11,380)                                 | (56,361)                                                    |
| Proceeds from maturity of investments              | 4,231,834              | 538,565                                          | 316,389                                             | 20,159                                   | 65,080                                                      |
| Interest received from investments                 | 3,298                  | 406                                              | 171                                                 | 14                                       | 47                                                          |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(169,722)</b>       | <b>49,098</b>                                    | <b>(10,412)</b>                                     | <b>8,793</b>                             | <b>8,766</b>                                                |
| Net Increase (decrease) in cash                    | 10,470                 | -                                                | -                                                   | -                                        | -                                                           |
| Cash at beginning of year                          | 28,038                 | -                                                | -                                                   | -                                        | -                                                           |
| <b>Cash at end of period</b>                       | <b>\$ 38,508</b>       | <b>\$ -</b>                                      | <b>\$ -</b>                                         | <b>\$ -</b>                              | <b>\$ -</b>                                                 |

| Combined<br>Governmental<br>Purpose<br>Bonds | Combined<br>State Capital<br>Project<br>Bonds | Combined<br>Other<br>Programs | Total<br>June 30,<br>2021 |
|----------------------------------------------|-----------------------------------------------|-------------------------------|---------------------------|
| \$ 5,085                                     | 60,244                                        | \$ 1,153                      | \$ 126,196                |
| 58,428                                       | 372,914                                       | 10,314                        | 868,837                   |
| -                                            | -                                             | -                             | (587,867)                 |
| (57,977)                                     | (105,903)                                     | 17                            | -                         |
| -                                            | -                                             | -                             | 977,867                   |
| -                                            | -                                             | -                             | (994,621)                 |
| -                                            | -                                             | (15,164)                      | (37,193)                  |
| -                                            | -                                             | (17,457)                      | (24,657)                  |
| -                                            | -                                             | 38,908                        | 38,908                    |
| -                                            | -                                             | 33,811                        | 33,811                    |
| -                                            | -                                             | (34,762)                      | (34,762)                  |
| -                                            | -                                             | 133,655                       | -                         |
| -                                            | -                                             | (126,232)                     | (126,232)                 |
| -                                            | (75)                                          | 12,036                        | 15,698                    |
| <b>5,536</b>                                 | <b>327,180</b>                                | <b>36,279</b>                 | <b>255,985</b>            |
| -                                            | 208,376                                       | -                             | 436,925                   |
| (6,600)                                      | (49,756)                                      | -                             | (354,796)                 |
| -                                            | (96,665)                                      | -                             | (96,665)                  |
| -                                            | (820)                                         | -                             | (2,933)                   |
| (2,784)                                      | (38,555)                                      | -                             | (78,842)                  |
| -                                            | -                                             | -                             | 860,531                   |
| -                                            | -                                             | -                             | (845,417)                 |
| -                                            | -                                             | -                             | (1,011)                   |
| -                                            | (316,808)                                     | (15,624)                      | -                         |
| <b>(9,384)</b>                               | <b>(294,228)</b>                              | <b>(15,624)</b>               | <b>(82,208)</b>           |
| -                                            | -                                             | (281)                         | (366)                     |
| -                                            | -                                             | 20                            | 34                        |
| -                                            | (6,477)                                       | -                             | (6,477)                   |
| -                                            | (1,115)                                       | -                             | (1,115)                   |
| -                                            | 3,303                                         | -                             | 3,303                     |
| <b>-</b>                                     | <b>(4,289)</b>                                | <b>(261)</b>                  | <b>(4,621)</b>            |
| (155,381)                                    | (1,003,107)                                   | (15,720)                      | (6,463,648)               |
| 159,111                                      | 973,823                                       | 19,851                        | 6,324,812                 |
| 118                                          | 548                                           | 75                            | 4,677                     |
| <b>3,848</b>                                 | <b>(28,736)</b>                               | <b>4,206</b>                  | <b>(134,159)</b>          |
| -                                            | (73)                                          | 24,600                        | 34,997                    |
| -                                            | 189                                           | 45,545                        | 73,772                    |
| <b>\$ -</b>                                  | <b>\$ 116</b>                                 | <b>\$ 70,145</b>              | <b>\$ 108,769</b>         |

**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, 2021

(in thousands of dollars)

|                                                                           | Administrative<br>Fund | Combined<br>Home<br>Mortgage<br>Revenue<br>Bonds | Combined<br>General<br>Mortgage<br>Revenue<br>Bonds | Combined<br>Mortgage<br>Revenue<br>Bonds | Combined<br>Collateralized<br>Veterans<br>Mortgage<br>Bonds |
|---------------------------------------------------------------------------|------------------------|--------------------------------------------------|-----------------------------------------------------|------------------------------------------|-------------------------------------------------------------|
| <b>RECONCILIATION</b>                                                     |                        |                                                  |                                                     |                                          |                                                             |
| <b>Operating Income (Loss) to Net Cash</b>                                |                        |                                                  |                                                     |                                          |                                                             |
| Operating income (loss)                                                   | \$ (7,630)             | \$ 2,407                                         | \$ 4,048                                            | \$ 1,690                                 | \$ 1,507                                                    |
| <i>Adjustments:</i>                                                       |                        |                                                  |                                                     |                                          |                                                             |
| Depreciation expense                                                      | 987                    | -                                                | -                                                   | -                                        | -                                                           |
| Provision for loan loss                                                   | 168                    | 418                                              | 295                                                 | (1,150)                                  | (211)                                                       |
| Net change in the fair value of investments                               | 1,943                  | 93                                               | 18                                                  | 2                                        | 13                                                          |
| Interfund receipts (payments) for operations                              | 93,189                 | 293                                              | 1,357                                               | (52,584)                                 | 2,586                                                       |
| Interest received from investments                                        | (3,298)                | (406)                                            | (171)                                               | (14)                                     | (47)                                                        |
| Interest paid on bonds and capital notes                                  | -                      | 17,620                                           | 16,738                                              | 822                                      | 2,323                                                       |
| <i>Change in assets, liabilities and deferred resources:</i>              |                        |                                                  |                                                     |                                          |                                                             |
| Net (increase) decrease in mortgages and loans                            | (26,131)               | (41,477)                                         | (48,815)                                            | 113,867                                  | 20,895                                                      |
| Net increase (decrease) in assets, liabilities,<br>and deferred resources | (271,741)              | 16,067                                           | 93,702                                              | (51,267)                                 | (1,116)                                                     |
| <b>Net Operating Cash Receipts (Disbursements)</b>                        | <b>\$ (212,513)</b>    | <b>\$ (4,985)</b>                                | <b>\$ 67,172</b>                                    | <b>\$ 11,366</b>                         | <b>\$ 25,950</b>                                            |

See accompanying notes to the financial statements.

| <b>Combined<br/>Governmental<br/>Purpose<br/>Bonds</b> | <b>Combined<br/>State Capital<br/>Project<br/>Bonds</b> | <b>Combined<br/>Other<br/>Programs</b> | <b>Total<br/>June 30,<br/>2021</b> |
|--------------------------------------------------------|---------------------------------------------------------|----------------------------------------|------------------------------------|
| \$ 1,352                                               | \$ 27,879                                               | \$ (21,275)                            | \$ 9,978                           |
| -                                                      | -                                                       | 5,414                                  | 6,401                              |
| 20                                                     | (2,388)                                                 | 87                                     | (2,761)                            |
| 6                                                      | 83                                                      | -                                      | 2,158                              |
| 765                                                    | (63,375)                                                | 17,769                                 | -                                  |
| (118)                                                  | (548)                                                   | (75)                                   | (4,677)                            |
| 2,784                                                  | 39,670                                                  | -                                      | 79,957                             |
| (1,941)                                                | 249,111                                                 | (4,780)                                | 260,729                            |
| 2,668                                                  | 76,748                                                  | 39,139                                 | (95,800)                           |
| <b>\$ 5,536</b>                                        | <b>\$ 327,180</b>                                       | <b>\$ 36,279</b>                       | <b>\$ 255,985</b>                  |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

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

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                    | <b>Administrative<br/>Fund</b> |
|----------------------------------------------------|--------------------------------|
| <b>CASH FLOWS</b>                                  |                                |
| <b>Operating Activities</b>                        |                                |
| Interest income on mortgages and loans             | \$ 7,721                       |
| Principal receipts on mortgages and loans          | 13,496                         |
| Disbursements to fund mortgages and loans          | (587,867)                      |
| Receipts (payments) for interfund loan transfers   | 530,038                        |
| Mortgage and loan proceeds receipts                | 977,867                        |
| Mortgage and loan proceeds paid to trust funds     | (994,621)                      |
| Payroll-related disbursements                      | (22,029)                       |
| Payments for goods and services                    | (7,200)                        |
| Receipts from externally funded programs           | -                              |
| Receipts from Federal HAP subsidies                | -                              |
| Payments for Federal HAP subsidies                 | -                              |
| Interfund receipts (payments)                      | (133,655)                      |
| Grant payments to other agencies                   | -                              |
| Other operating cash receipts (payments)           | 3,737                          |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(212,513)</b>               |
| <b>Non-Capital Financing Activities</b>            |                                |
| Proceeds from bond issuance                        | -                              |
| Principal paid on bonds                            | -                              |
| Payments to defease bonds                          | -                              |
| Payment of bond issuance costs                     | (1,477)                        |
| Interest paid on bonds                             | -                              |
| Proceeds from short-term debt issuance             | 860,531                        |
| Payment of short term debt                         | (845,417)                      |
| Contributions to State of Alaska or State agencies | (1,011)                        |
| Transfers from (to) other funds                    | 380,150                        |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>392,776</b>                 |
| <b>Capital Financing Activities</b>                |                                |
| Acquisition of capital assets                      | (85)                           |
| Proceeds from the disposal of capital assets       | 14                             |
| Principal paid on capital notes                    | -                              |
| Interest paid on capital notes                     | -                              |
| Proceeds from direct financing leases              | -                              |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(71)</b>                    |
| <b>Investing Activities</b>                        |                                |
| Purchase of investments                            | (4,404,854)                    |
| Proceeds from maturity of investments              | 4,231,834                      |
| Interest received from investments                 | 3,298                          |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(169,722)</b>               |
| Net Increase (decrease) in cash                    | 10,470                         |
| Cash at beginning of year                          | 28,038                         |
| <b>Cash at end of period</b>                       | <b>\$ 38,508</b>               |

|                                                                           | <b>Administrative<br/>Fund</b> |
|---------------------------------------------------------------------------|--------------------------------|
| <b>RECONCILIATION</b>                                                     |                                |
| <b>Operating Income (Loss) to Net Cash</b>                                |                                |
| Operating income (loss)                                                   | \$ (7,630)                     |
| <i>Adjustments:</i>                                                       |                                |
| Depreciation expense                                                      | 987                            |
| Provision for loan loss                                                   | 168                            |
| Net change in the fair value of investments                               | 1,943                          |
| Interfund receipts (payments) for operations                              | 93,189                         |
| Interest received from investments                                        | (3,298)                        |
| Interest paid on bonds and capital notes                                  | -                              |
| <i>Change in assets, liabilities and deferred resources:</i>              |                                |
| Net (increase) decrease in mortgages and loans                            | (26,131)                       |
| Net increase (decrease) in assets, liabilities,<br>and deferred resources | (271,741)                      |
| <b>Net Operating Cash Receipts (Disbursements)</b>                        | <b>\$ (212,513)</b>            |

