2005 Annual Report

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, public safety officers, and those living in rural areas of the state.

AHFC also provides energy and weatherization programs; low-income rental housing in 17 communities for families, seniors, and Alaskans with disabilities; and special programs for the homeless and those seeking to become self-sufficient.

Since 1986, AHFC has contributed nearly $1.5 billion to Alaska's state budget revenues through cash transfers, capital projects, and debt-service payments.

Meet the Board and CEO

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

Franklin C. "Frank" Roppel, Chair

Mr. Roppel was appointed to the board in July 2003 as a member with expertise or experience in the provision of senior- or low-income housing. He was recently elected to his third term as board chair.

Mr. Roppel served previously on the Alaska State Housing Authority board from 1974-1977 and on the AHFC board from 1975-1987. He retired from Alaska Pulp Corporation in 2001 and formerly worked for Sealaska Timber Corporation.

907-874-2627
froppel@yahoo.com

Bert Sharp, Vice-Chair

Mr. Sharp was appointed to the board on July 1, 2004, as a member with expertise or experience in finances or real-estate. Mr. Sharp, from Fairbanks, served 10 years in the Alaska Legislature, six of those in the Senate. He also worked as chief financial officer for Golden Valley Electric Association for 30 years and co-chaired the Senate finance committee for AHFC budgets during his tenure in the Legislature. Mr. Sharp earned a B.S. degree from the University of Alaska in business administration, concentrating in accounting and management. He has been a trustee of Mt. McKinley Bank since 1982 and is active in a variety of public service organizations in the Fairbanks area. Mr. Sharp serves on the board's audit committee.

907-452-2427
babsharp@gci.net

N. Claiborne “Clai” Porter, Jr., AIA

Mr. Porter was appointed to the board in May 2005 as a member with expertise or experience in residential energy-efficient home building or weatherization. He is president of NCP Design/Build Ltd. in Anchorage and has over 30 years’ residential design and home building experience in Alaska. Previously he served as president of the Anchorage Homebuilders Association, president of the Alaska Homebuilding Association, and board chair of the Cold Climate Housing Research Center.

907-562-2283
ncp@alaska.com

Marty Shuravloff

Mr. Shuravloff was first appointed to the board in February 2000 as a member who is a rural resident of the state or who has experience with a regional housing authority. He is the executive director of the Kodiak Island Housing Authority. Mr. Shuravloff serves on the board's audit committee.

907-486-8111
marty@kiha.org

The Honorable William C. “Bill” Noll, Commissioner, Department of Commerce, Community, & Economic Development

Commissioner Noll was appointed to the board in July 2005. He served the first two years of Governor Frank Murkowski’s Administration as DCCED’s Deputy Commissioner. His duties included membership in Alaska’s four-man “Fish Cabinet,” which managed a large segment of the successful Alaska wild-salmon-marketing effort and as designee to the Alaska Housing Finance Corporation board. Immediately prior to being appointed to his current post, Mr. Noll served as Governor Murkowski’s communications director.

Commissioner Noll appointed Mark Davis, deputy commissioner, as his designee.

907-269-8100
mark_davis@commerce.state.ak.us

The Honorable William A. “Bill” 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. Mr. Corbus 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.

Commissioner Corbus appointed Tomas H. Boutin, deputy commissioner, as his designee to the board. Mr. Boutin serves on the board’s audit committee.

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

The Honorable Karleen Jackson, Commissioner, Department of Health & Social Services

Commissioner Jackson was appointed to the board in October 2005. From February 2003 to September 2005, she served as DHSS deputy commissioner. Her career in Alaska includes executive director of Catholic Social Services in Anchorage from 1991 to 2003.

She holds a Doctorate in Human Services from the Fielding Institute. Her first book, “Family Homelessness: More Than Simply a Lack of Housing,” was published in 2000 as part of the Garland Studies series on Children of Poverty.

Commissioner Jackson appointed Janet Clarke, deputy commissioner, as her designee to the board.

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

Daniel R. “Dan” Fauske, CEO/Executive Director

Mr. Fauske became the CEO/Executive Director on March 1, 1995. He has served on the Governor’s Jobs Cabinet, Rural Sanitation Committee, Fannie Mae’s National Housing Impact Advisory Council, the Millennial Housing Commission, the UAA School of Nursing Board, and the Fiscal Policy Council. He serves as chair of the Alaska Interagency Council on Homelessness and on the board of directors for the Federal Home Loan Bank of Seattle and the National Housing Development Corporation.

Prior to his career at AHFC, Mr. Fauske 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

About AHFC: ***History***

Although its name has changed over the years as the Legislature expanded its responsibilities, Alaska Housing Finance Corporation (AHFC) has been providing Alaskans access to safe, quality, affordable housing for nearly 60 years.

The Alaska Territorial Legislature first created the Alaska Housing Authority (AHA) in 1946 to help alleviate a serious post-war housing shortage. The national Housing Act of 1949 provided federal funds for loans and grants to be used for slum clearance and redevelopment, nationwide. AHA was appointed the agency to work with Alaska's communities in this urban-renewal program.

Under the 1959 Alaska Statehood Act, AHA became the Alaska State Housing Authority (ASHA). Throughout the '60s, ASHA was the key source of housing opportunities, offering Alaskans affordable rental and homeownership programs, bonding for government office space, and urban renewal -- especially following the devastation of the 1964 earthquake.

In 1971, the Legislature created the Alaska Housing Finance Corporation (AHFC) to expand affordable homeownership opportunities. During AHFC's first two years of operation, and with a staff of just 10, the Corporation provided nearly $10 million in conventional mortgages in 40 communities, along with financing a 98-unit apartment building in Juneau.

One year later, the 1972 Legislature created the Dept. of Community & Regional Affairs (DCRA), repealing ASHA's community-planning authority and transferring the duties to DCRA.

During the 1970s and '80s, AHFC, ASHA, and DCRA provided needed housing services to distinct segments of Alaska's population. For a short time in the mid-'80s, ASHA was renamed the Alaska State Building Authority, but it reverted back to ASHA.

In 1992, recognizing the need for the state's housing programs to come together, the Legislature merged AHFC, ASHA, and the housing and energy programs of DCRA. Today, AHFC's Public Housing Division continues the role AHA began almost 60 years ago, while AHFC's Research & Rural Development Division carries on the duties previously administered by DCRA.

AHFC is one of only a few housing finance corporations in the United States today with a public housing program under its umbrella. With almost $5 billion in assets, the public corporation is self-sustaining and has provided revenue to the state's general fund totaling almost $1.5 billion over the past dozen years through cash transfers, capital projects, and debt-service payments. AHFC has been recognized with numerous national awards and continues to be looked to as a model for housing finance agencies throughout the nation.

Alaska Housing FINANCE CORPORATION

About AHFC: ***Accomplishments of Alaska Housing Finance Corporation By Fiscal Year***

1971

- Alaska Legislature creates AHFC 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 and 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: $10.2 million

1973

- Initiates Conventional Loan Program made possible by a $5 million loan commitment by Alaska Dept. of Revenue for the housing development fund. 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: $47.4 million

1974

- Enters Agreements with State of Alaska and Alaska State Housing Authority, borrowing $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: $86.4 million

1975

- 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)
- 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: $105.3 million

1976

- Issues $5,500,000 in bond debt
- Principal balance of mortgages held: $145.6 million

1977

- Issues $83.5 million in bond debt
- Principal balance of mortgages held: $248.9 million

1978

- Works to expand mortgage programs to rural Alaska
- Issues $144,025,000 in bond debt
- Principal balance of mortgages held: $336.8 million (serving 55 Alaskan communities)

1979

- 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 8,782 mortgages held: $496.6 million

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 home ownership assistance program (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: $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

- 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 a 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: $1.6 billion (fiscal year end changes from 11/30 to 06/30 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 Dept. of Community & Regional Affairs
- AHFC implements HOF 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

- AHFC 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 a loan. In response, AHFC implements the Alaska Building Equity (ABE) mortgage. The ABE mortgage enhances a 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 Dept. 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 and 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; 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, 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
- 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 Dept. 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

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 9,081 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 4,653 to 2,504
- 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 Dept. 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

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 Dept. of Community & Regional Affairs; mandates that Public Housing report under the Executive Budget Act. Housing functions of the Alaska Dept. 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. Dept. 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 to provide 366 units of military housing on Eielson Air Force Base under Section 801 Military Construction Authority Act
- 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

- Receives national “best in category” award for Energy Technology and Education from the U.S. Dept. 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

2005 Annual Report

- 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

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
- 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
- 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
- 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

2005 Annual Report

- 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
- 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

2005 Annual Report

- 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
- 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 Dept. of Environmental Conservation for water and sewer projects throughout the state and $1.7 million toward joint housing programs with the Alaska Dept. 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

2005 Annual Report

- Conducts 114 *Home**Choice*** 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
- 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. Dept. 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 Dept. 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
- 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. Dept. 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 Housing FINANCE CORPORATION

- 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
- 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

Alaska Housing Finance Corporation

- 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
- 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 *Home**Choice*** 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

Alaska Housing Finance Corporation

- ♦ Receives a set-aside from HUD of 652 Welfare to Work vouchers
- ♦ Provides $250,000 to the Dept. 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
- ♦ Renovates five single-family public housing units in Anchorage for sale to low-income first-time home buyers under HUD’s 5(h) Public Housing Homeownership Program; Completes sale of five homes under this program
- ♦ Receives funding for 310 new vouchers with approximately 50 set aside for people with disabilities or families receiving a Medicaid waiver
- ♦ Purchases/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
- ♦ 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
- ♦ Increases loan applications from 3,940 to 4,742 and loan purchases to $647.6 million

