meet the board & ceo

Alaska Housing FINANCE CORPORATION

AHFC's Mission:

To provide Alaskans access to safe, quality, affordable housing.
Alaska Housing Finance Corporation (AHFC) is a self-supporting public corporation with offices in 16 communities throughout Alaska. It provides statewide financing for multi-family complexes, congregate facilities, and single-family homes, with special loan programs for low- and moderate-income borrowers, veterans, teachers, nurses, and those living in rural areas of the state. It also provides energy and weatherization programs, low-income rental housing in 17 communities, and special programs for the homeless and those seeking to become self-sufficient. AHFC contributes more than $100 million annually to Alaska's State budget revenues through cash transfers, capital projects and debt-service payments.

Meet the AHFC Board of Directors and CEO

AHFC's seven-member board of directors is comprised of the commissioners of the Departments of Revenue, Community and Economic Development, and Health and Social Services, as well as four members from the general public appointed by the governor to serve two-year terms.

Franklin C. Roppel, Chair

Franklin Roppel was appointed to the board in July 2003 as a representative with senior or low-income housing expertise. He previously served on the Alaska State Housing Authority board from 1974-1977 and the AHFC board from 1975-1987. Roppel retired from Alaska Pulp Corporation in 2001 and previously worked for Sealaska Timber Corporation.

907-874-2627
froppel@yahoo.com

Michael Cook, Vice-Chair

Michael Cook was appointed to the board in September 1996 as a representative with finance or real estate expertise. He is a CPA from Fairbanks who has worked for private and Native corporations, as well as state agencies and municipalities. Cook served as chairman of the State Board of Public Accountancy under several governors. He serves as chair of the board's audit committee and the investment advisory committee.

907-456-7762
mike@ch-cpa.com

meet the board & ceo

Marty Shuravloff

Marty Shuravloff was appointed to the board in February 2000 as a rural resident or representative with experience with a regional housing authority. He is currently the executive director of the Kodiak Island Housing Authority. Shuravloff serves on the board's budget/housing policy and audit committees.

907-486-8111
marty@kiha.org

Jan Sieberts

Jan Sieberts was appointed to the board in July 2003 as a representative with expertise in energy-efficient home building or weatherization. He is the Alaska manager for Washington Capital Management, Inc., and spent a majority of his career as the senior officer of National Bank of Alaska in real estate development.

907-272-5022
jansieberts@gci.net

The Honorable William A. Corbus, Commissioner
Department of Revenue

Commissioner Corbus was appointed to the board in December 2002. He served as a Lt. J.G. in the U.S. Naval Reserve, including one year as an advisor to the Vietnamese Navy. He worked for Stone & Webster in New York City, providing public utility security analysis, financial planning, and accounting. He joined Alaska Electric Light & Power as assistant manager, becoming general manager and later president of the company. Corbus appointed Tomas H. Boutin, deputy commissioner, as his designee to the board. Boutin serves on the board's audit and investment advisory committees.

907-465-4880
tom_boutin@revenue.state.ak.us

The Honorable Edgar Blatchford, Commissioner
Department of Community and Economic Development

Commissioner Blatchford was appointed to the board in January 2003. The former Mayor of Seward, Alaska, Blatchford was Commissioner of the Department of Community & Regional Affairs under the Hickel Administration and served on the AHFC board of directors from 1992-1994.

907-269-8112
edgar_blatchford@dced.state.ak.us

The Honorable Joel Gilbertson, Commissioner
Department of Health and Social Services

Commissioner Gilbertson was appointed to the board in December 2002. He has worked in a variety of positions related to health care and welfare systems, focusing on the efficient delivery of services and expanding access to underserved communities. Most recently, he served as legislative director and counsel on Sen. Frank Murkowski's U.S. Senate staff, managing policy on a variety of issues, including Medicaid, the State Children's Health Insurance Program (SCHIP, also known in Alaska as "Denali KidCare"), Medicare, Social Security and welfare reform.

Commissioner Gilbertson appointed Janet Clarke, Director Division of Administrative Services, as his designee to the board. Clarke serves on the board's budget/housing policy and personnel committees.

907-465-1630
janet_clarke@health.state.ak.us

Daniel R. Fauske, CEO/Executive Director

Daniel R. Fauske began his career as CEO/Executive Director of AHFC on March 1, 1995, a term that far surpasses any previous CEO of the corporation. He has served on the Governor's Jobs Cabinet, Rural Sanitation Committee, Fannie Mae's National Housing Impact Advisory Council, and as a presidential appointee to the Millennial Housing Commission. Fauske previously worked for the North Slope Borough, serving as the Borough's Chief Financial Officer and Chief Administrative Officer.

907-330-8452
dfauske@ahfc.state.ak.us

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Alaskans Overwhelmingly Approve Veterans Mortgage Program Bonds

Alaskans passed a $500 million bonding proposition by more than 70 percent in November 2002 to continue AHFC's Veterans Mortgage Program. The program uses funds raised by bond sales to finance low-interest loans for qualifying veterans. Because the interest payments generated by the loans are used to service the bond debt, AHFC can provide the program at no cost to the State of Alaska. Since the program began in 1983, AHFC has issued more than $2.1 billion in bonds to fund the program. The authority to issue these bonds requires voter approval.

Last year, AHFC helped 177 qualified veterans obtain home loans under the Veterans Mortgage Program. Nearly 9,500 qualified Alaskan veterans have achieved home ownership since the program began. Alaska is one of only five states to provide this financing to our nation's veterans. The other states with similar programs are California, Oregon, Wisconsin and Texas.

PROGRAM QUALIFICATIONS

To be eligible, a veteran must have entered active duty service prior to January 1, 1977, and been honorably discharged no more than 30 years prior to the loan-commitment date. On June 30, 2003, U.S. Sen. Lisa Murkowski announced that she has introduced legislation to update the 1982 law and remove the restriction that limits eligible veterans to those who began active duty more than 25 years ago.

If this legislation passes Congress, along with the bond authorization approved by Alaskan voters in November, AHFC could offer the program to thousands more of Alaska's veterans.

SUCCESS STORY

Darryl and Karen Jenkins purchased their home through the Veterans Mortgage Program.

"While serving this great country in the US Army, I have experienced the opportunities to fight to keep our liberty, our life, with the conquering of the American Dream. Soldiers across the world have fought for that same right. Home ownership has been a dream come true for my family and me."

Housing Expanded for Teachers, Nurses, and Other Health Care Professionals

Teachers and Nurses Housing Loan Program
A program designed to help attract and retain teachers and nurses in rural Alaska was authorized by the 2003 Alaska Legislature and signed into law by Governor Murkowski on June 18. Under the legislation, AHFC implemented a new homeownership option on August 20, 2003, that provides 100 percent financing for home loans to full-time teachers and nurses. Qualified applicants may use any of AHFC's loan programs to purchase owner-occupied, single-family housing without a down payment.

The bill also allows regional education areas to apply for AHFC's multi-family lending programs when building or purchasing housing for teachers.

The provision to extend the measure to nurses was added in the House of Represenatives. Rep. Peggy Wilson (R-Wrangell), speaking in support of the bill, said, "There is a huge gap in both [teachers and nurses]. We have vacancies at this time that we can't fill because we just don't have them in the state. So this is just another recruitment and retention tool that we can use in our toolbox."

PROGRAM QUALIFICATIONS
The new statutes limit eligible borrowers to individuals employed full-time as education professionals in a public elementary or secondary school as teachers, counselors, principals, vice or assistant principals, and providers of special education or related services, and who are certified under AS 14.20; and registered nurses who are licensed to practice registered nursing under AS 08.68.230(a).

Teacher and Health Professional Housing Grant Program
Attracting and maintaining a pool of qualified teachers and health professionals in rural Alaska is a goal of the State of Alaska. The 2003 Alaska Legislature authorized AHFC to develop a grant program to respond to the need for additional housing for these professionals and their families. The initial $2.15 million in grants under the Teacher and Health Professional Housing Grant Program was held in the fall of 2003. The grants are expected to generate new construction, rehabilitation, or acquisition of housing for teachers and health professionals in rural Alaska by helping fill the funding gap.

PROGRAM QUALIFICATIONS
The application deadline for this first round of funding was November 7, 2003. AHFC anticipates requesting approval from the 2004 legislature to expend additional funds for this program.

Grant applicants inexperienced in developing housing are encouraged to form partnerships with more experienced non-profit or for-profit developers.

Alaska Housing FINANCE CORPORATION

TEACHER HOUSING

Eligible grant applicants for teacher housing:
School districts, including regional attendance area school districts (REAA)
501(c)(3) or (4) non-profit corporations
Municipalities
Regional housing authorities

If the project is not sponsored by a school district, a letter from the superintendent of the school district and a resolution from the local governing body, which demonstrate support for the project, must also accompany the application.

HEALTH PROFESSIONALS HOUSING

Eligible grant applicants for health professional housing:
501(c)(3) or (4) non-profit corporations
Regional health corporations
Municipalities
Regional housing authorities

Loan Commitments Surpass $1 Billion (Historical Low Interest Rates Spark Refinances)

AHFC's loan activity topped a record $1 billion in FY03. Interest rates averaging 5.05 percent to 5.91 percent fueled Alaska's mortgage-loan refinances and first-time-homebuyer purchases. AHFC received home-loan applications totaling $1,183,370,709 during FY03; its commitments of $1,069,524,258 were up 80 percent over the previous year.

Of the 6,029 mortgage loans financed by AHFC from July 1, 2002, through June 30, 2003, more than 1,800 borrowers used AHFC's streamline refinance program to lower their interest rate. Some chose to increase their monthly payments by refinancing from a 30-year to a 15-year loan, producing an even lower interest rate and increasing overall savings to the borrower. However, the majority of borrowers of the $277 million in refinancing activity reduced their average payment from $998 to $861. A comparison of the interest rate and term of the original loan with the new loan terms results in average interest savings of $89,000, with total savings of $176 million for all refinanced loans.

First-time homebuyers borrowed nearly $300 million to purchase 2,108 homes. The 807 borrowers under the tax-exempt program, with its income and acquisition-cost restrictions, borrowed an average $105,907, while 1,301 homebuyers used AHFC's taxable first-time homebuyer program without restrictions to purchase homes with average loans of $162,571.

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Alaska Housing FINANCE CORPORATION

S & P Raises AHFC Issuer Credit Rating to 'AA' with Stable Outlook

An upgrade by a national bond rating agency will allow AHFC to provide lower mortgage interest rates to Alaskans. Standard & Poor's (S&P) rating agency upgraded AHFC's issuer credit rating to 'AA' with a stable outlook. For several years, S&P had been concerned with legislative appropriations, preventing upgrades in the past. HB 256, which passed by the 2003 legislature and was signed into law by Gov. Murkowski, alleviated those concerns and allowed AHFC to be rated based more upon its financial strength.

S&P said the upgrade is "based on passage by the Alaska state legislature of a dividend plan that helps protect the corporation's equity reserves from further state appropriations. The outlook is stable."

According to S&P, the corporation's credit quality reflects the following strengths:

- The general creditworthiness of the State of Alaska ("AA" GO bond rating);
- A large and liquid asset base capable of producing strong returns and of absorbing a significant amount of mortgage loan losses;
- Strong management; and
- An ongoing ability to meet its legislative mandate.

Credit weaknesses include:

- A highly concentrated Alaskan economy, centered around the oil industry;
- The potential for significant balance sheet growth and resulting dilution of equity reserves;
- A high-risk mortgage loan portfolio; and
- A GO pledge to all debt obligations, many of which mature beyond current forecasts of significant oil production and revenues to the state.

S&P said that the corporation's success in meeting its statewide housing mission, as well as financially assisting the state with some of its capital needs, has strengthened legislative relations during the past several years. Standard & Poor's views AHFC's strong management team and the state's improving economy as playing key roles in these accomplishments.

In 1998, the Alaska State Legislature authorized a plan for AHFC to assist the state with its operating and capital needs through cash transfers, capital budgets, and issuance of GO state capital project bonds totaling $720 million through fiscal 2006. House Bill 281 extended the 1998 plan through 2008 and authorized an additional $77 million of state capital project bonds. On July 1, 2003, House Bill 256, which authorized a dividend plan (2003 dividend plan) was adopted by the state legislature. The 2003 dividend plan replaced asset-transfer language in the 1998 plan and credits AHFC with issuance and payment on state capital project bonds and funding a capital budget. The 2003 dividend plan obligates the corporation to transfer to the state the lesser of 75 percent of net income or $103 million beginning in fiscal 2009; prior to fiscal 2009, the corporation will transfer $103 million each fiscal year through fiscal 2006, followed by the lesser of $103 million, or 95 percent of net income (fiscal 2007), and 85 percent of net income (fiscal 2008).

S&P said the 2003 dividend plan seemingly protects the corporation's current level of equity reserves from further state appropriations over the longer term, despite the equity dilution risk resulting from the potential, significant expansion of mortgage lending programs or asset quality erosion. The state has a good track record in honoring the terms of prior asset-transfer plans. However, given AHFC's current rating and the state's chronic budget deficits, the corporation's credit quality will be heavily influenced by the state's credit quality.

The stable outlook reflects the adequacy of AHFC's equity reserves, said S&P, which are expected to be sufficient to allow the corporation to exist as a strong affordable housing provider for state residents. The stable outlook also reflects the State of Alaska's GO bond rating and outlook and an expectation that the state will honor the terms and conditions of the 2003 dividend plan.

Three-year Military Housing Project Completed

The final phase of a major renovation and construction project of housing units at Elmendorf Air Force Base outside Anchorage was completed in August. Beginning in 2001, AHFC has partnered with JL Properties of Anchorage, Hunt Building Corporation of El Paso, Texas, and other local investors to undertake the biggest overhaul of military housing in Alaska. The project involved building or remodeling 620 units with a total budget of $85 million.

The Elmendorf project is part of a national initiative by the military to improve housing for military personnel through incentives to private developers. "This is the largest Air Force privatization project to date and the first in Alaska," Jon Rubini of JL Properties said. "AHFC's involvement helped make the Elmendorf project one of the first of its kind in the nation. It was exciting to be part of an effort that benefited not just military personnel but the local economy as a whole."

The first new townhouse-style homes – called Silver Run – were completed in December 2001. A major remodel of the existing Chugach Housing complex and construction of 252 new units in the South Provider complex were completed in fall 2002. The 176-unit Dallas Housing complex was demolished in 2002 to make room for construction of 24 new duplexes – which represent the final phase of the project. Residents took occupancy in late August 2003.

Alaska Housing FINANCE CORPORATION

Homeownership

Alaska continues to make strides in homeownership. In 1984, our homeownership rate was 57.6%, compared to 64.5% for the entire U.S. After jumping to 61.5% in just two years, the numbers plummeted during the recession of the '80s, landing at 55.4% in 1993. By 1997, that figure had soared to 67.2%, before stabilizing at 66.4% in 1999 and steadily rising to its current high of 67.3%, slightly below the nationwide rate of 68.0%.

In spite of historically low interest rates, it would be virtually impossible for most Alaskans to buy their first home without programs offered by AHFC. It now takes an Alaskan family 1.42 household incomes to achieve homeownership, compared to 1.22 incomes 10 years ago. Alaska, which boasted the highest per-capita income of any state in 1980, ranked 8th in 1990, and by 2000, had fallen to 15th where it remains. This drop in earnings combined with steadily increasing average home sales prices has made AHFC's programs in demand by an even wider cross-section of the population.

To provide homeownership opportunities to low-income persons with disabilities, AHFC implemented a pilot program in FY03. The Housing Choice Voucher Homeownership Program allocates 10 vouchers, traditionally used as rental assistance through a private landlord, to instead be used toward mortgage payments.

This past year, AHFC's add-on options provided lower interest rates for 394 borrowers under the Interest-Rate Reduction for Low-Income Borrowers and for 890 borrowers under the Energy-Efficiency Interest-Rate Reduction.

AHFC contributed more than $12.7 million in servicing fees to Alaskan lenders and maintained an overall delinquency rate of less than 3.8% in FY03, while providing:

- $85.5 million to finance 807 homes under the Tax-Exempt First-Time Home Buyer Program;
- $222.2 million to finance 1,301 homes under the Taxable First-Time Home Buyer Program;
- $41 million to finance 177 homes under the Veterans Mortgage Program;
- $108 million to finance 609 homes under the Rural Owner-Occupied loan program;
- $585.4 million for a total of 3,501 Alaskans to purchase homes; and
- Home Opportunity Program funds to assist 46 low-income households close on their first home.

Low Interest Rates Fuel Refinances and the Economy

With interest rates at historic lows of 5.05% to 5.91% during the past year, refinancing became an increasingly popular – and financially smart – option for Alaskans. AHFC's loan activity topped a record $1 billion in FY03, fueled by refinances and first-time homebuyer purchases. AHFC received home-loan applications totaling $1,183,370,709; commitments of $1,069,524,258 were up 80% over the previous year.

Of the 6,029 mortgage loans financed by AHFC from July 1, 2002, through June 30, 2003, more than 1,800 borrowers used AHFC's streamline refinance program to lower their interest rate. Some elected to increase their monthly payments by refinancing from a 30-year to a 15-year loan, producing an even lower interest rate and increasing overall savings to the borrower. However, the majority of borrowers of the $277 million in refinancing activity reduced their average payment from $998 to $861. A comparison of the interest rate and term of the original loan with the new loan terms results in average interest savings of $89,000, with total savings of $176 million for all refinanced loans.

First-Time Homebuyers

"This was a whole new experience," Retha Winger said. "The most stressful thing was locking in the interest rate." After the loan closed, Retha and Joey Winger watched as interest rates fell. So in November 2002, with the rate a full percentage point lower, they took advantage of AHFC's Streamline Refinance Program to lock in a new interest rate and reduce their monthly payments by $156.

The Wingers grew up in Alaska and met through a relative. The purchase of their first home in January of 2002 in Sitka was made possible by AHFC's First-Time Home Buyer Program. Retha, who works for the City of Sitka, and Joey, a driver for UPS, are enjoying their first home with their children, Alex and Allison.

STATISTICS

Since the inception of its first-time home buyer programs, AHFC has helped nearly 23,400 Alaskans buy their first home. The Taxable First-Time Home Buyer Program, introduced in 2000, eliminated the income and cost restrictions. Since it began, this program has provided homeownership for an additional 4,300 first-time homebuyers.

AHFC provided $314,450,748 to finance 2,108 homes for first-time home buyers in FY03. The 807 borrowers under the tax-exempt program with its income and cost restrictions borrowed an average $105,907, while 1,301 homebuyers used AHFC's taxable first-time homebuyer program to purchase homes with loans averaging $162,571.

Housing for Teachers, Nurses, and Other Health Care Professionals

Programs designed to help attract and retain teachers and nurses in rural Alaska were authorized by the 2003 Alaska Legislature and signed into law by Governor Murkowski. Under the legislation, AHFC implemented a new homeownership option on August 20, 2003, that provides 100 percent financing for home loans to full-time teachers and nurses. Qualified applicants may use any of AHFC's loan programs to purchase owner-occupied, single-family housing without a down payment.

AHFC also developed a grant program to generate new construction, rehabilitation, or acquisition of housing for teachers and health professionals in rural Alaska by helping fill the funding gap.

Read more about these under Top Stories (Housing Expanded for Teachers, Nurses, and Other Health Care Professionals).

Rural Housing

With changes to the rural loan program approved by the 2002 Legislature, refinancing became available in rural Alaska for the first time in October 2002. Home buyers who had purchased homes under AHFC's Rural Owner-Occupied Loan Program took advantage of the historic low interest rates. AHFC provided $154,471,673 for 1,128 Alaskans living in remote areas to refinance. Some borrowers saw monthly savings of up to $207 per month.

AHFC offers special loan programs designed to assist homebuyers in rural Alaska. Read more about these programs under the Rural Housing Programs.

Veterans Mortgage Program

Last year, AHFC helped 177 qualified veterans obtain home loans under the Veterans Mortgage Program. Nearly 9,500 qualified Alaskan veterans have achieved homeownership since the program began. Alaska is one of only five states to provide this financing to our nation's veterans. The other states with similar programs are California, Oregon, Wisconsin and Texas.

In November of 2002, Alaska's voters overwhelmingly approved a $500 million bond proposition for AHFC to issue bonds for the Veterans Mortgage Program.

Read more about the Veterans Mortgage Program under Top Stories (Alaskans Overwhelmingly Approve Veterans Mortgage Program Bonds).

Alaska Housing FINANCE CORPORATION

HomeChoice/HomeOptions Homeownership Classes
With interest rates low, more Alaskans are realizing the goal of homeownership. But buying a home can be intimidating, even if someone has been through the process before. AHFC offers free eight-hour classes and makes them even more attractive by waiving the $250 commitment fee if a participant purchases a home within two years.

As more Alaskans attend the Home**Choice** seminars, word has spread about the increasingly popular program. In FY03, AHFC held 256 workshops in 33 communities throughout the state (45 in rural areas), with certificates of completion issued to 4,283 prospective homebuyers.

The seminars cover such topics as:
- the range of loan options available;
- money management and budgeting;
- local real estate market conditions;
- earnest-money agreements;
- home inspections;
- pros and cons of homeownership;
- how to obtain a home loan;
- how to work with a real estate agent;
- how title insurance works; and
- why energy efficiency is important.

In smaller rural communities, AHFC offers an abbreviated course called Home**Options**. For more information about Home**Choice** seminars or Home**Options** classes, call the Home**Choice** hotline at 907-330-8437 or 800-459-2921, or visit us online at HomeChoice/HomeOptions.

WHAT ALASKANS SAY ABOUT AHFC'S HOMECHOICE SEMINARS
"Our instructor was fantastic. He was very upbeat, informative, and humorous. His personal insight on the Alaska market brought vividly to life suggestions that would benefit me, the buyer. I enjoyed his down-home style, which makes ordinary non-real estate persons understand everything clearly. Thanks for making this provision!"
– Onyx F. Herrera, Anchorage 2002

"Excellent course! This helped me more than the two books I read on home buying. The explanation of Alaska's programs for first-time homebuyers was invaluable. Thank you very much."
– Charles Ramos, Juneau 2002

"I felt this course was extremely helpful. The instructors were extra thorough and answered questions in layman's terms. Their knowledge and patience removed any fears I might have had as a new homeowner."
– Jean Bacigalupo Jaouhar, Anchorage 2003

"Great class–excellent information, it was valuable even if one is not buying a home (budgeting, credit, etc.)."
– Mary Gross, Juneau 2003

"The book is a great resource and I LOVE the worksheet sections. They allowed me to organize and plan effectively to make an educated choice!"
– Mariah Edward, Anchorage 2003

"This is a great class, covering all the topics from A-Z on homeownership. I would highly recommend this class to anyone thinking of buying."
– Erick Watkins, Soldotna 2003

"Being a first time homebuyer, I learned what to look for and what not to get 'trapped' into. I learned more about the financial aspects than I had perceived."
– Travis Lewis, Fairbanks 2003

"Nice job! Highly informative!"
– Jennifer Tayler, Craig 2003

"This course was very informative and will give me a better edge on buying a home in the future."
– Candace Cartwright, Soldotna 2003

"So much help! I wish I had done this sooner. It was very informative. Thanks!"
– Debra Burkhardt, Fairbanks 2003

Rental Housing

Rental Assistance Programs

You can't help but smile when you meet Flicker Red, with her infectious laugh and bubbly personality. She's been in Alaska "going on 61 years," where she's worked as a waitress, a telephone operator, and owned a teenage club in Seward.

It's not surprising Red was recruited to come to Alaska. "I was working as a waitress just after graduating from high school in Washington state," Red reminisces, "when a lady who owned restaurants in Alaska saw me cutting up with the steady customers. She said she'd send me two tickets if I wanted to work for her." One ticket went unused when Red failed to convince her sister to move with her, but she never regretted coming to Alaska by herself.

Red has lived at Willawa Manor, AHFC's 32-unit senior housing complex in Wasilla, since it opened 19 years ago. "I love Wasilla so much." Her collection of frogs, pictures of family and friends, and motivational plaques occupy her walls and furniture. "The frogs on my porch make me so happy," says Red.

She explained that, when she was young, her friends nicknamed her "Flicker" from her "flicking here and flicking there." Red's busy schedule discounts her assertion that her health has slowed her down. The 79-year-old is still doing her share of flicking here, flicking there, and loving life.

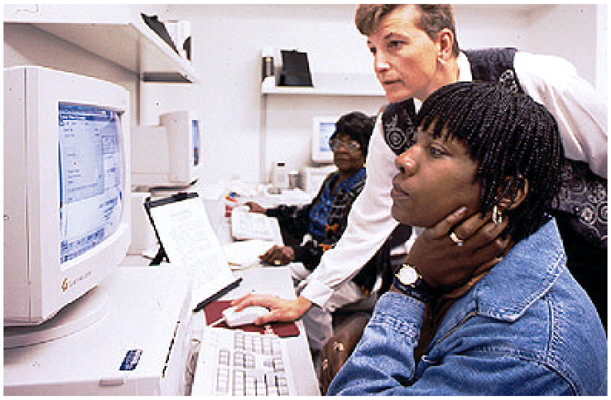
AHFC provides rental housing assistance to nearly 6,000 eligible low-income and very low-income Alaskan families through federal funding. Certain housing complexes are designated exclusively for seniors and disabled. AHFC:

- Owns and operates 1,705 low-income units in 14 communities across the state.
- Administers the federal Housing Choice Voucher program to provide rental subsidies to more than 4,000 families in the private sector in 12 Alaskan communities.
- Increased the number of Housing Choice Vouchers from fewer than 2,500 in1994 to more than 4,000 currently.
- Formed a partnership with the Tagiugmiullu Nunamiullu Housing Authority to provide rental assistance to 30 low-income families in Barrow and Browerville under the Housing Choice Voucher program.
- Expanded homeownership opportunities to low-income persons with disabilities with implementation of a Housing Choice Voucher Homeownership pilot program. Ten vouchers, traditionally used as rental assistance through a private landlord, can instead be used toward mortgage payments.
- Pays nearly $20 million a year to private landlords for rental assistance for Alaskans who earn less than 50 percent of the median income.
- AHFC encourages programs which assist tenants in becoming self-sufficient by offering opportunities through the Family Self-Sufficiency program, the Gateway Learning Center, computer labs in Juneau and Anchorage, child care, and public and private grants for senior and youth services.