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**
**HOME MORTGAGE REVENUE BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                    | Home<br>Mortgage<br>Revenue<br>Bonds<br>2002 A | Home<br>Mortgage<br>Revenue<br>Bonds<br>2007 A | Home<br>Mortgage<br>Revenue<br>Bonds<br>2007 B | Home<br>Mortgage<br>Revenue<br>Bonds<br>2007 D | Home<br>Mortgage<br>Revenue<br>Bonds<br>2009 A |
|----------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>CASH FLOWS</b>                                  |                                                |                                                |                                                |                                                |                                                |
| <b>Operating Activities</b>                        |                                                |                                                |                                                |                                                |                                                |
| Interest income on mortgages and loans             | \$ 2,807                                       | \$ 2,844                                       | \$ 2,814                                       | \$ 3,793                                       | \$ 3,862                                       |
| Principal receipts on mortgages and loans          | 19,294                                         | 21,415                                         | 23,655                                         | 33,653                                         | 36,152                                         |
| Disbursements to fund mortgages and loans          | -                                              | -                                              | -                                              | -                                              | -                                              |
| Receipts (payments) for interfund loan transfers   | (20,768)                                       | (26,024)                                       | (25,342)                                       | (38,487)                                       | (40,000)                                       |
| Mortgage and loan proceeds receipts                | -                                              | -                                              | -                                              | -                                              | -                                              |
| Mortgage and loan proceeds paid to trust funds     | -                                              | -                                              | -                                              | -                                              | -                                              |
| Payroll-related disbursements                      | -                                              | -                                              | -                                              | -                                              | -                                              |
| Payments for goods and services                    | -                                              | -                                              | -                                              | -                                              | -                                              |
| Receipts from externally funded programs           | -                                              | -                                              | -                                              | -                                              | -                                              |
| Receipts from Federal HAP subsidies                | -                                              | -                                              | -                                              | -                                              | -                                              |
| Payments for Federal HAP subsidies                 | -                                              | -                                              | -                                              | -                                              | -                                              |
| Interfund receipts (payments)                      | -                                              | -                                              | -                                              | -                                              | -                                              |
| Grant payments to other agencies                   | -                                              | -                                              | -                                              | -                                              | -                                              |
| Other operating cash receipts (payments)           | -                                              | -                                              | -                                              | -                                              | -                                              |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>1,333</b>                                   | <b>(1,765)</b>                                 | <b>1,127</b>                                   | <b>(1,041)</b>                                 | <b>14</b>                                      |
| <b>Non-Capital Financing Activities</b>            |                                                |                                                |                                                |                                                |                                                |
| Proceeds from bond issuance                        | -                                              | -                                              | -                                              | -                                              | -                                              |
| Principal paid on bonds                            | (1,825)                                        | (1,850)                                        | (1,850)                                        | (2,200)                                        | (2,305)                                        |
| Payments to defease bonds                          | -                                              | -                                              | -                                              | -                                              | -                                              |
| Payment of bond issuance costs                     | -                                              | -                                              | -                                              | -                                              | -                                              |
| Interest paid on bonds                             | (929)                                          | (2,505)                                        | (2,503)                                        | (2,979)                                        | (2,902)                                        |
| Proceeds from short-term debt issuance             | -                                              | -                                              | -                                              | -                                              | -                                              |
| Payment of short term debt                         | -                                              | -                                              | -                                              | -                                              | -                                              |
| Contributions to State of Alaska or State agencies | -                                              | -                                              | -                                              | -                                              | -                                              |
| Transfers from (to) other funds                    | (3,131)                                        | 23                                             | (974)                                          | (935)                                          | (3,037)                                        |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(5,885)</b>                                 | <b>(4,332)</b>                                 | <b>(5,327)</b>                                 | <b>(6,114)</b>                                 | <b>(8,244)</b>                                 |
| <b>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 Receipts (Disbursements)</b>           | <b>-</b>                                       | <b>-</b>                                       | <b>-</b>                                       | <b>-</b>                                       | <b>-</b>                                       |
| <b>Investing Activities</b>                        |                                                |                                                |                                                |                                                |                                                |
| Purchase of investments                            | (44,580)                                       | (60,319)                                       | (51,777)                                       | (70,812)                                       | (84,463)                                       |
| Proceeds from maturity of investments              | 49,096                                         | 66,367                                         | 55,935                                         | 77,908                                         | 92,623                                         |
| Interest received from investments                 | 36                                             | 49                                             | 42                                             | 59                                             | 70                                             |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>4,552</b>                                   | <b>6,097</b>                                   | <b>4,200</b>                                   | <b>7,155</b>                                   | <b>8,230</b>                                   |
| Net Increase (decrease) in cash                    | -                                              | -                                              | -                                              | -                                              | -                                              |
| Cash at beginning of year                          | -                                              | -                                              | -                                              | -                                              | -                                              |
| <b>Cash at end of period</b>                       | <b>\$ -</b>                                    | <b>\$ -</b>                                    | <b>\$ -</b>                                    | <b>\$ -</b>                                    | <b>\$ -</b>                                    |

| Home<br>Mortgage<br>Revenue<br>Bonds<br>2009 B | Home<br>Mortgage<br>Revenue<br>Bonds<br>2009 D | Total<br>June 30,<br>2021 |
|------------------------------------------------|------------------------------------------------|---------------------------|
| \$ 4,164                                       | \$ 4,653                                       | \$ 24,937                 |
| 37,933                                         | 36,756                                         | 208,858                   |
| -                                              | -                                              | -                         |
| (43,414)                                       | (44,745)                                       | (238,780)                 |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| <b>(1,317)</b>                                 | <b>(3,336)</b>                                 | <b>(4,985)</b>            |
| -                                              | -                                              | -                         |
| (2,305)                                        | (2,305)                                        | (14,640)                  |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| (2,901)                                        | (2,901)                                        | (17,620)                  |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| (1,803)                                        | (1,996)                                        | (11,853)                  |
| <b>(7,009)</b>                                 | <b>(7,202)</b>                                 | <b>(44,113)</b>           |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| (92,301)                                       | (85,621)                                       | (489,873)                 |
| 100,552                                        | 96,084                                         | 538,565                   |
| 75                                             | 75                                             | 406                       |
| <b>8,326</b>                                   | <b>10,538</b>                                  | <b>49,098</b>             |
| -                                              | -                                              | -                         |
| -                                              | -                                              | -                         |
| <b>\$ -</b>                                    | <b>\$ -</b>                                    | <b>\$ -</b>               |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS****HOME MORTGAGE REVENUE BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                                           | Home<br>Mortgage<br>Revenue<br>Bonds<br>2002 A | Home<br>Mortgage<br>Revenue<br>Bonds<br>2007 A | Home<br>Mortgage<br>Revenue<br>Bonds<br>2007 B | Home<br>Mortgage<br>Revenue<br>Bonds<br>2007 D | Home<br>Mortgage<br>Revenue<br>Bonds<br>2009 A |
|---------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>RECONCILIATION</b>                                                     |                                                |                                                |                                                |                                                |                                                |
| <b>Operating Income (Loss) to Net Cash</b>                                |                                                |                                                |                                                |                                                |                                                |
| Operating income (loss)                                                   | \$ 1,270                                       | \$ (298)                                       | \$ (281)                                       | \$ (11)                                        | \$ 224                                         |
| <i>Adjustments:</i>                                                       |                                                |                                                |                                                |                                                |                                                |
| Depreciation expense                                                      | -                                              | -                                              | -                                              | -                                              | -                                              |
| Provision for loan loss                                                   | 32                                             | 53                                             | 41                                             | 58                                             | 67                                             |
| Net change in the fair value of investments                               | 9                                              | 11                                             | 9                                              | 12                                             | 16                                             |
| Interfund receipts (payments) for operations                              | (2,116)                                        | 1,089                                          | 231                                            | (3)                                            | (366)                                          |
| Interest received from investments                                        | (36)                                           | (49)                                           | (42)                                           | (59)                                           | (70)                                           |
| Interest paid on bonds and capital notes                                  | 929                                            | 2,505                                          | 2,503                                          | 2,979                                          | 2,902                                          |
| <i>Change in assets, liabilities and deferred resources:</i>              |                                                |                                                |                                                |                                                |                                                |
| Net (increase) decrease in mortgages and loans                            | (3,193)                                        | (5,215)                                        | (4,088)                                        | (5,745)                                        | (6,661)                                        |
| Net increase (decrease) in assets, liabilities,<br>and deferred resources | 4,438                                          | 139                                            | 2,754                                          | 1,728                                          | 3,902                                          |
| <b>Net Operating Cash Receipts (Disbursements)</b>                        | <b>\$ 1,333</b>                                | <b>\$ (1,765)</b>                              | <b>\$ 1,127</b>                                | <b>\$ (1,041)</b>                              | <b>\$ 14</b>                                   |

See accompanying notes to the financial statements.