2005 Annual Report

Alaska Housing
FINANCE CORPORATION

- 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
- 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
- Renovates five single-family public housing units in Anchorage for sale to low-income first-time home buyers under HUD's 5(h) Public Housing Homeownership Program; Completes sale of five homes under this 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 in 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

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

2005 Annual Report

- Receives award from the National Association of Housing and Redevelopment Officials (NAHRO) for the 5(h) Homeownership Program in which 19 former public housing homes are sold to low-income first-time home buyers
- 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
- 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
- Renovates six single-family public housing units in Anchorage for sale to low-income first-time home buyers under HUD's 5(h) Public Housing Homeownership Program
- 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: 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 ProgramReceives 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

- 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. Dept. 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
- Renovates two single-family public housing units in Anchorage for sale to low-income first-time home buyers under HUD's 5(h) Public Housing Homeownership Program; Completes sale of seven homes under this program
- Conducts 256 *Home**Choice*** workshops in 33 communities (45 in rural areas); issues 4,283 certificates; 1,658 obtain AHFC loan commitments
- 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: $3,285,612,327, a decrease of $80 million

2004

- Continued record-low interest rates prompt Alaskans to continue refinancing. Mortgage prepayments exceed $640 million, while AHFC keeps mortgage interest rates at levels sufficiently attractive to maintain its portfolio
- Finances $867 million in new and refinanced loans
- Loan portfolio decreases to 26, 439; delinquency rate drops slightly to 3.75 percent; homeownership rate increases to a new high of 70 percent, above the nationwide rate of 68.3 percent
- Assists more than 21,000 Alaska families, approximately one in every 10 families in the state
- Finances 4,812 mortgages, 15.5 percent of which are refinances with average monthly savings of $137
- Finances 1,941 homes under the First-Time Home-Buyer Programs
- Finances 1,070 homes under the rural loan programs

2005 Annual Report

- Legislature authorizes and governor signs into law a program designed to help attract and retain teachers and nurses in rural Alaska. AHFC implements a new homeownership option that provides 100 percent financing for home loans to full-time teachers and nurses. The bill also allows regional education areas to apply for AHFC's multi-family lending programs to build or purchase housing for teachers
- Provides $21 million for the Teachers and Nurses Loan Program for 100 percent financing to 112 teachers and nurses in 18 communities
- Develops new grant program for teacher and health professional housing in rural areas; awards $2.1 million for the construction of $6 million in teacher housing in Kotzebue and Savoonga
- Provides financing for 125 veterans under the Veterans Mortgage Program
- Invests $57.4 million in arbitrage to lower mortgage interest rates for 526 families under the Interest-Rate Reduction for Low-Income Borrowers
- Invests $198 million in arbitrage to lower mortgage interest rates for 1,075 families under the Energy-Efficiency Interest Rate Reduction
- Provides $87.3 million for 63 multi-family loans for 1,588 units of privately owned rental housing
- Phase One of a $48 million military housing project financed by AHFC at Elmendorf Air Force Base in Anchorage is completed. Board commits another $110 million for the second phase to replace, renovate, or add an additional 1,200 homes for military families at Elmendorf
- Provides rental assistance to 4,000 low-income families in the private sector under the Housing Choice Voucher Program
- Provides assistance to 6,000 individuals and/or families under the Homeless Assistance Program, the Low-Income Weatherization Program, the GOAL Program, and other grant programs that address housing for Alaskans with special needs
- Awards $5.6 million in 29 grants to eight Native Regional Housing Authorities under the Supplemental Housing Development Grants, leveraging an additional $28 million in federal funds to build or rehabilitate 1,300 homes statewide
- Assists 10 disabled clients in obtaining homeownership under HUD's Housing Choice Voucher Homeownership Program

- Renovates one former public housing home for sale to a first-time home buyer in Anchorage under HUD's 5(h) Public Housing Homeownership Program
- Holds 243 *Home**Choice*** and *Home**Options*** pre-homeownership classes with 4,239 attendees in 46 communities
- Receives more than $1.2 million in federal awards from three grant applications for AHFC and public housing programs
- Receives $800,000 Aging and Disability Resource Center grant from the Centers for Medicare Services and Administration on Aging for five senior resource centers
- Weatherizes 680 homes under the Low-Income Weatherization Program
- Contributes $13 million in servicing fees to Alaska lenders
- Receives HUD's High Performer ratings, with a PHAS score of 94 percent and a SEMAP score of 95 percent
- Establishes two additional domain names for the public to access AHFC's website: www.ahfc.us and www.alaskahousing.us
- Transfers $100 million dividend to the State of Alaska, bringing the total dividends provided since 1986 to $1.5 billion
- Governor establishes Interagency Council on Homelessness, chaired by AHFC CEO/Executive Director
- Awards $750,000 under the Homeless Assistance Program; $1 million under the Grant Match Program for the HUD Supportive Housing Program; $2.1 million under the Home Opportunity Program; $500,000 under the Senior Access Accessibility Modification program; $150,000 under the Community Housing Development Organization operating assistance grant program; and $1.2 million in AHFC capital funding and $200,000 in operating assistance from the Alaska Mental Health Trust Authority under the Special Needs Housing Grant Program

- Awards $3.4 million in grants and $20 million in federal tax credits under the GOAL Program to develop 177 units in seven projects with a total development cost of $32.2 million
- Weatherizes 19 single-family homes for low-income families under the $2.2 million Owner-Occupied Rehabilitation Program
- Receives 2003 Award of Excellence from the Alaska Chapter Public Relations Society of America for First Place for 2002 Annual Report
- Receives 2004 Communications Contest Award from the Alaska Press Women for Second Place for 2002 Annual Report
- Implements conversion to new grants administration and financial accounting system to track all grants (currently more than 150 grants worth $68 million) issued and administered by three AHFC departments
- Completes multi-million dollar renovations for 199 family and senior units in Anchorage, Sitka, Juneau, and Seward
- Produces AHFC's 2003 annual report on CD-ROM, providing more information while achieving savings in publication costs
- Principal balance of 26,439 mortgages held: $3,370,574,955, an increase of $85 million

2005

- Loan portfolio decreases to 25,672; delinquency rate remains steady at less than 3.8 percent; homeownership rate adjusted to 67.3 percent for 2002, slightly below the nationwide rate of 67.9 percent
- Posts operating income of $40.1 million, down 5.7 percent from FY 2004
- Long-term mortgage rates continued at historically low levels. The Corporation's loan portfolio experienced more than $500 million in prepayments. Because of low-cost capital available to the Corporation, it was able to offer competitive rates and received almost $700 million in new mortgage loan applications. However, the corporation finds it challenging to maintain loan market share with the proliferation of internet lenders, small shop lenders, and a variety of competitive loan products available from other lenders/investors
- Calls over $150 million in debt through special redemptions and almost $100 million in scheduled redemptions, helping to reduce the total interest paid through the Corporation by more than $10 million

2005 Annual Report

- Sells the Aurora Military loan, with a principal balance of $47.5 million, for $51.4 million; paid $90,000 in subsequent expenses related to the sale, resulting in a net gain to the Corporation of $3.8 million
- Investment income increases 12.8 percent over the prior fiscal year due to rising interest rates earned on short-term portfolio
- Finances $520.8 million in new and refinanced loans
- Issues a total of $412.7 million of long-term debt
- Finances 3,061 mortgages; finances down by less than 3 percent compared to 15 percent in FY04
- Finances 1,685 homes under the first-time home buyer programs
- Finances 741 homes under the rural loan programs
- Provides $19.5 million for 100 percent financing to 103 teachers and nurses in 22 communities under the Teachers and Nurses Loan Program
- Awards $2 million in grants for the construction of teacher housing in Eek, Goodnews Bay, Kwigillingok, and St. Michael
- Legislature expands Teachers and Health Professional Housing grant program to include public safety officers
- Provides financing for 57 veterans under the Veterans Mortgage Program
- Invests $53.5 million for lower interest rate home loans for 466 families under the Interest-Rate Reduction for Low-Income Borrowers
- Invests $161.5 million for lower interest rate home loans for 815 families under the Energy-Efficiency Interest-Rate Reduction
- Provides $43.1 million for 54 multi-family loans for 890 units of privately owned rental housing
- Provides rental assistance to 3,500 low-income families in the private sector under the Housing Choice Voucher Program
- Awards $5.6 million in 23 grants to four Native Regional Housing Authorities under the Supplemental Housing Development Grants, leveraging an additional $28 million in federal funds to build or rehabilitate 531 homes statewide

2005 Annual Report

Alaska Housing
FINANCE CORPORATION

- Assists five disabled clients obtain homeownership under HUD's Housing Choice Voucher Homeownership Program
- Holds 205 *Home**Choice*** and *Home**Options*** pre-homeownership classes with 3,187 attendees in 32 communities
- Receives $1.2 million in federal awards from three grant applications for AHFC and public housing programs
- Weatherizes 690 homes under the Low-Income Weatherization Program
- Contributes $13 million in servicing fees to Alaska lenders
- Receives HUD's High Performer ratings, with a PHAS score of 90 percent and a SEMAP score of 100 percent
- Issues bonds to finance an additional $45 million in State capital projects, bringing the total transfers to the State of Alaska through FY 2005 to almost $1.5 billion
- Refunds the Governmental Purpose Bonds, 1995 Series A, and a portion of the State Building Lease Bonds, Series 1999, resulting in a present value savings of about $17 million
- Awards $750,000 under the Homeless Assistance Program; $1 million under the Grant Match Program for the HUD Supportive Housing Program; $2.1 million under the Home Opportunity Program; $100,000 under the Community Housing Development Organization operating assistance grant program; and $1.2 million in AHFC capital funding and $200,000 in operating assistance from the Alaska Mental Health Trust Authority under the Special Needs Housing Grant Program
- Awards $2.8 million in grants and $20 million in federal tax credits under the GOAL Program to develop 150 units in nine projects with a total development cost of $34 million
- Weatherizes 19 single-family homes for low-income families under the $2.2 million Owner-Occupied Rehabilitation Program
- Receives national recognition from the National Association of Social Workers for AHFC's partnership with the Dept. of Public Assistance to increase participation in the FSS Program
- Receives 2004 Award of Excellence from the Alaska Chapter Public Relations Society of America for Second Place for 2003 Annual Report

- Receives 2004 Communications Contest Award from the Alaska Press Women for Third Place for 2003 Annual Report
- Principal balance of 25,672 mortgages held, down 3.6 percent; $3,340,315,268, a decrease of $30 million or .9 percent

Alaska Housing FINANCE CORPORATION

About AHFC: ***Contact Us***

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1-800-478-AHFC (2432) outside Anchorage,
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Who to Contact at AHFC
www.ahfc.us

About AHFC: ***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, first-time home buyers, veterans, teachers, nurses, public safety officers, 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.