Alaska Housing FINANCE CORPORATION

Family Self-Sufficiency

The Gateway Learning Center was established to house AHFC's Family Self-Sufficiency (FSS) Program. FSS is designed to complement Alaska's welfare-to-work initiative by providing additional training and incentives to families seeking to improve work-related life and vocational skills. The Center's programs help AHFC housing participants become more self-sufficient.



Seventeen participants graduated from AHFC's FSS program this year. FSS enables families to increase earnings and accumulate an escrow saving account. Since rent is based on income, AHFC sets aside a portion of the increased rent payment in the escrow account. Completion of the program occurs when the participant meets his or her goals and has received no public assistance for 12 months. At that time, the escrow is paid to the participant to use for any purpose and is often used as a down payment for homeownership.

The primary focus of the Center is adult training for families lacking competitive job skills. The Center provides adult basic education and GED training, English-as-a-second-language training, entrepreneurial (small business) training, and computer skills in office-environment software. This year, AHFC and the Alaska Division of Public Assistance partnered to expand the FSS program, adding 118 new participants.

SUCCESS STORY

Rachelle Rosier was one of 17 participants to graduate from AHFC's Family Self-Sufficiency Program (FSS) this year. FSS enables families to increase earnings and accumulate an escrow saving account. Since rent is based on income, AHFC sets aside a portion of the increased rent payment in the account. Completion of the program occurs when the participant meets his or her goals and has received no public assistance for 12 months. At that time, the escrow is paid to the participant to use for any purpose and is often used to realize homeownership.

Rosier plans to use her $5,000 escrow payment as a down payment on a home. "I want to keep my payments low, and there's just not that much available," said Rosier. When she could not find a suitable house to buy earlier this year, Rosier locked into a one-year rental lease and is hoping to purchase a home in the spring.

She works two jobs to support her three children, ages 7 to 12. Rosier was raised in Fairbanks and has worked nearly two years in the jury clerk's office in Anchorage. She said, "It's great to have a state job and do something you enjoy." She also works part-time at Northwest Airlines as a ticket agent, saying it provides opportunities to take her family on vacations to see other states.

Rosier was receiving rental assistance through the Section 8 voucher program. "As my earnings increased, I was going to lose my Section 8," she said. "I wanted to become more independent and take care of my children on my own. I was nervous, and I was praying; but the burden was lifted when I realized I needed to have faith in God and not in the Section 8."

Her philosophy is, "Just because you have children at a young age doesn't mean you can't go to college or fulfill your dreams. Dress your best. Try to take advantage of everything available."

Rosier attended UAF, majoring in human services and may pursue that as a career when her children are grown. "I'm happy; my children are happy. I spend as much time with them as possible."

This year, AHFC and the Alaska Division of Public Assistance partnered to expand the FSS program, adding 118 new participants. The U.S. Department of Housing and Urban Development (HUD) is looking at the partnership as a national model.

Rosier said the FSS program and the Gateway Learning Center gave her the opportunity to take computer classes so she could help her children and herself. "What I liked best about the FSS program is I set my own goals."

Multi-Family and Senior Housing

When the Low-Income Housing Tax Credit Program (LIHTC) began in 1987, AHFC was designated the agency to oversee allocation of Alaska's tax credits. Since then, AHFC has allocated more than $12 million in tax credits for the development of 2,225 units of multi-family rental housing in 22 communities. The tax-credit allocations are available to the developer or investor annually for 10 years, essentially bringing the total tax-credit allocation to nearly $121 million.

AHFC also provides multi-family loan financing. Since 1994, AHFC has provided $368 million to developers and non-profit organizations to build and/or purchase and rehabilitate 438 multi-family projects. That equates to 9,445 units of affordable rental housing in 27 communities throughout Alaska. Whether a renter lives in Anchorage with its increasing population density or in rural Alaska, AHFC probably helped make it a reality. Combining resources often determines whether or not the project is feasible.

This year, AHFC provided $24 million in tax credits, HOME funds, and Senior Citizens Housing Development Fund grants for the development of 285 units of rental housing. These funds will leverage an additional $26 million in state, private, and local dollars.

AHFC also provided $47.4 million in long-term financing for 979 units of multifamily housing in 62 properties across the state.

SUCCESS STORIES

Through senior housing grants, tax credits, federal HOME funds, and loan program, AHFC has helped make possible $85 million of senior housing since 1994 – a total of 732 units in 36 projects.

Alaska has the second fastest growing senior population behind Nevada. Through the active development of Wasilla Area Seniors, Colony Estates Limited Partnership, and Alpine Partners, the Mat-Su Valley has become a thriving community of senior housing, with total of 153 new units in six properties developed since 1997.

Wasilla Area Seniors was the catalyst behind four of these facilities, where the residents stay actively involved through the senior campus committee. The 97 ADA-compliant one- and two-bedroom units are offered to seniors of mixed incomes for independent living, with assisted living available soon. Many of the residents cultivate garden plots, made available to any resident who wants to take advantage of the fabulous growing conditions in the Valley.

Developer Testimonial

AHFC helped make the rehabilitation of Jewel Lake Villa in Anchorage a reality through federal tax credits and long-term financing, with the project retaining its eligibility for Section 8 project-based rental assistance. Developer and Chicago-based owner Rick Johnston had this to say about AHFC:

"I have worked with a majority of state housing agencies in one way or another, and have found AHFC to be among the very best. Its financial strength, innovative financing programs, experienced staff, and profound knowledge of their state put it in a class by itself. AHFC treats me like a customer, someone they really want to do business with. This project would not have been possible without AHFC. I look forward to the next opportunity I have to work with AHFC."

Modernization and Rehabilitation

As part of a 10-year modernization and rehabilitation plan, this year AHFC completed Phase I of the interior renovation at Mountain View/Mountain View Annex, a senior facility in Juneau, and installed new windows at housing sites throughout Anchorage. These are just some of the projects under way to upgrade and maintain the 1,705 units AHFC owns in 14 communities statewide.

For details of this year's projects, see FY2003 Highlights – Departmental Highlights - Public Housing Division.

Energy and Weatherization

Energy Efficiency Interest-Rate Reduction (EEIRR)
AHFC offers interest-rate reductions to homebuyers to promote energy efficiency of existing and newly constructed homes. Reductions of .25 - .50 percent are available for newly constructed properties exceeding Alaska Building Energy Efficiency Standard (BEES) with a 5 Star or 5 Star Plus rating.

For existing properties, AHFC offers interest-rate reductions ranging from .125 - .375 percent when a homebuyer increases the energy efficiency of the newly purchased home. AHFC must be notified at the time of the purchase.

STATISTICS

In FY03, AHFC provided $152 million to provide 890 homebuyers lower interest rates under the Energy-Efficiency Interest-Rate Reduction add-on option.

SUCCESS STORY

Having grown up in Unalakleet on the central Alaska coast of the Bering Sea, Allen and Jobina Ivanoff knew that when they built their house, it would need to be energy-efficient. Having now lived in their dream home with its 5 Star Plus rating for several years, he says, “It actually uses quite a bit less fuel than houses much smaller.”

The family of four had been living in an older house they had rebuilt; but Ivanoff says their new home, even at twice the size, is easier to heat. Maintenance supervisor for Arctic Transportation Services, Ivanoff did most of the construction work himself.

Weatherization
With an aging housing stock and the rapid increase in property values, affordable housing is becoming ever more difficult for low- or moderate-income families to find and maintain. AHFC’s low-income weatherization programs increase the durability, livability, longevity, and affordability of Alaska’s housing.

Weatherization addresses life-threatening health and safety issues in many homes. A majority of households receive at least a tune-up to their heating system, while more than 500 annually receive repairs to systems that are fire hazards or leaking deadly carbon monoxide (CO). Smoke and CO detectors are placed in 350 homes annually. By providing ventilation in many homes, high levels of indoor moisture, mold, and other microbes are reduced, improving the overall health of the occupants and ensuring a longer life for the home. Drafts are reduced and comfort is increased – upgrades especially important for infants, elderly, and disabled Alaskans.

The programs operate with grants to five non-profits to make cost-effective, home-energy improvements. Much of the funding comes from the U.S. Department of Energy, which allows a maximum of $2,614 per home, regardless of its location. With the cost of improvements far exceeding this amount in rural Alaska, the programs have been successful with additional grants from AHFC.

AHFC's weatherization programs served approximately 680 households in FY03, of which fifty percent included either a senior citizen or a disabled person, and thirty-three percent had children under the age of six.

AHFC also provided $1.0 million in federal funds for the rehabilitation of 17 homes under the Owner-Occupied Rehabilitation program.

SUCCESS STORIES – WINTERSUM YOUNGBLOOD

"It's totally unbelievable. It's just wonderful," said Wintersum Youngblood of her new roof. "I did not have enough money to repair the roof. I feel safe now. I used to set buckets out to collect the water when it rained or at spring thaw."

Youngblood was born on the East Coast, moved to Alaska 25 years ago, and has lived in the Matanuska-Susitna Valley near Lazy Mountain for most of those years. She was employed until four years ago when, according to Youngblood, "I was in a horrific motor vehicle accident, which left me with just disability and no paycheck."

When asked about the weatherization upgrades to her home, Youngblood said, "I'm sometimes placed in the land of no words. It added new life to my home. It added a dimension to my life. The people in the program are knowledgeable, energetic, enthusiastic, and praiseworthy. I have an enormous amount of gratitude."

In addition to the new roof, which volunteers from World Changers helped install, Youngblood's home is receiving new windows and an on-demand hot-water system. "This was all so special – far more than I ever expected," added Youngblood, who shares her home with her 22-pound Persian cat, Ty-Ty.

SUCCESS STORIES – ELAINE MELICKIAN

Born and raised in Cordova, Elaine Melickian moved to Palmer in 1979 and bought a home through the Farmers Home Administration. Over the years, she worked for the Department of Motor Vehicles, the police department, and operated a day care.

Six years ago, Melickian hired a contractor to upgrade her home to qualify as a licensed day care. She learned too late he had only a handyman's license. He began the project, took her money, and left her with an unfinished house. That mishap – followed by medical problems – resulted in Melickian losing the day care.

Eventually, she heard about AHFC's weatherization grant administered by Alaska Community Development Corporation. "They put in new doors and finished the floors," said Melickian. "They even finished putting up the molding." She is overjoyed to finally have a finished, energy-efficient home to enjoy with her 17-year-old son, Cody, and her dog, Elsa.

AHFC Funds Cold-Climate Housing Research

Since 2001, AHFC has funded research on housing issues in cold climates through the Cold Climate Housing Research Center, an industry-based, non-profit corporation created to facilitate the development, use and testing of energy-efficient, durable, healthy and cost-effective building technologies for cold-climate regions.

Alaska offers an excellent testing ground for cold-climate technologies and products. Our geography provides the full range of climatic conditions a researcher would encounter across the northern U.S. – from the windy, cool, wet weather of the northeastern and northwestern states to the very cold, snowy conditions across the northern plains and Rocky Mountain regions. In addition, Alaska's cold season lasts for six months or longer in any given year, allowing ample time for researchers to conduct experiments and evaluations of housing performance.

AHFC has helped the center, located in Fairbanks, obtain more than $2 million in funds. The center conducts research on such issues as mold, causes and prevention of upper respiratory illness in children, ventilation, heat-recovery systems, energy efficiency, and performance of various building materials. Research results are used to improve the quality and safety of housing not only in Alaska but throughout the world's cold climates.

Partners

Alaska Building Science Network
Alaska Community Development Corporation (serves the road-connected Southcentral region–Homer to Tok, including Valdez, Mat-Su, etc.—and Southeast, except Juneau)
Alaska Craftsman Home Program
Alaska Department of Environmental Conservation
Alaska Energy Authority
Alaska Fire Marshall's Office
Alaska Legal Services
Alaska Native Health Board Rural Sanitation Coalition
Alaska State Department of Community and Economic Development
Alaska State Department of Health and Social Services
Alaska State Home Builders Association
Alaska State Library
Alaska SUN
American Lung Association of Alaska
Anchorage Board of Realtors
Anchorage Home Builders Association
Building Science Consortium
Canada Mortgage & Housing Corporation
Center for Universal Design
Cold Climate Housing Research Center
Denali Commission
Energy and Environmental Building Association (EEBA)
Energy OutWest
Habitat for Humanity
Home Builders Association of Juneau
Interior Alaska Building Association, Inc.
Interior Weatherization (serves the North Star Borough and Fairbanks)
Kenai Peninsula Home Builders Association
Ketchikan Home Builders Association
Mat Su Home Builders Association
Municipality of Anchorage (serves Anchorage from Chugiak to Girdwood)
NAHB Research Center
National Association of Community Service Providers (NASCSP)
National Association of State Energy Officials
Northwest Energy Coalition
Rural Community Action Program (RurALCAP) (serves the Western Region, the Northwestern Region and Juneau)
Tanana Chiefs Conference (serves the remote Interior)
United States Department of Agriculture – Rural Development
United States Department of Energy
University of Alaska Fairbanks Cooperative Extension Service
University of Alaska Southeast

programs

U.S. Arctic Research Commission
U.S. Consumer Product Safety Commission
U.S. Department of Housing and Urban Development
U.S. Environmental Protection Agency
Wisdom and Associates

Leveraging Resources

Through the power of partnerships, AHFC is able to expand its resources and programs. From tapping into the financial resources of federal and private grants or low-income housing tax credits to providing low interest rate loans to developers and nonprofits for multifamily and senior housing, we thank and commend our many state, federal, and private partners.

AHFC is the lead agency for the State of Alaska's Annual Action Plan. The completion of that plan will bring $6.5 million in federal funds to AHFC. AHFC also completed biannual statewide surveys of service providers to the homeless, which support more than $2.3 million in federal grant applications annually and

Energy and Weatherization

- Provided $1.0 million in federal funds for the completion of 17 owner-occupied rehabilitation projects under the Owner-Occupied Rehabilitation Program
- Weatherized approximately 680 households, of which fifty percent were occupied by either a senior citizen or a disabled person; thirty-three percent included children under the age of six
- Provided $152 million to provide 890 homebuyers lower interest rates under the Energy-Efficiency Interest-Rate Reduction add-on option

Self-Sufficiency

- Sold four homes to low-income families under the Public Housing 5(h) Homeownership program
- Received $100,000 HUD Resident Opportunities and Self-Sufficiency grant to provide heavy chore services to elderly or disabled residents who are considered frail and in need of assistance with housekeeping services
- Received a $31,000 HUD grant to provide service coordination staff in senior/disabled housing in Anchorage, Fairbanks, and Juneau to enable elderly residents to age in place and to assist disabled persons to live independently
- Implemented a pilot program to provide homeownership opportunities to low-income persons with disabilities. The Housing Choice Voucher Homeownership Program allocates 10 vouchers, traditionally used as rental assistance through a private landlord, to instead be used toward mortgage payments
- Graduated 17 participants from the Family Self-Sufficiency (FSS) program
- Partnered with Alaska Division of Public Assistance to double the FSS Program enrollment with 118 new participants
- Awarded 10 $500 scholarships to students in public and assisted housing to aid students in attending college or vocational schools

Homeownership

- Assisted 46 low-income households purchase a home with AHFC's Home Opportunity Program
- Waived the $250 loan commitment fee for 1,658 HomeChoice attendees
- Received a $300,000 grant from the Robert Wood Johnson Foundation for the "Coming Home Program"
- Provided $38 million to provide lower mortgage rates to 394 low-income borrowers under the Interest-Rate Reduction for Low-Income Borrowers

Rental Assistance

- Awarded 34 Supplemental Housing Development grants to eight regional housing authorities for new construction or rehabilitation of 478 houses and 110 low rent units, leveraging $29 million in federal Native American Housing Assistance and Self-Determination Act funds
- Provided $47.4 million in long-term financing for 979 units of multifamily housing in 62 properties across the state.
- Provided $24 million in tax credits, HOME funds, and Senior Citizens Housing •
- Development Fund grants for the development of 285 units of rental housing. These funds will leverage an additional $26 million in state, private, and local dollars.

Seniors

- Received $100,000 HUD Resident Opportunities and Self-Sufficiency grant to provide heavy chore services to elderly or disabled residents who are considered frail and in need of assistance with housekeeping services
- Received a $31,000 HUD grant to provide service coordination staff in senior/disabled housing in Anchorage, Fairbanks, and Juneau to enable elderly residents to age in place and to assist disabled persons to live independently
- Provided $500,000 for the Senior Access Accessibility Modification Program, helping 18 seniors continue to live independently in their own homes

Homeless and Special Needs

- Awarded $1.5 million under the Beneficiary and Special Needs Housing grant program
- Provided funds to assist approximately 6,000 homeless and near-homeless persons through AHFC's Homeless Assistance Program
- Awarded nearly $2 million in grants under the Homeless Assistance Program, USDA Housing Preservation Grant Match, and HUD Supportive Housing Grant Match Program
- Distributed more than $12 million in grants to approximately 30 organizations and agencies

Rural Housing

Homeownership

Wayne and Michelle Stout were thankful to obtain financing for their home near Tok under AHFC's Rural Owner-Occupied Loan program. Stout, a construction worker, and his wife moved to Alaska in 1981 from the Columbia River area of the Pacific Northwest. "We lived in Fairbanks a couple of years," said Stout, "and had some rough times. Now we've got it under control."

Last year, AHFC helped 609 Alaskans purchase homes in rural Alaska.

Small Building Material Loan

Tim and Danita Koehler, and their four children, are what many envision as a typical Alaskan family. Their log-cabin home, on the road system 45 miles east of Delta Junction, is located on the Johnson River. The three home-schooled boys dote on their four-month-old sister. The family has horses and a sled dog team, the oldest son hunts moose with his father; and, until this year, the Koehlers had no running water.

They used AHFC's Small Building Material Loan (SBML) program to remedy that situation. "Our home is a log cabin, and we added on a basement and a concrete floor to put in a water holding tank," said Danita Koehler. "Now we have a water system for our home with a 12-volt system to pump the water. We were able to put the five-gallon water buckets in the hay barn and keep them there."

The SBML provides up to $20,000 to Alaskans living in small communities to purchase building materials, exclusive of luxury items such as hot tubs, and pay for freight or third-party labor costs. The project may include repair or renovations that improve the livability of the home, energy-efficient upgrades, or the addition of living space. "We couldn't have established a sanitary water system without this loan," added Koehler. "It helped us get out of the 19th century."

Danita Koehler's dream to move to Alaska, a dream she realized in 1977 following her high school graduation, was inspired by her father's work on building the Alaska Highway. After attending the University of Alaska Fairbanks, she finished medical school and her residency Outside, and the family moved to the Delta Junction area in 1993. Dr. Koehler practices part-time as an emergency room physician in Fairbanks.

Rural Refinancing Becomes Available

With changes to the rural loan program approved by the 2002 Alaska State Legislature, refinancing became available in rural Alaska for the first time in October 2002. Homebuyers who had purchased homes under AHFC's Rural Owner-Occupied Loan Program took advantage of the historic low interest rates. AHFC provided $154,471,673 for 1,128 Alaskans living in remote areas to refinance. Some borrowers saw monthly savings of up to $207 per month.

QUALIFICATIONS

Owner-occupied, single-family, condo and multi-unit residences qualify for the 15- or 30-year fixed-interest-rate loans, and the cost of renovations and/or improvements can be rolled into the new loan. The maximum loan amount is limited to the current unpaid balance, plus up to 30 days' unpaid interest and new loan closing costs.

Supplemental Housing Development Grant Program

A rural housing needs assessment showed an immediate need for approximately 7,000 houses throughout Alaska. Funding from the U.S. Department of Housing & Urban Development is not adequate for the high cost of construction of homes in remote Alaska.

In 1981, the Alaska legislature established the SHDG program to supplement HUD Indian housing development funds for projects constructed by regional housing authorities. Each state dollar contributed to this program leverages approximately five dollars in federal funds. AHFC is limited to contributing 20 percent of HUD's total development cost of a project. The funds can be used for on-site water and sewer facilities, roads to project sites, electrical distribution systems, and energy-efficient design features.

STATISTICS

AHFC awarded $5,790,031 in 34 Supplemental Housing Development grants in FY03 to eight regional housing authorities. The grants will be used for new construction or rehabilitation of 478 houses and 110 low rent units, potentially providing safe, decent, affordable housing for 1,479 people in rural Alaska.

This money leveraged nearly $29 million in federal Native American Housing Assistance and Self-Determination Act funds administered through HUD.

PARTNERS

Alaska Association of Housing Authorities
Aleutian Housing Authority
Association of Village Council Presidents (AVCP)
Baranof Island Housing Authority
Bering Straits Regional Housing Authority
Bristol Bay Housing Authority
Cook Inlet Housing Authority
Copper River Basin Regional Housing Authority
Interior Regional Housing Authority
Kodiak Island Housing Authority
North Pacific Rim Housing Authority
Northwest Inupiat Housing Authority
Tagiugmiullu Nunamiullu (TNHA)
Tlingit-Haida Regional Housing Authority
United States Department of Housing and Urban Development (HUD)

Alaska Housing FINANCE CORPORATION

Special Needs Housing

AHFC offers a wide range of opportunities to assist Alaskans with special needs, including seniors, and those who are disabled or homeless. In FY03, AHFC:

- Completed biannual statewide surveys of homeless service providers, which supports over $2.3 million in federal grant applications each year
- Awarded $1.5 million under the Beneficiary and Special Needs Housing grant program
- Awarded nearly $2 million in grants under the Homeless Assistance Program, USDA Housing Preservation Grant Match, and the HUD Supportive Housing Grant Match Program
- Distributed more than $12 million in grants to approximately 30 organizations and agencies
- Provided funds to assist approximately 6,000 unduplicated homeless and near-homeless persons through AHFC's Homeless Assistance Program

Through AHFC grants and partnerships with the U.S. Department of Housing & Urban Development (HUD), the following programs enabled elderly residents to age in place and disabled persons to live independently:

- $100,000 Resident Opportunities and Self-Sufficiency HUD grant for senior/disabled housing. This three-year grant, matched by AHFC, provides heavy-chore services to elderly or disabled residents who are considered frail and in need of assistance with housekeeping services in Anchorage, Fairbanks, Juneau, Sitka, Ketchikan, Cordova, Seward, and the Mat-Su Valley.
- $31,000 Service Coordination in Senior Housing HUD grant. This one-year grant, matched by AHFC, provides service coordination staff in senior/disabled housing in Anchorage, Fairbanks and Juneau.
- $500,000 grant from AHFC's Senior Citizens Housing Development Fund for the Senior Access Accessibility Modification Program, which helped 18 seniors continue to live independently in their own homes.