| Home<br>Mortgage<br>Revenue<br>Bonds<br>2009 B | Home<br>Mortgage<br>Revenue<br>Bonds<br>2009 D | Total<br>June 30,<br>2021 |
|------------------------------------------------|------------------------------------------------|---------------------------|
| \$ 528                                         | \$ 975                                         | \$ 2,407                  |
| -                                              | -                                              | -                         |
| 67                                             | 100                                            | 418                       |
| 18                                             | 18                                             | 93                        |
| (366)                                          | 1,824                                          | 293                       |
| (75)                                           | (75)                                           | (406)                     |
| 2,901                                          | 2,901                                          | 17,620                    |
| (6,666)                                        | (9,909)                                        | (41,477)                  |
| 2,276                                          | 830                                            | 16,067                    |
| <b>\$ (1,317)</b>                              | <b>\$ (3,336)</b>                              | <b>\$ (4,985)</b>         |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**
**GENERAL MORTGAGE REVENUE BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                    | General<br>Mortgage<br>Revenue<br>Bonds II<br>2012 A & B | General<br>Mortgage<br>Revenue<br>Bonds II<br>2016 A | General<br>Mortgage<br>Revenue<br>Bonds II<br>2018 A & B | General<br>Mortgage<br>Revenue<br>Bonds II<br>2019 A & B | General<br>Mortgage<br>Revenue<br>Bonds II<br>2020 A & B |
|----------------------------------------------------|----------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| <b>CASH FLOWS</b>                                  |                                                          |                                                      |                                                          |                                                          |                                                          |
| <b>Operating Activities</b>                        |                                                          |                                                      |                                                          |                                                          |                                                          |
| Interest income on mortgages and loans             | \$ 3,297                                                 | \$ 2,446                                             | \$ 5,541                                                 | \$ 5,289                                                 | \$ 5,469                                                 |
| Principal receipts on mortgages and loans          | 24,485                                                   | 14,643                                               | 45,269                                                   | 30,815                                                   | 40,741                                                   |
| Disbursements to fund mortgages and loans          | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Receipts (payments) for interfund loan transfers   | -                                                        | (4,718)                                              | 475                                                      | (22,708)                                                 | (83,872)                                                 |
| Mortgage and loan proceeds receipts                | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Mortgage and loan proceeds paid to trust funds     | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Payroll-related disbursements                      | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Payments for goods and services                    | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Receipts from externally funded programs           | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Receipts from Federal HAP subsidies                | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Payments for Federal HAP subsidies                 | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Interfund receipts (payments)                      | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Grant payments to other agencies                   | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Other operating cash receipts (payments)           | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>27,782</b>                                            | <b>12,371</b>                                        | <b>51,285</b>                                            | <b>13,396</b>                                            | <b>(37,662)</b>                                          |
| <b>Non-Capital Financing Activities</b>            |                                                          |                                                      |                                                          |                                                          |                                                          |
| Proceeds from bond issuance                        | -                                                        | -                                                    | -                                                        | -                                                        | 228,549                                                  |
| Principal paid on bonds                            | (64,740)                                                 | (22,195)                                             | (55,875)                                                 | (24,595)                                                 | (5,210)                                                  |
| Payments to defease bonds                          | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Payment of bond issuance costs                     | -                                                        | -                                                    | -                                                        | -                                                        | (636)                                                    |
| Interest paid on bonds                             | (1,421)                                                  | (1,915)                                              | (4,906)                                                  | (4,430)                                                  | (4,066)                                                  |
| Proceeds from short-term debt issuance             | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Payment of short term debt                         | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Contributions to State of Alaska or State agencies | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Transfers from (to) other funds                    | 27,683                                                   | 11,310                                               | 3,629                                                    | 4,214                                                    | (142,156)                                                |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(38,478)</b>                                          | <b>(12,800)</b>                                      | <b>(57,152)</b>                                          | <b>(24,811)</b>                                          | <b>76,481</b>                                            |
| <b>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 Receipts (Disbursements)</b>           | <b>-</b>                                                 | <b>-</b>                                             | <b>-</b>                                                 | <b>-</b>                                                 | <b>-</b>                                                 |
| <b>Investing Activities</b>                        |                                                          |                                                      |                                                          |                                                          |                                                          |
| Purchase of investments                            | (32,918)                                                 | (20,672)                                             | (58,152)                                                 | (48,977)                                                 | (166,253)                                                |
| Proceeds from maturity of investments              | 43,593                                                   | 21,086                                               | 63,981                                                   | 60,346                                                   | 127,383                                                  |
| Interest received from investments                 | 21                                                       | 15                                                   | 38                                                       | 46                                                       | 51                                                       |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>10,696</b>                                            | <b>429</b>                                           | <b>5,867</b>                                             | <b>11,415</b>                                            | <b>(38,819)</b>                                          |
| Net Increase (decrease) in cash                    | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Cash at beginning of year                          | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| <b>Cash at end of period</b>                       | <b>\$ -</b>                                              | <b>\$ -</b>                                          | <b>\$ -</b>                                              | <b>\$ -</b>                                              | <b>\$ -</b>                                              |

**Total**  
**June 30,**  
**2021**

---

\$ 22,042  
155,953  
-  
(110,823)  
-  
-  
-  
-  
-  
-  
-  
-  
-  
-  


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**67,172**

228,549  
(172,615)  
-  
(636)  
(16,738)  
-  
-  
-  
(95,320)  


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**(56,760)**

-  
-  
-  
-  
-  


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-  


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(326,972)  
316,389  
171  


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**(10,412)**

-  
-  


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**\$ -**

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS****GENERAL MORTGAGE REVENUE BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                                           | General<br>Mortgage<br>Revenue<br>Bonds II<br>2012 A & B | General<br>Mortgage<br>Revenue<br>Bonds II<br>2016 A | General<br>Mortgage<br>Revenue<br>Bonds II<br>2018 A & B | General<br>Mortgage<br>Revenue<br>Bonds II<br>2019 A & B | General<br>Mortgage<br>Revenue<br>Bonds II<br>2020 A & B |
|---------------------------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| <b>RECONCILIATION</b>                                                     |                                                          |                                                      |                                                          |                                                          |                                                          |
| <b>Operating Income (Loss) to Net Cash</b>                                |                                                          |                                                      |                                                          |                                                          |                                                          |
| Operating income (loss)                                                   | \$ 1,790                                                 | \$ 633                                               | \$ 1,518                                                 | \$ 1,357                                                 | \$ (1,250)                                               |
| <i>Adjustments:</i>                                                       |                                                          |                                                      |                                                          |                                                          |                                                          |
| Depreciation expense                                                      | -                                                        | -                                                    | -                                                        | -                                                        | -                                                        |
| Provision for loan loss                                                   | (1,165)                                                  | (96)                                                 | (443)                                                    | (86)                                                     | 2,085                                                    |
| Net change in the fair value of investments                               | 2                                                        | 1                                                    | 2                                                        | 5                                                        | 8                                                        |
| Interfund receipts (payments) for operations                              | (50,879)                                                 | 11,483                                               | 3,901                                                    | 4,600                                                    | 32,252                                                   |
| Interest received from investments                                        | (21)                                                     | (15)                                                 | (38)                                                     | (46)                                                     | (51)                                                     |
| Interest paid on bonds and capital notes                                  | 1,421                                                    | 1,915                                                | 4,906                                                    | 4,430                                                    | 4,066                                                    |
| <i>Change in assets, liabilities and deferred resources:</i>              |                                                          |                                                      |                                                          |                                                          |                                                          |
| Net (increase) decrease in mortgages and loans                            | 95,700                                                   | 9,483                                                | 43,885                                                   | 8,542                                                    | (206,425)                                                |
| Net increase (decrease) in assets, liabilities,<br>and deferred resources | (19,066)                                                 | (11,033)                                             | (2,446)                                                  | (5,406)                                                  | 131,653                                                  |
| <b>Net Operating Cash Receipts (Disbursements)</b>                        | <b>\$ 27,782</b>                                         | <b>\$ 12,371</b>                                     | <b>\$ 51,285</b>                                         | <b>\$ 13,396</b>                                         | <b>\$ (37,662)</b>                                       |

See accompanying notes to the financial statements.

| <b>Total</b>    |               |
|-----------------|---------------|
| <b>June 30,</b> |               |
| <b>2021</b>     |               |
| <hr/>           |               |
| \$              | 4,048         |
|                 | -             |
|                 | 295           |
|                 | 18            |
|                 | 1,357         |
|                 | (171)         |
|                 | 16,738        |
|                 | (48,815)      |
|                 | 93,702        |
| <hr/>           |               |
| <b>\$</b>       | <b>67,172</b> |
| <hr/>           |               |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS****MORTGAGE REVENUE BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                    | <b>Mortgage<br/>Revenue<br/>Bonds<br/>2009 A-2,<br/>2011 A &amp; B</b> |
|----------------------------------------------------|------------------------------------------------------------------------|
| <b>CASH FLOWS</b>                                  |                                                                        |
| <b>Operating Activities</b>                        |                                                                        |
| Interest income on mortgages and loans             | \$ 1,299                                                               |
| Principal receipts on mortgages and loans          | 10,067                                                                 |
| Disbursements to fund mortgages and loans          | -                                                                      |
| Receipts (payments) for interfund loan transfers   | -                                                                      |
| Mortgage and loan proceeds receipts                | -                                                                      |
| Mortgage and loan proceeds paid to trust funds     | -                                                                      |
| Payroll-related disbursements                      | -                                                                      |
| Payments for goods and services                    | -                                                                      |
| Receipts from externally funded programs           | -                                                                      |
| Receipts from Federal HAP subsidies                | -                                                                      |
| Payments for Federal HAP subsidies                 | -                                                                      |
| Interfund receipts (payments)                      | -                                                                      |
| Grant payments to other agencies                   | -                                                                      |
| Other operating cash receipts (payments)           | -                                                                      |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>11,366</b>                                                          |
| <b>Non-Capital Financing Activities</b>            |                                                                        |
| Proceeds from bond issuance                        | -                                                                      |
| Principal paid on bonds                            | (76,400)                                                               |
| Payments to defease bonds                          | -                                                                      |
| Payment of bond issuance costs                     | -                                                                      |
| Interest paid on bonds                             | (822)                                                                  |
| Proceeds from short-term debt issuance             | -                                                                      |
| Payment of short term debt                         | -                                                                      |
| Contributions to State of Alaska or State agencies | -                                                                      |
| Transfers from (to) other funds                    | 57,063                                                                 |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(20,159)</b>                                                        |
| <b>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 Receipts (Disbursements)</b>           | <b>-</b>                                                               |
| <b>Investing Activities</b>                        |                                                                        |
| Purchase of investments                            | (11,380)                                                               |
| Proceeds from maturity of investments              | 20,159                                                                 |
| Interest received from investments                 | 14                                                                     |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>8,793</b>                                                           |
| Net Increase (decrease) in cash                    | -                                                                      |
| Cash at beginning of year                          | -                                                                      |
| <b>Cash at end of period</b>                       | <b>\$ -</b>                                                            |

|                                                                           | <b>Mortgage<br/>Revenue<br/>Bonds<br/>2009 A-2,<br/>2011 A &amp; B</b> |
|---------------------------------------------------------------------------|------------------------------------------------------------------------|
| <b>RECONCILIATION</b>                                                     |                                                                        |
| <b>Operating Income (Loss) to Net Cash</b>                                |                                                                        |
| Operating income (loss)                                                   | \$ 1,690                                                               |
| <i>Adjustments:</i>                                                       |                                                                        |
| Depreciation expense                                                      | -                                                                      |
| Provision for loan loss                                                   | (1,150)                                                                |
| Net change in the fair value of investments                               | 2                                                                      |
| Interfund receipts (payments) for operations                              | (52,584)                                                               |
| Interest received from investments                                        | (14)                                                                   |
| Interest paid on bonds and capital notes                                  | 822                                                                    |
| <i>Change in assets, liabilities and deferred resources:</i>              |                                                                        |
| Net (increase) decrease in mortgages and loans                            | 113,867                                                                |
| Net increase (decrease) in assets, liabilities,<br>and deferred resources | (51,267)                                                               |
| <b>Net Operating Cash Receipts (Disbursements)</b>                        | <b>\$ 11,366</b>                                                       |