Click on the departments' links to read this year's highlights about our programs.

If you are connected to the Internet, you can click on one of the following links for an overview of that program.

Loan Programs

Residential
Mobile Home
Non-Conforming
Refinance
Rural Owner Occupied
Teachers' and Nurses' Housing Loan
Second Mortgage
Second Mortgage Program for Health and Safety Repair
Small Building Material
Streamline Refinance
Taxable First-Time Home Buyer
Taxable Program
Tax-Exempt First Time Home Buyer Program
Veterans Mortgage Program

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

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 (State Vet)
Teachers' and Nurses' Housing Loan

Energy and Weatherization
AkWarm™ Energy Rating Software
Energy Efficiency Interest-Rate Reduction
Low-Income Weatherization Assistance Program
Small Building Material Loan
Resource Information Center (RIC) Library

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

Rental Assistance Programs
Family Self-Sufficiency Program
Gateway Learning Center
Housing Choice Voucher Program
Housing Choice Voucher Homeownership Program
HUD Project-Based Section 8 Contracts
Public Housing Rental Program

Top Stories: ***Housing for Teachers, Nurses, and Public Safety Officers***

AHFC administers different programs designed to assist teachers, nurses, and public safety officers obtain affordable housing in communities across the state.

More than 215 teachers and nurses in 22 Alaska communities have used the 100 percent mortgage-financing option since the program began two years ago.

I. No-down-payment loans for teachers and nurses

One program is the Teacher and Nurses Housing Loan option, which allows qualified education professionals and registered nurses to obtain an AHFC mortgage loan with no down payment.

Regulations approved in 2003 authorize AHFC to provide up to 100% financing for eligible teachers and nurses to buy an owner-occupied, single-family dwelling through one of AHFC's existing loan programs.

"We're glad this program is in place," said Camille Soleil, JD, Executive Director of the Alaska Nurses Association. She said the program provides a strong incentive for nurses to remain in a community. "While the number of nurses participating to date has been relatively small due to the prevailing low interest rates for mortgages, nurses have been very pleased to have this option."

Last year AHFC provided $19.5 million in loans for 103 teachers and nurses to obtain home mortgages with no down payment. A total of 215 teachers and nurses in 22 different Alaska communities have used the 100 percent mortgage-financing option since the program began two years ago.

"Quality education and health care are a must for Alaska's future," according to AHFC CEO/Executive Director Dan Fauske. "That's why AHFC is proud to help schools and hospitals obtain and retain teachers and nurses by expanding their home-ownership opportunities."

Program Eligibility

Home buyers who are employed full time as registered nurses or in a public elementary or secondary school as teachers, counselors, principals, vice or assistant principals and providers of special education or related services, certified under Alaska Statute 14.20 are eligible to apply.

II. Teacher, Health Professional, and Public Safety Housing Grant Program

Togiak and Kotzebue were among the communities to receive grants from AHFC and the Denali Commission to add housing stock for teachers, nurses, and public safety workers.

Attracting and maintaining a pool of qualified teachers, health professionals, and public-safety officials in rural Alaska is a statewide goal. To achieve this goal, the state recognizes that housing must be available, affordable, and of a quality that encourages individuals in these professions to locate in rural communities.

The State administration and Legislature have supported AHFC's Teacher, Health Professional, and Public Safety housing grant program, which provides funding to help address the housing needs of health-care professionals, teachers, district staff, vocational-education staff, public-university staff, and their family members. Annually, there is up to $14 million in federal and state funds made available (subject to legislative appropriation) for the program. Originally the program was limited to full-time teachers and registered nurses. Legislation in 2005 expanded it to include public safety officers.

The application period occurs in the spring. Grants are made by AHFC through a competitive process for the construction, rehabilitation, or acquisition of housing and are used to match a portion of the project's total cost.

In February 2004, AHFC awarded two grants for the construction of teacher housing in rural Alaska. Northwest Arctic School District built 18 rental units in Kotzebue, and Bering Straits School District built four rental units in Savoonga. The combined projects are worth nearly $6 million, with $3.4 million coming from AHFC grant funds.

In addition to the Kotzebue and Savoonga housing projects, Togiak Traditional Council and AVCP (Association of Village Council Presidents - Yukon-Kuskokwim River Delta) received funding from the Denali Commission for teacher housing in their districts.

Projects like these would not be possible without grant assistance to fill the gap between a housing project's capacity to carry debt and the total development cost. The grants are used in conjunction with AHFC's current loan programs.

Support for the Program

Governor Murkowski praised the program during remarks before last year's AFN Convention. "For the last two years the state, through AHFC in partnership with the Denali Commission, has been working to build these needed housing facilities," he said. "More than a dozen communities have been helped to date. Kotzebue teacher housing and Bethel trooper housing are good examples."

U.S. Senators Ted Stevens and Lisa Murkowski were instrumental in Alaska receiving $10 million through the Denali Commission. From these funds the Denali Commission set aside $5 million for AHFC to use in gap financing to achieve at least $10 million of teacher housing this year. The Alaska Legislature approved $2 million of AHFC's $4.2 million request for teacher housing in the FY05 capital budget.

Program Eligibility

Teacher Housing: Grant applications are accepted for teacher housing from school districts, including regional attendance area school districts (REAA), 501(c)(3) or (4) non-profit corporations, municipalities, and regional housing authorities.

Health Professionals: Grant applications are accepted from 501(c)(3) or (4) non-profit corporations, regional health corporations, municipalities, or regional housing authorities.

Public Safety Officers: Grant applications are accepted from nonprofits, municipalities, and regional housing authorities.

Eligible projects: Funding is available to fill the funding gap for new construction, rehabilitation, or acquisition of rental housing.

III. Trooper Housing Financing

Togiak and Kotzebue were among the communities to receive grants from AHFC and the Denali Commission to add housing stock for teachers, nurses, and public safety workers.

The Department of Public Safety is leasing 20 housing units for State Troopers in Bethel, which was developed through a combination of AHFC financing and the developer's private equity contribution. A line-item in the department's budget approved by the Legislature allowed Public Safety to offer an RFP for a cost-based lease that met the housing needs of the State Troopers. Similar arrangements are being considered in other communities where troopers are based.

Top Stories: *Federal Funding Reduction Forces Change in Alaska's Rental Assistance Program*

Due to an 8 percent reduction in federal funding, the Public Housing Division of AHFC was forced to tighten the state's rental voucher program for low-income families. By limiting the number of bedrooms for which a family can qualify, the division reported it could best maximize the number of families eligible to receive assistance across the state.

Sometimes referred to as the "Section 8" program, vouchers provide rental assistance for low-income families and individuals to make rent more affordable for Alaskans. Nearly 4,000 Alaskans save money because of this program, according to Dan Fauske, CEO/Executive Director, Alaska Housing Finance Corporation.

Beginning in January of 2005, HUD instituted a change in the budget allocation for the voucher program, reducing the money Alaska receives. AHFC established a month-by-month moratorium on the issuance of new vouchers, which lasted for six months. To make up for less funding, AHFC analyzed different options to reduce the total housing-assistance payments distributed each month. Corporation managers implemented policy and procedural changes that produced a number of efficiencies and determined that a limitation on the number of bedrooms, based on a family's size and circumstances, was necessary.

Now, in spite of less money available, these changes have allowed the program to continue serving nearly as many families as it has in the past.

"The federal cuts may be beyond our control, but we would be less than responsible if we didn't act to maximize the resources we have available to serve the greatest number of families," Fauske said.

The new standards went into effect October 1, 2005, and are expected to affect about 15 percent of the families now receiving rental assistance through the Housing Choice Voucher program.

To make up for less funding, AHFC analyzed different options to reduce the total housing-assistance payments distributed each month.

Alaska Housing FINANCE CORPORATION

Top Stories: ***Anchorage's MacKay Building Transformation To Include Assisted-Living Complex***

A $5.4 million AHFC loan is helping a long-anticipated renovation of the MacKay Building in Anchorage's historic east downtown area become reality. The AHFC loan provides 30-year financing for the first four floors of the 14-story high rise, which will be used for a state-licensed 58-unit senior-assisted-living facility. It will be called "Marlow Manor Downtown."

One hundred market-rate apartments are being created on the10 floors above the assisted-living units. The apartments are being developed through a loan guarantee of $7.9 million from the U.S. Department of Housing & Urban Development (HUD). The Municipality of Anchorage is providing a five-year exemption from property taxes to further stimulate the rehabilitation project.