AHFC provided the following loans in FY03 to assist special-needs populations:

- Five lower income multi-family loans (384 units) totaling $9.7 million
- Four senior housing loans (131 units) totaling $3.99 million
- Two Assistance Provider Interest-Rate Reduction loans totaling $386,000

Alaska Housing FINANCE CORPORATION

Departmental Highlights

Planning & Program Development Department

- Completed planning and development of the Annual Action Plan, bringing $6.5 million in federal funds to AHFC
- Completed biannual statewide surveys of service providers to the homeless, which support more than $2.3 million in federal grant applications annually
- Collected statewide housing data for the Alaska Housing Market Indicators quarterly
- Provided $1.0 million in federal funds for the completion of 17 owner-occupied rehabilitation projects under the Owner-Occupied Rehabilitation Program
- Assisted 46 low-income households purchase a home with AHFC's Home Opportunity Program
- Awarded $1.5 million under the Beneficiary and Special Needs Housing grant program
- Provided $500,000 for the Senior Access Accessibility Modification Program, helping 18 seniors continue to live independently in their own homes
- Awarded nearly $2 million in grants under the Homeless Assistance Program, USDA Housing Preservation Grant Match, and HUD Supportive Housing Grant Match Program
- Provided $6 million in Tax Credits, HOME funds, and SCHDF funds for the development of 264 units of rental housing, which will leverage an additional $26 million in state, private, and local funds
- Distributed more than $12 million in grants to approximately 30 organizations and agencies
- Provided funds to assist approximately 6,000 homeless and near-homeless persons through AHFC's Homeless Assistance Program
- Conducted GOAL workshops in four communities with 40 participants
- Conducted workshops in Anchorage and Fairbanks on Universal Design with more than 50 participants

Research & Rural Development Division

- Weatherized approximately 680 households, of which fifty percent were occupied by either a senior citizen or a disabled person; thirty-three percent included children under the age of six
- Increased total outreach to 6,241, up 29 percent
- Responded to 4,105 requests from 3,506 users in 62 Alaskan communities for RIC library and information services, a 16 percent increase
- Awarded 34 Supplemental Housing Development grants to eight regional housing authorities for new construction or rehabilitation of 478 houses and 110 low rent units, leveraging $29 million in federal Native American Housing Assistance and Self-Determination Act funds
- Presented "House as a System" lectures to approximately 1,109 homebuyers at 52 HomeChoice classes in Anchorage, Craig, Homer, Juneau, Ketchikan, Kodiak, Kotzebue, Nome, Palmer, Petersburg, Seward, Soldotna and Wrangell

- Provided 12 informational presentations on healthy, energy-efficient housing technology and regulatory requirements to 258 Realtors, builders and other professionals throughout the state
- Produced PowerPoint presentation for the National Conference of State Housing Agencies (NCSHA) National Conference in New Orleans on AHFC's Energy-Efficiency program's success
- Produced and presented "AHFC Affordable Housing Rehabilitation Resources" to NAHASDA fund recipients and agencies at the HUD-sponsored "Affordable Housing Rehab Conference"
- Developed and presented "Clearing the Air, Part I" on home indoor air quality issues at the Alaska Native Health Board Environmental Health Conference

Public Housing Division

- Recognized as a High Performing housing authority for the 10th consecutive year, with a score of 93 percent under the U.S. Department of Housing & Urban Development's Public Housing Assessment System
- Sold four homes to low-income families under the Public Housing 5(h) Homeownership program
- Received $100,000 HUD Resident Opportunities and Self-Sufficiency grant to provide heavy chore services to elderly or disabled residents who are considered frail and in need of assistance with housekeeping services
- Received a $31,000 HUD grant to provide service coordination staff in senior/disabled housing in Anchorage, Fairbanks, and Juneau to enable elderly residents to age in place and to assist disabled persons to live independently
- Implemented a pilot program to provide up to 30 Section 8 Housing Choice Vouchers to low-income families in Barrow and Browerville in partnership with the Tagiugmiullu Numamiullu Housing Authority
- Implemented a pilot program to provide homeownership opportunities to low-income persons with disabilities. The Housing Choice Voucher Homeownership Program allocates 10 vouchers, traditionally used as rental assistance through a private landlord, to instead be used toward mortgage payments.
- Graduated 17 participants from the Family Self-Sufficiency (FSS) program; partnered with Alaska Division of Public Assistance to double the enrollment with 118 new participants
- Awarded 10 $500 scholarships to students in public and assisted housing to aid students in attending college or vocational schools
- Received the full compliment of incentive and administrative fees from HUD for Contract Administration duties
- Completed landscape work and site improvements at Birch Park I & II in Fairbanks and Etolin Heights in Wrangell
- Converted heating and hot water systems to natural gas at Birch Park I & II in Fairbanks
- Completed exterior stairs and rockery work at Cedar Park in Juneau
- Completed interior renovation work at Mountain View/Mountain View Annex Phase I in Juneau

fy03 highlights

- Renovated eight Fairmont/Central Terrace houses in Anchorage for resale to low-income families under the 5(h) program
- Contracted for design services for interior renovation work at Geneva Woods in Juneau
- Contracted for exterior painting at Cedar Park family housing in Juneau
- Contracted for renovation design work at Sea View Terrace in Ketchikan
- Contracted for renovation/replacement design work at Pacific Terrace in Kodiak
- Installed new windows at Alpine Terrace in Anchorage
- Replaced windows at New Willows family housing in Anchorage
- Converted Golden Ages heating and hot water systems to natural gas
- Completed renovation of Southall Manor senior housing in Fairbanks
- Contracted for design services for the AVTEC student dormitory in Seward
- Contracted for renovation design work at Swan Lake in Sitka
- Completed the design and began construction for the Paxton Manor replacement project in Sitka
- Resurfaced the parking lot and installed new curb at Williwa Manor in Wasilla
- Completed installation of playground equipment at Spruce Park in Fairbanks
- Completed the construction of interior renovation of the office building at Spruce Park in Fairbanks
- Completed design and began construction for the Chugach View renovation in Anchorage
- Completed more than 25 deferred maintenance projects at facilities throughout the state
- Contracted for design services for renovation of Chugach Manor in Anchorage
- Completed site assessments to identify improvements needed for code compliance, energy efficiency, fire safety, structural, mechanical, and electrical deficiencies
- Implemented more than $452,419 in energy and water-conservation improvement upgrades
- Contracted for energy audits at 11 properties throughout the state
- Installed wheelchair accessible ramps for two Beringvue homes in Nome

Mortgage Operations

- Provided $585 million for 3,501 Alaskans to purchase homes
- Purchased 2,108 First-Time Home Buyer loans totaling $314 million
- Provided $38 million to provide lower mortgage rates to 394 low-income borrowers under the Interest-Rate Reduction for Low-Income Borrowers
- Provided $108 million for 609 Alaskans to purchase homes under the Rural Loan Program
- Purchased 1,835 Streamline Refinance Loans with an average monthly savings of $137
- Implemented changes to the Rural Loan Program to allow refinances
- Purchased 890 Energy-Efficiency Interest-Rate Reduction loans totaling $152 million
- Closed 10 Small Building Material Loans in eight communities
- Made Mortgage Guides available online to increase efficiencies to lenders and staff
- Approved one new lender
- Purchased/closed 62 multi-family loans totaling $47.4 million
- Closed four senior housing loans (131 units) totaling $3.99 million
- Co-sponsored the Anchorage Senior Housing Fair

fy03 highlights

- Received a $300,000 grant from the Robert Wood Johnson Foundation for the “Coming Home Program”
- Co-sponsored the Common Ground III aging/service conference in Anchorage
- Conducted one lender training workshop and one multi-family workshop
- Conducted 256 Home**Choice** workshops in 33 communities (45 in rural areas) with 4,283 certificates issued of which 1,658 purchased homes and obtained a waiver of the $250 AHFC loan commitment
- Conducted 11 classes for Realtors/builders with 190 participants in six communities
- Conducted six Home**Options** classes with 18 participants in six rural communities

Loan Programs Statistics FY03

Programs	*Number of Loans*	*Dollar Volume*
Tax Exempt First Time Home Buyer	807	$92,256,240
Taxable First-Time Home Buyer	1,301	$222,194,508
Taxable*	607	$122,063,845
Veterans Mortgage	177	$40,917,511
New Urban Loans**	2,892	$477,432,104
New Rural Loans**	609	$107,959,297
Features		
Interest-Rate Reduction for Low-Income Borrowers	394	$38,176,289
Energy-Efficiency Interest-Rate Reduction	890	$152,001,190
Streamline Refinance	1,835	$252,984,058

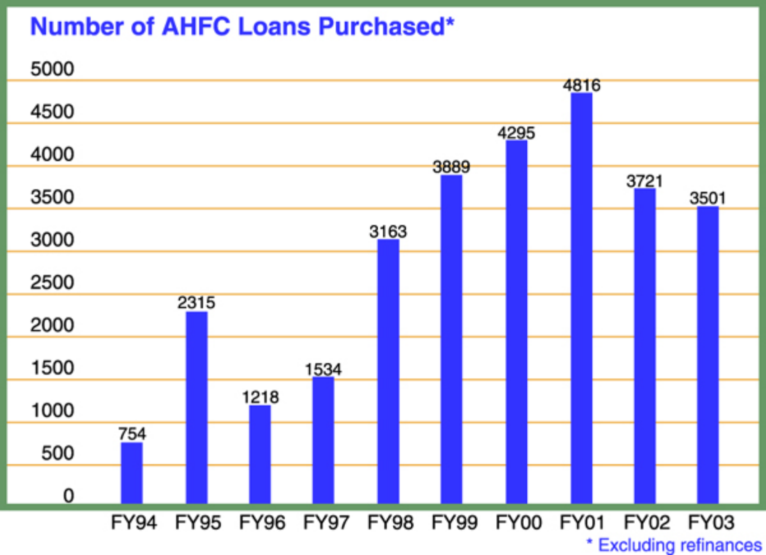
* Excluding Taxable First-Time Home Buyer

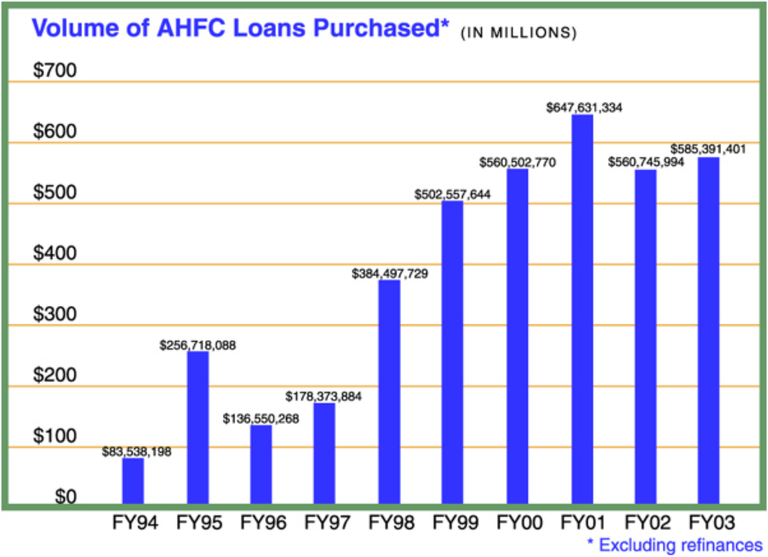
** Excluding refinances

Borrower & Program Average Comparison FY03

	All Programs	*Tax-Exempt First-Time Home Buyer*	*Taxable First-Time Home Buyer*	*Taxable**	*Veterans*
Total Number of Loans	3501	807	1,301	607	177
Sales Price	$167,207	$114,320	$170,787	$201,094	$231,172
Loan Amount	$153,349	$105,907	$162,571	$177,048	$204,548
Loan-to-Value Ratio	92.41%	91.95%	95.28%	88.98%	91.06%
Interest Rate	5.645%	5.592%	5.908%	5.701%	5.822%
P & I Payment	$895	$613	$969	$1,034	$1,207
Monthly Income	$5,188	$3,232	$5,232	$6,149	$7,666
Age of Borrower	37	33	34	41	52
Household Size	2	2	2	3	3

*Excluding Taxable First-Time Home Buyer

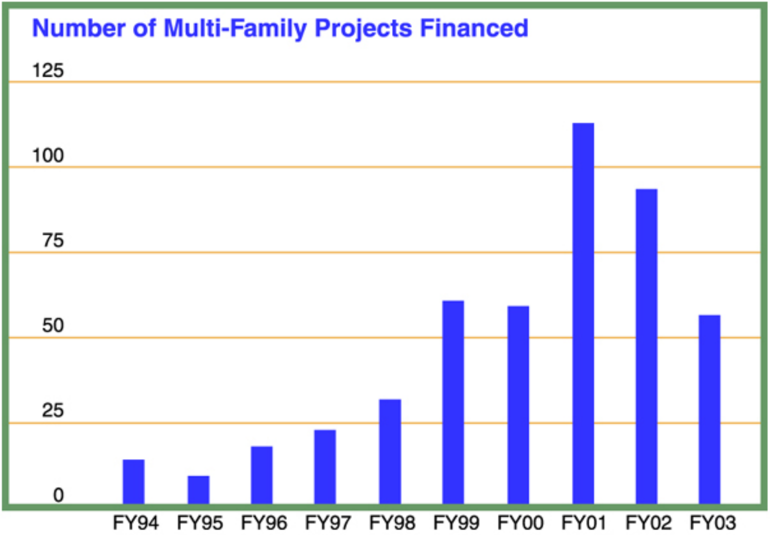

Number of AHFC Loans Purchased*
5000
4500
4000
3500
3000
2500
2000
1500
1000
500
0
754
2315
1218
1534
3163
3889
4295
4816
3721
3501
FY94
FY95
FY96
FY97
FY98
FY99
FY00
FY01
FY02
FY03
* Excluding refinances

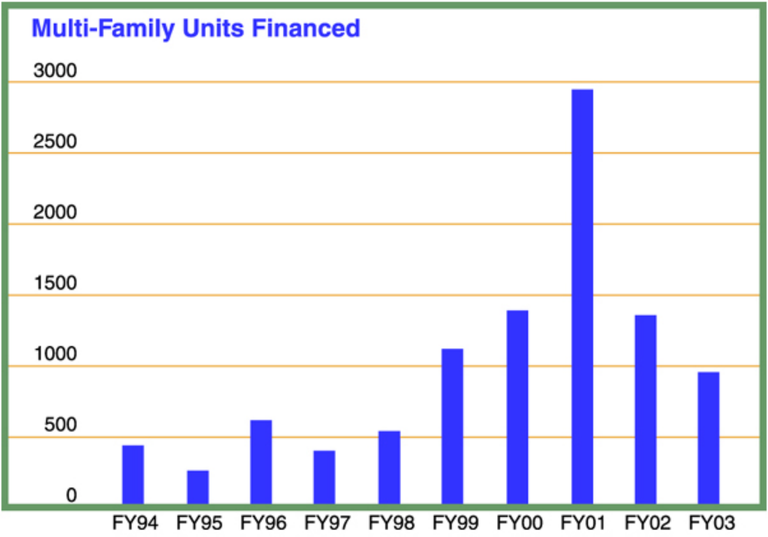


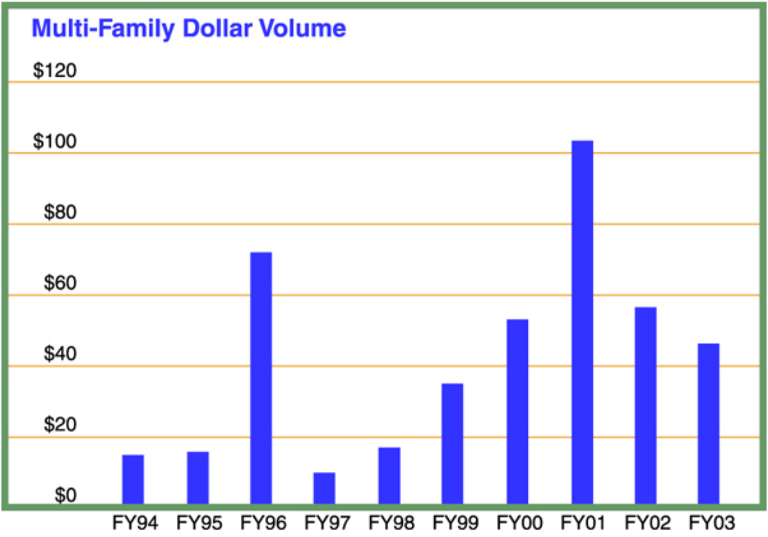
Volume of AHFC Loans Purchased* (IN MILLIONS)
$700
$600
$500
$400
$300
$200
$100
$0
$83,538,198
$256,718,088
$136,550,268
$178,373,884
$384,497,729
$502,557,644
$560,502,770
$647,631,334
$560,745,994
$585,391,401
FY94
FY95
FY96
FY97
FY98
FY99
FY00
FY01
FY02
FY03
* Excluding refinances

Multi-Family Projects/Units Financed

Fiscal Year	*Number of Projects*	*Units Financed*	*Dollar Volume*
1992	6	592	$15,355,700
1993	2	41	$1,705,000
1994	12	522	$13,501,336
1995	6	246	$15,763,350
1996	16	776	$73,012,335
1997	21	460	$9,939,780
1998	29	532	$17,519,540
1999	79	1,097	$34,705,731
2000	76	1,468	$54,456,876
2001	117	2,976	$103,847,605
2002	94	1,368	$58,477,200
2003	62	979	$47,363,301
Totals	**520**	**11,057**	**$445,647,754**


Number of Multi-Family Projects Financed
125
100
75
50
25
0
FY94
FY95
FY96
FY97
FY98
FY99
FY00
FY01
FY02
FY03


Multi-Family Units Financed
3000
2500
2000
1500
1000
500
0
FY94
FY95
FY96
FY97
FY98
FY99
FY00
FY01
FY02
FY03


Multi-Family Dollar Volume
$120
$100
$80
$60
$40
$20
$0
FY94
FY95
FY96
FY97
FY98
FY99
FY00
FY01
FY02
FY03

Low Income Housing Tax Credit Projects

Fiscal Year	*Number of Projects*	*Units Financed*	*Tax Credits Allocated*
1987	1	22	$62,307
1988	0	0	0
1989	2	107	$210,937
1990	1	16	$54,498
1991	1	23	$71,575
1992	2	39	$162,594
1993	2	55	$154,369
1994	6	297	$2,027,521
1995	1	87	$783,651
1996	7	238	$2,139,751
1997	4	120	$568,093
1998	6	195	$1,105,395
1999	4	61	$674,860
2000	7	610	$1,443,975
2001	6	165	$2,083,037
2002	7	205	$2,320,355
2003	6	143	$1,992,792
Totals	**63**	**2383**	**$15,855,710**

Senior Citizen Housing Development Funds

Fiscal Year	*Number of Projects*	*Units Financed*	*SCHDF Funds*
1994	5	126	$2,197,671
1995	0	0	0
1996	1	13	$773,150
1997	2	40	$1,484,807
1998	5	127	$3,046,239
1999	1	8	$156,250
2000	1	26	$675,000
2001	3	39	$2,030,521
2002	2	13	$2,651,000
2003	4	77	$2,109,460
Total	**24**	**469**	**$15,124,098**

HOME Funds

Fiscal Year	*Number of Projects*	*Units Financed*	*HOME Funds*
1992	1	1	$57,677
1993	0	0	0
1994	3	36	$820,636
1995	0	0	0
1996	6	109	$3,286,884
1997	5	152	$2,571,906
1998	3	76	$1,953,585
1999	4	50	$1,931,692
2000	4	69	$406,250
2001	6	53	$1,664,314
2002	4	46	$1,677,475
2003	5	65	$2,058,971
Total	**32**	**546**	**$16,429,390**

employees

Phill Adams • Sandra Amox • Jane Anderson • Ross Anderson • Roy Anderson • Steve Anderson • Griselda Andujar • Marge Arnold • Debra Athan • Jennifer Austin • Jean Ayers • Sue Ayers • Brian Baines • Barbara Baker • Linda Banovich • Nancy Barnacle • Linda Barrows • Stuart Barrows • Kristian Beckner • Toni Bell • Vince Benjamin • Ineke Benkers • Tony Berdahl • Sarah Bergen • Barry Billings • Brian Blackwell • Martha Blanchett • Permelia Boatman • Cary Bolling • Peter Bonadurer • Genie Borgford • Kari Bowers • Debbie Boyce • Roxanne Brandenburg • Bob Brean • Nick Brewer • Danny Brown • Edgar Brown • Kelley Brown • Shannon Brown • Linda Bueltmann • Mike Buller • Diane Buls • Mimi Burbage • Bryan Butcher • Toni Butler • Donald Cain • Doreen Calahan • Les Campbell • Mark Carey • Lucy Carlo • Marion Carter • Nola Cedergreen • Ed Chan • Richard Chartrand • Cera Choi • Naomi Christensen • Patrick Cochran • Colin Coker • Debi Cole • Esther Combs • Jenny Coppola • Denise Cora • Ann Cothron • Gerry Cox • Kim Coy • Doc Crouse • Lisa Curran • Robert Dalton • Mike David • Bernard Davis • Maria DeBaun • Sarah De Jesus • Steve DeBusk • Jan Delaney • Martin Delfino • John DeMott • Judith DeSpain • Gerry Deta • Marlon Dimatulac • Jeff Doll • Christopher Doucette • Sherrylee Dovolos • Josephine Doyle • Joe Dubler • Kris Duncan • Gloria Dunmore • Pam Duran • Wayne Eaker • Sheila Edward • Henry Elizarde • Dianna Erwin • Gregory Evans • Diane E. Faude • Diana L. Faude • Martin Faulkner • Jeanne Faulknor • Dan Fauske • Robert H. Ferguson III • David Finley • Kari Flansaas • Virgialee Florez • Melissa Ford • Les Forbes • Victor Forrester • Susan Garrett • Douglas Giles • Brenda Glaze • Joseph Gleaton • John Glidden • David Gonzales • Manuelita Goodall • Paula Graber • Gwen Graham • Debbie Grizzle • Jim Gurke • Peter Haines • Betty Hall • Sheryl Hall • Lona Hammer • Cynthia Hanson • Jeri Harris • Judy Harris • Kurt Hartman • Eric A. Havelock • Christopher Haynes • Amy Hiley • Candace Hiner • Linda Hobert • Marie Hockmuth • Elaine Hodl • Dawn Hoebermann • Eric Hoffman • Elaine Hollier • Marjorie Holt • Laurie Holte • Marilyn Holvoet • Tammy Hunter-Greco • Deborah Inama • Arturo Irizarry • Gary Isaacson • Jessie Jackson • Tammie James • Shelly Jehlen • Harvey Jennings • Margaret Jetton • Anna Jolliff • liljones • Gay Jurgensen • Paul Kapansky • Bob Kelly • Jacqueline Kelly • Joseph Kilian • Kelli Killian • Michael Kincaid • Terry Kincaid • Larry King • Gerri Koechling • Robert Koski • Daniel Kuntze • Maureen Lavoie • Margaret Lawson • Kathy Lepley • James Lester • Steve Lewis • Wilda Libby • JoAnn Lipps • Beverly Lopez • Christie George Maiden • David Maiden • Debra Manzo • Diane March • Mark Martenson • Charles Martin • Joseph Martin • Sheila Martin • Brian D. Massey • Bernie Massin • Willy J. Mathias • Cindy Matthias • Jim McCall • Walt McCrumb • Dave McDowell • Peggy McGuire • Jay McInerney • Jodee McNutt • Carol McPherron • Elaine M. Mello • Teeny Metcalfe • Teresa Meyers • Joyce Michaelson • Glenn Molyneux • Andy Montoya • Latoya Moore • Ken More • Jim Morris • Bette Morrison • Maude Morse • Jimmie Nelson • Timothy Nelson • Janet Niemann • James Nitchman • Jeanie Nixa • Stanley Olchowski • Alexander Oliphant • Judy Ondeck • Beverly Ovitt • Sandra Palmer • Cheryl Parker • Bill Pellman • Victor Peralta • Michael Phelps • Bob Pickett • Harold “Hap” Pierce • Martin Pigg • Monica Pirrotta • Hess Poland • Kassye Potter • Ana Poulivaati • Huston Prescott • Traci Prior • James D. Rainforth • Kuya Randall • Roy Range • Dewey (Raymond) Ransom • Anna Margaret Rear • Greg Reed • Sheila Reese • Kenton Reeves • David Remme • James Rheault • Syrena Rheault • Donnis Richard • Carol Richards • Catherine Richter • Marietta Roberts • Michelle Robinson • Tim Rock • Darla Rodland • Vickie Rollins • Fay Romer • Mark Romick • Vita Rosier • Ray Rouzan • Patti Ruppert • Holly Rutka • Linda Samuelson • Jeniffer Santos • Karen Savage • Fina Schlosser • Carol Schumacher • Brian Seim • Robert Sherry • Jeffrey Simbahon • Sherrie Simmonds • Debbie Sims • Jill Smart • Herman Smith • Melanie Smith • Vickie Snelgrove • Michelle Snook • Konni Snyder • Dreilin Sosa • Cindi Sowder • Cindy Spaulding • Cyndy Speight • Cynthia Spezialy • Jon Stachelrodt • Bobbie Stallone • Norma Stanford • Pamela Stantorf • Tammy Steele • Michele Stewart • Rutha Stone • Michael Strand • Mike Sullivan • Jose Sumabat • Deronty Tabios • Robbie Tabios • Carla Taff • Pola Takher • Gary Teague • Robenett Terrell • Brad Thomas • Tracy Thompson • Tracy Thornton • Brenda Tomuro • R. Kevin Tune • Glen Turner • Ray Utter • Richard VanCamp • Tammy B. Vaughan • Barbara Venarchick • Patricia M. Verdugo • Rodney Vitt • Karl Voiles • Douglas Wade • Reggie Ward • Scott Waterman • Ron Wehrli • Wes Weir • Douglas Wells • Harvey Wheaton • David White • Deidre White • Larry White • James Wiedle • Calvin Williams • Victoria Wilson • Kelly Windom • Greg Wood • James Wright • Laurie Wright • Joseph Yaletchko • Cherie Young • Deborah Zenger • Gail Zywot

about ahfc

History

Alaska Housing Finance Corporation's predecessor, Alaska State Housing Authority, was originally developed to help families find homes after World War II. It has evolved into an organization that now contributes more than $100 million annually to Alaska's state revenues through cash transfers, capital projects and debt-service payments.

According to the US Census, Alaska's population increased from about 4,000 in 1940 to 9,000 just one year later. But when the War ended, families left by the hundreds – not because of a lack of employment, but because of a severe shortage of housing. To that end, the Alaska Territorial Legislature created the Alaska Housing Authority (AHA). When the Federal Housing Act of 1949 was passed, it authorized the federal government to make up to $1.5 billion in loans and grants nationwide for slum clearance and redevelopment. AHA was appointed the agency to work with Alaska in urban renewal.

AHA fulfilled these roles until the 1959 Alaska Statehood Act, when AHA became known as the Alaska State Housing Authority (ASHA). Throughout the 1960s, ASHA was the key source of housing, including affordable rental and homeownership programs, bonding for government office space, and urban renewal, especially following the devastation of the 1964 earthquake.

In 1971 the Alaska Legislature created the Alaska Housing Finance Corporation, a public corporation having legal existence independent of and separate from the State of Alaska, to provide affordable housing for low- and moderate-income residents. During AHFC's first two years of operation, the 10-member staff provided nearly $10 million in conventional mortgages in 40 communities and financed a 98-unit apartment building in Juneau. In 1972, the Legislature created the Department of Community & Regional Affairs (DCRA), repealing ASHA's community planning authority and transferring those duties to DCRA.

For the next 20 years, AHFC, ASHA, and DCRA each provided housing services to a distinct segment of Alaska's population. Products included a state mortgage insurance program, rehabilitation loan programs, and rural and mobile home mortgage programs. In 1992 the Legislature recognized a need for all of the state's housing programs to come together, precipitating a merger of AHFC, ASHA, and the housing and energy programs of DCRA. Today, AHFC's Public Housing Division continues the role that AHA began more than a half century ago, while the Research and Rural Development Division has assumed the duties previously administered by DCRA.

AHFC is one of only a few housing authorities in the United States with statewide jurisdiction. The challenges of Alaska's size and remoteness, along with its extreme climate, demands innovative solutions that have become models for other housing authorities and housing finance agencies nationwide. Alaska's population of just 650,000 is spread across an area one-fifth the size of the entire Continental United States (Alaska is two and a half times the size of Texas!). From the tip of the Southeast Panhandle to the furthermost island in Alaska's Aleutian Islands spans a distance equal to that of California to Florida. The majority of Alaska is accessible only by air.

about ahfc

Throughout its more than 55 years, AHFC has provided assistance to thousands of Alaskans in more than 200 often-remote communities. While best known for financing single-family homes, including special programs for veterans, teachers, and health professionals, its diverse programs include multi-family housing, community planning and development, direct and pass-through grants, technical assistance and workshops, tax credits, affordable rental housing, energy and weatherization programs, drug-elimination programs, computer learning centers, self-sufficiency programs, and youth sports activities.

AHFC has been recognized with numerous national awards, such as the annual Award for Significant Achievement from the National Council of State Housing Agencies, Award of Merit from the National Association of Housing & Redevelopment Officials, and 100 percent on HUD's Public Housing Management Assessment Program four consecutive years.

A key to AHFC's success is its strong credit rating. AHFC's ability to issue highly rated taxable and tax-exempt bonds helps keep mortgages affordable and provides Alaska with the financial means to fund capital projects.