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**
**COLLATERALIZED VETERANS MORTGAGE BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                    | Collateralized<br>Bonds, 2016<br>1st & 2nd<br>Series | Collateralized<br>Bonds, 2019<br>1st & 2nd<br>Series | Total<br>June 30,<br>2021 |
|----------------------------------------------------|------------------------------------------------------|------------------------------------------------------|---------------------------|
| <b>CASH FLOWS</b>                                  |                                                      |                                                      |                           |
| <b>Operating Activities</b>                        |                                                      |                                                      |                           |
| Interest income on mortgages and loans             | \$ 1,787                                             | \$ 1,928                                             | \$ 3,715                  |
| Principal receipts on mortgages and loans          | 17,237                                               | 21,570                                               | 38,807                    |
| Disbursements to fund mortgages and loans          | -                                                    | -                                                    | -                         |
| Receipts (payments) for interfund loan transfers   | (13,270)                                             | (3,302)                                              | (16,572)                  |
| Mortgage and loan proceeds receipts                | -                                                    | -                                                    | -                         |
| Mortgage and loan proceeds paid to trust funds     | -                                                    | -                                                    | -                         |
| Payroll-related disbursements                      | -                                                    | -                                                    | -                         |
| Payments for goods and services                    | -                                                    | -                                                    | -                         |
| Receipts from externally funded programs           | -                                                    | -                                                    | -                         |
| Receipts from Federal HAP subsidies                | -                                                    | -                                                    | -                         |
| Payments for Federal HAP subsidies                 | -                                                    | -                                                    | -                         |
| Interfund receipts (payments)                      | -                                                    | -                                                    | -                         |
| Grant payments to other agencies                   | -                                                    | -                                                    | -                         |
| Other operating cash receipts (payments)           | -                                                    | -                                                    | -                         |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>5,754</b>                                         | <b>20,196</b>                                        | <b>25,950</b>             |
| <b>Non-Capital Financing Activities</b>            |                                                      |                                                      |                           |
| Proceeds from bond issuance                        | -                                                    | -                                                    | -                         |
| Principal paid on bonds                            | (11,530)                                             | (23,255)                                             | (34,785)                  |
| Payments to defease bonds                          | -                                                    | -                                                    | -                         |
| Payment of bond issuance costs                     | -                                                    | -                                                    | -                         |
| Interest paid on bonds                             | (1,081)                                              | (1,242)                                              | (2,323)                   |
| Proceeds from short-term debt issuance             | -                                                    | -                                                    | -                         |
| Payment of short term debt                         | -                                                    | -                                                    | -                         |
| Contributions to State of Alaska or State agencies | -                                                    | -                                                    | -                         |
| Transfers from (to) other funds                    | 1,053                                                | 1,339                                                | 2,392                     |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(11,558)</b>                                      | <b>(23,158)</b>                                      | <b>(34,716)</b>           |
| <b>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 Receipts (Disbursements)</b>           | <b>-</b>                                             | <b>-</b>                                             | <b>-</b>                  |
| <b>Investing Activities</b>                        |                                                      |                                                      |                           |
| Purchase of investments                            | (29,711)                                             | (26,650)                                             | (56,361)                  |
| Proceeds from maturity of investments              | 35,487                                               | 29,593                                               | 65,080                    |
| Interest received from investments                 | 28                                                   | 19                                                   | 47                        |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>5,804</b>                                         | <b>2,962</b>                                         | <b>8,766</b>              |
| Net Increase (decrease) in cash                    | -                                                    | -                                                    | -                         |
| Cash at beginning of year                          | -                                                    | -                                                    | -                         |
| <b>Cash at end of period</b>                       | <b>\$ -</b>                                          | <b>\$ -</b>                                          | <b>\$ -</b>               |

|                                                                           | Collateralized<br>Bonds, 2016<br>1st & 2nd<br>Series | Collateralized<br>Bonds, 2019<br>1st & 2nd<br>Series | Total<br>June 30,<br>2021 |
|---------------------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|---------------------------|
| <b>RECONCILIATION</b>                                                     |                                                      |                                                      |                           |
| <b>Operating Income (Loss) to Net Cash</b>                                |                                                      |                                                      |                           |
| Operating income (loss)                                                   | \$ 665                                               | \$ 842                                               | \$ 1,507                  |
| <i>Adjustments:</i>                                                       |                                                      |                                                      |                           |
| Depreciation expense                                                      | -                                                    | -                                                    | -                         |
| Provision for loan loss                                                   | (44)                                                 | (167)                                                | (211)                     |
| Net change in the fair value of investments                               | 10                                                   | 3                                                    | 13                        |
| Interfund receipts (payments) for operations                              | 1,172                                                | 1,414                                                | 2,586                     |
| Interest received from investments                                        | (28)                                                 | (19)                                                 | (47)                      |
| Interest paid on bonds and capital notes                                  | 1,081                                                | 1,242                                                | 2,323                     |
| <i>Change in assets, liabilities and deferred resources:</i>              |                                                      |                                                      |                           |
| Net (increase) decrease in mortgages and loans                            | 4,345                                                | 16,550                                               | 20,895                    |
| Net increase (decrease) in assets, liabilities,<br>and deferred resources | (1,447)                                              | 331                                                  | (1,116)                   |
| <b>Net Operating Cash Receipts (Disbursements)</b>                        | <b>\$ 5,754</b>                                      | <b>\$ 20,196</b>                                     | <b>\$ 25,950</b>          |

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS****GOVERNMENTAL PURPOSE BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                    | <b>Governmental<br/>Purpose<br/>Bonds<br/>2001 A &amp; B</b> |
|----------------------------------------------------|--------------------------------------------------------------|
| <b>CASH FLOWS</b>                                  |                                                              |
| <b>Operating Activities</b>                        |                                                              |
| Interest income on mortgages and loans             | \$ 5,085                                                     |
| Principal receipts on mortgages and loans          | 58,428                                                       |
| Disbursements to fund mortgages and loans          | -                                                            |
| Receipts (payments) for interfund loan transfers   | (57,977)                                                     |
| Mortgage and loan proceeds receipts                | -                                                            |
| Mortgage and loan proceeds paid to trust funds     | -                                                            |
| Payroll-related disbursements                      | -                                                            |
| Payments for goods and services                    | -                                                            |
| Receipts from externally funded programs           | -                                                            |
| Receipts from Federal HAP subsidies                | -                                                            |
| Payments for Federal HAP subsidies                 | -                                                            |
| Interfund receipts (payments)                      | -                                                            |
| Grant payments to other agencies                   | -                                                            |
| Other operating cash receipts (payments)           | -                                                            |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>5,536</b>                                                 |
| <b>Non-Capital Financing Activities</b>            |                                                              |
| Proceeds from bond issuance                        | -                                                            |
| Principal paid on bonds                            | (6,600)                                                      |
| Payments to defease bonds                          | -                                                            |
| Payment of bond issuance costs                     | -                                                            |
| Interest paid on bonds                             | (2,784)                                                      |
| Proceeds from short-term debt issuance             | -                                                            |
| Payment of short term debt                         | -                                                            |
| Contributions to State of Alaska or State agencies | -                                                            |
| Transfers from (to) other funds                    | -                                                            |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(9,384)</b>                                               |
| <b>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 Receipts (Disbursements)</b>           | <b>-</b>                                                     |
| <b>Investing Activities</b>                        |                                                              |
| Purchase of investments                            | (155,381)                                                    |
| Proceeds from maturity of investments              | 159,111                                                      |
| Interest received from investments                 | 118                                                          |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>3,848</b>                                                 |
| Net Increase (decrease) in cash                    | -                                                            |
| Cash at beginning of year                          | -                                                            |
| <b>Cash at end of period</b>                       | <b>\$ -</b>                                                  |

|                                                                           | <b>Governmental<br/>Purpose<br/>Bonds<br/>2001 A &amp; B</b> |
|---------------------------------------------------------------------------|--------------------------------------------------------------|
| <b>RECONCILIATION</b>                                                     |                                                              |
| <b>Operating Income (Loss) to Net Cash</b>                                |                                                              |
| Operating income (loss)                                                   | \$ 1,352                                                     |
| <i>Adjustments:</i>                                                       |                                                              |
| Depreciation expense                                                      | -                                                            |
| Provision for loan loss                                                   | 20                                                           |
| Net change in the fair value of investments                               | 6                                                            |
| Interfund receipts (payments) for operations                              | 765                                                          |
| Interest received from investments                                        | (118)                                                        |
| Interest paid on bonds and capital notes                                  | 2,784                                                        |
| <i>Change in assets, liabilities and deferred resources:</i>              |                                                              |
| Net (increase) decrease in mortgages and loans                            | (1,941)                                                      |
| Net increase (decrease) in assets, liabilities,<br>and deferred resources | 2,668                                                        |
| <b>Net Operating Cash Receipts (Disbursements)</b>                        | <b>\$ 5,536</b>                                              |

See accompanying notes to the financial statements.