The creative blend of market-rate apartments with an assisted-living facility will transform a condemned, urban blight into a vital complex of residences. Developer Marc Marlow brings considerable experience in developing and operating senior housing facilities in Alaska, including Chester Park, a multi-phased, 142-unit senior cooperative; Marlow Manor East, a 48-unit assisted-living facility; and 95 units of senior independent-living housing with HUD rental assistance.

Marlow Manor Downtown will offer various levels of individualized services, including three prepared meals a day, housekeeping service, weekly therapeutic bath, and assistance with laundry, medication and bathing.

Originally called the McKinley Building, the MacKay opened in 1952 as a luxury apartment tower. After being damaged in the 1964 earthquake, the tower was converted into offices and leased to the State, providing work space for a number of state employees and even a governor's office. Then as the area began to fade, and the owner was unable to upgrade to meet seismic and other safety standards, the building was eventually sold and abandoned—an unsightly pink building "shell."

In a statement regarding the AHFC loan, Governor Frank H. Murkowski said, "I have confidence in our team at Alaska Housing Finance Corporation and their board of directors that they've carefully measured the risks and concluded the state's interests are protected . . .. The private-public partnership involved here, I believe, will make it work . . .. Congratulations to all involved—and yes, Anchorage, something is finally being done with that eyesore!"

2005 Annual Report

Alaska Housing FINANCE CORPORATION

Top Stories: ***AHFC Invests $14.8 Million in Mountain View Revitalization***

AHFC is playing a major role in Cook Inlet Housing Authority's award-winning revitalization of the Mountain View neighborhood in Anchorage. The goal of the revitalization is to preserve existing housing stock, increase affordable housing opportunities, improve the quality of affordable housing stock, decrease the rate of absentee landlords, and encourage private and other community investment within the neighborhood through redevelopment.

Mountain View Home

AHFC is providing a total of $14.78 million in loans, grants, and tax credits: $3.9 million in multi-family loans, $3.0 million in HOME and Supplemental Housing Development grants, and $7.9 million in Low-Income Housing Tax Credits. Total project cost is $20.6 million.

Under the revitalization project, CIHA acquires older, dilapidated, single-family homes, mostly built in the 1940s and '50s, as well as aging multi-family properties. Substantial investment is made to the acquired properties, with demolition of dilapidated structures, new construction of rent-to-own homes and duplexes, and substantial rehabilitation of four-plex properties.

Phase I includes a total of 28 units of substantially rehabilitated four-plexes and new three- and four-bedroom single-family homes. In 15 years, 10 tenants will have an opportunity to purchase their home.

Phase II is the redevelopment of 27 scattered-site residential properties. These sites will contain 15 new rent-to-own, single-family homes and a total of 32 low-income rental units in eight new duplexes and four rehabilitated fourplexes.

Na Qenq'a, a community development program affiliated with CIHA, is using a $625,000 zero-interest loan under AHFC's Loans to Sponsors program to provide qualified home-buyers up to $25,000 in down-payment assistance.

Award-winning design/build contractors for the Mountain View project are John Hagmeier Homes, The Peterson Group, and Dar-Con Corporation.

AHFC used innovative tax-exempt bond financing for this project, issuing tax-exempt conduit financing for purchase by a single private bank. This represented amounts loaned as construction financing to CIHA. State and federal grants and tax-credit equity paid down the financing loan to an amount sustainable by project revenue. The remaining amount comprised the permanent tax-exempt financing.

Top Stories: ***AHFC-Supported Cold Climate Housing Research Center Breaks Ground For New Facility***

The Cold Climate Housing Research Center held groundbreaking ceremonies for its new research and test facility on July 22 in Fairbanks. With more than $4 million lined up for construction, the 15,000 square foot facility is underway.

CCHRC groundbreaking: A shovel full of dirt launched by Bill Allen, Alaska State Director, USDA Rural Development leads the way in groundbreaking ceremonies held for the Cold Climate Housing Research and Test Facility in Fairbanks. Other participants (l-r) Clai Porter, AHFC Board member; Gary Wilken, State Senator; Mike Buller, Deputy Executive Director, AHFC; Bill Allen; Steve Jones, Chancellor, University of Alaska Fairbanks; Jack Herbert, President and CEO, Cold Climate Housing Research Center.

CCHRC's goal is to provide practical but science-based research for improved homebuilding and to find solutions to problems that plague many Alaska homes—such as air flow and pollution, mold and mildew, heating inefficiencies, fire, and other safety dangers.

Since 2001, AHFC has funded many of the projects and has been a strong supporter of CCHRC's effort to create a permanent test facility on land leased from the University of Alaska Fairbanks.

CCHRC is 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.

Programs: ***Homeownership***

AHFC provided financing for the Millers' newly built home in Petersburg.

In spite of historically low interest rates, it would be impossible for most Alaskans to buy their first home without programs offered by AHFC. It now takes an Alaskan family 1.44 household incomes to achieve homeownership, compared to 1.35 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. This drop in earnings combined with steadily increasing average home sales prices has made AHFC's programs in demand by a even wider cross-section of the population.

The average sales price of an existing single-family home in Alaska increased 68 percent from $145,000 to $244,000 between 1994 and 2005, according to a survey conducted for AHFC by the State of Alaska Dept. of Labor and Workforce Development. Through its diverse loan programs, AHFC helped 45,998 Alaskans become homeowners during that period.

This past year, AHFC's add-on options provided lower interest rates for 466 low-income borrowers and for 815 borrowers to purchase energy-efficient homes.

AHFC paid $13 million in servicing fees to Alaskan lenders and maintained an overall delinquency rate of less than 3.8 percent in FY05, while providing:

- $511 million for a total of 2,976 Alaskans to purchase homes
- $171 million to finance 1,195 homes under the Tax-Exempt First-Time Home Buyer program
- $127.5 million to finance 706 homes under the Rural Loan program
- $91.7 million to finance 490 homes under the Taxable First-Time Home Buyer program
- $12.3 million to finance 57 homes under the Veterans Mortgage program
- $2.1 million in Home Opportunity program funds to assist 53 low-income households close on their first home

Programs: ***Homeownership***

First-Time Home Buyers

Robert H. "Hall" Anderson, a photographer for the Ketchikan Daily News, has spent the past 21 years in Southeast Alaska. He recently bought his first home through AHFC using a variety of AHFC's add-on options, including energy-efficiency rate reduction.

Statistics
AHFC provided $263 million to finance 1,685 homes for first-time home buyers in FY05. Since the inception of its first-time home buyer programs, AHFC has helped nearly 27,000 Alaskans buy their first home. The Taxable First-Time Home Buyer program, introduced in 2000, eliminated the income and cost restrictions of the tax-exempt program. Since it began, the taxable program has provided homeownership for 5,859 first-time home buyers.

The 1,195 borrowers using the tax-exempt program in FY05, with its income and cost restrictions, borrowed an average $143,077, while 490 home buyers used AHFC's taxable First-Time Home Buyer program to purchase homes with loans averaging $185,755.

Tucker waits for instructions from his master, Hall Anderson, on their deck in Ketchikan. Anderson became a first-time home buyer through a combination of AHFC's home buyer programs.

Programs: ***Homeownership***

Taxable Loan Program

AHFC provided financing for the Pattisons' historical home in Ketchikan. A.J., Jasmine, and sons Allen and Jacob enjoy a rare sunny day.

A.J. and Jasmine Pattison, high school sweethearts born and raised in Alaska, are completing a labor of love. Their house, built in 1920, is on the Ketchikan Historical Registry; but, according to Jasmine, about all that's left of the original house is the corner window. Basically, we "gutted the house," she said. Because it was built before electricity, "the wiring and plug-ins were a little scary," she added.

This is their first home; but according to Jasmine, they weren't able to use AHFC's First-Time Homebuyer program because the house didn't qualify for financing until her husband installed the new foundation, windows, and roof. Instead, the Pattisons were among the 525 families who financed their home using AHFC's Taxable Mortgage program in FY05.

Jasmine is the co-director of Noah's Ark Day Care and A.J. owns Pattison and Sons, a carpentry business, specializing in decks, windows, etc. Last year, AHFC invested $108 million in homes for Alaskans through the Taxable Mortgage program.

Programs: ***Homeownership***

Renters Become Homeowners with the Housing Choice Voucher Homeownership Program

Karen Jewell first moved to Alaska 31 years ago. After brief stints Outside, first to attend Bible college and again in the early '90s just to get away, she came back nearly 10 years ago to be near her four children and nine grandchildren.

Using a special homeownership program, Karen Jewel is purchasing her home in the Mat-Su Valley with assistance from her rental voucher.

Jewell emits the excitement of becoming a homeowner. "I tell everyone how AHFC helped me with a house. It all worked out perfectly." She is one of 15 former renters for which homeownership has become a reality using HUD's Housing Choice Voucher Homeownership (HCVH) program.

Jewell was working with special education students for the Mat-Su School District when an on-the-job injury caused permanent nerve damage. According to Jewell, she went from working full-time to not even being able to walk. Following surgeries, and the loss of her job and her insurance, she moved into a "chalet off Trunk Road with no running water." In spite of the pain, she had to haul buckets of water. After her children encouraged her to apply for rental assistance through AHFC, she received a voucher and moved into an apartment, where she rented for three years.

Upon hearing about the homeownership program, she began checking off the requirements. "It was a miracle I received a grant from USDA Rural Development to serve as the down payment." According to Jewell, the house needed a lot of work, but her workers' compensation settlement came through about the same time. "I used that money to bring the house up to 4* energy efficiency, and then I refinished the new wood flooring myself while sitting in a chair."