Alaska Housing FINANCE CORPORATION

Accomplishments of Alaska Housing Finance Corporation By Fiscal Year

1971

Alaska Legislature Creates AHFC. Created as a public corporation having a legal existence independent of and separate from the State to provide affordable housing for low- and moderate-income residents. Enabling legislation allows for tax-exempt issuance of bonds to finance the purchase of mortgages on single-family dwellings. Enabling legislation requires AHFC, in determining the eligibility for assistance of persons of lower and moderate income, to take into consideration the amount of income available for housing needs, size of family, ability to compete successfully in the home mortgage market, and the cost and condition of housing available. (AS 18.56.010)

1972

Principal balance of mortgages held (at 11/72): $10.2 million

1973

AHFC initiates Conventional Loan Program. Made possible by a $5 million loan commitment by Alaska Department of Revenue for the housing development fund, the Legislature authorizes a special revolving fund to make mortgage and construction loans which are not federally insured or guaranteed. Assigns all loans to the Dept. of Revenue as security and pays 6 percent interest on borrowed funds.

Issues $18,750,000 in bond debt

Principal balance of mortgages held (at 11/73): $47.4 million

1974

AHFC enters Agreements with State, ASHA; borrows $3.9 million. AHFC enters into an agreement with the State and Alaska State Housing Authority (ASHA) whereby AHFC borrows $3.9 million from the State for a term of 36 years at an annual interest rate of 3 percent. AHFC then loans funds to ASHA for an equal term and interest rate for construction of a 98-unit high-rise apartment building (Marine View) for lower- and moderate-income families and elderly persons in Juneau.

Issues $49 million in bond debt

Principal balance of mortgages held (at 11/74): $86.4 million

Alaska Housing FINANCE CORPORATION

1975

Legislature mandates State Mortgage Insurance Program, AHFC implements. AHFC implements the State Mortgage Insurance Program authorized under Alaska Statutes 18.56.095. The program was made operational with AHFC money pledged to the State Mortgage Insurance Fund. Conventional loans (with loan-to-value ratios of greater than 80 percent) made under this program are insured by private mortgage insurance and the State Mortgage Insurance Fund. Additionally, this statute allows AHFC to issue bonds for conventional mortgages which were previously funded by the State (see 1973).

AHFC initiates two pilot programs in remote areas using unrestricted funds: rehabilitation loans for homeowners with a $2,000 maximum loan and material loans for construction of new homes.

Issues $47 million in bond debt

Principal balance of mortgages held (at 11/75): $105.3 million

1976

AHFC issues $5,500,000 in bond debt.

Principal balance of mortgages held (at 11/76): $145.6 million

1977

AHFC Issues $83.5 million in bond debt.

Principal balance of mortgages held (at 11/77): $248.9 million

1978

AHFC works to expand mortgage programs to rural Alaska.

Issues $144,025,000 in bond debt

Principal balance of mortgages held (at 11/78): $336.8 million (serving 55 Alaskan communities)

1979

AHFC establishes General Insured Rural Mortgage Program and issues $5.6 million in bonds to expand mortgage programs to rural Alaska.

Issues $171,620,000 in bond debt

Principal balance of 8782 mortgages held (at 11/79): $496.6 million

Alaska Housing FINANCE CORPORATION

1980

Legislature expands AHFC loan programs. In legislation enacted June 1980, the Legislature finds that the conventional sources of finance for residential dwellings in Alaska are inadequate and identifies the following problems: serious shortage of capital available to finance residential housing; continually fluctuating conventional mortgage interest rates; and mortgage interest rates far above what most Alaskans can afford. So it mandates AHFC to provide financing without regard to income limits. AHFC is no longer restricted to purchasing only those loans made to low- and moderate-income families. The statutes now allow refinancing for home improvements; purchase financing for owner-occupied, single-family and duplex residences without restrictive income limitations; and an easing of loan-to-value ratios. (AS 18.56)

Legislature fixes interest rate, mandates subsidy. Interest rate cannot exceed 9 percent on first $90,000 of a mortgage for a veteran; cannot exceed 10 percent on first $90,000 for other than a state veteran. (AS 18.56.098)

Legislature mandates HOF Program. Subsidy increases for those of low- to moderate-incomes. (AS 18.56.091).

[Later, it was found that the net effect of Legislative action in FY80 caused loan volume to surge by $850 million.]

Congress substantially reduces and limits AHFC's ability to raise lower-cost capital through the sale of tax-exempt Mortgage Revenue Bonds. (Mortgage Subsidy Bond Tax Act)

AHFC implements PAM (Pledged Account Mortgage), allowing borrowers to offset their monthly payment with accumulated savings.

Implements Rural Housing Loan Program and Non-Owner Occupied Rural Mortgage Purchase Program

Sets Up Mobile Home Loan Program

Issues $148.8 million in bond debt

Principal Balance of 15,879 mortgages held (at 11/80): $986.4 million

1981

Legislature fixes interest rate subsidy at no more than 3 percent. (AS 18.56.098)

Legislature mandates Seconds Program. AHFC allowed to purchase second mortgages for the purpose of improvement of the residences; not restricted to purchasing a second only if refinancing.

Alaska Housing FINANCE CORPORATION

Legislature allows lenders to receive additional loan origination fees when lending in rural Alaska. (AS 18.56.107)

Legislature mandates that Mobile Home Loan Program be brought under Special Mortgage Loan Purchase Program. The effect of this directs AHFC to apply the lower-interest rates to mobile-home loans and treat the personal property as real estate. (AS 18.56.098)

Legislature expands rural programs. Loan maximums increase, loan-to-value ratios and terms increase to 95 percent on 30-year loan from 90 percent on a 20-year loan.

Legislature allows Mortgage Pass-Through Certificates as sources of funding.

Legislature requires implementation of due-on-sale provisions (assumptions not allowed).

AHFC issues $620 million in bond debt.

Principal balance of 20,351 mortgages held (at 6/81): $1.6 billion (**fiscal year changes to bring into line with state fiscal year**)

1982

Nationally, 1982 was considered a bad year for housing. However, it was a year of success and accomplishment for AHFC. By virtue of the state's generous appropriation of funds, AHFC continues to offer financing for mortgage loans at an interest rate far below the national average.

Legislature enacts programs establishing Owner-Occupied Loan Programs for triplexes and fourplexes. (AS 18.56.098)

Legislature votes to place an amendment to the State Constitution to allow General Obligation bonds for veterans housing.

Legislature approves international borrowing to obtain access to international capital markets. (AS 18.56.084)

Legislature transfers rural loan programs to the Alaska Department of Community & Regional Affairs.

AHFC implements HOF (Home Ownership Assistance Program) as mandated by the Legislature in 1982. The program was designed to assist low- to moderate-income families by further subsidizing the mortgage payments. The program was initially funded with an appropriation of $2.5 million in cash and $50 million in mortgages from the State. AHFC receives an additional $43 million appropriation.

Implements the ABE Mortgage. Disruption and volatility in the capital markets cause mortgage interest rates to rapidly increase from previously fixed rate of 10 percent to 12-3/8 percent on the first $90,000 of the loan. In response, AHFC implements the Alaska Building Equity (ABE) mortgage. The ABE mortgage enhances the Corporation's ability to access the less expensive short-term capital mortgage market. (Under the ABE mortgage, the interest rate is fixed on the life of mortgage, but in years four through nine, the monthly payment increases by 5 percent each year, with the increased portion going directly to principal.

Issues $802 million in bond debt

Principal balance of 29,037 mortgages held: $2.075 billion

1983

Legislature raises loan limits for lending on single-family homes

Legislature creates Alaska Housing Finance Revolving Fund. The fund consists of appropriations made to the revolving fund by the Legislature, money or other assets transferred to the revolving fund, and unrestricted payments of principal on loans made or purchased by the Corporation. Amounts deposited into the revolving fund must be expended for purposes of the Corporation. (AS 18.56.082)

Legislature authorizes special election for voter approval of issuance of $500 million of General Obligation bonds for the Veterans Mortgage Program.

Legislature requires AHFC to be in compliance with Executive Budget Act. (AS 18.56.089)

AHFC implements two new loan programs: The Triplex/Four-plex Program is developed in response to the concerns about the shortage of rental units throughout the state and as mandated by the Legislature the prior year. The Veterans Mortgage Program is implemented after voter passage of an amendment to the Constitution and a bonding authorization of $400 million.

Issues $760 million in bond debt

Principal balance of 37,323 mortgages held: $2.8 billion

1984

Loan activity increases due to long-awaited drop in interest rates.

Congress extends the ability of states to sell tax-exempt bonds for first-time homebuyers.

Voters approve second Veterans Mortgage Program General Obligation bond issue of $500 million.

Legislature mandates changes to the HOF and Mobile Home Programs to expand the group of low- to moderate-income borrowers who are eligible to participate.

Legislature extends residential mortgage assistance for members of the Alaska Congressional Delegation. (AS 18.56.205)

AHFC obtains the first AAA rating on taxable bond issues, when an agreement is reached with Federal National Mortgage Association (Fannie Mae), a large national purchaser of mortgages in the secondary market.

Becomes first U.S. public agency to sell bonds in the European bond market

Issues $980 million in bond debt

Principal balance of 46,973 mortgages held: $3.8 billion

1985

Legislature establishes Non-Conforming Housing Loan Program in AHFC. The Non-Conforming Loan Program is for borrowers who are purchasing housing that does not meet typical structural standards as required by other private mortgage lenders. The program transfers from the Alaska Department of Community & Regional Affairs. (AS 18.56.106)

Government National Mortgage Association (Ginnie Mae) approves AHFC as issuer.

AHFC receives no state general funds for the first time. All programs and operations now funded by Corporation funds.

Signs Pool Purchase Contract with Federal National Mortgage Association (Fannie Mae), allowing the funding of tax-exempt loans, and AAA ratings for the tax-exempt Home Mortgage Bonds and Veterans Mortgage Bonds

Implements Delegated Underwriting Program, allowing seller/servicers to approve and purchase loans, giving them more flexibility and resulting in shorter turnaround times for borrowers

Issues $604,935,000 million in bond debt

Principal balance of 52,000 mortgages held: $4.3 billion

Alaska Housing FINANCE CORPORATION

1986

Legislature approves refinancing, allowing AHFC borrowers to take advantage of new low interest rates now at 9.25 percent. AHFC offers some of the lowest interest rates available in the country. Six-hundred eight borrowers take advantage of the program, saving an average of $240 per month and making $7 million available for spending elsewhere in the economy. Full credit and property package still required.

AHFC implements Rental Refinance Program, allowing AHFC borrowers an alternative to selling their homes.

Adopts regulations allowing assumptions. AHFC reaches agreement with the Federal National Mortgage Association (Fannie Mae) restructuring bond maturities to allow for refinancing

Sells second European bond issue for $100 million

Obtains Approval of ABE Loan Structure from FHA, easing down-payment requirements for moderate-income borrowers

Issues $1,277,445,000 in bond debt. This was a record year for obtaining capital because of refinancing and refunding of outstanding tax-exempt debt

Principal balance of 53,121 mortgages held: $4.6 billion

1987

The Alaska economy slows; no employment growth; oil prices decline, cutbacks in industry. AHFC's delinquency rate increases; foreclosures on properties begin; loan portfolio balance decreases for the first time**.**

Homeowners and AHFC grapple with **declining income and property values**. AHFC experiences **increasing delinquency and foreclosures** due to the slow economy. Most private-mortgages insurers and mortgage lenders pull out of Alaska. **AHFC implements new procedures and programs**; and with multi-layers of insurance, weathers the situation without serious impact.

Legislature approves Refinance Program, allowing AHFC borrowers to refinance existing loans to lower-interest-rate loans with minimal qualifications and no appraisal. Program approval is for only one year, with a one-year extension.

Legislature allows non-conforming housing to be located on land to which borrower has agricultural rights. (AS18.56.106 (b))

AHFC expands Special Credits department; implements a real-estate-owned (REO) broker program, employing real-estate firms across Alaska.

Alaska Housing FINANCE CORPORATION

Restructures the Mobile Home Loan Program, changing the basis of valuation from real estate to personal property

Purchases $70 million in mortgage loans from the Alaska Department of Community & Regional Affairs, Housing Assistance Division

Issues $482 million in bond debt

Principal balance of 51,973 mortgages held: $4.25 billion

1988

Another difficult year for the economy and housing market. Population and employment drop, delinquency rates are in the double digits, and foreclosures are at record levels. AHFC's portfolio of foreclosed properties swells to more than 4,000. AHFC develops an extensive marketing plan. Develops and refines forbearance and workout plans.

AHFC experiences first net loss. A $12.6 million net loss results from substantial increases in loan-loss reserves, a decrease in the value of real-estate-owned, and a decrease in the collective value of the real-estate-owned.

Legislature approves Housing Stabilization legislation to stabilize the market price and demand for residential housing. (AS 18.56.210) The legislation: 1) allows for conveyances for borrowers; 2) allows for exchanges of condominiums; 3) allows AHFC to demolish substandard housing; 4) allows AHFC to convert resident housing to other uses; 5) provides financing to promote the sale of resident housing owned by AHFC; and 6) establishes a stabilization fund to permit grants by the Corporation to fund the cost to demolish resident housing. Bulk sales of properties are allowed.

Legislature mandates loan servicing requirements. (AS 18.56.135)

AHFC implements HOAP, the Home Owners' Assistance Program, designed to make mortgage payments more affordable for AHFC borrowers experiencing involuntary economic hardships.

Signs $200 million commitment contract with Federal Home Loan Mortgage Corporation (Freddie Mac). AHFC discontinues ABE mortgage

Doubles the size of the staff to 80 to take on the increasing number of properties and special programs

Issues $447 million in bond debt

Principal balance of 44,815 mortgages held: $3.76 billion

Alaska Housing FINANCE CORPORATION

1989

Delinquency and foreclosure rates steadily decrease. Property sales increase substantially, averaging 200 to 400 percent higher than prior year.

Legislature permanently approves ability of AHFC to refinance mortgages. (AS 18.56.108)

AHFC purchases 9081 loans totaling $868.4 million

Establishes the Condominium Stabilization Program

Adds 74 staff positions to handle increasing workloads; staff totals 154

Reports net loss of $124 million due to increased loan losses and reduction in values of loan portfolio

Processes six thousand refinances under HOAP

Continues Condominium Stabilization Program by adding Special Retail Sales Financing Program and Condominium Association Loan Program

Implements Health and Safety Repairs Program for borrowers with AHFC loans who have properties in need of improvement because of a threat to the homeowners' health or safety

Opens branch office in Fairbanks

Issues $635 million in bond debt

Principal balance of 42,785 mortgages held: $3.52 billion

1990

Alaska's real estate market strengthens. Past-due loans decrease by 5 percent, foreclosure rate decreases to low of 120 properties per month from a high of 230 per month; portfolio of foreclosed properties down from 4653 to 2504.

Legislature mandates subsidy phaseout over three years. AHFC returns focus to serving low- to moderate-income Alaskans. (AS 18.56.098)

Legislature increases Board of Directors membership from five to seven. (AS 18.56.030)

Legislature mandates Construction Standards/Inspection Program effective June 1992. (AS 18.56.300)

Legislature creates Senior Housing Loan Program in Department of Community & Regional Affairs; appropriates $10 million in AHFC funds to the program; authorizes AHFC to issue bonds not to exceed $30 million. (AS 18.56.083)

AHFC earns $34.3 million following two years of losses

Implements bulk sales

Issues $567 million in bond debt

Principal balance of 42,330 mortgages held: $3.39 billion

1991

Alaska's housing indicators improve; delinquencies at or below national averages. Real-estate-owned decreases to 1,000 properties.

Legislature allows AHFC to lend to public and private corporations to develop housing for low- to moderate-income Alaskans. (AS 18.56.900 (14).

Legislature requires annual accounting of AHFC's assets. (AS 18.56.089)

Legislature requires five construction inspections of new homes to qualify for AHFC financing.

Board of Directors approves Dividend Plan; AHFC pays $17,171,000 in dividends to State.
Moody's Investors Service upgrades credit ratings of three AHFC bond issues, citing its ability to withstand economic and financial instability such as occurred in the 1980s.

AHFC posts $99.9 million net income.

Leads collective effort in solving state's housing problems, including the Comprehensive Housing Affordability Strategy

Becomes first state or local housing entity in the U.S. to be assigned a short-term rating on an unsecured financing; Moody's Investors Service assigns Prime-1 rating to AHFC's Euro Commercial Paper Program

Issues $831,103,544 million in bond debt

Principal balance of 42,723 mortgages held: $3.2 billion

Alaska Housing FINANCE CORPORATION

1992

Alaska's housing indicators favorable; 330 foreclosed properties in portfolio; phaseout of mortgage subsidy continues.

Legislature mandates merger of all State housing functions into AHFC; mandates purchase of rural housing portfolio from Alaska Department of Community & Regional Affairs; mandates that Public Housing report under the Executive Budget Act**.** Housing functions of the Alaska Department of Community & Regional Affairs and the Alaska State Housing Authority merge into AHFC. AHFC now has 350 employees in 27 offices statewide.

MGIC settles lawsuit, $58 million in payments to AHFC.

Standard & Poor's affirms A+ rating of AHFC's general obligation debt, following passage of legislation which merges two State housing departments into the Corporation

U.S. Department of Energy recognizes AHFC's residential energy-efficiency program, Alaska Craftsman Home Program, as one of the most outstanding state energy programs in the nation.

AHFC posts a $147.4 million profit; pays $19.4 million dividend to the State

Revises Homeownership Assistance Program (HOF Program) to allow for subsidized loans to low- to moderate-income borrowers

Begins Multi-Family Loan Programs. Finances $15.4 million purchase of 476 units in Anchorage, refinances a property loan in Juneau

Grants $285,000 for emergency shelters for homeless

Sells Anchorage property to the Salvation Army for $10 to be used as a temporary home for women and children

Grants $580,000 and the use of 10 Fairbanks properties to the Permafrost Technology Foundation for permafrost mitigation research

Issues $831,104,544 in bond debt

Principal balance of 40,405 mortgages held: $3.0 billion

Alaska Housing FINANCE CORPORATION

1993

Survey shows average rents in Alaska up sharply since 1990; rental vacancy rates drop significantly; single-family homes more affordable with lower interest rates and sales prices and higher incomes.

Moody's upgrades seven AHFC bond issues.

AHFC posts earnings of $89.4 million; pays $40.7 million dividend to State.

Implements Streamlined Refinance Program

Finances $16.5 million in multi-family and special needs housing

Approves $54 million in long-term financing for housing at Eielson Air Force Base in Fairbanks

Provides $250,000 in homeless emergency grants

Receives $269,000 HUD grant for prevention and elimination of drug problems in public housing and literacy and basic education

Receives award from the National Council of State Housing Agencies for Warm Homes for Alaskans program as most outstanding in the nation for serving low- and moderate-income citizens in the area of homeownership, home improvement, and rehabilitation

Implements rural loan program that allows a portion of the home to be used for in-home business purposes

Enters into agreement with Idaho, Oregon, and Washington to promote residential energy efficiency and export Alaska's energy know-how to the Pacific Northwest; enters into similar agreement with United Kingdom's National Energy Foundation

Grants property in the Anchorage Muldoon area to Habitat for Humanity for construction of a home for a low-income family
Issues $200 million in bond debt

Principal balance of 35,310 mortgages held: $2.56 billion

Alaska Housing FINANCE CORPORATION

1994

Alaska's rental market continues to stabilize; rents unchanged in many markets; slight increase in overall vacancy rate; Anchorage construction costs increase less than inflation.

AHFC realizes net earnings of $72,519,000; pays $16,983,000 dividend to State of Alaska general fund; Board approves "State Payment Plan" calling for payment of $200 million to the general fund in $50 million installments over one year.

Implements Small Building Material Loan Program for rural Alaskans

Implements Interest-Rate Reduction for Energy Efficiency Program

Awards $230,000 Emergency Housing Assistance Grant to build temporary emergency housing for Koyukuk flood victims

Develops Home**Choice**, a statewide homebuyer counseling program

Installs three experimental multi-point, rigid-frame foundation systems (triodetic foundations) in rural Alaska

Implements Affordable Housing Enhanced Loan Program (AHELP)

Awards $735,000 in grants to statewide electric utilities to develop electrical savings programs

Makes five-year commitment of $37.4 million to the Warm Homes for Alaskans Initiative

Purchases 8,110 loans totaling $732.5 million under Streamlined Refinance Program

Contributes $8 million to Supplemental Housing Development Grant Program

Completes construction of 47 three- & four-bedroom units in Fairbanks to replace Birch Park public housing

Purchases 20 Family Self-Sufficiency housing units in Anchorage

Approves $51 million in Multi-Family and Special Needs loans
Awards $4.9 million in Low-Income Housing Tax Credits

Receives $997,672 HUD grant for Housing Opportunities for Persons with AIDS

Commits to a $54 million term take-out loan to provide 366 units of military housing on Eielson Air Force Base under Section 801 Military Construction Authority Act

Alaska Housing FINANCE CORPORATION

Receives national "best in category" award for Energy Technology and Education from the U.S. Department of Energy for its role in transforming the state's housing market by mainstreaming the concept of energy efficiency through its Energy Rated Homes of Alaska Program

Awards $728,000 in HOME grants to low-income homeowners for energy-efficiency and moderate rehabilitation improvements.**;** **$150,000** in CHDO operating assistance funds; and **$2.6 million** under the Owner-Occupied Rehabilitation Program

Receives one of four National Agency Awards of Excellence in Program Innovation: Direct Client and Resident Services from the National Association of Housing & Redevelopment Officials for Juneau's "Breakfast Club"

Receives awards from the Alaska Chapter of the Public Relations Society of America: first place for "Mortgage Problems" brochure; third place for 1992 annual report; and third place for the video "Making Your House a Home."

Issues $514,060,000 in bond debt

Principal balance of 35,320 mortgages held: $2.25 billion

1995

Alaska's rental housing market continues to tighten, with average contract rents increasing in eight of ten selected areas of Alaska. Rural loan activity doubles to $33.5 million.

***Today's Environment* features AHFC's energy-efficient mortgage on its national television series.**

AHFC posts net earnings of $96,058,000; pays $20,043,000 dividend to the State.

Approves $200 million "State Payment Plan"; pays to the State of Alaska general fund in four installments

Approves a Series (State) Transfer Plan and authorizes an agreement between the State of Alaska Commissioner of Revenue and the Corporation, which provides for the transfer of $270 million to the State's general fund in a series of scheduled installments during the subsequent five fiscal years

Provides $12 million for energy and weatherization programs

Awards grants totaling $603,270 under the HOME Rental Development Program

about ahfc

Implements a 10-year modernization and rehabilitation plan for public housing
Completes reconstruction of 31 homes at Bethel Heights, Bethel, and 28 three- and four-bedroom units at Birch Park, Fairbanks

Provides $5.6 million in financing under the Multi-Family and Special Needs Loan Program

Awards $815,000 in Low-Income Housing Tax Credits

Awards $8.3 million in grants and loans toward development of senior housing

Obtains judgments of more than $75,000 in three fraud cases against former AHFC public housing tenants

Awards $150,000 in Operating Assistance Funds

Awards $2,720,758 in grants for acquisition, rehabilitation, or new construction of single-family, multi-family, and senior facilities

Funds $460,000 in low-income rental assistance Coupons outside Anchorage

Establishes Family Self-Sufficiency (FSS) Program in Anchorage

Opens AHFC's first computer learning lab at Geneva Woods, Juneau

Awards $9,443,310 in Supplemental Housing Development grants

Awards $2.7 million in grants for emergency and supportive housing assistance

Offers Affordable Homeownership Guaranteed Loan Program—also known as the 5 percent Program. Purchased 910 loans, for a total of $92.6 million, under the program

Maintains an average real-estate-owned (REO) inventory of 60; average mortgage portfolio delinquency rate of 3.9 percent; forecloses on 109 loans and disposes of 68 properties

Issues $365 million in bond debt; reaches milestone of $10 billion in bonds issued since inception

Principal balance of 31,426 mortgages held: $2.27 billion

Alaska Housing FINANCE CORPORATION

1996

Miller's Reach Fire devastates Wasilla/Big Lake area 60 miles north of Anchorage in June; more than 37,500 acres burn, 344 buildings destroyed, valued at $8.8 million. **Survey shows an increase in Alaska's homeless women and children;** chronic homelessness increases; transient population in economically-distressed areas of the state declines. **Alaska's homeownership increases by 7.5 percent** from 1993 to 1996, while increasing 2 percent nationally. **Construction costs decrease in rural Alaska;** slight increase in urban areas.

Legislature authorizes the University of Alaska to borrow $33 million from AHFC to finance the construction of student housing and dining facilities in Anchorage.

Institutional Investor **names AHFC's $335 million mortgage-backed governmental-purpose bond issue "Deal of the Year."**

Standard & Poor's issues improved outlook on AHFC's rating from negative to stable; affirms single 'A'-plus rating on AHFC's G.O. bonds and 'A-1' rating on its Eurocommercial paper program.

Family Self-Sufficiency Program has first successful "graduate" participant.

AHFC posts net earnings of $114,805,000; pays $70 million to the State of Alaska general fund pursuant to Series (State) Transfer Plan.