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS**
**STATE CAPITAL PROJECT BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                    | State<br>Capital<br>Project<br>Bonds<br>2002 A, B, C | State<br>Capital<br>Project<br>Bonds<br>2011 A | State<br>Capital<br>Project<br>Bonds II<br>2012 A & B | State<br>Capital<br>Project<br>Bonds II<br>2013 A & B | State<br>Capital<br>Project<br>Bonds II<br>2014 A, B, C & D |
|----------------------------------------------------|------------------------------------------------------|------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|
| <b>CASH FLOWS</b>                                  |                                                      |                                                |                                                       |                                                       |                                                             |
| <b>Operating Activities</b>                        |                                                      |                                                |                                                       |                                                       |                                                             |
| Interest income on mortgages and loans             | \$ 780                                               | \$ 169                                         | \$ 1,430                                              | \$ 1,848                                              | \$ 12,422                                                   |
| Principal receipts on mortgages and loans          | 5,134                                                | 251                                            | 3,933                                                 | 10,160                                                | 85,164                                                      |
| Disbursements to fund mortgages and loans          | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Receipts (payments) for interfund loan transfers   | -                                                    | -                                              | -                                                     | -                                                     | (29,998)                                                    |
| Mortgage and loan proceeds receipts                | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Mortgage and loan proceeds paid to trust funds     | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Payroll-related disbursements                      | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Payments for goods and services                    | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Receipts from externally funded programs           | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Receipts from Federal HAP subsidies                | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Payments for Federal HAP subsidies                 | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Interfund receipts (payments)                      | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Grant payments to other agencies                   | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Other operating cash receipts (payments)           | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>5,914</b>                                         | <b>420</b>                                     | <b>5,363</b>                                          | <b>12,008</b>                                         | <b>67,588</b>                                               |
| <b>Non-Capital Financing Activities</b>            |                                                      |                                                |                                                       |                                                       |                                                             |
| Proceeds from bond issuance                        | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Principal paid on bonds                            | (458)                                                | (2,645)                                        | (5,030)                                               | (5,810)                                               | (13,870)                                                    |
| Payments to defease bonds                          | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Payment of bond issuance costs                     | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Interest paid on bonds                             | (83)                                                 | (66)                                           | (779)                                                 | (996)                                                 | (11,653)                                                    |
| Proceeds from short-term debt issuance             | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Payment of short term debt                         | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Contributions to State of Alaska or State agencies | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Transfers from (to) other funds                    | 1,868                                                | 2,286                                          | (1,881)                                               | (15,400)                                              | (47,600)                                                    |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>1,327</b>                                         | <b>(425)</b>                                   | <b>(7,690)</b>                                        | <b>(22,206)</b>                                       | <b>(73,123)</b>                                             |
| <b>Capital Financing Activities</b>                |                                                      |                                                |                                                       |                                                       |                                                             |
| Acquisition of capital assets                      | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Proceeds from the disposal of capital assets       | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Principal paid on capital notes                    | (6,082)                                              | (395)                                          | -                                                     | -                                                     | -                                                           |
| Interest paid on capital notes                     | (1,105)                                              | (10)                                           | -                                                     | -                                                     | -                                                           |
| Proceeds from direct financing leases              | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(7,187)</b>                                       | <b>(405)</b>                                   | <b>-</b>                                              | <b>-</b>                                              | <b>-</b>                                                    |
| <b>Investing Activities</b>                        |                                                      |                                                |                                                       |                                                       |                                                             |
| Purchase of investments                            | (12,232)                                             | (421)                                          | (9,100)                                               | (25,709)                                              | (181,226)                                                   |
| Proceeds from maturity of investments              | 12,174                                               | 830                                            | 11,419                                                | 35,874                                                | 186,615                                                     |
| Interest received from investments                 | 4                                                    | 1                                              | 8                                                     | 33                                                    | 146                                                         |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(54)</b>                                          | <b>410</b>                                     | <b>2,327</b>                                          | <b>10,198</b>                                         | <b>5,535</b>                                                |
| Net Increase (decrease) in cash                    | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Cash at beginning of year                          | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| <b>Cash at end of period</b>                       | <b>\$ -</b>                                          | <b>\$ -</b>                                    | <b>\$ -</b>                                           | <b>\$ -</b>                                           | <b>\$ -</b>                                                 |

| State<br>Capital<br>Project<br>Bonds II<br>2015 A, B & C | State<br>Capital<br>Project<br>Bonds II<br>2017 A, B & C | State<br>Capital<br>Project<br>Bonds II<br>2018 A & B | State<br>Capital<br>Project<br>Bonds II<br>2019 A & B | State<br>Capital<br>Project<br>Bonds II<br>2020 A & B | State<br>Capital<br>Project<br>Bonds II<br>2021 A & B | Total<br>June 30,<br>2021 |
|----------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|---------------------------|
| \$ 10,300                                                | \$ 17,597                                                | \$ 5,111                                              | \$ 7,653                                              | \$ 2,934                                              | \$ -                                                  | \$ 60,244                 |
| 72,279                                                   | 64,218                                                   | 45,294                                                | 69,469                                                | 17,012                                                | -                                                     | 372,914                   |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | (22,996)                                                 | (21,998)                                              | (30,911)                                              | -                                                     | -                                                     | (105,903)                 |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | (75)                                                     | -                                                     | -                                                     | -                                                     | -                                                     | (75)                      |
| <b>82,579</b>                                            | <b>58,744</b>                                            | <b>28,407</b>                                         | <b>46,211</b>                                         | <b>19,946</b>                                         | <b>-</b>                                              | <b>327,180</b>            |
| -                                                        | -                                                        | -                                                     | -                                                     | 97,119                                                | 111,257                                               | 208,376                   |
| (12,845)                                                 | (5,690)                                                  | (1,168)                                               | (1,895)                                               | (345)                                                 | -                                                     | (49,756)                  |
| -                                                        | -                                                        | -                                                     | -                                                     | (96,665)                                              | -                                                     | (96,665)                  |
| -                                                        | -                                                        | -                                                     | -                                                     | (448)                                                 | (372)                                                 | (820)                     |
| (10,176)                                                 | (8,962)                                                  | (1,756)                                               | (2,970)                                               | (1,114)                                               | -                                                     | (38,555)                  |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| (46,000)                                                 | (47,063)                                                 | (19,000)                                              | (46,887)                                              | 10,381                                                | (107,512)                                             | (316,808)                 |
| <b>(69,021)</b>                                          | <b>(61,715)</b>                                          | <b>(21,924)</b>                                       | <b>(51,752)</b>                                       | <b>8,928</b>                                          | <b>3,373</b>                                          | <b>(294,228)</b>          |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | (6,477)                   |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | (1,115)                   |
| -                                                        | 3,303                                                    | -                                                     | -                                                     | -                                                     | -                                                     | 3,303                     |
| <b>-</b>                                                 | <b>3,303</b>                                             | <b>-</b>                                              | <b>-</b>                                              | <b>-</b>                                              | <b>-</b>                                              | <b>(4,289)</b>            |
| (201,561)                                                | (153,352)                                                | (78,555)                                              | (120,955)                                             | (107,645)                                             | (112,351)                                             | (1,003,107)               |
| 187,852                                                  | 152,864                                                  | 72,036                                                | 126,433                                               | 78,751                                                | 108,975                                               | 973,823                   |
| 151                                                      | 83                                                       | 36                                                    | 63                                                    | 20                                                    | 3                                                     | 548                       |
| <b>(13,558)</b>                                          | <b>(405)</b>                                             | <b>(6,483)</b>                                        | <b>5,541</b>                                          | <b>(28,874)</b>                                       | <b>(3,373)</b>                                        | <b>(28,736)</b>           |
| -                                                        | (73)                                                     | -                                                     | -                                                     | -                                                     | -                                                     | (73)                      |
| -                                                        | 189                                                      | -                                                     | -                                                     | -                                                     | -                                                     | 189                       |
| <b>\$ -</b>                                              | <b>\$ 116</b>                                            | <b>\$ -</b>                                           | <b>\$ -</b>                                           | <b>\$ -</b>                                           | <b>\$ -</b>                                           | <b>\$ 116</b>             |

**ALASKA HOUSING FINANCE CORPORATION**

(A Component Unit of the State of Alaska)

**STATEMENT OF CASH FLOWS****STATE CAPITAL PROJECT BONDS**

For the Year Ended June 30, 2021

(in thousands of dollars)

|                                                                           | State<br>Capital<br>Project<br>Bonds<br>2002 A, B, C | State<br>Capital<br>Project<br>Bonds<br>2011 A | State<br>Capital<br>Project<br>Bonds II<br>2012 A & B | State<br>Capital<br>Project<br>Bonds II<br>2013 A & B | State<br>Capital<br>Project<br>Bonds II<br>2014 A, B, C & D |
|---------------------------------------------------------------------------|------------------------------------------------------|------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|
| <b>RECONCILIATION</b>                                                     |                                                      |                                                |                                                       |                                                       |                                                             |
| <b>Operating Income (Loss) to Net Cash</b>                                |                                                      |                                                |                                                       |                                                       |                                                             |
| Operating income (loss)                                                   | \$ 50                                                | \$ 145                                         | \$ 910                                                | \$ 1,059                                              | \$ 2,913                                                    |
| <i>Adjustments:</i>                                                       |                                                      |                                                |                                                       |                                                       |                                                             |
| Depreciation expense                                                      | -                                                    | -                                              | -                                                     | -                                                     | -                                                           |
| Provision for loan loss                                                   | (44)                                                 | (45)                                           | (345)                                                 | (523)                                                 | (1,537)                                                     |
| Net change in the fair value of investments                               | 1                                                    | -                                              | 1                                                     | 5                                                     | 19                                                          |
| Interfund receipts (payments) for operations                              | 1,936                                                | (2,043)                                        | (7,521)                                               | (9,923)                                               | (15,525)                                                    |
| Interest received from investments                                        | (4)                                                  | (1)                                            | (8)                                                   | (33)                                                  | (146)                                                       |
| Interest paid on bonds and capital notes                                  | 1,188                                                | 76                                             | 779                                                   | 996                                                   | 11,653                                                      |
| <i>Change in assets, liabilities and deferred resources:</i>              |                                                      |                                                |                                                       |                                                       |                                                             |
| Net (increase) decrease in mortgages and loans                            | 4,337                                                | 4,473                                          | 34,108                                                | 51,758                                                | 152,188                                                     |
| Net increase (decrease) in assets, liabilities,<br>and deferred resources | (1,550)                                              | (2,185)                                        | (22,561)                                              | (31,331)                                              | (81,977)                                                    |
| <b>Net Operating Cash Receipts (Disbursements)</b>                        | <b>\$ 5,914</b>                                      | <b>\$ 420</b>                                  | <b>\$ 5,363</b>                                       | <b>\$ 12,008</b>                                      | <b>\$ 67,588</b>                                            |