Her porch is overflowing with hanging pots of yellow zucchini squash, tomatoes, cucumbers, and rhubarb. "My garden is therapeutic. I need to keep moving to keep down the stiffness and mentally control the disease syndrome."

The homeownership program became possible when AHFC's board of directors approved a pilot program for Alaska in July 2003. It targeted qualified families where the head of household or spouse has a permanent disability. HUD began the program nationally in 2000 to allow individuals and families to use the voucher, generally used for rental assistance, for homeownership instead. Under the program, voucher payments subsidize a portion of the mortgage payments and homeownership expenses.

To qualify for the homeownership program, participants must have completed a minimum one-year rental lease under the Housing Choice Voucher program and be in good standing with their landlord. Participants must be a first-time home buyer and must satisfactorily complete an AHFC-approved pre-homeownership program. A three percent down payment is required, with one percent coming from the family's personal resources. All participants must independently qualify for a mortgage loan and meet the specific underwriting criteria for the loan program they use.

Alaskans in Anchorage, Fairbanks, Kodiak, Wasilla, and North Pole have become home owners under the program. Alaska USA Federal Credit Union, Northern Schools Federal Credit Union, First National Bank of Alaska, Residential Mortgage, and USDA Rural Development have agreed to originate loans under this program.

Statewide, AHFC manages nearly 4,000 Housing Choice Vouchers, which provide rental assistance to low-income Alaskans through private landlords. The AHFC board of directors in September approved an expansion of the voucher homeownership program to include working families, allocating up to 50 vouchers for the program.

Programs: ***Homeownership***

Housing for Teachers, Nurses, and Public Safety Officers

Attracting and maintaining a pool of qualified teachers, health professionals, and public-safety officials in rural Alaska is a statewide goal. To achieve this goal, the state recognizes that housing must be available, affordable, and of a quality that encourages individuals in these professions to live in rural communities.

No-down-payment loans for teachers and nurses

One program is the Teacher and Nurses Housing Loan option, which allows qualified education professionals and registered nurses to obtain an AHFC mortgage loan with no down payment.

Regulations approved in 2003 authorize AHFC to provide up to 100 percent financing for eligible teachers and nurses to buy an owner-occupied, single-family dwelling through one of AHFC's existing loan programs.

Teacher, Health Professional, and Public Safety Housing Grant Program

The State administration and Legislature have supported AHFC's housing grant program, which provides funding to help address the housing needs of health-care professionals, teachers, district staff, vocational-education staff, public-university staff, and their family members. Annually, there is up to $14 million in federal and state funds made available (subject to legislative appropriation) for the program. Originally the program was limited to full-time teachers and registered nurses. Legislation in 2005 expanded it to include public safety officers.

Read more about these under Top Stories: Housing for Teachers, Nurses, and Public Safety Officers.

Rural Housing

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

Programs: ***Homeownership***

Veterans Mortgage Program

Last year, Frederick and Janet Conniff of Juneau were among just 57 veterans who qualified for a home loan under the Veterans Mortgage program. 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. AHFC has been working closely with Alaska's Congressional Delegation to remove the restriction that limits eligible veterans to those who began active duty nearly 30 years ago.

Frederick and Janet Conniff try to keep dry at their Juneau home. The Conniffs were among a diminishing number of veterans eligible to purchase their home using AHFC's Veterans Mortgage

More than 9,600 qualified Alaskan veterans have achieved homeownership since the program began. Alaska is one of only five states, including California, Oregon, Wisconsin and Texas, to provide this financing to our nation's veterans.

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, with voter approval, to fund the program.

Alaska Housing FINANCE CORPORATION

Programs: ***Homeownership***

Home Choice Seminars

*Home**Choice**/Home**Options*** **Homeownership Classes**

Buying a home can be intimidating, even for someone who 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 using one of AHFC's programs within two years.

As more Alaskans attend the *Home**Choice**/Home**Options*** classes, word has spread about the increasingly popular program. In FY05, AHFC held 256 classes in 33 communities throughout the state, with certificates of completion issued to 3,579 potential home buyers.

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
- 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 (outside Anchorage, but within Alaska), or visit us online at *Home**Choice**/Home **Options***.

What Alaskans Say About AHFC's *HomeChoice*** Seminars**

"Before I took the class I knew nothing about buying a home. Not only did the class give a good overview of home buying, but it reinforces the need of good credit and budgeting."

-Bill Burnard, Bethel

"The class really helped in knowledgment about what to know when buying a house."

-Anthony Travers, Kenai

"It was very informing and I only wish I would have known about it before we began the process. The instructor was knowledgeable and easy to understand."

-John Gidlor, Delta Junction

Alaska Housing
FINANCE CORPORATION

"The instructor was very informative and answered questions in a manner that was understandable to the average person with no background in this business. I would recommend this class to anyone looking to buy a home."

-Adrienne Sawyer, Anchorage

"Very useful course. I wish I'd had it sooner in the process."

-Amy Davis, Sitka

"I learned a lot that I never knew was involved in buying a house. I feel more confident about going about getting a loan and building a house."

-Melissa Brookey, Wasilla

"It was wonderful. The instructor was very knowledgeable on the topics discussed. She had just the right number of anecdotes and examples to make this complicated world of homeownership make sense. I loved the class! I now feel confident enough to start the home buying process. Thank you!"

-Kathryn Hacker, Talkeetna

"Really good class – I feel much more comfortable/confident going into the loan application process. It confirmed for me that I made a good choice with my decision to buy."

-Maggie Ridges, Anchorage

"The *Home**Choice*** seminar was extremely useful in helping my husband and I evaluate whether or not we should be buying a home, what programs are available to do so, and what the reality of home ownership and its responsibilities are."

-Molly Wehrley, Juneau

"The instructor had near-encyclopedic knowledge of the material and a refined delivery that was as entertaining as it was instructive. He routinely took time to personally consult with anyone who needed it. When he said to call him if I had any questions, I believed him. I would recommend this class wholeheartedly at anytime to anyone."

-Andy Walker, Anchorage

"Very beneficial class and I recommend to anyone who is going to buy a house to take it."

-Manuel Castella, Kodiak

"This class was extremely helpful and answered a lot of the questions I had regarding home ownership."

-Debra Williamson, Fairbanks

"Very helpful workshop. Presenter clearly understandable and explains or answers questions adequately."

-Glenn D. Skin, Noorvik

2005 Annual Report

Alaska Housing FINANCE CORPORATION

Loan Programs

Residential
Mobile Home
Non-Conforming
Refinance
Rural Owner Occupied
Second Mortgage
Second Mortgage Program for Health and Safety Repair
Small Building Material
Streamline Refinance
Taxable First-Time Home Buyer
Taxable Program
Tax-Exempt First Time Home Buyer Program
Veterans Mortgage Program

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 (State Vet)
Teachers' and Nurses' Housing Loan

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

Programs: ***Rental Housing***

Rental Assistance Programs

AHFC provides rental housing assistance to 5,500 eligible low-income and very low-income families through federal funding. Certain housing complexes are designated exclusively for seniors and disabled Alaskans.

AHFC:

- Owns and operates 1,734 low-income units in 14 communities across the state.
- Administers the federal Housing Choice Voucher program to provide private-sector rental assistance to nearly 4,000 families in 11 Alaskan communities.
- Concluded the homeownership pilot program with 15 participants using their Housing Choice Voucher to purchase a home. Vouchers, which are traditionally used for rental assistance through a private landlord, are now being used toward mortgage payments.
- Pays nearly $27 million a year to private landlords for rental assistance for Alaskans who earn less than 50 percent of the median income.

AHFC provides rental assistance to more than 5,000 families statewide.

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.

Programs: *Rental Housing*

Gateway Learning Center

The primary focus of the Gateway Learning Center is adult training for families lacking competitive job skills; however, scheduled hours are available for school-aged, low-income youth to improve computer skills. The Center also serves as site of the Homework Club operated by Nine Star Enterprises. Homework Club assists 26 resident children to complete their homework and conducts fieldtrips for school enrichment and career education.

Another 19 youth, ages 18-24, take classes in the Gateway Learning Center to prepare for GED testing and high school completion. AHFC's Gateway Learning Center was a recognized partner at the May 2005 commencement ceremony for Nine Star graduates.

The Center, located at the AHFC-owned Park View Manor in Anchorage, hosts entrepreneurial (small business) training classes offered by the YWCA Women$Finances program. An FDIC-approved curriculum of basic financial literacy, called Money Smart, is offered by Gateway staff. Participants are encouraged to reduce debt, begin saving, and prepare for homeownership opportunities available through AHFC and others.

Student teacher Kazmere Allen helps six-year-old Mica Sosongkhan. The program was available at the Gateway Learning Center through a Coca Cola Ingenuity Grant.

Basic computer skills in office-environment software are offered in Gateway by the Educational Opportunity Center. Participants in basic-computer-skills training at the Center can earn University of Alaska college credits. Daytime classes are designed to be completed in one calendar month and are taught year round. Evening classes, offered in fall and winter, meet twice a week and take two months to complete.

Students completing the three-week, 25-hour-per-week classes can earn one credit per subject (up to two credits total) at no cost to the participant. Participants in AHFC's housing-assistance programs are given priority to attend, with standby openings available to the public. A complete schedule of classes and additional information about the Center can be found at www.ahfc.us [click on Workshops | Adult Education and GED Training]. The Center expects to serve as many as 110 adults in classes that will continue through June 2006.

The Gateway Learning Center was established in 1998 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. Funding for Gateway programs is provided through AHFC corporate contributions and the U.S. Dept. of Housing & Urban Development.