Provides grants, gap financing, and initial construction funds to nearly 100 fire victims

Awards $8,879,010 in Supplemental Housing Development grants

Maintains an average real estate-owned (REO) inventory of 51; average mortgage portfolio delinquency rate of 4.24 percent

Purchases 417 home loans totaling $51 million under the Conventional Loan Programs

Purchases 584 loans under the First-Time Homebuyer Program

Purchases $1,762,300 in loans under the Non-Owner-Occupied Loan Program

Participates in Homeownership Demonstration Project by donating a 6250 sq. ft. lot in Mountain View, Anchorage, to establish affordable homeownership opportunities for five targeted communities

Receives a 1996 national "Significant Achievement" award from the National Council of State Housing Agencies for encouraging new production of affordable housing through *Building Homes to Build Communities*, a video and workbook package

about ahfc

Alaska Housing FINANCE CORPORATION

Grants $250,000 to organizations to assist homeless or near-homeless families

Receives HUD's "High Performer" rating for the 1995 Public Housing Management Assessment Program (PHMAP)

Provides Supportive Housing matching grants totaling $775,000

Obtains a $716,166 Housing Opportunities for Persons with AIDS grant

Provides grants of $60,000 to the Alaska Native Health Board and $175,000 to the Association of Alaska Housing Authorities

Uses $6,229,967 for comprehensive weatherization of homes in rural Alaska

Obtains judgments of $131,439 in two fraud cases against former public housing and Section 8 tenants

Amends public housing lease to allow evictions for "any drug-related activity on or off" AHFC's property to implement President Clinton's "One-Strike-You're-Out" Policy

Approves Resident Home Business Policy & Procedures to allow tenants in AHFC's public housing properties to operate home businesses

Offers new Interest-Rate Reduction for Energy Efficiency Program, for new and existing homes

Approves $1 million loan to Fairbanks Neighborhood Housing Services under the Loans to Sponsors Program

Amends Multi-Family Loan Program to include participation from the private lending institutions and equity extraction

Commits to loans of $11,440,250 under the Multi-Family and Special Needs Loan Program

Awards $790,970 in Low-Income Housing Tax Credits

Purchases $1,762,300 in loans under the Non-Owner-Occupied Loan Program

Originates $283,850 in Building Material loans

Provides $790,970 in start-up funding for senior housing

Awards $100,000 in operating grants to development organizations

Alaska Housing FINANCE CORPORATION

Awards $3,661,400 in rental development grants

Issues $365 million in long-term debt to continue various ongoing lending programs

Adopts Fiscal Policies for investments, securities lending, reverse-repurchase agreements, underwriter selection, and the issuance of long-term debt

Completes reconstruction of final 31 units at Bethel Heights, Bethel

Receives $800,003 in HUD Supportive Housing grants
Completes replacement of 33 houses and an office/maintenance building at Beringvue, Nome; exterior/interior renovation of 17 units at Cedar Park Annex, Juneau; and demolition of 50 units at Cedar Park, Juneau

Establishes AHFC website, www.ahfc.state.ak.us

Issues $370,055,000 in bond debt; **completes refundings of two issues totaling $5,055,000**

Principal balance of 29,015 mortgages held: $2.2 billion

1997
Survey shows continuing decline in percentage of homeless veterans.

AHFC posts net earnings of $101,346,000; pays $50 million to the State of Alaska general fund pursuant to Series (State) Transfer Plan.

Family Self-Sufficiency Program "graduates" 20 participants.

AHFC employees reject ASEA union representation.

AHFC finances $180 million in home loans.

Issues 1024 Home**Choice Certificates of Completion** at 71 classes held in 36 communities; holds record class of 139 participants.

Approves $4 million in loans and $1.8 million in grants for senior housing

Completes construction of the 50 replacement units and multipurpose room at Cedar Park, Juneau

Uses the Weatherization Assistance Program to increase energy efficiency of 1140 homes

about ahfc

Receives A *Blue Ribbon Practices in Community Development Award for 1997* *for Effectively Leveraging HOME Funds* from HUD's Office of Community Planning and Development

Receives an *Annual Award for Significant Achievement for Homeownership: Home Improvement and Rehabilitation* from the National Council of State Housing Agencies

Receives a *1997 Merit Award for Administrative Innovation* from the National Association of Housing & Redevelopment Officials for "The Raven Makes a Home—Alaskar-miut enilii Tulukaruum—Program"

Receives a *1996 International Blue Pencil Competition Award, First Place for Publications for a Technical Audience*, from the National Association of Government Communicators for the *Alaska Affordable Housing Development Workbook*

Receives a score of 100 percent on HUD's 1996 Public Housing Management Assessment Program (PHMAP)

Provides $15 million to Alaska DEC for water and sewer projects and **$1.5 million to Alaska DHSS** for Mental Health Trust beneficiaries

Provides $33 million in financing to the University of Alaska to build student housing in Anchorage

Contributes $2.6 million to DHSS for Pioneer Home renovations

Contributes nearly $2 million toward construction of the Bethel sea wall and the Valdez Harborview study

Finances the purchase of the Bank of America building in Anchorage for future occupancy by State agencies, estimated to result in cost savings of more than $100 million to the State over the life of the building

Contributes $1 million toward the design and construction of a multipurpose center in Mountain View, Anchorage

Awards $11,753,532 in development grants and Low-Income Housing Tax Credits

Grants $250,000 under the Emergency Reconstruction HOME Program

Awards $60,000 to match a USDA Emergency Housing Preservation Grant

Awards $200,000 to the Northwest Arctic Borough to match a federal grant to study the feasibility of relocating the village of Kivalina

about ahfc

Awards $7,353,828 in Supplemental Housing Development grants

Releases AkWarm, a Windows-based home-energy-rating-and-weatherization-assessment software developed by AHFC

Provides $6.1 million in HOME Single-Family Owner-Occupied Program funds to improve the health and safety and energy efficiency of homes

Provides $180 million in financing for 1535 Alaskans to purchase or refinance homes

Maintains an average real-estate-owned inventory of 41; average mortgage-portfolio delinquency rate of 3.92 percent

Purchases 821 home loans for more than **$76 million** under the tax-exempt First-Time Homebuyer Program, 340 loans for **$52 million** under the Veterans Mortgage Program, and 97 loans for nearly **$19 million** under the taxable loan programs

Approves $5 million loan commitment to Tlingit-Haida Regional Housing Authority under the Loans to Sponsors Program

Implements Interest-Rate Reduction for Low-Income Borrowers Program to provide a sliding-scale interest-rate reduction for borrowers with incomes at or below the median income for their location

Purchases $2 million in loans under the Non-Owner-Occupied Loan Program

Approves nearly $4 million in financing for senior housing

Revises Multi-Family and Special Needs Participation Loan Program to allow for equity extraction

Provides lower mortgage interest rates for 580 existing and new homes under the Interest-Rate Reduction for Energy-Efficient Homes

Purchases the largest volume of loans in the history of the rural loan program: 292 loans at $40.1 million

Purchases first straw-bale home under the rural loan program

Provides loan commitments of more than $27.1 million under the Multi-Family and Special Needs Program

Creates a Regional Housing Authority (RHA) Exchange Program to enable RHAs to initiate and service loans in rural Alaska to expand AHFC's housing services into remote areas of the state

Provides $1,209,950 for Emergency Reconstruction loans to people who suffered a loss in the Miller's Reach fire

Issues $594,781,477 in bond debt; reaches milestone of $11 billion in bonds issued since inception

Principal balance of 27,466 mortgages held: $2.05 billion

1998

Survey shows decrease in reported homeless; increase in homeless veterans. Alaska's rental vacancy rates continue to decline.

Legislature directs $17,444,000 of AHFC's $50 million dividend toward school funding, with the balance available for debt-service payment on capital-project bonds.

Legislature authorizes AHFC to issue $224 million in bonds to finance projects of the State and municipalities.

Legislature appropriates $37,795,000 of AHFC's capital budget for non-housing purposes, including $33,246,700 for water and sewer projects.

Family Self-Sufficiency Program "graduates" eight participants.

AHFC posts net earnings of $95,916,000; **pays $50 million to the State of Alaska general fund** pursuant to Series (State) Transfer Plan.

Opens the Gateway Learning Center in Anchorage

Implements a Section 3 Program to give a preference to public housing tenants or applicants who qualify as low-income

Increases the energy efficiency of 1504 low-income homes

Processes more than 1500 home-energy ratings, a 50 percent increase from FY97.

Becomes an Ally of the U.S. Environmental Protection Agency's ENERGY STAR Homes Program

Completes nearly $1 million in statewide energy upgrades at public-housing properties

about ahfc

Alaska Housing FINANCE CORPORATION

Provides $112.5 million in lower-interest mortgage loans under the Energy Efficiency Interest-Rate Reduction program

Provides financing of $33 million for the University of Alaska to build student housing in Anchorage

Contributes $700,000 to DHSS for Pioneer Home renovations

Awards $1 million to non-profits under the Owner-Occupied Rehabilitation Program

Finances $2.7 million in senior housing complexes

Completes total renovation of Golden Ages, a 20-unit senior facility in Fairbanks

Provides $706,541 in Low-Income Housing Tax Credits, **$1,878,300** in HOME funds, and **$1,581,700** in Senior Citizen Housing Development (SCHDF) funds

Develops the Assistance Provider Interest Rate Reduction Program

Provides loan commitments of nearly $19 million under the Multi-Family and Special Needs Loan Program

Awards $1.9 million in HOME rental development funds

Solicits and hires two firms for Investment Management Services (IMS)

Provides $14.6 million to Department of Environmental Conservation for water and sewer projects throughout the state and **$1.7 million** toward joint housing programs with the Alaska Department of Health & Social Service for Mental Health Trust beneficiaries

Transfers $27.6 million from the State Mortgage Insurance Fund (SMIF) to the State after it became legally available upon the redemption of AHFC's remaining Insured Mortgage Program Bonds

Increases urban loan activity by 130 percent; rural loan activity by 88 percent

Conducts 114 HomeChoice workshops in 30 communities, with 2,219 certificates issued

Provides $384 million in financing for 3159 Alaskans to purchase homes

Purchases 1615 First-Time Home Buyer loans totaling $156 million

Provides $85.5 million to finance 864 loans under the Interest-Rate Reduction for Low-Income Borrowers Program

about ahfc

Alaska Housing
FINANCE CORPORATION

Implements a Streamline Refinance Program; uses $99 million to refinance 1145 loans

Provides financing for 597 low-interest loans under the Veterans Mortgage Program

Implements Rural Initiative Housing Pilot Program in Bethel and Aniak

Awards $7,735,696 in Supplemental Housing Development Grants to regional housing authorities

Completes construction of 50 replacement units at Cedar Park and 45 new units at Riverbend in Juneau

Receives a score of 100 percent on HUD's 1997 Public Housing Management Assessment Program (PHMAP)

Receives John J. Gunther award from HUD for using HOME funds to provide assistance to low-income homeowners following the Miller's Reach fire

Contributes more than $132.5 million toward state revenues and capital projects

Completes purchase of the Bank of America building
Contributes $1 million toward the design and construction of a multipurpose community center in the neighborhood of Mountain View in Anchorage

Forms a Y2K team, writes a plan, accesses all hardware and software for compliancy, and begins remediation and testing of all systems

Uses $233,500 in funds from the U.S. Department of Energy for consumer energy education, institutional conservation, Healthy House training, and rural technical assistance

Maintains a 2.2 percent average vacancy rate for the Conventional Low Rent housing program

Provides public housing or Section 8 rental assistance to 1819 new individuals or families

Develops workshop curriculum for Realtors®, builders, and lenders; receives approval for Continuing Education Units for Realtor® training

Maintains an average real estate-owned inventory of 27; average mortgage portfolio delinquency rate of 3.83 percent

Maintains a delinquency rate of zero percent for multi-family loans

Approves $1 million loan to Fairbanks Neighborhood Housing Services under the Loans to Sponsors Program

Receives a $572,800 HUD grant for AIDS supportive services and rental assistance

Awards $125,700 in matching funds under the USDA Housing Preservation Grant program and $750,000 in grant matching funds under the Continuum of Care, Supportive Housing Program

Awards $386,000 in grants under the Homeless Assistance Program

Holds statewide workshops for more than 200 agencies and individuals in housing quality standards, internal controls, supported housing, reasonable accommodations, and fair housing

Partners with the Department of Health & Social Services and the Alaska Mental Health Trust Authority for a housing-grant program to provide $1.1 million to non-profit service providers for housing Alaskans with special needs and $150,000 for home accessibility modifications

Issues $470,404,750 in bond debt

Principal balance of 26,044 mortgages held: $2.1 billion

1999

Loan portfolio increases slightly to 26,776; **delinquency rate rests** at less than 4 **percent**

Posts net earnings of $79,850,000

Develops a northern housing and development Web site—www.north.rthn.org—in cooperation with the Canada Mortgage Corporation and Yukon College

Receives annual Award for Significant Achievement from the National Council of State Housing Agencies for *Homeownership: Encouraging New Production,* recognizing the Rural Initiative Housing Pilot Program

Approves new loan program: Interest-Rate Reduction for Housing for Disabled (later renamed Assistance Provider Interest-Rate Reduction Program)

Receives design award from the Pacific Northwest Regional Council and Award of Merit from the National Association of Housing & Redevelopment Officials for landscaping improvements and playground equipment installed on a special surface at Etolin Heights in Wrangell

Alaska Housing FINANCE CORPORATION

Receives $338,000 HUD Drug Elimination grant

Receives 100 percent score on HUD's 1998 Public Housing Management Assessment Program (PHMAP)

Receives National Recognition Award from the U.S. Department of Energy for outstanding contributions to the Weatherization Assistance Program

Issues $93 million in non-housing bonds to pay for deferred maintenance and capital projects throughout Alaska; 10 percent of the bonds purchased by Alaskan investors prior to major investor offering

Receives National Award of Merit for Project Design from the National Association of Housing & Redevelopment Officials for the Cedar Park Affordable Housing Program in Juneau

Receives National Award of Merit for Project Design from the National Association of Housing & Redevelopment Officials for the Riverbend Affordable Housing Program in Juneau

Receives 1998 Award of Excellence from the Alaska Chapter Public Relations Society of America for Second Place Tie for 1997 Annual Report

Principal balance of 26,776 mortgages held: $2,367,754,221

2000

Loan portfolio increases to 28,325; **delinquency rate rests** at less than 3.8 **percent; homeownership rate stabilizes** at 66.4 percent

Alaska sees **highest percentage increase** of any state in homeownership throughout the '90s

Posts net earnings of $81,802,000

Receives HUD Secretary's commendation in recognition as a High Performer

Receives Standard & Poor's highest rating of "strong" for AHFC's Public Housing Division

Receives 2000 HUD Best Practices Award for the HOME Opportunity Program

Receives HUD's John J. Gunther Blue Ribbon Best Practices Award for the Supplemental Housing Development Grant Program

about ahfc

Receives 1999 Award of Excellence from the Alaska Chapter Public Relations Society of America for Third Place for 1998 Annual Report

Contributes $103.6 million toward state revenues and capital projects

Develops an **Intranet**

Becomes HUD contract administrator for 24 Section 8 Project-Based contracts throughout Alaska

Provides a $6.75 million loan to Alaska Pacific University for housing and student-activity-center renovations

Approves a $38.8 million loan to Aurora Military Housing LLC to build and own 780 units of military housing on Elmendorf Air Force Base

Awards 52 grants for a total of **$14.8 million**

Awards $6 million in Supplemental Housing Development grants for new construction of 222 houses in 27 communities statewide, including Kwigillingok, Koyuk, Chignik Lagoon, Rampart, Nanwalek, and Hoonah, leveraging $30 million in federal funds

Increases Energy-Efficiency Interest-Rate Reduction Program (EEIRR) loans by 12 percent, to 1,345

Expands EEIRR program to include previously owned energy-efficient homes

Weatherizes 941 homes

Co-sponsors the Energy Northwest weatherization conference

Trains 405 persons in the application of computerized home-energy ratings and 118 builders in energy-efficient residential construction

Responds to 3,632 requests for energy and construction information from 2,979 users in 67 communities in Alaska and throughout the world

Issues $103,980,000 in State Capital Project Bonds, 1999 Series B—the second of two issues to provide financing for capital projects throughout Alaska

Legislature authorizes AHFC to issue $77 million in general obligation debt for state capital projects

about ahfc

Legislature authorizes AHFC (or a subsidiary) to purchase 40 percent of the State of Alaska's right to receive tobacco-settlement proceeds and issue bonds secured by the tobacco settlement payments to finance $93 million of school construction projects

Legislature authorizes the issuance of bonds to fund the construction of various State capital projects; extends the Transfer Plan authorizing transfer of $103 million annually from AHFC to the State until the year 2008

Conducts 214 HomeChoice workshops in 28 communities; issues 5,446 certificates

Holds 41 classes for 1,319 home buyers, home builders, housing agencies, subcontractors, lenders, real estate agents, and general audiences on AHFC loan and energy programs

Provides $229 million to finance 2,205 homes under the Tax-Exempt First-Time Home Buyer Program

Implements Taxable First-Time Home Buyer Program; purchases 285 loans, totaling **$42.4 million**

Provides $561 million for 4,295 Alaskans to purchase homes

Increases 1–4 residential loan activity by 20 percent in the urban loan programs

Provides $153 million to lower mortgage rates for 1,530 low-income borrowers under the Interest-Rate Reduction for Low-Income Borrowers Program

Graduates 22 families from the Family Self-Sufficiency Program

Receives a set-aside from HUD of 652 Welfare to Work vouchers

Provides $250,000 to the Department of Health & Social Services for housing modifications for people with special needs

Expands role of Senior Housing Office to help special needs groups and developers increase accessible housing

Receives funding for 310 new vouchers with approximately 50 set aside for people with disabilities or families receiving a Medicaid waiver

Purchased/closes 76 Multi-Family Loans in 14 communities totaling **$54.5 million** for 1,468 units of affordable housing

Provides $6.2 million in funds under the Loans to Sponsors Program

Alaska Housing FINANCE CORPORATION

Issues $883,535,000 in long-term bond debt

Principal balance of 28,325 mortgages held: $2,714,816,145

2001

Loan portfolio increases to 30,239; **delinquency rate remains low** at 3.47 **percent; homeownership rate stabilizes** at 66.4 percent

Posts net earnings of $96,353,000, up 18 percent from FY00 and 21 percent from FY99.

Sees 13 percent increase in mortgage-loan interest from 16 percent increase in net mortgage loans

Submits score of **100 percent "High Performer**" under HUD's Public Housing Assessment System (PHAS)

Submits score of **100 percent under HUD's Section 8 Management Assessment Program** (SEMAP)

Receives 2000 Award of Excellence from the Alaska Chapter Public Relations Society of America for Third Place for 1999 Annual Report

Renovates five single-family public housing units in Anchorage for sale to low-income first-time home buyers

Increases loan applications from 3,940 to 4,742 and loan purchases to $647.6 million

Completes construction of 15 low-income rental duplexes and a multi-purpose building at Spruce Park in Fairbanks

Provides grants of $6,454,147 under the Supplemental Housing Development Grant Program to 11 regional housing authorities to facilitate the construction of 198 single-family homes and 68 multi-family units of housing in rural Alaska

Constructs multi-purpose building at Riverbend public housing development in Juneau

Completes replacement of seven public-housing units in Valdez

Weatherizes 1,127 homes

Awards 92 grants for a total of $25 million

Establishes AHFC Toastmasters Club

about ahfc

Alaska Housing
FINANCE CORPORATION

Completes video production of *Alaska Log Building Construction Techniques*

Conducts 198 Home**Choice workshops** in 41 communities; issues 4,464 certificates

Graduates 11 families from the Family Self-Sufficiency Program; 112 participants enrolled in the program.

Responds to 4,056 requests for energy and construction information—the highest number on record—from 3,105 users in 56 communities in Alaska and throughout the world

Provides $190 million for 1,230 home buyers under the Energy-Efficiency Interest-Rate Reduction

Provides $176 million to finance 1,764 homes under the **Tax-Exempt First-Time Home Buyer Program** and **$270 million** to finance 1,768 homes under the **Taxable First-Time Home Buyer Program**

Provides $648 million for 4,816 Alaskans to purchase homes

Provides $155 million to lower mortgage rates for 1,527 low-income borrowers under the Interest-Rate Reduction for Low-Income Borrowers Program

Purchases/closes 117 Multi-Family Loans in 14 communities totaling **$103.8 million** for 2,976 units of affordable rental housing

Issues $156,635,000 in Mortgage Revenue Bonds and $62,450,000 Housing Development Bonds

In October 2001, AHFC **creates subsidiary, the Northern Tobacco Securitization Corporation** (NTSC), to purchase from the State 40 percent of the revenues to be received from the Master Settlement Agreement between major tobacco producers and the State of Alaska.

NTSC sells $116,050,000 of Tobacco Settlement Asset-Backed Bonds, Series 2000. The net proceeds of $93 million are made available for the capital projects authorized by the Legislature.

Legislature authorizes NTSC to purchase an additional 40 percent of the tobacco-settlement revenues for $109,942,839, and issue bonds for additional State capital projects.

Issues $74,535,000 in State Capital Project Bonds for State construction and renovation projects throughout Alaska

Principal balance of 30,239 mortgages held: $3,215,722,000

Alaska Housing FINANCE CORPORATION

2002

Loan portfolio increases to 30,263; **delinquency rate steady** at 3.8 **percent; homeownership rate** drops slightly to 65.2 percent

Posts net earnings of **$75,660,000**, down 21 percent from FY02 and 8 percent from FY00

Receives HUD Secretary's commendation in recognition as a High Performer

Receives 2002 Energy Star Labeled Homes Outstanding Achievement Award from the U.S. Environmental Protection Agency

Receives three national awards and a local award for the Assistance Provider Interest-Rate Reduction program for increasing the quality of life for Alaskans who experience a developmental disability

Receives award from the National Association of Housing and Redevelopment Officials (NAHRO) for the 5(h) Homeownership Program

Receives Award of Excellence from the Alaska Chapter Public Relations Society of America for Third Place for 2001 Annual Report

Distributes $15.5 million to 30 grantees

Weatherizes nearly 900 homes

Responds to 3,525 requests from 2,955 users in 74 Alaskan communities for RIC library and information services

Completes sale of sixteenth former public housing home to first-time home buyer in Anchorage under HUD's 5(h) Public Housing Homeownership Program

Conducts 240 Home**Choice workshops** in 35 communities; issues nearly 4,000 certificates

Provides $514.8 million for 3,721 Alaskans to purchase homes

Provides $160.2 million to finance 1,475 homes under the **Tax-Exempt First-Time Home Buyer Program and** $159.1 million for 1,023 homes under the **Taxable First-Time Home Buyer Program**

Provides $79.3 million to lower mortgage rates for 782 low-income borrowers under the **Interest-Rate Reduction for Low-Income Borrowers Program**

Provides $125 million in financing for 791 homes under the **Rural Owner-Occupied Loan Program**

Closes 21 Assistance Provider Interest-Rate Reduction loans totaling **$4.4 million**

Purchases/closes 94 Multi-Family Loans totaling **$58.477 million** for 1,368 units of affordable housing

Issues $370,170,000 in Governmental Purpose Bonds; $137,190,000 in Mortgage Revenue Bonds; $50 million in Veterans Collateralized Bonds; and $200 million in Home Mortgage Revenue Bonds

Principal balance of 30,263 mortgages held: $3,366,184,042

2003

Loan portfolio decreases to 27,816; **maintains delinquency rate** of 3.8 percent; **homeownership rate increases** to a new high of 67.3 percent, slightly below the nationwide rate of 68.0 percent

Interest rates on mortgage loans decline to levels not seen in 40 years. Mortgage-loan portfolio experiences $960 million in prepayments. AHFC receives a record $1.2 billion in new mortgage-loan applications.

Posts net earnings of **$67.1 million**, down 11 percent from FY02 and 30 percent from FY01. Mortgage-loan portfolio decreases by about $80 million. When combined with lower interest rates on new loans, results in a 1 percent decrease in mortgage-loan interest. Investment income decreases 6 percent over the prior fiscal year due to lower interest rates earned on short-term investment portfolio.

Alaska Legislature passes and Governor Murkowski signs into law SCS HB256, codifying the **Transfer Plan** between AHFC and the State of Alaska, which calls for payments by AHFC in FY 04–06 of $103 million, with the amounts thereafter equaling a percentage of the Corporation's Change in Net Assets. Those percentages are 95 percent in FY 07, 85 percent in FY 08, and 75 percent thereafter.

Alaska Legislature passes and Governor Murkowski signs into law SB181, providing for changes and enhancements to **rural loan programs**. Effective October 3, 2002, streamline refinances allowed under Rural Owner-Occupied Loan Program.

Receives HUD Secretary's commendation in recognition as a High Performer for 10th consecutive year

Receives Award of Excellence from the Alaska Chapter Public Relations Society of America for Third Place for 2001 Annual Report

about ahfc

Receives 2003 Communications Contest Award from the Alaska Press Women for Second Place for 2001 Annual Report

Receives 2003 Energy Star for Homes Outstanding Achievement Award from the U.S. Environmental Protection Agency

Receives Certificate for Outstanding Accomplishment from the U.S. Department of Agriculture, USDA Rural Housing Loan Programs, for superior efforts in providing homeownership training

Receives 2002 National Award of Merit from the National Association of Housing and Redevelopment Officials for Program Innovation – Community Revitalization – for the Fairmont Home Ownership Program

Receives 2002 National Award of Merit from the National Association of Housing and Redevelopment Officials for Program Innovation – Resident and Client Services – for the Fairmont Home Ownership Program

Receives 2002 National Award of Merit from the National Association of Housing and Redevelopment Officials for Program Innovation – Affordable Housing – for the Fairmont Home Ownership Program

Receives 2002 National Award of Merit from the National Association of Housing and Redevelopment Officials for Program Innovation – Resident and Client Services – for the Assistance Provider Interest-Rate Reduction Program

Receives 2002 National Award of Merit from the National Association of Housing and Redevelopment Officials for Program Innovation – Affordable Housing – for the Assistance Provider Interest-Rate Reduction Program

Receives Affiliate Honors Awards from the Mat-Su Valley Board of Realtors FY03

Distributes $12 million to 30 grantees

Weatherizes 900 homes

Responds to 6,284 requests from 3,506 users in 76 Alaskan communities for RIC library and information services, a 29 percent increase over FY02

Completes sale of four former public housing homes to first-time home buyer in Anchorage under HUD's 5(h) Public Housing Homeownership Program

Conducts 256 HomeChoice workshops in 33 communities (45 in rural areas); issues 4,283 certificates; 1,658 obtain AHFC loan commitments

about ahfc

Provides $536.9 million for 3,501 Alaskans to purchase homes

Purchases 1,835 Streamline Refinance loans with an average monthly savings of $137 per month

Provides $92.3 million to finance 807 homes under the Tax-Exempt **First-Time Home Buyer Program and $222.2 million** for 1,301 homes under the Taxable First-Time Home Buyer Program

Purchases 890 loans for $152 million under Energy-Efficiency Interest-Rate Reduction

Provides $38 million to lower mortgage rates for 394 low-income borrowers under the **Interest-Rate Reduction for Low-Income Borrowers Program**

Provides $108 million in financing for 609 homes to be purchased under the **Rural Owner-Occupied Loan Program**

Provides $61 million for 458 Alaskans to refinance homes under the **Rural Owner-Occupied Loan Program**

Closes two Assistance Provider Interest-Rate Reduction loans totaling $386,000

Purchases/closes 62 Multi-Family Loans totaling **$47.4 million** for 979 units of affordable housing

Issues $125 million in Housing Development Bonds; $150 million in General Mortgage Revenue Bonds; and $107.7 million in State Capitol Project Bonds

Contributes more than $12.7 million in servicing fees to Alaskan lenders

Contributes $27 million to private landlords for low-income rental assistance under the Section 8 Housing Choice Voucher Program

Approves 16 new condominium/PUD projects (1493 housing units)

Principal balance of 27,816 mortgages held: $3,059,773,000.

about ahfc

Contact us

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Program Summaries

Alaska Housing Finance Corporation provides statewide financing for multi-family complexes, congregate facilities, and single-family homes, with special loan options for low- and moderate-income borrowers, veterans, teachers, nurses, and those living in rural areas of the state. We also provide energy and weatherization programs, low-income rental assistance, and special programs for the homeless and those seeking to become self-sufficient. If you are connected to the Internet, you can click on one of the following links to learn more about that program.