See accompanying notes to the financial statements.

| State<br>Capital<br>Project<br>Bonds II<br>2015 A, B & C | State<br>Capital<br>Project<br>Bonds II<br>2017 A, B & C | State<br>Capital<br>Project<br>Bonds II<br>2018 A & B | State<br>Capital<br>Project<br>Bonds II<br>2019 A & B | State<br>Capital<br>Project<br>Bonds II<br>2020 A & B | State<br>Capital<br>Project<br>Bonds II<br>2021 A & B | Total<br>June 30,<br>2021 |
|----------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|---------------------------|
| \$ 2,637                                                 | \$ 12,511                                                | \$ 3,608                                              | \$ 5,441                                              | \$ 157                                                | \$ (1,552)                                            | \$ 27,879                 |
| -                                                        | -                                                        | -                                                     | -                                                     | -                                                     | -                                                     | -                         |
| (960)                                                    | (417)                                                    | (210)                                                 | (239)                                                 | 823                                                   | 1,109                                                 | (2,388)                   |
| 31                                                       | 9                                                        | 2                                                     | 14                                                    | 1                                                     | -                                                     | 83                        |
| 31,608                                                   | (35,719)                                                 | (14,969)                                              | (40,089)                                              | 21,160                                                | 7,710                                                 | (63,375)                  |
| (151)                                                    | (83)                                                     | (36)                                                  | (63)                                                  | (20)                                                  | (3)                                                   | (548)                     |
| 10,176                                                   | 8,962                                                    | 1,756                                                 | 2,970                                                 | 1,114                                                 | -                                                     | 39,670                    |
| 95,053                                                   | 38,008                                                   | 22,644                                                | 37,835                                                | (81,508)                                              | (109,785)                                             | 249,111                   |
| (55,815)                                                 | 35,473                                                   | 15,612                                                | 40,342                                                | 78,219                                                | 102,521                                               | 76,748                    |
| <b>\$ 82,579</b>                                         | <b>\$ 58,744</b>                                         | <b>\$ 28,407</b>                                      | <b>\$ 46,211</b>                                      | <b>\$ 19,946</b>                                      | <b>\$ -</b>                                           | <b>\$ 327,180</b>         |

**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, 2021

(in thousands of dollars)

|                                                    | Low Rent<br>Program | Market Rate<br>Rental Housing<br>Program | Home<br>Ownership<br>Fund | Senior<br>Housing<br>Revolving<br>Loan Fund | Other Funds<br>or Programs<br>Subtotal |
|----------------------------------------------------|---------------------|------------------------------------------|---------------------------|---------------------------------------------|----------------------------------------|
| <b>CASH FLOWS</b>                                  |                     |                                          |                           |                                             |                                        |
| <b>Operating Activities</b>                        |                     |                                          |                           |                                             |                                        |
| Interest income on mortgages and loans             | \$ -                | \$ -                                     | \$ 202                    | \$ 951                                      | \$ 1,153                               |
| Principal receipts on mortgages and loans          | -                   | -                                        | 2,890                     | 7,424                                       | 10,314                                 |
| Disbursements to fund mortgages and loans          | -                   | -                                        | -                         | -                                           | -                                      |
| Receipts (payments) for interfund loan transfers   | -                   | -                                        | 17                        | -                                           | 17                                     |
| Mortgage and loan proceeds receipts                | -                   | -                                        | -                         | -                                           | -                                      |
| Mortgage and loan proceeds paid to trust funds     | -                   | -                                        | -                         | -                                           | -                                      |
| Payroll-related disbursements                      | (7,931)             | (1,713)                                  | -                         | -                                           | (9,644)                                |
| Payments for goods and services                    | (11,487)            | (3,245)                                  | -                         | -                                           | (14,732)                               |
| Receipts from externally funded programs           | 10,595              | 2,398                                    | -                         | -                                           | 12,993                                 |
| Receipts from Federal HAP subsidies                | -                   | -                                        | -                         | -                                           | -                                      |
| Payments for Federal HAP subsidies                 | -                   | -                                        | -                         | -                                           | -                                      |
| Interfund receipts (payments)                      | 819                 | 983                                      | -                         | -                                           | 1,802                                  |
| Grant payments to other agencies                   | -                   | -                                        | -                         | -                                           | -                                      |
| Other operating cash receipts (payments)           | 8,023               | 2,314                                    | -                         | -                                           | 10,337                                 |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>19</b>           | <b>737</b>                               | <b>3,109</b>              | <b>8,375</b>                                | <b>12,240</b>                          |
| <b>Non-Capital Financing Activities</b>            |                     |                                          |                           |                                             |                                        |
| Proceeds from bond issuance                        | -                   | -                                        | -                         | -                                           | -                                      |
| Principal paid on bonds                            | -                   | -                                        | -                         | -                                           | -                                      |
| Payments to defease bonds                          | -                   | -                                        | -                         | -                                           | -                                      |
| Payment of bond issuance costs                     | -                   | -                                        | -                         | -                                           | -                                      |
| Interest paid on bonds                             | -                   | -                                        | -                         | -                                           | -                                      |
| Proceeds from short-term debt issuance             | -                   | -                                        | -                         | -                                           | -                                      |
| Payment of short term debt                         | -                   | -                                        | -                         | -                                           | -                                      |
| Contributions to State of Alaska or State agencies | -                   | -                                        | -                         | -                                           | -                                      |
| Transfers from (to) other funds                    | -                   | -                                        | (3,310)                   | (12,314)                                    | (15,624)                               |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>-</b>            | <b>-</b>                                 | <b>(3,310)</b>            | <b>(12,314)</b>                             | <b>(15,624)</b>                        |
| <b>Capital Financing Activities</b>                |                     |                                          |                           |                                             |                                        |
| Acquisition of capital assets                      | (281)               | -                                        | -                         | -                                           | (281)                                  |
| Proceeds from the disposal of capital assets       | 20                  | -                                        | -                         | -                                           | 20                                     |
| Principal paid on capital notes                    | -                   | -                                        | -                         | -                                           | -                                      |
| Interest paid on capital notes                     | -                   | -                                        | -                         | -                                           | -                                      |
| Proceeds from direct financing leases              | -                   | -                                        | -                         | -                                           | -                                      |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>(261)</b>        | <b>-</b>                                 | <b>-</b>                  | <b>-</b>                                    | <b>(261)</b>                           |
| <b>Investing Activities</b>                        |                     |                                          |                           |                                             |                                        |
| Purchase of investments                            | -                   | -                                        | (3,404)                   | (12,316)                                    | (15,720)                               |
| Proceeds from maturity of investments              | -                   | -                                        | 3,603                     | 16,248                                      | 19,851                                 |
| Interest received from investments                 | 23                  | 21                                       | 2                         | 9                                           | 55                                     |
| <b>Net Cash Receipts (Disbursements)</b>           | <b>23</b>           | <b>21</b>                                | <b>201</b>                | <b>3,941</b>                                | <b>4,186</b>                           |
| Net Increase (decrease) in cash                    | (219)               | 758                                      | -                         | 2                                           | 541                                    |
| Cash at beginning of year                          | 15,330              | 13,779                                   | -                         | 1                                           | 29,110                                 |
| <b>Cash at end of period</b>                       | <b>\$ 15,111</b>    | <b>\$ 14,537</b>                         | <b>\$ -</b>               | <b>\$ 3</b>                                 | <b>\$ 29,651</b>                       |

| Energy Programs | Section 8 Voucher Programs | Other Grants | COVID-19 Grants | Grant Programs Subtotal | Alaska Corporation for Affordable Housing | Total June 30, 2021 |
|-----------------|----------------------------|--------------|-----------------|-------------------------|-------------------------------------------|---------------------|
| \$ -            | \$ -                       | \$ -         | \$ -            | \$ -                    | \$ -                                      | \$ 1,153            |
| -               | -                          | -            | -               | -                       | -                                         | 10,314              |
| -               | -                          | -            | -               | -                       | -                                         | -                   |
| -               | -                          | -            | -               | -                       | -                                         | 17                  |
| -               | -                          | -            | -               | -                       | -                                         | -                   |
| -               | -                          | -            | -               | -                       | -                                         | -                   |
| (189)           | (4,134)                    | (858)        | (65)            | (5,246)                 | (274)                                     | (15,164)            |
| (364)           | (379)                      | (619)        | (1,253)         | (2,615)                 | (110)                                     | (17,457)            |
| 6,270           | 5,556                      | 14,089       | -               | 25,915                  | -                                         | 38,908              |
| -               | 33,811                     | -            | -               | 33,811                  | -                                         | 33,811              |
| -               | (34,762)                   | -            | -               | (34,762)                | -                                         | (34,762)            |
| 552             | (951)                      | 10,183       | 121,275         | 131,059                 | 794                                       | 133,655             |
| (6,269)         | (929)                      | (24,454)     | (94,580)        | (126,232)               | -                                         | (126,232)           |
| -               | -                          | 1,659        | -               | 1,659                   | 40                                        | 12,036              |
| -               | (1,788)                    | -            | 25,377          | 23,589                  | 450                                       | 36,279              |
| -               | -                          | -            | -               | -                       | -                                         | -                   |
| -               | -                          | -            | -               | -                       | -                                         | -                   |
| -               | -                          | -            | -               | -                       | -                                         | -                   |
| -               | -                          | -            | -               | -                       | -                                         | -                   |
| -               | -                          | -            | -               | -                       | -                                         | -                   |
| -               | -                          | -            | -               | -                       | -                                         | -                   |
| -               | -                          | -            | -               | -                       | -                                         | -                   |
| -               | -                          | -            | -               | -                       | -                                         | (15,624)            |
| -               | -                          | -            | -               | -                       | -                                         | (15,624)            |
| -               | -                          | -            | -               | -                       | -                                         | (281)               |
| -               | -                          | -            | -               | -                       | -                                         | 20                  |
| -               | -                          | -            | -               | -                       | -                                         | -                   |
| -               | -                          | -            | -               | -                       | -                                         | -                   |
| -               | -                          | -            | -               | -                       | -                                         | -                   |
| -               | -                          | -            | -               | -                       | -                                         | (261)               |
| -               | -                          | -            | -               | -                       | -                                         | (15,720)            |
| -               | -                          | -            | -               | -                       | -                                         | 19,851              |
| 1               | 4                          | -            | 5               | 10                      | 10                                        | 75                  |
| 1               | 4                          | -            | 5               | 10                      | 10                                        | 4,206               |
| 1               | (1,784)                    | -            | 25,382          | 23,599                  | 460                                       | 24,600              |
| 978             | 7,254                      | 3            | -               | 8,235                   | 8,200                                     | 45,545              |
| \$ 979          | \$ 5,470                   | \$ 3         | \$ 25,382       | \$ 31,834               | \$ 8,660                                  | \$ 70,145           |