FSS enables families to increase earnings and accumulate money in an escrow savings 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.

In FY05, 23 participants graduated from the FSS program, eight from Juneau and 15 from Anchorage. Three of these were YES (Your Earnings Saved) project participants (enrolled by their ATAP case manager). Their average escrow payment was $5,017.

AHFC received national recognition from the National Association of Social Workers for AHFC's partnership with the Dept. of Public Assistance to increase participation in the FSS program.

Programs: ***Rental Housing***

Multi-Family, Senior, and Assisted Living

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 $141 million in tax credits for the development of 2,375 units of multi-family rental housing in 22 communities.

AHFC also provides multi-family loan financing. Since 1991, AHFC has provided $576 million to developers and non-profit organizations to build and/or purchase and rehabilitate 637 multi-family projects. That equates to 13,535 units of affordable rental housing in 32 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 a project is feasible.

In FY05, AHFC held one funding round of the GOAL program for low-income rental housing development (Low-Income Housing Tax Credits, Senior Citizens Housing Development Fund, and HOME funding). The program has a homeownership development component and pre-development funds for senior housing and special needs.

AHFC provided tax credits, loans, and grants to Wasilla Area Seniors to develop 126 units of senior housing.

In FY05, AHFC:

- Awarded $2.8 million in grants and $20 million in federal tax credits to develop 150 units in seven projects with a total development cost of $34 million.

AHFC also provided $43.1 million in long-term financing for 890 units of multifamily housing in 54 properties across the state.

Through senior housing grants, tax credits, federal HOME funds, and loan programs, AHFC has helped make possible nearly $96.6 million of senior housing since 1994–a total of 783 units in 40 projects.

Programs: ***Rental Housing***

Supplemental Housing Development Grant Program

This three-bedroom home in Evansville was built by Interior Regional Housing Authority, which has developed a skilled work force that employs tribal members on local housing projects. This home is one of several new houses being constructed in four Koyukuk River villages using HUD funds and a Supplemental Housing Development grant from AHFC.

AHFC awarded $5.6 million in 23 SHD grants in FY05 to four regional housing authorities. The grants will be used for new construction or rehabilitation of 531 houses, leveraging $28.1 million in federal Native American Housing Assistance and Self-Determination Act funds.

AHFC has provided grants for $129.7 million under this program to build or upgrade 10,297 home ownership and rental homes since 1993.

This home in Evansville was built by the Interior Housing Authority with a grant from AHFC.

For more details about this program, see Programs - Rural Housing – Supplemental Housing Development.

Programs: ***Rental Housing***

Modernization and Rehabilitation

AHFC owns and operates 1,687 units of rental housing in 14 communities statewide. As part of a 10-year modernization and rehabilitation plan to upgrade and maintain these units, this year AHFC:

- Completed renovation of Chugach Manor senior housing in Anchorage.
- Completed design services and began renovation of 48 family housing units at Alpine Terrace in Anchorage.
- Contracted for design services for renovation work for 24 FSS incentive property duplex units in Anchorage. Phase I renovation work is in progress.
- Completed Phase I renovation work at Sunset View in Cordova.
- Replaced vinyl flooring in 21 units at Birch Park I & II in Fairbanks.
- Replaced security fence behind Birch Park II in Fairbanks.
- Awarded a contract to make emergency fire sprinkler repairs at Southall Manor in Fairbanks.
- Completed upgrades to hot water heating systems at Golden Ages and Golden Towers in Fairbanks.
- Replaced balcony handrails for all 96 units at Golden Towers in Fairbanks.
- Contracted for exterior siding replacement at Schoenbar Park family housing in Ketchikan.
- Completed Phase I renovation work at Seaview Terrace in Ketchikan.
- Completed Phase I to demolish/replace/renovate 19 units at Pacific Terrace in Kodiak.
- Contracted for installation of playground equipment at Loussac Manor in Anchorage and Beringvue in Nome.
- Completed a contract to re-level 34 triodetic permafrost foundations in Nome.
- Completed renovation work at Swan Lake senior housing in Sitka.
- Contracted for design services for renovation work at Williwa Manor senior housing in Wasilla.
- Completed deferred maintenance projects at facilities throughout the state.
- Contracted for energy audits at three properties throughout the state.

Mary Francis Charles celebrates the renovation of Chugach Manor in Anchorage at the annual Independence Day BBQ.

Rental Assistance Programs

Alaska Housing FINANCE CORPORATION

Programs: ***Energy & Weatherization***

Energy-Efficiency Interest-Rate Reduction (EEIRR)

Katrina Miller and her daughter Sarissa enjoy their newly built home in Petersberg. The Millers financed it using AHFC's rural loan program with an interest-rate reduction for energy-efficiency.

Success Story

Aaron and Katrina Miller finished their dream home in April of 2004. Born and raised in Petersburg, they're both self-employed, he as a fisherman with his own fishing boat, and she in construction, owning her own dump truck. Katrina did the rock work for their new home, which overlooks the Wrangell Narrows. The Millers qualified for a low-interest-rate loan using AHFC's rural loan program and the energy-efficiency add-on.

AHFC offers interest-rate reductions to home buyers 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* or 5*+ rating.

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

Statistics

In FY05, AHFC helped 815 families purchase energy-efficient homes using $161.5 million in loan funds under the Energy-Efficiency Interest-Rate Reduction add-on option.

Alaska Housing FINANCE CORPORATION

Programs: ***Energy & Weatherization***

Low-Income Weatherization & Enhanced Weatherization

Little Diomede residents save on fuel costs following weatherization by RurAL CAP using a variety of funds, including a grant from AHFC.

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. Studies show that for every dollar spent on weatherization, $2.40 is saved in energy costs and the life of the home.

Mitzi Barker in the national magazine *Housing Assistance Council* reports that with the help of AHFC, RurAL CAP "brokered a partnership of public and tribal organizations and assembled nearly $2 million in funding to rehabilitate every occupied home on the island. Residents and tribal officials saw benefits almost immediately. Fuel sales at the village store were sharply reduced; some residents reported a 50 percent reduction in consumption. Families told of healthier children, with fewer colds and respiratory infections."

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. Dept. of Energy (DOE), 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 administered nearly $4 million of DOE, state, and AHFC funds for the low-income weatherization program in FY05. The program served approximately 690 households in rural and urban communities across the state.

- Fifty percent of the households contained either a senior citizen or a disabled person.
- Seventy-five percent of the homes are owner-occupied.
- Thirty-five percent had children under the age of six.

- A majority of clients attended education training that focused on long-term maintenance efforts as well as the effects of the weatherization work if successfully maintained.
- Weatherization addressed life-threatening health and safety issues in many homes.
- Smoke and CO detectors were placed in every home.

Little Diomede residents save on fuel costs following weatherization by RurAL CAP using a variety of funds, including a grant from AHFC.

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.

AHFC awarded $2.16 million in Owner-Occupied Rehabilitation funds under the HOME program to non-profit program administrators to provide funding to lower-income homeowners to improve the homeowner's property condition and energy-efficiency, eliminate life-safety hazards, and make accessibility improvements. Fourteen ORP projects were completed during the program year, and an additional 24 were in process.

Programs: ***Energy & Weatherization***

AHFC-Supported Cold Climate Housing Research Center Breaks Ground For New Facility

The Cold Climate Housing Research Center held groundbreaking ceremonies for its new research and test facility on July 22 in Fairbanks. With more than $4 million lined up for construction, the 15,000 square foot facility is underway.

CCHRC Groundbreaking: A shovel full of dirt launched by Bill Allen, Alaska State Director, USDA Rural Development leads the way in groundbreaking ceremonies held for the Cold Climate Housing Research and Test Facility in Fairbanks. Other participants (l-r) Clai Porter, AHFC Board member; Gary Wilken, State Senator; Mike Buller, Deputy Executive Director, AHFC; Bill Allen; Steve Jones, Chancellor, University of Alaska Fairbanks; Jack Herbert, President and CEO, Cold Climate Housing Research Center.

CCHRC's goal is to provide practical but science-based research for improved homebuilding and to find solutions to problems that plague many Alaska homes—such as air flow and pollution, mold and mildew, heating inefficiencies, fire, and other safety dangers.

Read more about AHFC's role in supporting CCHRC, see the Top Story: Cold Climate Housing Research Center Breaks Ground. [Link to Top Story]

Programs: ***Energy & Weatherization***

Partners

Katrina Miller with daughter Sarissa enjoy their newly built home in Petersburg. The Millers financed it using AHFC's rural loan program with an interst-rate reduction for energy-efficiency.

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 Dept. of Environmental Conservation
Alaska Energy Authority
Alaska Fire Marshall's Office
Alaska Legal Services
Alaska Native Health Board Rural Sanitation Coalition
Alaska State Dept. of Community & Economic Development
Alaska State Dept. of Health & 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)
U.S. Dept. of Agriculture – Rural Development

U.S. Dept. of Energy
University of Alaska Fairbanks Cooperative Extension Service
University of Alaska Southeast
U.S. Arctic Research Commission
U.S. Consumer Product Safety Commission
U.S. Dept. of Housing & Urban Development
U.S. Environmental Protection Agency
Wisdom and Associate

Residential
Second Mortgage Program
Second Mortgage Program for Health and Safety Repair
Small Building Material Program
Multi-Family and Special Needs Housing Loan Programs
Multi-Family, Congregate and Special Needs
Multi-Family Federally Insured
Multi-Family Loan Purchase
Senior Housing Loan
Add-On Options
Energy-Efficiency Interest-Rate Reduction (EEIRR)
Energy and Weatherization
AkWarm™ Energy Rating Software
Energy Efficiency Interest-Rate Reduction
Low-Income Weatherization Assistance Program
Small Building Material Loan
Resource Information Center (RIC) Library
Grants and Tax Credits
Accessibility Modifications
GOAL (Greater Opportunities for Affordable Living)
Grant Match
HOME Investment Partnerships (HOME)
Homeless Assistance Program
Low-Income Housing Tax Credit Program (LIHTC)
Senior Citizens Housing Development Fund (SCHDF)
Beneficiary and Special Needs Housing Grant
Supplemental Housing Development Grant

Programs: ***Leveraging Resources***

Jodi Watts with daughters Kylee and Emilee. Their Juneau home was made possible through AHFC grants and loans to Tlingit-Haida Housing Authority.