Loan Programs

RESIDENTIAL

Mobile Home Program
Non-Conforming Program
Refinance Program
Rural Owner Occupied Program
Rural Teacher Housing Program
Second Mortgage Program
Second Mortgage Program/Health and Safety Repairs
Small Building Material Program
Streamline Refinance Program
Taxable First Time Home Buyer Program
Taxable Program
Tax-Exempt First Time Home Buyer Program
Veterans Mortgage Program
What you can do with an AHFC residential loan

MULTI-FAMILY AND SPECIAL NEEDS HOUSING

Assistance Provider Interest-Rate Reduction Program
Multi-Family, Congregate & Special Needs Program
Multi-Family Federally Insured Program
Multi-Family Loan Purchase Program
Senior Housing Program

OTHER LOAN PROGRAMS

Association Loan Program
Loans to Sponsors

ADD-ON OPTIONS

Affordable Housing Enhanced Loan Program (AHELP)
Energy Efficiency Interest Rate Reduction (EEIRR)
Interest Rate Reduction for Low Income Borrowers (IRRLIB)
Rural Enhanced Loan Program (RELP)
State Veterans Interest Rate Preference
Teachers' and Nurses' Housing Loan Program

about ahfc

ENERGY AND WEATHERIZATION

AkWarmª Energy Rating Software
Energy Efficiency Interest-Rate Reduction
Low-Income Weatherization Assistance Program
Small Building Material Loan Program

GRANTS AND TAX CREDITS

Accessibility Modification Grants (for seniors)
GOAL (Greater Opportunities for Affordable Living) Program
Grant Match Program
HOME Investment Partnerships Program (HOME)
Homeless Assistance Grant Program
Low-Income Housing Tax Credit Program (LIHTC)
Senior Citizens Housing Development Fund (SCHDF) (Grant) Program
Special Needs Housing Grant Program
Supplemental Housing Development Grant Program

RENTAL ASSISTANCE PROGRAMS

Barrow/Browerville Housing Choice Voucher Program
Family Self-Sufficiency Program
Gateway Learning Center
Housing Choice Voucher Program
Housing Choice Voucher Homeownership Plan

Financial Highlights

AHFC issued a total of $382,710,000 of long-term debt during FY 2003 to continue its various ongoing lending programs and also to fund State capital projects. As of June 30, 2003, $3.108 billion was outstanding under the Corporation's long-term debt programs. The following table summarizes the long-term debt issued by the Corporation during FY 2003:

Long-Term Debt Issued FY03

Title & Amount of Bond Issue	*Ratings: S&P/ Moody's/ Fitch*	*Date Issued*	*Program/ Project Funded*	*Tax Status*
$125,000,000 Housing Development Bonds $8,440,000 2002 Series A (AMT) $8,690,000 2002 Series B (Non-AMT) $70,000,000 2002 Series C (Non-AMT) $37,870,000 2002 Series D (Variable)	AAA/A-1+; Aaa/VMIG-1; AAA/F-1+	09/05/2002	Multifamily Projects	Tax Exempt
$150,000,000 General Mortgage Revenue Bonds $150,000,000 2002 Series A (Non-AMT)	AAA/Aaa/AAA	10/15/2002	Various Single Family	Tax Exempt
$107,710,000 State Capital Project Bonds $32,905,000 2002 Series A (Non-AMT) $14,555,000 2002 Series B (Variable) $60,250,000 2002 Series C (Variable)	AAA/A-1+; Aaa/VMIG-1; AAA/F-1+	12/05/2002	State Capital Projects	Tax Exempt

1. **AHFC Reports Decrease in Operating Income for Fiscal Year 2003**
   AHFC posted operating income of $67.1 for FY 2003, down 11 percent from FY 2002 and 30 percent from FY 2001. AHFC's mortgage-loan portfolio decreased by about $80 million, and, when combined with lower interest rates on new loans, resulted in a 1 percent decrease in mortgage-loan interest over the prior fiscal year. Due to lower interest rates earned on the Corporation's short-term investment portfolio, the investment income decreased 6 percent over the prior fiscal year.

2. **Interest Rates Continue to Drop, Causing Record Mortgage Prepayments**
   During FY 2003, interest rates on mortgage loans dropped to levels not seen in 40 years. As a result, Alaskans refinanced their mortgages in record numbers—the Corporation's mortgage-loan portfolio experienced $960 million in prepayments during the year. Because of low-cost capital available to the Corporation, it was able to offer competitive rates and received $1.2 billion in new mortgage loan applications. These refinancings will allow Alaskans to save millions of dollars per year on their house payments.

3. **AHFC Reduces Borrowing Costs**
   As a result of the massive mortgage-loan prepayments, AHFC called nearly $600 million in debt through special mandatory redemption and $175 million in scheduled redemptions, reducing the total interest paid by the Corporation during the year by over $3 million.

4. **Legislature Passes, Governor Signs Transfer-Plan Legislation**
   The Alaska Legislature passed and Governor Murkowski signed into law SCS HB256, which adds language to the Alaska Statutes codifying the Transfer Plan between AHFC and the State of Alaska. The Transfer Plan calls for payments by AHFC in FY 04–06 of $103 million, with the amounts thereafter equaling a percentage of the Corporation's Change in Net Assets. Those percentages are 95 percent in FY 07, 85 percent in FY 08, and 75 percent thereafter. The corporation sees this legislation as an acknowledgement by the State of the important role AHFC plays in the state's economy and its plan to insure the continued fiscal health of the corporation.

Alaska Housing
FINANCE CORPORATION

a component unit of the State of Alaska

Financial Statements

And Independent Auditors' Report

June 30, 2003

With Summarized Financial Information for June 30, 2002

Table of Contents

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

Web site: www.ahfc.state.ak.us **click on the Financials page**

E-Mail **dboyce@ahfc.state.ak.us**

701 West Eight Avenue
Suite 600
Anchorage, AK 99501

Independent Auditors' Report

The Board of Directors
Alaska Housing Finance Corporation:

We have audited the accompanying statements of net assets, revenues, expenses, and changes in net assets and cash flows of each major fund and the aggregate remaining fund information of Alaska Housing Finance Corporation (Corporation) as of and for the year ended June 30, 2003, which collectively comprise the Corporation's basic financial statements. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's 2002 financial statements and, in our report dated September 27, 2002 with subsequent event Note dated October 15, 2002, we expressed an unqualified opinion on the respective financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Alaska Housing Finance Corporation as of June 30, 2003, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

September 12, 2003

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis is designed to assist the reader in focusing on significant financial issues and activities and to identify significant changes in the financial position of Alaska Housing Finance Corporation ("the Corporation") during the year ended June 30, 2003 (FY 2003). This information should be read in conjunction with the Independent Auditors' Report, financial statements and accompanying notes.

The Corporation's operations are business type activities and follow enterprise fund reporting. The Corporation is a component unit of the State of Alaska ("the State") and is discretely presented in the State's financial statements.

USING THIS FINANCIAL REPORT

This financial report consists of two parts: management discussion and analysis and the basic financial statements. The basic financial statements include: the statement of net assets, the statement of revenues, expenses and changes in net assets, the statement of cash flows and the notes to the financial statements. These statements are presented for all of the Corporation's operations and programs, with the focus on the Corporation as a whole (entity-wide) and the major funds. Summarized financial information for FY 2002 is also presented and is intended to facilitate and enhance understanding of the Corporation's financial position, results of operations and cash flows for the current fiscal year in comparison to the prior fiscal year.

The *Statement of Net Assets (Exhibit A)* answers the question, "How is our financial health at the end of the year?". This statement includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

All of the current year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses and Changes in Net Assets (Exhibit B).* This statement measures the success of the Corporation's operations over the past year and can be used to determine whether the Corporation has successfully recovered all of its costs through mortgages and loans, externally funded programs and other revenue sources. This statement also helps answer the question "Is the Corporation as a whole better off or worse off as a result of the year's activities?"

The primary purpose of the *Statement of Cash Flows (Exhibit C)* is to provide information about the Corporation's cash receipts and cash payments during the accounting period. This statement reports cash transactions, including receipts, payments, and net changes resulting from operations, noncapital financing, capital financing and investing activities. It provides answers to such questions as "where did cash come from?", "what was cash used for?" and "what was the change in cash balance during the reporting period?"

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements. The notes to the financial statements follow Exhibit C.

Major and Individual 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. 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 for transfers to, and debt service payments for debt issued on behalf of, the State for legislatively authorized transfers and state capital projects.

As of June 30, 2003 the Administrative Fund reported net assets of $510 million, an increase of $96 million from June 30, 2002. Primarily the increase in net assets can be attributed to internal transfers into the fund of $93 million. Approximately 20% ($100 million) of the administrative fund's net assets is restricted by contractual or statutory agreements and 80% ($409 million) is unrestricted and may be used to meet the continuing obligations and for the operations of the Corporation.

The administrative fund reported operating income of $21 million for FY 2003, a decrease of $9 million from FY 2002. The decrease resulted primarily from a decrease in investment interest earnings of $3 million, due to the lower interest rates throughout FY 2003, and from a decrease in the provision for loan loss of $6 million.

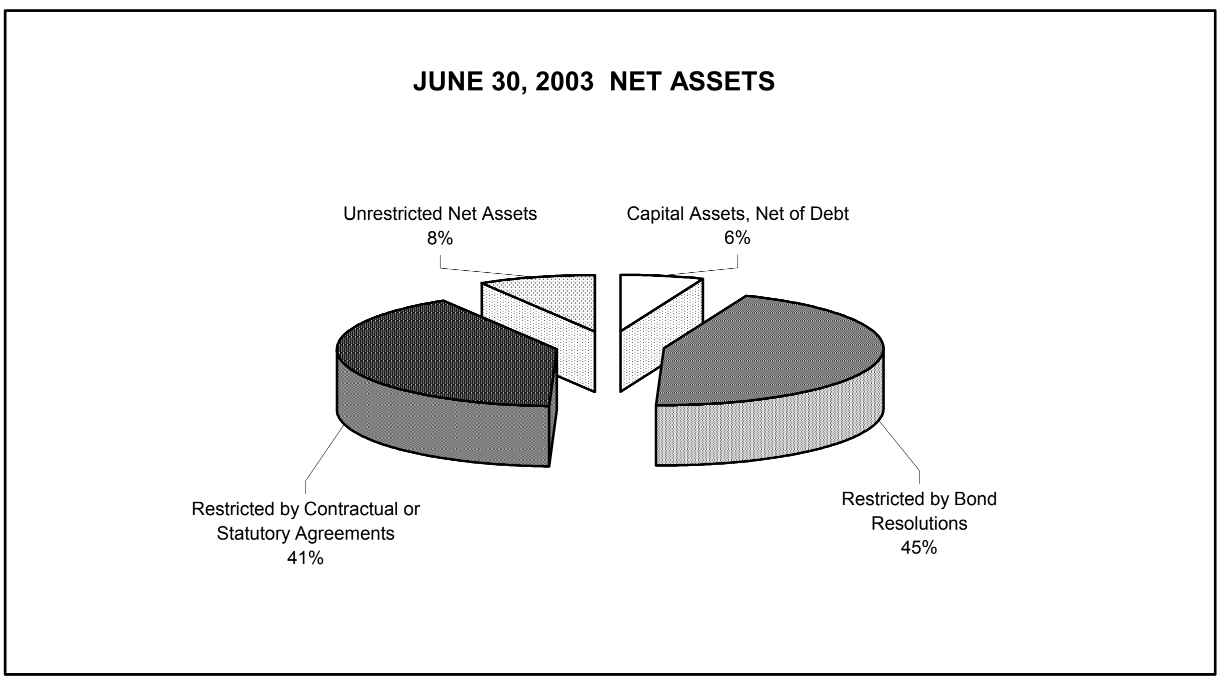
The *Housing Assistance Loan Fund* accounts for the resources to assist in the financing of home loans and capital improvements for residents of rural Alaska.

The Corporation's *Other Non-Major Funds* include individual funds for First Time Homebuyer Bonds, Veterans Mortgage Program Bonds, Other Housing Bonds, Non-Housing Bonds, Other Program Funds, and Revolving Funds.

CONDENSED STATEMENT OF NET ASSETS

(in thousands)

	2003	2002
Investments	$ 1,518,997	$ 1,587,877
Mortgage loans, notes and other loans net	3,312,511	3,373,640
Total assets	5,055,511	5,182,154
Bonds and notes, net	3,110,941	3,267,553
Total liabilities	3,317,945	3,416,344
Total net assets	1,737,566	1,765,810



The assets of the Corporation exceeded its liabilities as of June 30, 2003 by $ 1.7 billion. Of this amount $104 million represents capital assets, net of accumulated depreciation and related debt, $1.5 billion is restricted by bond resolutions or by contractual or statutory agreements and $148 million is available to meet the obligations of the Corporation.

Total assets decreased by a net amount of $127 million during FY 2003 primarily due to decreases in both investments and loans. The decrease in loan balances was a direct result of the acceleration of prepayments due to lower interest rates throughout the fiscal year. Investment balances dropped primarily due to both an increase in surplus bond redemptions and state capital project disbursements.

Capital assets, net of depreciation and debt, increased $6 million during FY 2003. The Corporation invested $11 million in capital development projects, completed $4 million in the construction of buildings and other assets, disposed of $4 million and depreciated $5 million of capital assets during the fiscal year.

Total bonds and notes decreased by $157 million during the year. See discussion under Debt Administration for analysis of the change in bonds and notes.

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

(in thousands)

	2003	2002
Mortgages and loan revenue	$ 220,393	$ 222,446
Investment interest income	57,013	71,115
Externally funded programs	53,702	46,283
Total operating revenues	348,441	349,230
Interest expense	172,939	174,582
Operations and administration	35,339	32,393
Housing grants and subsidies	52,023	39,520
Total operating expenses	281,364	273,570
Operating income	67,077	75,660
Contributions to the State of Alaska or other State Agencies	(95,321)	(85,562)
Special item	–	2,035
Change in net assets	(28,244)	(7,867)

Total operating revenues decreased by a net amount of $789,000 during FY 2003. Mortgage and loan revenue dropped only slightly but investment interest income dropped by $14 million due to lower short-term interest rates. Revenues from externally funded programs increased $7 million which helped offset the reduction in investment interest income.

Total operating expenses increased by a net amount of $8 million during FY 2003. During the fiscal year, the allowance for loan loss reserve, an estimate of uncollectible amounts used to reduce the reported loan portfolio value, was decreased due to the review of assigned risk ratings, history of delinquent payments, and change in economic conditions. This resulted in a decrease in the provision for loan loss of $15 million. Housing grants, which are based on actual expenses, and subsidy expenses, which are budget driven, increased in all programs by a combined total of $13 million. As a result of the lower interest rates and increased loan repayments, the Corporation redeemed bonds, which decreased the amount of interest expense on the Corporation's outstanding bonds by $2 million. The overall increase in operating expenses was somewhat offset by changes in the arbitrage rebate accrual, which is influenced by a lower interest rate environment.

The Corporation continued its series of annual payments to the State of Alaska General Fund. During FY 2003, the Board of Directors of the Corporation approved a budget for FY 2004 that included a $50 million cash payment and an additional $26 million capital budget, for a total payment to the State of $76 million, equal to the Corporation's change in net assets for FY 2002. As a result of a modification to the Transfer Plan during the 2003 Legislative Session, the transfers to the State for FY 2004 will be $103 million. The transfers for FY 2005 and FY 2006 will also be $103 million. In FY 2007 the Transfer Plan calls for the payment to be the lesser of $103 million or 95% of the Corporation's change in net assets, with the percentage declining to 85% in FY 2008 and 75% thereafter.

During FY 2002, the Corporation had a special item of $2 million on the statement of revenues, expenses and changes in net assets. This was a result of closing an inactive Mutual Help Program and writing off of the remaining assets and liabilities of that program.

DEBT ADMINISTRATION

As of June 30, 2003, the Corporation had $3.1 billion of bonds and notes payable secured by assets held and the general obligation pledge of the Corporation. The Corporation's debt is rated by three major rating agencies. The ratings assigned to the Corporation by each of those agencies are:

Rating Category	Fitch Ratings	Moody's Investors Service	Standard & Poor's
General Obligation:			
Long Term	AA+	Aa2	AA-
Short Term	F1+	P-1	A-1+
General Account Fund Rating:			
Credit Quality			AAAf
Volatility			S1

Significant debt activity during the year included the following:

- Issued $125 million, the par value of Tax-Exempt Housing Development Bonds;
- Issued $150 million, the par value of Tax-Exempt General Mortgage Revenue Bonds;
- Issued $108 million, the par value of Tax-Exempt State Capital Project Bonds;
- Redeemed bonds through surplus redemption provisions of their respective indentures in the amount of $432 million and;
- Issued and redeemed short-term commercial paper under the Corporation's $150 million commercial paper program.

The Operating Budget of the State of Alaska for the fiscal year ended June 30, 2003, authorized the issuance of $798 million in bonds by the Corporation. This limitation did not apply to refunding bonds. Bond issuances for the year were under this limit.

Additional information on the Corporation's long-term debt can be found in the notes of the 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 available 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 revenues include mortgage loan activity, investment interest income and externally funded grants and subsidies. Market interest rates have an effect on both the mortgage program and investment income revenues. Interest rates in the United States during FY 2003 dropped to levels not seen for decades. If interest rates continue at current levels, the Corporation expects mortgage and investment income to be stable or decrease slightly. 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 further, mortgage and investment income will continue to decrease as new loans are originated and new investments are purchased at the lower rates. Any decrease in interest rates could also cause another increase in prepayments on higher rate mortgages. The Corporation uses these prepayments to call the corresponding bond series, which lowers the interest expense incurred on the Corporation's overall bonds outstanding. 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. If you have questions about this report or need additional financial information, please visit the Corporation's web site www.ahfc.state.ak.us or contact the Financial Reporting Officer at dboyce@ahfc.state.ak.us.

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

As of June 30, 2003

(with summarized financial information for June 30, 2002)

(in thousands of dollars)

	Administrative Fund	Housing Assistance Loan Fund	Other Non-Major Funds
ASSETS			
Current			
Cash	5,047	1,172	14,996
Investments	467,187	12,078	287,450
Accrued interest receivable	2,344	2,252	17,753
Mortgage loans, notes and other loans	2,607	13,279	67,981
Net investment in direct financing lease	-	-	1,617
Other assets	738	137	6,803
Intergovernmental receivable	-	-	1,048
Total Current	477,923	28,918	397,648
Non-Current			
Investments	-	-	752,282
Mortgage loans, notes and other loans, net of allowance	188,733	515,051	2,524,860
Net investment in direct financing lease	-	-	34,548
Unamortized bond issuance costs	-	-	29,024
Capital assets, net	447	-	104,618
Other assets	1,459	-	-
Total Non-Current	190,639	515,051	3,445,332
Total Assets	668,562	543,969	3,842,980
LIABILITIES			
Current			
Bonds and notes payable	-	-	81,376
Short term debt	149,995	-	-
Accrued interest payable	238	-	15,389
Other liabilities	8,120	1,538	17,629
Intergovernmental payable	-	-	7,868
Total Current	158,353	1,538	122,262
Noncurrent			
Bonds and notes payable, net of current portion	-	-	3,029,565
Other liabilities	389	21	5,817
Total Non-Current	389	21	3,035,382
Total Liabilities	158,742	1,559	3,157,644
NET ASSETS			
Invested in capital assets, net of related debt	447	-	104,011
Restricted by bond resolutions	-	-	776,180
Restricted by contractual or statutory agreements	100,079	542,410	66,608
Unrestricted net assets, (deficit)	409,294	-	(261,463)
Total Net Assets	509,820	542,410	685,336

See accompanying notes to the financial statements.

Exhibit A

Total	
2003	**2002**
21,215	9,508
766,715	662,935
22,349	25,015
83,867	85,156
1,617	1,533
7,678	19,195
1,048	618
904,489	803,960
752,282	924,942
3,228,644	3,288,484
34,548	36,164
29,024	28,105
105,065	99,040
1,459	1,459
4,151,022	4,378,194
5,055,511	5,182,154
81,376	74,370
149,995	108,541
15,627	14,253
27,287	16,477
7,868	8,479
282,153	222,120
3,029,565	3,193,183
6,227	1,041
3,035,792	3,194,224
3,317,945	3,416,344
104,458	98,408
776,180	779,083
709,097	677,877
147,831	210,442
1,737,566	1,765,810

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2003

(with summarized financial information for June 30, 2002)

(in thousands of dollars)

	Administrative Fund	Housing Assistance Loan Fund	Other Non-Major Funds
OPERATING REVENUES			
Mortgage and loans revenue	13,144	27,298	179,951
Investment interest	13,110	535	43,368
Net change in the fair value of investments	1,331	(3)	8,549
Total Investment Revenue	14,441	532	51,917
Externally funded program	-	-	53,702
Rental	-	-	6,812
Other	135	23	486
Total Operating Revenues	27,720	27,853	292,868
OPERATING EXPENSES			
Interest	1,444	-	171,495
Mortgage and loan costs	718	2,338	9,838
Operations and administration	164	2,940	32,235
Financing expenses	1,279	11	9,206
Provision for loan loss	2,652	(2,084)	(12,800)
Housing grants and subsidies	-	-	52,023
Rental housing operating expenses	3	-	9,902
Total Operating Expenses	6,260	3,205	271,899
Operating Income (Loss)	21,460	24,648	20,969
NONOPERATING EXPENSES, SPECIAL ITEM & TRANSFERS			
Contributions to the State of Alaska or other State agencies	(18,853)	-	(76,468)
Special Item	-	-	-
Transfers - Internal	93,630	31,869	(125,499)
Change in Net Assets	96,237	56,517	(180,998)
Net assets at beginning of year	413,583	485,893	866,334
Net Assets at End of Period	509,820	542,410	685,336

See accompanying notes to the financial statements.

Total	
2003	**2002**
220,393	222,446
57,013	71,115
9,877	111
66,890	71,226
53,702	46,283
6,812	7,034
644	2,241
348,441	349,230
172,939	174,582
12,894	12,933
35,339	32,393
10,496	2,197
(12,232)	2,690
52,023	39,520
9,905	9,255
281,364	273,570
67,077	75,660
(95,321)	(85,562)
-	2,035
-	-
(28,244)	(7,867)
1,765,810	1,773,677
1,737,566	1,765,810

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASHFLOWS
For the Year Ended June 30, 2003
(with summarized financial information for June 30, 2002)
(in thousands of dollars)

	Administrative Fund	Housing Assistance Loan Fund	Other Non-Major Funds
Cash flows from operating activities:			
Interest income on mortgages and loans	6,006	26,936	188,761
Principal payments received on mortgages and loans	28,798	152,984	802,581
Purchases of mortgages and loans	(967,554)	-	-
Receipt (payment) for loan transfers between funds	751,689	(179,014)	(572,675)
Payments to employees and other payroll disbursements	(21,538)	-	-
Payments for goods and services	(36,923)	-	(29)
Cash received for externally funded programs	-	-	23,287
Cash received for Federal HAP subsidies	-	-	28,162
Payments for Federal HAP subsidies	-	-	(27,581)
Other operating cash receipts	4,232	23	8,721
Other operating cash payments	(1,382)	-	(5,743)
Net cash provided by (used for) operating activities	(236,672)	929	445,484
Cash flows from noncapital financing activities:			
Proceeds from the issuance of bonds	-	-	385,552
Principal paid on bonds	-	-	(544,383)
Payment of bond issuance costs	(3,361)	-	-
Interest paid	(1,459)	-	(166,882)
Proceeds from issuance of short term debt	822,447	-	-
Payment of short term debt	(780,979)	-	-
Contributions to the State of Alaska or other State agencies	(44,446)	-	(49,676)
Transfers (to) from other funds	273,635	533	(274,168)
Net cash provided by (used for) noncapital financing activities	265,837	533	(649,557)
Cash flows from capital financing activities:			
Acquisition of capital assets	(10,848)	-	-
Proceeds from the disposal of capital assets	-	-	833
Principal paid on capital notes	(25)	-	-
Interest paid	(4)	-	-
Proceeds from the direct financing lease payments	-	-	3,549
Net cash provided by (used for) capital financing activities	(10,877)	-	4,382
Cash flows from investing activities:			
Purchase of investments	(4,683,837)	(347,088)	(5,591,064)
Proceeds from maturity of investments	4,651,800	346,354	5,759,242
Interest received from investments	16,034	167	40,040
Net cash provided by (used for) investing activities	(16,003)	(567)	208,218
Net Increase (decrease) in cash	2,285	895	8,527
Cash at the beginning of year	2,762	277	6,469
Cash at the end of period	5,047	1,172	14,996
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	21,460	24,648	20,969
Adjustments:			
Depreciation expense	156	-	4,428
Provision for loan losses	2,652	(2,084)	(12,800)
Amortization of bond issuance costs	-	-	1,387
Net change in the fair value of investments	(1,331)	3	(8,549)
Transfers between funds for operating activity	(70,458)	3,027	67,431
Interest received from investments	(16,034)	(167)	(40,040)
Interest paid	1,463	-	166,882
Changes in assets and liabilities:			
Mortgages and loans	(187,067)	(26,030)	229,906
Other assets and liabilities	12,487	1,532	15,870
Net cash provided by (used for) operating activities	(236,672)	929	445,484
Noncash investing, capital and financing activities:			
Asset transfers	(154,773)	96,130	58,643

See accompanying notes to the financial statements.