**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, 2021

(in thousands of dollars)

|                                                                           | Low Rent<br>Program | Market Rate<br>Rental Housing<br>Program | Home<br>Ownership<br>Fund | Senior<br>Housing<br>Revolving<br>Loan Fund | Other Funds<br>or Programs<br>Subtotal |
|---------------------------------------------------------------------------|---------------------|------------------------------------------|---------------------------|---------------------------------------------|----------------------------------------|
| <b>RECONCILIATION</b>                                                     |                     |                                          |                           |                                             |                                        |
| <b>Operating Income (Loss) to Net Cash</b>                                |                     |                                          |                           |                                             |                                        |
| Operating income (loss)                                                   | \$ (6,471)          | \$ (896)                                 | \$ 185                    | \$ 851                                      | \$ (6,331)                             |
| <i>Adjustments:</i>                                                       |                     |                                          |                           |                                             |                                        |
| Depreciation expense                                                      | 4,192               | 1,207                                    | -                         | -                                           | 5,399                                  |
| Provision for loan loss                                                   | -                   | -                                        | 4                         | 43                                          | 47                                     |
| Net change in the fair value of investments                               | -                   | -                                        | -                         | -                                           | -                                      |
| Interfund receipts (payments) for operations                              | 2,047               | 466                                      | 21                        | (164)                                       | 2,370                                  |
| Interest received from investments                                        | (23)                | (21)                                     | (2)                       | (9)                                         | (55)                                   |
| Interest paid on bonds and capital notes                                  | -                   | -                                        | -                         | -                                           | -                                      |
| <i>Change in assets, liabilities and deferred resources:</i>              |                     |                                          |                           |                                             |                                        |
| Net (increase) decrease in mortgages and loans                            | -                   | -                                        | (441)                     | (4,240)                                     | (4,681)                                |
| Net increase (decrease) in assets, liabilities,<br>and deferred resources | 274                 | (19)                                     | 3,342                     | 11,894                                      | 15,491                                 |
| <b>Net Operating Cash Receipts (Disbursements)</b>                        | <b>\$ 19</b>        | <b>\$ 737</b>                            | <b>\$ 3,109</b>           | <b>\$ 8,375</b>                             | <b>\$ 12,240</b>                       |

See accompanying notes to the financial statements.

| Energy<br>Programs | Section 8<br>Voucher<br>Programs | Other<br>Grants | COVID-19<br>Grants | Grant<br>Programs<br>Subtotal | Alaska<br>Corporation<br>for Affordable<br>Housing | Total<br>June 30,<br>2021 |
|--------------------|----------------------------------|-----------------|--------------------|-------------------------------|----------------------------------------------------|---------------------------|
| \$ (2,069)         | \$ (277)                         | \$ (12,595)     | \$ 5               | \$ (14,936)                   | \$ (8)                                             | \$ (21,275)               |
| -                  | 15                               | -               | -                  | 15                            | -                                                  | 5,414                     |
| -                  | -                                | 29              | -                  | 29                            | 11                                                 | 87                        |
| -                  | -                                | -               | -                  | -                             | -                                                  | -                         |
| 2,070              | 285                              | 12,426          | -                  | 14,781                        | 618                                                | 17,769                    |
| (1)                | (4)                              | -               | (5)                | (10)                          | (10)                                               | (75)                      |
| -                  | -                                | -               | -                  | -                             | -                                                  | -                         |
| -                  | -                                | 29              | -                  | 29                            | (128)                                              | (4,780)                   |
| -                  | (1,807)                          | 111             | 25,377             | 23,681                        | (33)                                               | 39,139                    |
| <b>\$ -</b>        | <b>\$ (1,788)</b>                | <b>\$ -</b>     | <b>\$ 25,377</b>   | <b>\$ 23,589</b>              | <b>\$ 450</b>                                      | <b>\$ 36,279</b>          |

### Five Year Financial Information

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

|                                             | 2021                | 2020                | June 30,<br>2019    | 2018                | 2017                |
|---------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Assets</b>                               |                     |                     |                     |                     |                     |
| Cash                                        | \$ 108,769          | \$ 73,772           | \$ 74,259           | \$ 69,609           | \$ 66,343           |
| Investments                                 | 1,033,065           | 871,387             | 562,671             | 596,133             | 618,544             |
| Accrued interest receivable                 | 14,850              | 16,183              | 15,831              | 14,115              | 12,771              |
| Mortgage loans, notes and other loans       | 2,995,561           | 3,256,290           | 3,342,961           | 3,132,437           | 2,910,332           |
| Net investment in direct financing lease    | 20,287              | 22,468              | 24,780              | 27,003              | 29,142              |
| Capital assets, net                         | 81,177              | 87,061              | 94,036              | 100,472             | 106,762             |
| Other assets                                | 38,510              | 21,455              | 21,255              | 28,684              | 23,171              |
| <b>Total Assets</b>                         | <b>4,292,219</b>    | <b>4,348,616</b>    | <b>4,135,793</b>    | <b>3,968,453</b>    | <b>3,767,065</b>    |
| <b>Deferred Outflow of Resources</b>        | <b>210,255</b>      | <b>261,327</b>      | <b>186,739</b>      | <b>133,107</b>      | <b>172,676</b>      |
| <b>Liabilities</b>                          |                     |                     |                     |                     |                     |
| Bonds and notes payable                     | 2,366,206           | 2,572,813           | 2,461,125           | 2,328,487           | 2,124,637           |
| Short term debt                             | 130,697             | 115,366             | 49,469              | 53,269              | 82,526              |
| Accrued interest payable                    | 6,681               | 7,257               | 8,388               | 9,984               | 9,622               |
| Other liabilities                           | 211,197             | 70,401              | 70,059              | 58,868              | 63,894              |
| Derivative instrument - interest rate swaps | 168,250             | 234,281             | 158,349             | 104,674             | 144,903             |
| <b>Total Liabilities</b>                    | <b>2,883,031</b>    | <b>3,000,118</b>    | <b>2,747,390</b>    | <b>2,555,282</b>    | <b>2,425,582</b>    |
| <b>Deferred Inflow of Resources</b>         | <b>3,512</b>        | <b>2,861</b>        | <b>3,719</b>        | <b>7,582</b>        | <b>531</b>          |
| <b>Total Net Position</b>                   | <b>\$ 1,615,931</b> | <b>\$ 1,606,964</b> | <b>\$ 1,571,423</b> | <b>\$ 1,538,696</b> | <b>\$ 1,513,628</b> |
| <b>Operating Revenues</b>                   |                     |                     |                     |                     |                     |
| Mortgage and loans revenue                  | \$ 132,258          | \$ 147,068          | \$ 146,042          | \$ 135,055          | \$ 130,538          |
| Investment interest                         | 5,669               | 13,031              | 17,404              | 6,273               | 4,727               |
| Net change in fair value of investments     | (2,158)             | 1,922               | (838)               | 2,967               | 1,899               |
| Net change of hedge termination             | 579                 | (177)               | (278)               | 760                 | 1,028               |
| Total Investment Revenue                    | 4,090               | 14,776              | 16,288              | 10,000              | 7,654               |
| Externally funded programs                  | 154,023             | 76,113              | 77,143              | 86,844              | 96,081              |
| Rental                                      | 11,219              | 11,512              | 11,926              | 11,305              | 11,155              |
| Other                                       | 4,490               | 1,607               | 4,634               | 3,076               | 4,051               |
| <b>Total Operating Revenues</b>             | <b>306,080</b>      | <b>251,076</b>      | <b>256,033</b>      | <b>246,280</b>      | <b>249,479</b>      |
| <b>Operating Expenses</b>                   |                     |                     |                     |                     |                     |
| Interest                                    | 70,987              | 81,137              | 76,831              | 71,246              | 69,890              |
| Mortgage and loan costs                     | 11,342              | 14,763              | 12,034              | 11,452              | 10,843              |
| Operations and administration               | 50,360              | 40,958              | 44,781              | 46,127              | 56,867              |
| Financing expenses                          | 6,033               | 5,163               | 6,054               | 5,027               | 4,512               |
| Provision for loan loss                     | (2,761)             | (6,639)             | (5,740)             | (4,560)             | (5,584)             |
| Housing grants and subsidies                | 143,129             | 63,800              | 72,198              | 68,314              | 84,310              |
| Rental housing operating expenses           | 17,012              | 16,353              | 15,042              | 15,091              | 14,296              |
| <b>Total Operating Expenses</b>             | <b>296,102</b>      | <b>215,535</b>      | <b>221,200</b>      | <b>212,697</b>      | <b>235,134</b>      |
| <b>Operating Income (Loss)</b>              | <b>9,978</b>        | <b>35,541</b>       | <b>34,833</b>       | <b>33,583</b>       | <b>14,345</b>       |
| <b>Non-Operating &amp; Special Item</b>     |                     |                     |                     |                     |                     |
| Contribution to State or State agency       | (1,011)             | -                   | (2,106)             | (125)               | (250)               |
| <b>Change in Net Position</b>               | <b>\$ 8,967</b>     | <b>\$ 35,541</b>    | <b>\$ 32,727</b>    | <b>\$ 33,458</b>    | <b>\$ 14,095</b>    |

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**FORM OF OPINION OF BOND COUNSEL**

Alaska Housing Finance Corporation  
4300 Boniface Parkway  
Anchorage, Alaska 99504

Ladies and Gentlemen:

We have examined the Constitution and laws of the State of Alaska (the “State”) and a record of proceedings relating to the issuance of \$39,065,000 aggregate principal amount of General Mortgage Revenue Bonds II, 2022 Series A (the “2022 Series A Bonds”) and \$83,730,000 aggregate principal amount of General Mortgage Revenue Bonds II, 2022 Series B (the “2022 Series B Bonds” and, together with the 2022 Series A Bonds, the “Bonds”) of the Alaska Housing Finance Corporation (the “Corporation”), a public corporation and government instrumentality of the State created by and existing under Alaska Statutes 18.55 and 18.56, as amended (the “Act”). The 2020 Series B Bonds consist of \$27,615,000 aggregate principal amount of the Corporation’s General Mortgage Revenue Bonds II, 2022 Series B-1 and \$56,115,000 aggregate principal amount of the Corporation’s General Mortgage Revenue Bonds II, 2022 Series B-2.