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 Housing and Community Development Plan. The completion of the Annual Action 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.

Homeownership

According to Ann Johnson, her son Brian is her partner in their rent-to-own home at Glacier Village in Juneau. They've lived in the home for three years and will own it after 15 years. "This was the first time we've had a home–all of our lives we've lived in apartments here and there," says Johnson.

Ann Johnson and her son Brian communicate through sign language. The Johnsons are participating in the Tlingit-Haida's rent–to-own program, made possible through AHFC loan and grant programs.

Johnson was born in Juneau and lived most of her childhood in the Southeast, attending school in Juneau, Haines, and Sitka, and eventually graduating from the Institute of American Indian Arts in Santa Fe, New Mexico. Ann and Brian have been back in Juneau since the early '90s and "enjoying every minute of it."

After years as a professional housekeeper, a heart condition now precludes her from working, so they both keep busy in the yard,working in the flower garden or adding greenery to "just make it look nice." Johnson said she's installed a smokehouse outside, "because traditionally I want to keep up the culture, because that's how I was raised."

She adds that the house has been wonderful. “It’s specially made for a handicapped person, with special blue lights that flash in every room of the house to alert Brian, who is deaf, when the phone or doorbell rings, or the fire alarm goes off.

In FY05, AHFC:

- Assisted 53 home buyers by providing $2.1 million in Home Opportunity program funds for developing low-income homeownership.
- Waived the $250 loan commitment fee for 1,451 *Home**Choice*** attendees, saving Alaskans a total of $362,750 on the purchase price of their home.
- Provided $53.5 million to provide lower mortgage rates for 466 low-income borrowers under the Interest-Rate Reduction for Low-Income Borrowers.
- Committed to a $2.57 million loan involving the issuance of a $6.3 million tax-exempt conduit bond to fund the construction loan (a first for Alaska).
- Worked with regional housing authorities and native corporations to coordinate home buyer education opportunities.

Programs: ***Leveraging Resources***

Rental Assistance

In FY05, AHFC:

- Awarded $5.6 million in 23 Supplemental Housing Development grants to four regional housing authorities to aid in the infrastructure for the new construction or rehabilitation of 531 houses in rural Alaska. These funds leveraged $28.1 million in federal Native American Housing Assistance and Self-Determination Act funds.

- Closed a $110 million loan (Phase II) for 1,194 units of military housing on Elmendorf AFB.

- Provided $43.1 million in long-term financing for 890 units of multi-family housing in 54 properties across the state.

AHFC's grants and loans supported production of 1,421 new units of rental housing in FY05.

- Held one funding round for the Teacher and Health Professional Housing grant program with $2 million authorization. Sixteen units were developed by three rural organizations in Eek, Goodnews Bay, Kwigilllingok, and Saint Michael.

- Continued program management responsibility for two programs funded through the Denali Commission for Teacher and Elder Housing totaling $18 million for 12 projects in Tyonek, Kiana, Ambler, Saint Paul, Kasaan, Klawock, Valdez, Anatuvik Pass, Nuiqsuit, Pt. Hope, Wainwright, and Pt. Lay.

Programs: *Leveraging Resources*

Energy & Weatherization

In FY05, AHFC:

- Helped 815 families purchase energy-efficient homes using $161.5 million in loan funds under the Energy-Efficiency Interest-Rate Reduction add-on option.

- Administered nearly $4 million of DOE, state, and AHFC funds for the low-income weatherization program in FY05. The program served approximately 690 households in 25 different rural and urban communities across the state, of which 50 percent included either a senior citizen or a disabled person, 35 percent had children under the age of six, and 75 percent were owner-occupied.

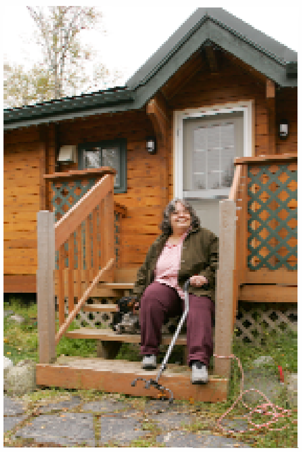
- Provided $2.2 million to weatherize 19 low-income, single-family homes under the Owner-Occupied Rehabilitation program

Tim Buness of Wrangell, fixing dinner with his son Jordan, was among the 815 Alaskans to receive a low-interest-rate loan to purchase an energy-efficient home last year.

Alaska Housing FINANCE CORPORATION

Programs: ***Leveraging Resources***

Self-Sufficiency



Karen Jewell is buying her home in Wasilla using AHFC's Housing Choice Voucher Homeownership program.

In FY05, AHFC:

- Closed out the 5h Homeownership program. A total of 19 single-family homes (formerly public housing stock) were sold to low-income residents from 2002 to 2005.
- Oversaw a pilot program to provide homeownership opportunities to 15 low-income persons with disabilities. The Housing Choice Voucher Homeownership program provided vouchers, traditionally used as rental assistance through a private landlord, to be used toward mortgage payments.
- Assisted 23 participants graduate from the Family Self-Sufficiency (FSS) program, eight from Juneau and 15 from Anchorage. Three of these were YES (Your Earnings Saved) project participants (enrolled by their ATAP case manager). Their average escrow payment was $5,017.
- Awarded $500 scholarships to 10 residents in public and assisted housing to aid adult students in attending college or vocational schools.

Alaska Housing Finance Corporation

Programs: ***Leveraging Resources***

Seniors and Special Needs

In FY05, AHFC:

- Held one round of the GOAL program for low-income rental housing development (LIHTC, SCHDF and HOME funding), which has a homeownership development component and pre-development funds for senior housing and special needs ($2.8 million in grants, $20 million in federal tax credits). Nine projects were funded with a total development cost of $34 million, producing 150 units.

- Implemented a three-year, $799,581 Aging & Disability Resource Center grant from the Centers for Medicare Services and Administration on Aging. Developed two resource centers utilizing staff at the Kenai and Southeast Independent Living Centers.

Raymond Sheppard lives at Mt. View in Petersberg, an assisted-living facility made possible through AHFC grants and loans

- Co-sponsored the Senior Housing Fair held at Anchorage Senior Center, providing assistance to approximately 450 senior citizens.

- Provided three special needs housing loans totaling $1.6 million.

- Provided 10 Assistance Provider loans totaling $3.05 million.

- Maintained partnerships with more than 50 organizations, agencies, and individuals to develop programs for and market AHFC's programs to special needs housing populations.

- Completed draft of a statewide strategic plan to address homelessness for the Governor's Interagency Council on the Homeless.

- Completed the winter and summer 2005 statewide surveys of homeless service providers, supporting more than $3 million in federal grant applications each year.

- Held one funding round of the Homeless Assistance program ($750,000 awarded).

- Held one funding round of the Grant Match program for the HUD Supportive Housing program ($1 million awarded).

- Held one round of the Special Needs Housing Grant program (joint venture with Alaska Mental Health Trust Authority and Dept. of Health & Social Services) with $1.2 million in capital funding, $200,000 in operating assistance from the AMHTA. Funded three projects (two pre-development and one development) with 10 units for persons with severe mental illness.

- Submitted three grant applications for various AHFC and public housing programs and was awarded $1.2 million in federal awards (HOPWA, Shelter Plus Care, and HUD Technical Assistance program).

Alaska Housing FINANCE CORPORATION

Programs: ***Rural Housing***

Tim Buness bought his home in Wrangell using AHFC's rural housing program and an interest-rate reduction for energy-efficiency.

Homeownership

A native of Wrangell, Tim Buness and his 18-year-old son Jordan are enjoying their new house completed this past year. Buness worked with the contractor to build the energy–efficient home.

Buness, an electrician by trade and co-owner of Buness Brothers, says the business is "like a country store. We have electrical, heating, refrigeration, furniture, whatever people need in a small community." His father and uncle started the business, but since they're no longer involved, Buness laughingly says, "It could be called Buness and Cousins." He also serves as the Wrangell Fire Chief.

AHFC provided Buness with a low-interest-rate rural housing loan with an additional interest-rate reduction for energy-efficiency.

AHFC offers special loan programs to qualified borrowers living in small communities throughout rural Alaska. Buness was one of 706 Alaskans to purchase a home under the Rural Loan program last year.

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.

Programs: ***Rural Housing***

Supplemental Housing Development Grant Program

The increased cost of fuel and construction materials are the most critical issues facing AHFC's Supplemental Housing Development Grant program. These factors reduce the total number of housing units built or weatherized by up to 30 percent.

Top and Bottom: This home in Kaltag, made possible through HUD funds and an AHFC grant to IRHA, is being monitored for energy-efficiency.

The Supplemental funds made this home in Kaltag possible. Kaltag, a small village on the west bank of the Yukon River, is located about 335 miles west of Fairbanks and about 90 miles by trail from Unalakleet. Approximately 200 people live in the community, which is served by the Interior Regional Housing Authority. This two-bedroom prototype house incorporates innovative designs for energy-efficiency.