Exhibit C

Total	
2003	**2002**
221,703	208,839
984,363	455,994
(967,554)	(683,541)
-	-
(21,538)	(17,971)
(36,952)	(43,760)
23,287	16,635
28,162	23,791
(27,581)	(20,888)
12,976	16,570
(7,125)	-
209,741	(44,331)
385,552	757,342
(544,383)	(391,280)
(3,361)	(1,522)
(168,341)	(171,756)
822,447	566,000
(780,979)	(567,499)
(94,122)	(85,562)
-	-
(383,187)	105,723
(10,848)	(7,920)
833	-
(25)	(24)
(4)	(5)
3,549	3,549
(6,495)	(4,400)
(10,621,989)	(7,978,685)
10,757,396	7,848,434
56,241	69,125
191,648	(61,126)
11,707	(4,134)
9,508	13,642
21,215	9,508
67,077	75,660
4,584	4,290
(12,232)	2,690
1,387	2,030
(9,877)	(111)
-	-
(56,241)	(69,125)
168,345	171,761
16,809	(227,547)
29,889	(3,979)
209,741	(44,331)
-	-

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NOTES TO FINANCIAL STATEMENTS

FOOTNOTE INDEX

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2003

1 AUTHORIZING LEGISLATION AND FUNDING

The Alaska Housing Finance Corporation (Corporation), a public corporation and government instrumentality of the State of Alaska (State), was created in 1971, and substantially modified in 1992, by acts of the State of Alaska Legislature (Legislature) to assist in the financing, development and sale of dwelling units, operate the State's public housing, offer various home loan programs emphasizing housing for low and moderate-income and rural residents, and administer energy efficiency and weatherization programs within Alaska. The Corporation is a component unit of the State of Alaska and is discretely presented in the State's financial statements.

Generally, the Corporation accomplishes its mortgage-related objectives by functioning as a secondary market for qualified real estate and mobile home loans originated by financial institutions. The Corporation is authorized, as approved by the Legislature, to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Corporation, will be necessary to provide sufficient funds for carrying out its purpose. Certain bonds issued to finance residences for qualified veterans are unconditionally guaranteed by the State of Alaska. No other obligations constitute a debt of the State.

The non-mortgage related programs of the Corporation are funded through various grant and program agreements with the federal government's departments of Housing and Urban Development (HUD), Energy (DOE), and Health and Human Services (HHS), as well as capital and operating subsidies from the Corporation's own funds.

Northern Tobacco Securitization Corporation (NTSC) was incorporated in the State of Alaska pursuant to House Bill No. 281 of the Alaska Legislature, as a subsidiary of the Corporation. There is no financial accountability between NTSC & the Corporation. Neither the Corporation nor the State is liable for any debt issued by NTSC. NTSC is not a component unit of the Corporation and thus not included in the Corporation's financial statements. NTSC is a government instrumentality of, but separate and apart from, the State. NTSC is reported as a blended component unit in the State's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Corporation's funds are accounted for as enterprise funds for financial reporting purposes. All funds utilize the economic resource measurement focus and accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. The Corporation applies all Governmental Accounting Standards Board's (GASB) pronouncements for the Corporation's funds, as well as the Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. After November 30, 1989, the Corporation only applies applicable GASB pronouncements.

Basis of Presentation

The Corporation's annual financial statements include a Management's Discussion and Analysis (MD&A) section, a classified Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets formatted to report operating and nonoperating revenues and expenses, a Cashflow Statement presented using the direct method, and notes to the financial statements. The Corporation's financial statements present the Administrative Fund and the other Major Funds in separate columns. The remaining Non-Major Funds are aggregated and displayed in a single column. The total column presents the entity-wide amounts for the Corporation.

Summarized financial information for FY 2002 has been presented in the accompanying financial statements in order to provide an understanding of changes in the Corporation's entity-wide financial position, results of operations and cash flows on an entity-wide basis. However, the summarized financial information is not intended to present the financial position, result of operations or cash flows in accordance with accounting principles generally accepted in the United States of America.

Major and Non-Major Funds
The Corporation reports the following major funds and non-major funds:

Administrative Fund. This is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation, except those accounted for in separate funds.

Housing Assistance Loan Fund. Resources to assist in the financing of home loans for residents of rural Alaska.

Other Non-Major Funds. Resources to assist in the financing, development and sale of housing units, public housing assistance programs, energy programs, and home loan programs are aggregated and reported in Other Non-Major Funds.

Restricted Assets and Fund Equity
The restricted net asset amounts of the Administrative Fund consist of the Corporation's remaining commitments to the State (refer to Footnote No. 17, State Authorizations and Commitments, for further details). The remaining resources of the Administrative Fund are unrestricted.

The other financial activities of the Corporation are restricted by the Corporation's bond resolutions, requirements from the Legislature, and statutory requirements or third party agreements that specify the restricted use of resources. These restricted resources are recorded in various special purpose funds and accounts. Restricted funds with a deficit net asset balance are shown as having an unrestricted net asset balance pursuant to reporting requirements.

When both restricted and unrestricted resources are available in a fund, it is the Corporation's policy to spend restricted funds to the extent allowed and only spend unrestricted funds when needed.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. The significant estimate for the Corporation is the allowance for loan losses.

Investments
All investments are stated at fair value, except for nonparticipating investment agreements, which are stated at cost. The Corporation does not participate in any external investment pools.

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

Loans
Mortgage loans are carried at their unpaid principal balances net of allowance for estimated loan losses. Under previous agreements, the Corporation exchanged mortgages for mortgage-backed securities (MBSs) with Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC) and issued mortgage certificates guaranteed by the Government National Mortgage Association (GNMA). MBSs received in exchange for mortgages and those issued by the Corporation under its MBS program are carried at the unpaid principal balance of the underlying mortgage loans, net of related allowances.

Allowances for Estimated Loan Losses
The Corporation provides for possible losses on loans anticipated to be foreclosed upon. A potential loss is recorded when the net realizable value, or fair value, of the related collateral or security interest is estimated to be less than the Corporation's investment in the property less anticipated recoveries from private mortgage insurance, private credit insurance, and various other loan guarantees. In providing for losses, through a charge to operations, consideration is given to the costs of holding real estate, including interest costs. The loan portfolio, property holding periods and property holding costs are reviewed periodically. While management uses the best information available to make evaluations, future adjustments to the allowances may be necessary if there are significant changes in economic conditions or property disposal programs.

Real Estate and Mobile Homes Owned
Real estate and mobile homes owned consist principally of properties acquired through foreclosure or repossession and are carried at the lower of cost or estimated net realizable value. These amounts are included in other assets.

Depreciation
Depreciation and amortization of buildings, equipment, leasehold improvements and intangible assets are computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 40 years. The capitalization floor is $5,000.

Bonds and Notes
The Corporation issues bonds and notes to provide capital for its mortgage programs, and other uses consistent with its mission. The bonds and notes are recorded at cost plus accreted interest and premiums, less discounts and deferred debt refunding expenses. Discounts and premiums are amortized using the effective interest method. Deferred debt refunding expenses are amortized over the shorter of the remaining life of the old debt, or the remaining life of the new debt.

Interest Rate Swap
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 of its fixed rate 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 particulars of each swap are negotiated to achieve the financing objectives of the Corporation. Other than the net interest expense resulting from these agreements, no amounts are recorded in the Corporation's financial statements.

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

Cash consists of demand deposits, time deposits and uninvested trust account balances. 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, 2003	**June 30, 2002**
Restricted cash	$ 16,425	$ 7,049
Unrestricted	4,790	2,459
Carrying amount	$ 21,215	$ 9,508
Bank balance	$ 22,613	$ 10,817

4 INVESTMENTS

Custodial Credit Risk

The Corporation assumes levels of custodial credit risk for its cash, deposits with financial institutions, bank investment agreements, and investments.

Cash and bank investment agreements are categorized as:

Category
1 Insured by federal depository insurance or collateralized by securities held by third parties in the Corporation's name
2 Un-invested in trust and other accounts collateralized with securities held by bank trust departments, but not in the Corporation's name
3 Uninsured and un-collateralized

Investments are categorized as:

Category
1 Insured, registered, or held by the Corporation or its agent in the Corporation's name
2 Uninsured and unregistered, held by the counter party's trust department or agent in the Corporation's name
3 Uninsured and unregistered investments that are held by a counter party, or by its trust department or agent, but not in the Corporation's name

The bank balance of the Corporation's cash, bank investment agreements, and investments is categorized below (in thousands):

	Category 1	Category 2	Category 3	June 30, 2003	June 30, 2002
Cash	$ 22,613	$ -	$ -	$ 22,613	$ 10,817

	Category 1	Category 2	Category 3	June 30, 2003	June 30, 2002
Bank investment agreements	$ -	$ 65,237	$ 199,481	$ 264,718	$ 286,506
U.S. Treasury securities	27,528	26,399	-	53,927	48,252
Securities of U.S. Government agencies and Corporations	246,403	112,959	-	359,362	278,570
Asset-backed securities	53,352	11,984	-	65,336	45,527
Certificates of Deposit	15,000	-	-	15,000	15,000
Commercial paper & medium term notes	275,639	210,447	-	486,086	637,027
Subtotal	617,922	361,789	-	979,711	1,024,376
	$ 617,922	$ 427,026	$ 199,481	1,244,429	1,310,882
Investment agreements				220,252	195,553
Money market funds				54,316	81,442
Total investments				$1,518,997	$1,587,877

Restricted Investments

The carrying amount of the Corporation's investments, restricted by bond resolutions, contractual agreements, and statutory agreements, is shown below (in thousands):

	June 30, 2003	June 30, 2002
Restricted investments	$ 963,448	$ 1,302,922
Unrestricted	555,549	284,955
Carrying amount	$ 1,518,997	$ 1,587,877

Investment Policies

Investments of trusted funds are made under terms of the indenture or agreement which applies to each pool of funds. Permitted investments may differ with each bond issue or other agreement. The Corporation's fiscal policies govern unrestricted funds and securities. The following are eligible for investment thereunder; however, individual indenture or agreement restrictions may not permit all of the following investments in any one pool of funds:

- Obligations of the United States or any agency or instrumentality thereof;
- Debt obligations, including unsecured certificates of deposit, notes, time deposits, and bankers' acceptances of, and deposits with, any bank the short-term obligations of which have been rated at least "A-1" by S&P, "P-1" by Moody's, or "F-1" by Fitch;
- Deposits in and investments of a commercial bank or credit union which are fully insured by the FDIC or NCUA or that provide for the pledge of collateral maintained at a minimum level of 105%;
- Debt obligations, other than those that do not have a fixed par value or terms that do not promise a fixed dollar amount at maturity or call date, rated at least "AA" by S&P, "Aa" by Moody's, or "AA" by Fitch;
- Repurchase Agreements (repos) with a corporation or other entity which has long-term debt ratings of at least "A" by S&P, "A" by Moody's, or "A" by Fitch or short-term ratings of at least "A-1" by S&P, "P-1" by Moody's, or "F-1" by Fitch and where the collateral is maintained at a minimum level of 102%;
- Money market funds which are rated at least "AAm" or "AAm-G" by S&P, "Aa" by Moody's, or "V-1+" by Fitch;
- Investment agreements or guaranteed investment contracts with financial institutions having outstanding unsecured long-term obligations rated, or a claims paying or investment agreement rating, at least "AA" by S&P, "Aa" by Moody's, or "AA" by Fitch;
- Floating rate notes issued by entities having outstanding unsecured long-term obligations rated "AA" by S&P, "Aa" by Moody's, or "AA" by Fitch, and with interest rates subject to adjustment no less frequently than every 90 days, and a maximum maturity of three years or less, or an optional tender available to bondholders no less frequently than every interest rate reset date;
- Adjustable rate funds, provided they are rated "AAAf" credit and "S-1" volatility by S&P and "Aaa" by Moody's;
- International Bank for Reconstruction & Development debt obligations rated "AAA" by S&P, "Aaa" by Moody's, or "AAA" by Fitch.

Investment Term

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 call or prepayment penalties.

	June 30, 2003	June 30, 2002
Due in one year or less	$ 1,220,914	$ 1,359,532
Due after one year through five years	296,310	226,330
Due after five years through ten years	-	-
Due after ten years	1,773	2,015
	$ 1,518,997	$ 1,587,877

Realized Gains and Losses

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current period may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments included in the table below takes into account all changes in fair value (including purchases and sales) that occurred during the period. A summary of the gains and losses is shown below (in thousands):

	June 30, 2003	June 30, 2002
Ending unrealized holding gain	$ 7,227	$ 8,008
Beginning unrealized holding gain	8,008	8,768
Net change in unrealized holding gain	(781)	(760)
Net realized gains	10,658	871
Net increase in Fair Value	$ 9,877	$ 111

5 MORTGAGE LOANS, NOTES AND OTHER LOANS

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

	June 30, 2003	June 30, 2002
Mortgage loans	$ 3,059,773	$3,085,238
Mortgage-backed securities issued by the Corporation	41,600	70,255
Mobile home loans	2,534	3,478
Multi-family loans	270,227	290,899
University of Alaska loan	28,831	29,905
Other notes receivable	66	56
	3,403,031	3,479,831
Less:		
Allowance for losses	(90,520)	(106,191)
Net Mortgage loans, notes and other loans	$ 3,312,511	$3,373,640

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

	June 30, 2003	June 30, 2002
Delinquencies and foreclosures:		
Loans delinquent 30 days or more	$ 111,376	$ 117,200
Foreclosures during period	2,973	3,524
Loans in foreclosure process	6,868	6,218
Mortgage-related commitments:		
To purchase mortgage loans	208,519	118,396
To repurchase loans upon foreclosure	33,583	57,401

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, maintenance, and liquidation of 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 LOAN SELF INSURANCE PROGRAM

The Corporation, for the purpose of insuring itself against losses which might occur as a result of mortgages purchased under various loan programs, collects insurance premiums from the borrowers. The insurance premiums are held in trust by a commercial banking institution and are administered by the management of the Corporation. They are included in the Administrative Fund in the accompanying financial statements.

8 DIRECT FINANCING LEASE

In July, 1997, the Corporation purchased an office building in downtown Anchorage with its Administrative Fund assets for approximately $26 million. The building is part of the Corporation's State Lease Building Program (the "Program") and has been leased to the State of Alaska for occupancy by its Departments and Agencies located in Anchorage. The State has the option to purchase the building at the end of the lease for $1. In December 1999 the Corporation issued the State Building Lease Bonds, 1999 series in the amount of $40,000,000 to finance the purchase. The lease of the building to the State has been recorded as a direct financing lease.

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):

Year Ending June 30	Future Minimum Payments Due
2004	$ 3,549
2005	3,549
2006	3,549
2007	3,549
2008	3,549
Thereafter	35,495
Gross payments due	53,240
Less: Unearned revenue	(17,075)
Net investment in direct financing lease	$ 36,165

9 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2003 and a summary of balances are shown below (in thousands):

	July 1, 2002	Additions	Reductions	June 30, 2003
NON-DEPRECIABLE CAPITAL ASSETS:				
Land	$ 13,887	$ -	$ (14)	$ 13,873
Construction in progress	28,937	10,673	(3,799)	35,811
TOTAL NON-DEPRECIABLE	42,824	10,673	(3,813)	49,684
DEPRECIABLE CAPITAL ASSETS:				
Buildings	130,536	3,683	(223)	133,996
Computers & Equipment	2,811	105	-	2,916
Vehicles	1,627	186	(53)	1,760
	134,974	3,974	(276)	138,672
Less: Accumulated depreciation				
Buildings	(75,169)	(4,089)	-	(79,258)
Computers & Equipment	(2,438)	(234)	-	(2,672)
Vehicles	(1,151)	(262)	52	(1,361)
	(78,758)	(4,585)	52	(83,291)
TOTAL DEPRECIABLE, NET	56,216	(611)	(224)	55,381
TOTAL CAPITAL ASSETS, NET	$ 99,040	$ 10,062	$ (4,037)	$ 105,065

The depreciation expense charged by the Corporation was $5 million for the year ended June 30, 2003.

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, $17 million at June 30, 2003.

10 BONDS AND NOTES PAYABLE

With the exception of the Veterans Mortgage Program Bonds, the Corporation's obligations are not a debt of the State and the State is not directly liable thereon. The Veterans Mortgage Program Bonds are backed by the full faith and credit of the State. All of the bonds and notes are secured, as described in the applicable agreements, by the revenues, monies, investments, mortgage loans and other assets in the funds and accounts established by the respective security agreements. A substantial portion of the assets of the Corporation is pledged to the outstanding obligations of the Corporation.

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

	Original Amount	June 30, 2003	June 30, 2002
FIRST-TIME HOME BUYER BONDS:			
Collateralized Home Mortgage Bonds (CHMB):			
Tax-Exempt:			
• CHMB 1990 Series A, 5.7% to 7.05%, due 2003-2025	$ 152,000	$ 9,425	$ 14,955
Mortgage Revenue Bonds:			
Tax-Exempt:			
• 1996 Series A, 4.4% to 6.5%, due 2003-2027	159,870	40,876	77,175
Accreted interest	-	3,894	3,210

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2003	June 30, 2002
• 1997 Series A,			
4.15% to 6.0%, due 2003-2037	160,000	94,320	122,105
Accreted interest	-	4,490	3,572
Unamortized discount	-	(410)	(418)
• 1998 Series A,			
3.95% to 5.4%, due 2003-2035	70,000	45,675	58,280
• 1999 Series A1 & A2			
4.5% to 6.25%, due 2003, 2035	200,000	163,140	196,680
Unamortized discount	-	(119)	(122)
• 2000 Series A,			
5.9% to 6.0%, due 2036-2040	58,315	28,920	41,535
Unamortized discount	-	(265)	(348)
• 2000 Series B,			
5.45%, due 2015	3,795	3,795	3,795
• 2000 Series C,			
4.7% to 6.0% due 2003-2032	68,785	56,140	68,785
Unamortized discount	-	(258)	(272)
• 2001 Series A,			
2.5% to 5.3%, due 2003-2031	32,740	30,245	32,400
• 2001 Series B,			
4.15% to 5.45%, due 2003-2041	104,450	89,575	104,450
Unamortized premium	-	80	86
• 2002 Series A, Floating Rate*,			
1.10% at June 30, 2003, due 2032-2036	170,000	170,000	170,000
Taxable:			
• 2000 Series D,			
7.0% to 7.32%, due 2003-2020	25,740	16,010	19,785
• 2002 Series B, Floating Rate*			
1.04% at June 30, 2003, due 2036	30,000	24,255	30,000
TOTAL FIRST-TIME HOMEBUYER BONDS	1,235,695	779,788	945,653
VETERANS MORTGAGE PROGRAM BONDS:			
Collateralized State Guaranteed Bonds:			
Tax-Exempt:			
• Collateralized Bonds 1991 First Series,			
6.75% to 7.3%, due 2004-2033	45,000	1,790	2,325
Unamortized discount	-	(101)	(140)

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2003	June 30, 2002
• Collateralized Bonds 1991 Second Series,			
6.5% to 7.1%, due 2004-2034	60,000	4,190	5,535
Unamortized discount	-	(84)	(115)
• Collateralized Bonds 1992 First Series,			
6.25% to 6.75%, due 2005-2034	45,000	8,400	10,395
Unamortized discount	-	(163)	(198)
• Collateralized Bonds 1993 First Series,			
4.58% to 5.875%, due 2003-2035	65,000	7,000	13,160
Unamortized discount	-	(374)	(458)
• Collateralized Bonds 1994 First Series,			
5.3% to 6.8%, due 2003-2036	130,000	51,095	76,715
Unamortized discount	-	(380)	(398)
• Collateralized Bonds 1995 First Series,			
4.6% to 6.55%, due 2003-2037	30,000	8,460	12,845
Unamortized discount	-	(62)	(67)
• Collateralized Bonds 1997 First Series,			
5.5%, due 2003-2039	100,000	37,300	58,195
• Collateralized Bonds 1998 First and Second Series,			
4.0% to 5.5%, due 2003-2040	60,000	35,935	44,245
Unamortized discount	-	(194)	(200)
• Collateralized Bonds 1999 First Series,			
4.3% to 6.25%, due 2003-2039	110,000	70,015	91,735
• Collateralized Bonds 2000 First Series,			
4.75% to 6.45%, due 2003-2039	70,000	51,590	66,830
• Collateralized Bonds 2002 First Series,			
2.65% to 5.65%, due 2003-2034	50,000	44,665	50,000
TOTAL VETERANS MORTGAGE PROGRAM BONDS	765,000	319,082	430,404
OTHER HOUSING BONDS:			
Housing Development Bonds:			
Tax-Exempt:			
• 1991 Series A,			
6.2% to 7.0%, due 2003-2021	5,755	-	4,875
Unamortized discount	-	-	(15)
• 1992 Series A,			
6.15% to 7.0%, due 2003-2022	9,370	-	3,260
Unamortized discount	-	-	(29)

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2003	June 30, 2002
• 1993 Series A, 4.25% to 5.625%, due 2003-2023	8,325	6,860	7,055
• 1993 Series B, 4.25% to 5.625%, due 2003-2023	4,890	4,115	4,215
• 1993 Series C, 4.35% to 5.7%, due 2003-2023	1,200	1,020	1,045
• 1997 Series A, 4.15% to 5.7%, due 2003-2029	6,510	6,050	6,150
• 1997 Series B, 4.25% to 5.8%, due 2003-2029	17,000	15,825	16,080
• 1999 Series A, 4.1% to 6.3%, due 2003-2029	1,675	1,600	1,625
• 1999 Series B, 4.2% to 6.37%, due 2003-2029	5,080	4,870	4,945
Unamortized discount	-	(2)	(2)
• 1999 Series C, 4.1% to 6.2%, due 2003-2029	50,000	47,840	48,590
Unamortized discount	-	(18)	(18)
• 2000 Series A, Floating Rate*, monthly payments, 1.05% at June 30, 2003, due 2003-2030	20,745	18,715	18,715
• 2000 Series B, Floating Rate*, monthly payments, 1.0% at June 30, 2003, due 2003-2030	41,705	41,705	41,705
• 2002 Series A, 1.8% to 5.3%, due 2003-2033	8,440	8,375	-
• 2002 Series B, 1.6% to 5.15%, due 2003-2022	8,690	8,535	-
• 2002 Series C, 1.6% to 5.25%, due 2003-2033	70,000	69,415	-
• 2002 Series D, Floating Rate*, monthly payments, 1.03% at June 30, 2003, due 2003-2033	37,870	37,580	-
Taxable:			
• 1993 Series D, 5.6% to 7.1%, due 2003-2023	4,675	4,070	4,155
• 1993 Series E, 5.6% to 7.1%, due 2003-2023	12,255	9,550	9,745
• 1997 Series C, 6.8% to 7.55%, due 2003-2029	23,895	22,710	22,980

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2003	June 30, 2002
General Mortgage Revenue Bonds::			
Tax-Exempt:			
• 1997 Series A,			
4.15% to 6.1%, due 2003-2037	434,911	318,246	426,236
Accreted interest	-	4,718	3,833
• 1999 Series A,			
4.25% to 6.05%, due 2003-2049	302,700	253,030	299,670
Unamortized deferred debt refunding expense	-	(1,868)	(2,294)
Unamortized discount	-	(1,920)	(2,069)
• 2002 Series A,			
3.45% to 5.0%, due 2003-2040	150,000	150,000	-
Unamortized deferred debt refunding expense	-	(1,369)	-
Unamortized premium	-	631	-
General Housing Purpose Bonds:			
Tax-Exempt:			
• 1992 Series A,			
5.3% to 6.6% , due 2003-2023	200,000	31,825	42,415
Unamortized discount	-	-	(22)
• 1994 Series A,			
4.0% to 5.4%, due 2003-2023	143,815	139,095	139,735
Unamortized deferred debt refunding expense	-	-	(750)
Unamortized discount	-	(1,672)	(1,783)
Government Purpose Bonds:			
Tax-Exempt:			
• 1995 Series A,			
4.5% to 5.875%, due 2003-2030	335,000	156,095	158,465
Unamortized discount	-	(3,437)	(3,776)
• 1997 Series A, Floating Rate* monthly payments,			
1.10% at June 30, 2003, due 2027	33,000	29,800	33,000
• 2001 Series A, Floating Rate*,			
1.05% at June 30, 2003, due 2030	76,580	73,920	75,375
• 2001 Series B, Floating Rate*,			
1.03% at June 30, 2003, due 2030	93,590	90,330	92,115
Taxable:			
• 2001 Series C, Floating Rate*, monthly payments,			
1.05% at June 30, 2003, due 2032	100,000	98,900	99,645
• 2001 Series D, Floating Rate*, monthly payments,			
1.04% at June 30, 2003, due 2032	100,000	63,560	99,645
TOTAL OTHER HOUSING BONDS	2,307,676	1,708,699	1,654,516

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2003	June 30, 2002
NON-HOUSING BONDS			
State Capital Project Bonds:			
Tax-Exempt:			
• 1999 Series A,			
3.4% to 5.0%, due 2003-2005	92,365	36,540	49,955
Unamortized premium	-	1,534	1,830
• 1999 Series B,			
4.0% to 5.5%, due 2003-2005	103,980	53,630	72,365
Unamortized premium	-	1,163	1,284
• 2001 Series A,			
3.2% to 5.25%, due 2003-2007	74,535	64,610	73,230
Unamortized premium	-	1,765	2,029
• 2002 Series A,			
3% to 4%, due 2003-2007	32,905	32,905	-
Unamortized premium	-	1,802	-
• 2002 Series B, Floating Rate*, payments every four weeks,			
1.0% at June 30, 2003, due 2024	14,555	14,555	-
• 2002 Series C, Floating Rate*			
0.95% at June 30, 2003, due 2022	60,250	60,250	-
State Building Lease Bonds:			
Tax-Exempt:			
• 1999 Series,			
4.25% to 5.8%, due 2003-2017	40,000	34,185	35,835
Unamortized discount	-	(174)	(180)
TOTAL NON-HOUSING BONDS	418,590	302,765	236,348
OTHER PROGRAM FUNDS:			
Home Ownership Notes:			
Tax-Exempt:			
• Wrangell Project HUD Note, monthly payments,			
1.0%-3.0%, due 2007	1,161	607	632
TOTAL OTHER PROGRAMS	1,161	607	632
TOTAL BONDS PAYABLE	$4,728,122	$3,110,941	$3,267,553

* Interest rates on the annotated variable-rate bonds are determined weekly at a rate established by the Remarketing Agents on each Rate Determination Date.