In such examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

The Bonds are authorized and issued pursuant to the Act and a resolution of the Corporation adopted October 20, 2021, and are issued pursuant to the Indenture by and between the Corporation and U.S. Bank National Association, as trustee (the “Trustee”), dated as of July 1, 2012, and the 2022 Series A Supplemental Indenture by and between the Corporation and the Trustee, dated as of January 1, 2022, and the 2022 Series B Supplemental Indenture by and between the Corporation and the Trustee, dated as of January 1, 2022, executed pursuant to said Indenture (together, the “Indenture”).

The Bonds mature and are subject to redemption as provided in the Indenture.

Capitalized terms used herein and not defined herein are used as defined in the Indenture.

Applicable federal tax law establishes certain requirements that must be met subsequent to the issuance of the Bonds in order for interest on the Bonds not to be included in gross income for federal income tax purposes, under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). The Corporation has covenanted that it will comply with such requirements and that it will do all things permitted by law and necessary or desirable to ensure that interest on the Bonds will be, and remain, not included in gross income for federal income tax purposes, under Section 103 of the Code. We have examined the program documentation adopted by the Corporation, which, in our opinion, establishes procedures and covenants under which, if followed, such requirements can be met. In rendering this opinion, we have assumed compliance with, and enforcement of, the provisions of such program procedures and covenants.

As to any facts material to our opinion, we have relied upon, and assumed compliance with, various statements, representations and covenants of officers and other representatives of the Corporation including without limitation those contained in the Indenture, the Corporation’s Tax Regulatory Agreement and No Arbitrage Certificate as to matters affecting the tax-exempt status of the Bonds, the

Corporation's Regulations and Program Materials and the certified proceedings and other certifications of public officials and certifications by officers of the Corporation furnished to us (which are material to the opinion expressed below) without undertaking to verify the same by independent investigation.

Subject to the foregoing, we are of the opinion that:

1. Under the Constitution and laws of the State of Alaska (the "State"), the Corporation has been duly created, organized, and validly exists as a public corporation and government instrumentality in good standing under the laws of the State, performing an essential public function with full corporate power and authority under the Act, among other things, to enter into, and to perform its obligations under the terms and conditions of, the Indenture.

2. The Indenture has been duly authorized, executed and delivered, is in full force and effect, and is valid and binding upon the Corporation and enforceable in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditors' rights generally from time to time in effect).

3. The Bonds have been duly and validly authorized, sold and issued by the Corporation in accordance with the Indenture and Constitution and laws of the State, including the Act and, pursuant to the Act, are issued by a public corporation and government instrumentality of the State for an essential public and governmental purpose.

4. Subject to agreements heretofore or hereafter made with the holders of any notes or other bonds of the Corporation pledging any particular revenues or assets not pledged under the Indenture and the exclusion by the Act of a pledge of funds in the Housing Development Fund (as described in the Act), the Bonds are valid and legally binding general obligations of the Corporation for the payment of which, in accordance with their terms, the full faith and credit of the Corporation have been legally and validly pledged, are enforceable in accordance with their terms and the terms of the Indenture and are entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Indenture.

5. The Bonds are secured by a pledge in the manner and to the extent set forth in the Indenture. The Indenture creates a valid pledge of a lien on all funds established by the Indenture and moneys and securities therein which the Indenture purports to create, to the extent and on the terms provided therein.

6. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes.

7. Interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax imposed under the Code.

8. Under existing laws, interest on the Bonds is free from taxation of every kind by the State, and by municipalities and all other political subdivisions of the State (except that no opinion is expressed as to such exemption from State estate and inheritance taxes and taxes of transfers by or in anticipation of death).

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

Very truly yours,

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the Alaska Housing Finance Corporation (the “Corporation”) in connection with the issuance of \$39,065,000 aggregate principal amount of its General Mortgage Revenue Bonds II, 2022 Series A and \$83,730,000 aggregate principal amount of its General Mortgage Revenue Bonds II, 2022 Series B (collectively, the “Subject Bonds”). The Subject Bonds are being issued pursuant to an Indenture by and between the Corporation and U.S. Bank National Association, as trustee (the “Trustee”), dated as of July 1, 2012, a 2022 Series A Supplemental Indenture, dated as of January 1, 2022, by and between the Corporation and the Trustee, and a 2022 Series B Supplemental Indenture, dated as of January 1, 2022, by and between the Corporation and the Trustee (collectively, the “Indenture”). The Corporation covenants and agrees with the registered owners and the beneficial owners of the Subject Bonds as follows:

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

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

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

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

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

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

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

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

“Official Statement” shall mean the Corporation’s final Official Statement with respect to the Subject Bonds, dated December 2, 2021.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports. The Corporation shall provide to the MSRB an Annual Report for the preceding Fiscal Year (commencing with the Fiscal Year ending June 30, 2022)

which is consistent with the requirements of Section 4 of this Certificate. The Annual Report shall be provided not later than 180 days after the Fiscal Year to which it relates. The Annual Report may be submitted as a single document or as separate documents constituting a package, and may cross-reference other information as provided in Section 4 of this Certificate; provided that the audited financial statements of the Corporation may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report if not available by that date. The Corporation shall, in a timely manner, file notice with the MSRB of any failure to file an Annual Report by the date specified in this Section 3. Such notice shall be in the form attached as Exhibit A to this Certificate, subject to Section 9 of this Certificate.

SECTION 4. Content of Annual Reports. The Corporation's Annual Report shall include (i) the Corporation's audited financial statements for the Fiscal Year ended on the previous June 30, prepared in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board, if available, or unaudited financial statements for such Fiscal Year, (ii) an update of the financial information and operating data contained in the Official Statement under the caption "The Corporation," (iii) financial information regarding the Mortgage Loans of the same type as provided in the Official Statement under the caption "Acquired Obligations — Mortgage Loans," (iv) the amount and type of the investments (and cash) in the accounts and subaccounts established in the Indenture, (v) the amount and type of investments in the Debt Service Reserve Fund and the Special Reserve Fund, (vi) the outstanding principal balances of each maturity of Subject Bonds and the sinking fund installment amounts as applicable, and (vii) financial information and operating data with respect to any other series of Bonds.

If not provided as part of the Annual Report by the date required (as described above under "Provision of Annual Reports"), the Corporation shall provide audited financial statements, when and if available, to the MSRB.

Any or all of the items listed above may be incorporated by specific reference to other documents (i) available to the public on the MSRB Internet Web Site or (ii) filed with the SEC.

SECTION 5. Reporting of Significant Events.

This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies on the Subject Bonds or any other bonds of the Corporation;
2. Non-payment related defaults under the Indenture and any Supplemental Indenture, if material;
3. Unscheduled draws on debt service reserve reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Subject Bonds, or other material events affecting the tax status of the Subject Bonds;

7. Modifications to rights of Subject Bondholders, if material;
8. Subject Bond calls, if material, and tender offers;
9. Defeasances of Subject Bonds;
10. Release, substitution or sale of property securing repayment of the Subject Bonds, if material;
11. Rating changes for the Subject Bonds;
12. Bankruptcy, insolvency, receivership or similar event<sup>†</sup> of the Corporation;
13. The consummation of a merger, consolidation, or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Corporation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Corporation, any of which affect Bondholders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Corporation, any of which reflect financial difficulties.

Upon the occurrence of a Listed Event, the Corporation shall file a notice of such occurrence with the MSRB and the Trustee in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event. Each notice of a Listed Event hereunder shall indicate that it is a notice of a Listed Event.

SECTION 6. Termination of Reporting Obligation. The Corporation's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Subject Bonds.

SECTION 7. Dissemination Agent. The Corporation may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Corporation under this Certificate, and revoke or modify any such designation.

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<sup>†</sup> Note to Paragraph 12: For the purposes of the event identified in Paragraph 12 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Corporation in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Corporation, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Corporation.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Certificate, the Corporation may amend this Certificate if the following conditions are met:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof or a change in the identity, nature or status of the Corporation or the type of business conducted thereby;

(b) The Certificate, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Subject Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of the beneficial owners of the Subject Bonds as determined either by a party unaffiliated with the Corporation (such as Bond Counsel) or by approving vote of the registered owners of a majority in principal amount of the Subject Bonds pursuant to the terms of the Indenture.

The Corporation shall deliver a copy of any such amendment to the MSRB.

To the extent any amendment to this Certificate results in a change in the type of financial information or operating data provided pursuant to this Certificate, the first annual financial information provided thereafter will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 9. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 10. Default. *Except* as described in this paragraph, the provisions of this Certificate will create no rights in any other person or entity. The obligation of the Corporation to comply with the provisions of this Certificate are enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data, and notices, by any beneficial owner of Outstanding Subject Bonds, or by the Trustee on behalf of the registered owners of Outstanding Subject Bonds, or (ii) in the case of challenges to the adequacy of the financial statements, financial information, and operating data so provided, by the Trustee on behalf of the registered owners of Outstanding Subject Bonds; *provided, however*, that the Trustee shall not be required to take any enforcement action *except* at the direction of the registered owners of not less than 25% in aggregate principal amount of the Subject Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. A default under this Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Certificate in the event of any failure of the Corporation or the Trustee to comply with this Certificate shall be an action to compel performance.

SECTION 11. Governing Law. This Certificate shall be construed and interpreted in accordance with the laws of the State of Alaska, and any suits and actions arising out of this Certificate shall be instituted in a court of competent jurisdiction in the State, *provided* that, to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Corporation, and the registered owners and beneficial owners from time to time of the Subject Bonds, and shall create no rights in any other person or entity.

Date: January 12, 2022

ALASKA HOUSING FINANCE CORPORATION

By: \_\_\_\_\_

**Exhibit A**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Alaska Housing Finance Corporation (the "Corporation")

Name of Bond Issue: \$122,795,000 General Mortgage Revenue Bonds II, 2022 Series A and  
2022 Series B

Date of Issuance: January 12, 2022

NOTICE IS HEREBY GIVEN that the Corporation has not provided an Annual Report with respect to the above-named bond issue as required by the certificate of the Corporation.

Dated: \_\_\_\_\_

ALASKA HOUSING FINANCE CORPORATION

By: \_\_\_\_\_