Note debt service payments on the above mentioned bonds and notes are semi-annual unless otherwise mentioned.

Debt Service Requirements**

Debt service requirements through 2008 and in five year increments thereafter to maturity, for Non-Major Funds in the aggregate, which also reflects the total debt service requirements for the Corporation, for all mortgage bonds and notes in the preceding schedules are shown below (in thousands):

Year Ending June 30	Principal	Interest*	Total
2004	$ 81,376	$ 151,392	$ 232,768
2005	85,531	147,470	233,001
2006	90,177	143,012	233,189
2007	65,313	139,231	204,544
2008	49,075	136,275	185,350
Total Five Years 2004-2008	371,472	717,380	1,088,852
Five Years Ending June 30			
2009-2013	308,015	642,136	950,151
2014-2018	374,681	581,821	956,502
2019-2023	494,487	461,075	955,562
2024-2028	513,675	351,310	864,985
2029-2033	487,276	223,382	710,658
2034-2038	391,217	126,143	517,360
2039-2043	94,185	32,183	126,368
2044-2048	56,400	13,211	69,611
2049	12,326	556	12,881
	$ 3,103,734	$ 3,149,197	$ 6,252,930

* Interest requirements for variable-rate bonds have been computed using the effective interest rate at June 30, 2003.
** Also see Note 11 – Derivatives.

Redemption Provisions

The bonds and notes are generally subject to certain early-redemption provisions, both mandatory and at the option of the Corporation. The Corporation redeems debt, pursuant to the provisions of the related agreements which permit surplus revenues, resulting primarily from mortgage loan prepayments, to be used to retire the obligations at par. The Corporation also issues new debt whose proceeds are used to immediately redeem previously issued debt, called current refundings. The accelerated amortization of related discounts and costs of issuance resulting from these surplus revenue redemptions is included in interest expense and financing costs. The Corporation may also call bonds at a premium using any monies once certain bonds reach 15% of issuance, referred to as a clean-up call.

Principal Redemptions
(in thousands)

	June 30, 2003	June 30, 2002
Surplus revenue redemptions	$ 432,280	$ 157,140
Current refundings	158,665	171,515
	$ 590,945	$ 328,655

Defeased Debt

From time to time, the Corporation effects an advanced refunding where bonds are issued, the proceeds of which are used to defease outstanding debt of the Corporation. The result is an in-substance defeasance whereby the Corporation purchases securities which are deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the refunded bonds. The Corporation's defeased debt at June 30, 2002 was $121,000,000 for General Housing Revenue Bonds, 1992 Series A. These bonds were redeemed at their earliest special redemption date of December 1, 2002. The Corporation did not have any defeased debt at June 30, 2003.

Conduit Debt
From time to time, the Corporation has issued debt to provide financial assistance to private-sector entities for the acquisition or construction of facilities deemed to be in the public interest. The bonds are secured by the properties financed and are payable solely from rents and payments received on the underlying mortgage loans. Neither the Corporation nor the State are obligated in any manner for repayment of the bonds. Accordingly, the bonds and any related assets are not reported as assets or liabilities in the accompanying financial statements. A summary of the conduit bonds outstanding is shown below (in thousands):

	June 30, 2003	June 30, 2002
Mortgage Revenue Refunding Bonds		
• Chinook Apartments	$ 2,020	$ 2,065
• Coho Park Apartments	2,225	2,245
	$ 4,245	$ 4,310

11 DERIVATIVES

Swap Objectives
In order to both reduce the Corporation's overall cost of borrowing long-term capital and protect against the potential of rising interest rates, AHFC entered into six separate pay-fixed, receive-variable interest rate swap agreements at a cost anticipated to be less than what the Corporation would have paid to issue conventional fixed-rate debt.

Swap Payments and Associated Debt
As of June 30, 2003, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending June 30, 2003	Outstanding Variable-Rate Debt Principal	Outstanding Variable-Rate Debt Interest	Swap Net Payment	Total Payments
2004	$ 3,360	$ 4,294	$ 13,859	$ 21,513
2005	3,505	4,243	13,744	21,492
2006	3,640	4,214	13,623	21,477
2007	3,795	4,176	13,498	21,469
2008	4,640	4,142	13,364	22,146
2009-2013	36,030	19,789	64,058	119,877
2014-2018	72,920	16,889	54,889	144,698
2019-2023	91,280	12,750	41,485	145,515
2024-2028	86,560	7,964	25,850	120,374
2029-2033	66,895	3,730	12,095	82,720
2034-2037	36,430	819	2,668	39,917
Total	$ 4 09,055	$ 83,010	$ 269,133	$ 761,198

Significant Terms
The terms, fair values and credit ratings of the Corporation's outstanding swaps as of June 30, 2003, are included in the following schedule (in thousands). The notional amounts of the swaps match the principal amounts of the associated debt. These notional amounts amortize over a time period that approximates the payments the Corporation would experience with a fixed-rate, level debt service schedule and are expected to follow scheduled or anticipated reductions in the associated bonds outstanding.

Related Bond Issue	Notional Amounts	Fair Values	Effective Date	Fixed Rate Paid	Variable Rate Received	Termination Date	Counterparty Credit Rating[6]
GP01A[1]	$73,920	$(9,978)	08/02/2001	4.1427%	67% of LIBOR[4]	12/01/2030	A/A2
GP01B[1]	90,330	(12,295)	08/02/2001	4.1427%	67% of LIBOR[4]	12/01/2030	A+/Aa3
E021A1[2]	50,000	(6,648)	05/16/2002	4.1030%	68% of LIBOR[4]	06/01/2032	AAA/Aaa
E021A2[2]	120,000	(15,544)	05/16/2002	4.3430%	68% of LIBOR[4]	12/01/2036	AAA/Aaa
SC02B[3]	14,555	(946)	12/05/2002	3.7700%	70% of LIBOR[4]	07/01/2024	AAA/Aaa
SC02C[3]	60,250	(4,217)	12/05/2002	4.3030%	BMA[5] + .115%	07/01/2022	AAA/Aaa
Total	$409,055	$(49,628)					

1. Governmental Purpose Bonds
2. Home Mortgage Revenue Bonds
3. State Capital Project Bonds
4. London Interbank Offered Rate
5. The Bond Market Association Municipal Swap Index
6. Standard & Poors/Moodys

Fair Value
Because interest rates have declined sharply since the agreements became effective, all of the Corporation's interest rate swaps had a negative fair value as of June 30, 2003. The negative fair values may be countered by reductions in total interest payments required under the variable-rate bonds. Given that coupons on the Corporation's variable-rate bonds adjust to changing interest rates, the associated debt does not have corresponding increases in fair value. The fair value amounts, obtained from Mark to Market statements from the respective counterparties, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risk, position size, transaction and financing costs, and use of capital profit. If a swap is terminated, fair value represents the current price to settle swap liabilities in the marketplace.

Risks

a. Credit Risk. As of June 30, 2003, the Corporation was not exposed to credit risk on any of its outstanding swaps because they all had negative fair values. If interest rates rise and the fair values of the swaps become positive, the Corporation would be exposed to credit risk in the amount of the swap's 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 below specific levels. The Corporation currently has swap agreements with four separate counterparties. Approximately 60% of the notional amount of swaps outstanding is held with two separate counterparties, both of whom are rated AAA/Aaa. Of the remaining swaps, the Corporation holds one agreement with another counterparty, rated A+/Aa2, approximating 22% of the outstanding notional value, and one agreement with another counterparty, rated A/A2, approximating 18% of the outstanding notional value.

b. Basis Risk. The Corporation's variable-rate bond coupon payments are based on the BMA index rate. Therefore, the Corporation is exposed to basis risk on the swaps where the variable payment received is based on a LIBOR index rather than a BMA index. As of June 30, 2003, the BMA rate was 0.98%, whereas LIBOR was 1.11375%. Since the spread between LIBOR and BMA has narrowed, the expected cost savings from the swaps, which is subject to future changes, may not be as large as originally anticipated.

c. 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. As the swaps amortize, the bonds will be redeemed to match the remaining notional amounts. In addition, the swaps covering the 2001 Governmental Purpose Bonds cover only a portion of the debt issuance, allowing any increase in the speed of mortgage prepayments to be directed at the unswapped portion of the debt. The swap agreements associated with the 2002 Home Mortgage Revenue Bonds were structured around several tranches, allowing the Corporation to cancel individual tranches of the swap to match special redemptions of the bonds. The result of these swap structures is a decrease in rollover risk usually caused by rapid mortgage prepayments.

d. Termination Risk. If any of the swaps are terminated, the associated floating rate bonds would no longer carry synthetic interest rates and, thus, would be exposed to interest rate risk. 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. Furthermore, 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. As of June 30, 2003, the Corporation is not exposed to any additional termination risk on its interest rate swap agreements.

12 LONG TERM LIABILITIES

The activity for other liabilities for the year ended June 30, 2003 is summarized in the following schedule (in thousands):

	July 1, 2002	Additions	Reductions	June 30, 2003	Due Within One Year
Bonds and notes payable	$ 3,267,553	$ 389,896	$ (546,508)	$3,110,941	$ 81,376
Compensated absences	2,353	2,183	(1,955)	2,581	1,859
Other liabilities	15,165	25,514	(9,746)	30,933	26,864
Total other liabilities	17,518	27,697	(11,701)	33,514	28,723
	$ 3,285,071	$ 417,593	$ (558,209)	$3,144,455	$110,099

13 SHORT TERM DEBT

The Corporation has a commercial paper program. Commercial paper is issued and redeemed to meet the cash flow requirements of Corporation's activities. No individual issue may exceed nine months in duration. The maximum aggregate outstanding principal balance authorized by the Board of Directors is $150,000,000. A summary of commercial paper, which represents an unsecured general obligation of the Corporation, is shown below (in thousands):

	June 30, 2003	June 30, 2002
Maturity amount	$ 150,000	$ 108,700
Less: Discounts	(5)	(159)
Balance outstanding	$ 149,995	$ 108,541
Yields issued during period:		
Lowest	1.2400%	1.8000%
Highest	1.3100%	3.7700%

Short Term Debt Activity

The activity for short term debt for the year ended June 30, 2003 is summarized in the following schedule (in thousands):

	July 1, 2002	Additions	Reductions	June 30, 2003
Commercial paper	$ 108,700	$ 823,738	$(782,438)	$150,000
Unamortized discount	(159)	(1,290)	1,444	(5)
	$ 108,541	$ 822,448	$(780,994)	$149,995

14 TRANSFERS

Transfers for the period ended June 30, 2003 are summarized in the following schedule (in thousands):

		Transfer From			
		Administrative Fund	Housing Assistance Loan Fund	Other Non-Major Funds	Total
Transfer To	**Administrative Fund**	$ -	$ -	$ 363,910	$ 363,910
	Housing Assistance Loan Fund	3,937	-	-	3,937
	Other Non-Major Bonds	156,796	377	-	157,173
	Total	$ 160,733	$ 377	$ 363,910	$ 525,020

Transfers are used to (1) move funds between the Administrative Fund and Bond Funds of the Corporation for financing mortgage related activities, (2) to move Corporate revenue to the Administrative Fund from Bond Funds, and (3) to reimburse the Administrative Fund from Bond Funds for expenditures paid on behalf of the Bond Funds by the Administrative Fund.

15 UNUSED LETTERS OF CREDIT AND OTHER CREDIT ARRANGEMENTS

For certain bond issues, the Corporation has entered into credit arrangements with various financial institutions to provide funds necessary to satisfy debt service or unpaid bond principal obligations. Varying commitment fees are required, generally ¼ to ½ of 1% per annum of the aggregate liability or commitment amount. The Corporation had unused letter-of-credit or similar credit enhancement agreements in connection with amounts required for debt service or unpaid bond principal for certain bond issues as shown below (in thousands):

	June 30, 2003	June 30, 2002
Liquidity facility	$ 720,965	$ 566,780
Bond insurance	1,760,646	1,817,286
	$2,481,611	$2,384,066

On July 26, 2001, the Corporation entered a liquidity facility swap agreement with a counter-party for up to $370,000,000 relating to the Government Purpose Bonds 2001 Series A-D. The Corporation has an option to renew the agreement annually. The amount is reflected in the table above.

The Corporation also reestablished in October, 2002, a $200,000,000 Credit Agreement that is not related to a specific bond issue. At June 30, 2003 no draw downs had been made on the Credit Agreement.

Government Purpose Bonds, 1995 Series A are insured by surety bonds. The agreement unconditionally and irrevocably guarantees scheduled payments of principal and interest on the bonds.

Certain letter-of-credit agreements contain covenants restricting the amendment of terms and redemption of bonds or notes, and setting the minimum combined fund equity of the Corporation and minimum debt service reserve fund balances.

16 YIELD RESTRICTION AND ARBITRAGE REBATE

Most mortgages purchased with the proceeds of tax-exempt bonds issued by the Corporation are subject to interest-rate yield restrictions of 1.125% to 1.500% over the yield of the bonds. These restrictions are in effect over the lives of the bonds. Most of the non-mortgage investments made under the Corporation's tax-exempt bond programs are subject to rebate provisions or restricted as to yields. The rebate provisions require that a calculation be performed every five years and upon full retirement of the bonds to determine the amount, if any, of excess yield earned and owed the Internal Revenue Service. Following is a summary of excess earnings recorded and paid (in thousands):

	June 30, 2003	June 30, 2002
Arbitrage expense	$ 5,378	$(2,626)
Arbitrage paid	4,503	93

17 STATE AUTHORIZATIONS AND COMMITMENTS

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

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

The projected amounts stated in the legislative intent language were based on the Corporation's financial operating plan and represent the total amount of anticipated State transfers and capital expenditures rather than projected "net income".

A summary of State Authorizations is shown below (in thousands):

	Total State Authorizations	Payments To-Date	Total Remaining Commitments
FY 1995*	$ 22,500	$ 22,493	$ 7
FY 1996*	128,033	126,390	1,643
FY 1997	100,448	99,797	651
FY 1998	132,014	128,471	3,543
FY 1999	103,000	99,047	3,953
FY 2000*	105,168	96,958	8,210
FY 2001*	103,107	80,439	22,668
FY 2002	103,000	73,340	29,660
FY 2003	103,000	73,256	29,744
Total	$ 900,270	$ 800,191	$ 100,079

* With re-appropriations

State Capital Projects Bonding

The 1998 Legislature adopted legislation authorizing approximately $224 million in capital project bonds of the Corporation to finance projects of the State and municipalities. The legislation states the intention that the sum of withdrawals for repayment of bonds, for transfer to the State's general fund, and for corporate funded capital projects should not exceed the Corporation's net income for the preceding 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 to 2008. The Corporation views passage of the 1998 and 2000 legislation as a continuation of the plan of the legislature, stated in its legislative intent in 1995, to authorize the lesser of $103 million or the Corporation's net income annually to the year 2008.

The 2002 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.

As of June 30, 2003, the Corporation has issued $196,345,000 principal amount of State Capital Project Bonds pursuant to the 1998 Act, $74,535,000 principal amount of State Capital Project Bonds pursuant to the 2000 Act, and $107,710,000 principal amount of State Capital Project Bonds pursuant to the 2002 Act, and has completed its issuance authority under the Acts.

The Twenty-Third Legislature in 2003 enacted SCSBH 256 (the "2003" Act) which added language to the Alaska Statutes to modify and incorporate the Transfer Plan. As approved and signed into law by the Governor, the Transfer Plan calls for annual transfers as follows (in thousands):

Fiscal Year	Transfer Plan Amount
2004	$103,000
2005	103,000
2006	103,000
2007	Lesser of 95% Net Income or 103,000
2008	Lesser of 85% Net Income or 103,000
2009 & Thereafter	Lesser of 75% Net Income or 103,000

The Corporation and the State view the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. In addition, the 2003 Act authorized the issuance of $60,250 in capital project bonds for the renovation and deferred maintenance of the Corporation's Public Housing facilities. The payment of principal and interest on those bonds will be included in future capital budgets of the Corporation.

Transfers to the State of Alaska

Since the inception of the Corporation, the State has contributed a total of $1,069,523,000 to the Corporation. Beginning in fiscal year 1986, the Corporation began a series of plans to transfer funds to or on behalf of the State. Following is a summary of the different types of transfers (in thousands):

	June 30, 2003	June 30 2002	Cumulative Prior Fiscal Years	Total Payments To State
State debt repayment	$ -	$ -	$ 29,800	$ 29,800
Asset purchases	-	-	252,300	252,300
Dividends	-	-	114,300	114,300
Direct cash transfers	18,700	6,000	468,027	492,727
Non-Housing capital projects	26,945	30,272	152,550	209,767
State capital project bond fund	49,676	49,290	111,694	210,660
Total	$ 95,321	$ 85,562	$1,128,671	$1,309,554

18 GRANTS

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

Program	June 30, 2003	June 30, 2002
Energy Programs:		
• Energy Efficiency Monitory Research	$ 134	$ 255
• Enhanced Weatherization	940	350
• Low-Income Weatherization Assistance	4,384	4,047
• Rural Community Action Program	-	260
• Others	144	51
	5,602	4,963
Section 8 Vouchers and Contract Administration	21,652	19,659
Other Housing Assistance Programs:		
• Drug Elimination Program	393	365
• HOME Program	3,584	3,508
• Homeless Assistance Program	641	357
• Housing Opportunities for Persons with AIDS	497	414
• Section 8 Contract Administration	5,768	5,166
• Senior Citizens Housing	1,052	748
• Supplemental Housing	11,640	3,380
• Supportive Housing Grant Match	522	544
• Talkeena Senior Housing	278	-
• Others	394	416
	24,769	14,898
Total Housing Grant Expenses	52,023	39,520
Other Program Funds:		
• Benefit Special Needs Housing	-	1,112
• Pioneer Homes Renovation	-	638
• Others	-	70
• Municipal Matching Grants – FY 98 Appro.	-	1,776
• Municipal Matching Grants – FY 99 Appro.	10,102	10,253
• University of Alaska – FY 99 Appro.	153	692
• Village Safe Water Grants Program – FY 99 Appro.	11,460	10,742
• Benefit Special Needs Housing – FY 01 Appro.	1,838	-
• FY 98 Legislative Appropriations – Others	826	809
• FY 99 Legislative Appropriations – Others	96	558
• FY 00 Legislative Appropriations	711	749
• FY 01 Legislative Appropriations	907	1,488
• FY 02 Legislative Appropriations	852	1,385
Total Non-Housing Capital Project Grants	26,945	30,272
Total Grants	$ 78,968	$ 69,792

In addition to grant payments made, the Corporation has advanced grant funds of $2,259,000 and committed to third parties a sum of $16,463,000 in grant awards at June 30, 2003.

19 OTHER PROGRAMS

Other programs include energy conservation and public-housing activities funded from a combination of corporate receipts and external sources.

Energy Conservation Programs

The Petroleum Violation Escrow Program (PVE) includes the activities funded from the State of Alaska's share of settlement proceeds received as a result of various lawsuits between the federal government and oil producers. The Corporation holds these funds in trust, to be used for qualifying energy conservation activities under the U.S. Department of Energy's oversight.

The Supplemental Housing and Senior Housing Programs are funded entirely by corporate funds.

The weatherization programs include the following programs and are funded by a combination of DOE grants, PVE funds, and corporate funds:

- Low-Income Weatherization Program
- Residential Energy Rehab Program (Enhanced Weatherization)

Other energy programs include the following programs and are funded by a combination of DOE grants, PVE funds, HHS grants, and corporate funds:

- State Energy Conservation Program
- Low-Income Home Energy Assistance Program (LIHEAP)
- Weatherization Assistance for Low-Income Persons (AKWarm Enhancement)
- Mental Health
- Adult Education
- Alaska Native Health Board Grant
- Association of Alaska Housing Authorities Grant

The following projects are or have been funded within the Petroleum Violation Escrow Program:

- Low-Income Weatherization Enhancement
- Energy Rated Homes of Alaska
- Business Energy Assistance
- Home Energy Rebates
- Home Energy Loan Program
- Warm Homes for Alaskans
- Alaska Craftsman Home Program

Housing Assistance Programs

Low Rent includes the following programs for various low-income housing facilities administered by the Corporation under contract with HUD:

- Modernization/Comprehensive Grant
- Low Rent Management

Section 8 Vouchers Program includes the following programs for tenant-based rental assistance administered by the Corporation under contract with HUD:

- Section 8 Vouchers
- Section 8 Moderate Rehabilitation

Section 8 Program consists of Corporate owned low-income housing facilities at various locations and the Wrangell 221(d)(3) housing facility, for which the Corporation receives tenant-based rental assistance under contract with HUD, and administration of HUD contracts directly with landlords:

- Section 8 New Construction
- Section 8 Contract Administration
- Wrangell Multi-Family

Other Housing Assistance Programs include the following HUD, state and privately funded activities:

- HOME Investment Partnerships Program (HOME)
- Supplemental Assistance for Facilities to Assist the Homeless (SAFAH)
- Gateway Literacy Program
- Drug Elimination Grant
- Shelter Plus Care Program
- Housing Opportunities for Persons with AIDS (HOPWA)
- HOME Technical Assistance
- Youth Sports Program
- Family Self Sufficiency Program (FSS)
- Family Investment Center Grant
- Special Needs Assistance
- Supportive Housing Technical Assistance
- Service Coordinator for Public Housing Agencies Grant
- Turnkey III

20 PENSION PLAN

As of June 30, 2003, all regular employees of the Corporation who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System (PERS). PERS is an agent multiple-employer, statewide defined benefit plan, administered by the State of Alaska. Benefits and contributions provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by state legislature. A publicly available financial report that includes financial statements and required supplementary information is issued annually by PERS. That report may be obtained by writing to State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska 99811-0202.

Plan Description

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. For employees hired after June 30, 1986, the normal and early retirement ages are 60 and 55, respectively. 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. All service earned prior to July 1, 1986 will be calculated using the 2% multiplier. Employees with 30 or more years of credited service may retire at any age and receive a normal benefit. The system also provides death and disability benefits and major medical benefits.

Funding Policy

Under State law, covered employees are required to contribute 6¾% of their annual covered salary and the Corporation is required to contribute an actuarially determined rate; the current rate is 6.76% of annual covered payroll.

Annual Pension Cost

The Corporation's annual pension and postretirement health cost shown in the following table was equal to the required and actual contribution. The actuarial required contribution was computed as part of an actuarial valuation as of June 30, 2002. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 8.25% per year compounded annually and (b) projected salary increases of 5.5% a year for the ten five years of employment, with distinction made between amounts for inflation (3.5%), merit (1.5%), and productivity (0.5%). The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five year period. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The excess of assets over the actuarial accrued liability is amortized over a rolling 25 years which is an open amortization period. The percentage of pay method is used for amortization purposes.

Three-Year Trend Information for PERS (in thousands):

Year Ended	Annual Pension and Postretirement Health Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2003	$ 1,027	100.00%	$ -
June 30, 2002	975	100.00%	-
June 30, 2001	1,040	100.00%	-

Schedule of Funding Progress for PERS (in thousands):

Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess or (Unfunded) AAL (a) – (b)	Funded Ratio (a) / (b)	Covered Payroll (c)	Excess or (Unfunded) AAL as a Percentage of Covered Payroll ((a) – (b)) / (c)
Pension:						
June 30, 2002	$ 30,857	$ 40,980	$ (10,123)	75%	$ 14,119	72%
June 30, 2001	35,962	26,272	9,690	137%	13,636	71%
June 30, 1999	30,462	19,060	11,402	160%	12,789	89%
Postretirement Health:						
June 30, 2002	18,748	24,899	(6,151)	75%	14,119	44%
June 30, 2001	15,227	11,124	4,103	137%	13,636	30%
June 30, 1999	12,349	7,727	4,622	160%	12,789	36%

* No actuarial valuation was done for year ended June 30, 2000.

21 OTHER COMMITMENTS AND CONTINGENCIES

Medical Self Insurance

During the Fiscal Year ended June 30, 1998, the Corporation began a program of self-insurance for employee medical benefits. Costs are billed directly to the Corporation by an Administrative Services Provider that processes all of the claims from the employees and their dependents. The Corporation has purchased a stop-loss policy that limits its liability to $50,000 per employee per year. The Corporation has provided for an estimate of the Incurred But Not Reported (IBNR) liability in the amount of $1,029,400 and $1,030,000 as of June 30, 2003 and June 30, 2002 respectively.

Litigation

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

Contingent Liabilities

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

22 SPECIAL ITEM

During the fiscal year ended June 30, 2002, the Corporation closed the inactive Mutual Help Program. This action resulted in the write off of the remaining assets and liabilities of the program and a special item net amount of $2,035,000 on the Statement of Revenues, Expenses and Changes in Net Assets.

23 SUMMARIZED BALANCE SHEET

Entity-wide balance sheet information in an unclassified format is presented below for informational purposes (in thousands):

	June 30, 2003	**June 30, 2002**
ASSETS		
Cash	$ 21,215	$ 9,508
Investments	1,518,997	1,587,877
Accrued interest receivable	22,349	25,015
Mortgage loans, notes and other loans	3,312,511	3,373,640
Net investment in direct financing lease	36,165	37,697
Unamortzied bond issuance costs	29,024	28,105
Capital assets, net	105,065	99,040
Other assets	10,185	21,272
Total Assets	$ 5,055,511	$ 5,182,154
LIABILITIES AND FUND EQUITY		
Liabilities:		
Bonds and notes payable	$ 3,110,941	$ 3,267,553
Short term debt	149,995	108,541
Accrued interest payable	15,627	14,253
Other liabilities	41,382	25,997
Total Liabilities	3,317,945	3,416,344
Total Fund Equity	1,737,566	1,765,810
Total Liabilities and Fund Equity	$ 5,055,511	$ 5,182,184