Built for an Elder, it is heated with a monitor and a wood stove with a Toyo demand heater providing hot water. Ducting throughout the house circulates heat while foam-insulated flooring retains it. To have more usable space, the owner chose a fire-exit window instead of a back door. The home is being monitored for energy-efficiency by IRHA, with data analysis provided by the Cold Climate Housing Research Center in Fairbanks.

In FY05, AHFC:

- Awarded 23 Supplemental Housing Development program grants to four regional housing authorities for new construction or rehabilitation of 531 houses.
- Distributed $5.6 million in total grant funds for development in energy-efficiency design features, onsite water and sewer systems, access roads to houses in project sites, and electrical distribution to houses in project sites.

These funds leveraged $28.1 million in federal funds (Native American Housing Assistance and Self-Determination Act and related HUD funds).

A housing assessment completed this year–the first in 15 years–shows an immediate need for approximately 16,000 new housing units and upgrades to 20,000 houses throughout

Alaska. Funding from HUD is not adequate for the high cost of construction of homes in remote Alaska.

In 1981, the Alaska legislature established the Supplemental Housing Development Grant 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.

Tlingit-Haida Regional Housing Authority recently completed a 50–unit project in picturesque Glacier Valley in Juneau. The project includes single-family, three-bedroom, ranch and two levels, as well as duplexes. Tlingit-Haida used local hire in their core building crew and participants in the apprenticeship youth-builder program, high school students working under the direct supervision of skilled construction supervisors.

Rural Residential Loan Programs
Non-Conforming Program
Rural Non-Owner Occupied
Rural Owner-Occupied Program
Second Mortgage Program for Health and Safety Repair
Small Building Material Program

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
Cold Climate Housing Research Center
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
U.S. Dept. of Housing and Urban Development (HUD)

Financials: ***Financial Highlights FY05***

AHFC issued a total of $412.7 million of long-term debt during FY 2005 to continue its various ongoing lending programs and fund State capital projects. As of June 30, 2005, $3.1 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 2005:

Bond Issue Title & Amount	Ratings: S&P/Moodys/Fitch	Date Issued	Program / Project Funded	Tax Status
$105,000,000 Housing Development Bonds, 2004 Series D	AAA/Aaa/AAA	12/16/04	Multifamily Loans	Taxable
$143,235,000 General Housing Purpose Bonds, 2005 Series A	AAA/Aaa/AAA	01/27/05	State Capital Projects	Tax-Exempt
$164,495,000 General Housing Purpose Bonds, 2005 Series B & C	AAA/Aaa/AAA	05/18/05	Prior Bond Refunding	Tax-Exempt

1. **AHFC Reports Decrease in Operating Income for Fiscal Year 2005**

The Corporation posted operating income of $40.1 million for Fiscal Year 2005, down 5.7 percent from FY 2004. Long-term mortgage rates continued to stay at historically low levels, and the Corporation's loan portfolio experienced more than $500 million in prepayments during the year. Because of low-cost capital available to the Corporation, it was able to offer competitive rates and received almost $700 million in new mortgage loan applications. These refinancings will allow Alaskans to save millions of dollars per year on their house payments. Due to rising interest rates earned on our short-term portfolio, our investment income increased 12.8 percent over the prior fiscal year.

2. AHFC Reduces Borrowing Costs
As a result of sustained mortgage prepayments, the Corporation called over $150 million in debt through special redemptions and almost $100 million in scheduled redemptions, helping to reduce the total interest paid through the Corporation by more than $10 million.

3. AHFC Sells Aurora Military Loan
In December 2004, the Corporation sold its Aurora Military Loan, with a principal balance of $47.5 million, for $51.4 million and paid $90,000 in subsequent expenses related to the sale, resulting in a net gain to the Corporation of $3.8 million.

4. AHFC Issues Bonds and Transfers Funds to the State of Alaska
In January 2005, the Corporation issued Bonds to finance an additional $45 million in State capital projects, bringing the total transfers to the State of Alaska through FY 2005 to almost $1.5 billion. In May 2005, the Corporation refunded the Governmental Purpose Bonds, 1995 Series A, and a portion of the State Building Lease Bonds, Series 1999, resulting in a present value savings of about $17 million.

Alaska Housing
FINANCE CORPORATION

a component unit of the State of Alaska

Financial Statements

And Independent Auditors' Report

June 30, 2005

With Summarized Financial Information for June 30, 2004

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Table of Contents

This is a publication of Alaska Housing Finance Corporation. For comments or questions:
Web site:http://www.ahfc.us/financials.htm E-Mail:dboyce@ahfc.state.ak.us

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Independent Auditor's 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 (the Corporation) as of and for the year ended June 30, 2005, 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 2004 financial statements that were audited by other auditors, and whose report dated September 17, 2004 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Alaska Housing Finance Corporation as of June 30, 2005, 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.

In accordance with Government Auditing Standards, we have also issued a report dated September 2, 2005, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Board of Directors
Alaska Housing Finance Corporation

The Management's Discussion and Analysis on pages 3-8 and the schedule of funding progress for PERS on page 45 are not a required part of the basic financial statements but are 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Mikunda, Cottrell & Co.

September 2, 2005

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three sections: management's discussion and analysis, the basic financial statements and supplementary schedules. The Corporation's operations are business type activities and follow enterprise fund accounting. The Corporation is a component unit of the State of Alaska ("the State") and is discretely presented in the State's financial statements. The Corporation's basic financial statements include: the Statement of Net assets; the Statement of Revenues, Expenses and Changes in Net Assets; the Statement of Cash Flows and the Notes to Financial Statements. These statements are presented for all of the Corporation's operations and programs, with a dual focus on the Corporation as a whole (entity-wide) and on its major funds. Summarized financial information for FY 2004 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.

Management's Discussion and Analysis

This section of the Alaska Housing Finance Corporation's ("the Corporation") annual financial report presents management's discussion and analysis of the financial position and results of operations at and for the fiscal year ended June 30, 2005. This information is being presented to assist the reader in focusing on significant financial issues and to provide additional information regarding the activities of the Corporation. This information should be read in conjunction with the Independent Auditors' Report, the audited financial statements and accompanying notes.

Basic Financial Statements

The *Statement of Net Assets (Exhibit A)* answers the question, "How is our financial health at the end of the year?" This statement includes all assets and liabilities of the Corporation, both financial and capital, short-term and long-term, using the accrual basis of accounting and economic resources measurement focus, which is similar to the accounting used by most private-sector companies. The resulting net assets presented in this statement are displayed as restricted or unrestricted. Assets are restricted when their use is subject to external limits such as bond resolutions, legal agreements or statutes. Assets falling outside this category are characterized as unrestricted. Over time, changes in net assets may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Assets (Exhibit B)* measures the activities of the Corporation's operations over the past year and presents the income (loss) and change in net assets. It can be used to determine whether the Corporation has successfully recovered all of its costs through mortgage and loan interest, externally funded programs and other revenue sources. This statement 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 sources and uses of the Corporation's cash and the change in cash balance during the reporting period. This statement reports cash receipts, cash payments, and net changes resulting from operating, non-capital 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 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 Financial Statements follow Exhibit C.

<u>Major Funds</u>

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. For fiscal year 2005, the Corporation reports the following major funds:

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

- provide for general working capital requirements of the Corporation
- fund program requirements

- are available to meet outstanding obligations and to fund continuing appropriations
- are available to absorb future loan foreclosure losses, and
- are the source of legislatively authorized transfers to the State and debt service payments for debt issued on behalf of the State for state capital projects

As of June 30, 2005, the Administrative Fund reported net assets of $935 million, an increase of $278 million from June 30, 2004. The increase in net assets can be primarily attributed to internal transfers into the Administrative Fund of $265 million. Approximately $86 million, or 9%, of the Administrative Fund's net assets are restricted by contractual or statutory agreements and $849 million, or 91%, are unrestricted and may be used for operations and to meet the continuing obligations of the Corporation.

The Administrative Fund reported operating income of $42 million for FY 2005, an increase of $23 million from FY 2004, due primarily to increases in change in fair market value of investments held of $4 million, mortgage and loan revenues of $21 million and offset by a decrease in the provision for loan loss of $2 million.

The *Housing Development Bonds Fund* accounts for debt issued and assets pledged for payment of the debt under the bond indentures for Housing Development projects.

The *Government Purpose Bonds 2001 A-D Fund* accounts for debt issued and assets pledged for payment of the debt under the 2001 Series A-D Supplemental Indenture dated July 1, 2001.

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. Supplementary schedules present these funds.

FINANCIAL HIGHLIGHTS

- As a result of this year's operations, the Corporation's operating income was $40 million. Profitability, based on operating income, as measured by the adjusted return on average assets (excluding the change in the fair value of investments) decreased to 0.9% at June 30, 2005, compared to 1.1% at June 30, 2004. The change in the fair value has been removed from the ratio due to the volatility of the return.
- The Corporation's assets exceeded its liabilities as of June 30, 2005, by $ 1.68 billion (net assets).
- The Corporation's mortgage loan portfolio is one of its primary assets. During the fiscal year ended June 30, 2005, mortgage loans decreased by 0.9%, due to collection of loan payments exceeding new loan purchases.
- During the fiscal year ended June 30, 2005, the Corporation's total assets increased by $54 million due primarily to changes in investments & mortgage loans. Total liabilities increased by $78 million due primarily to a $68 million increase in short-term debt.
- During FY 2005 the Corporation defeased $167 million of its outstanding bonds using the proceeds from new bond issues. This advance refunding decreased aggregated debt service payments by $28 million over the next 25 years.

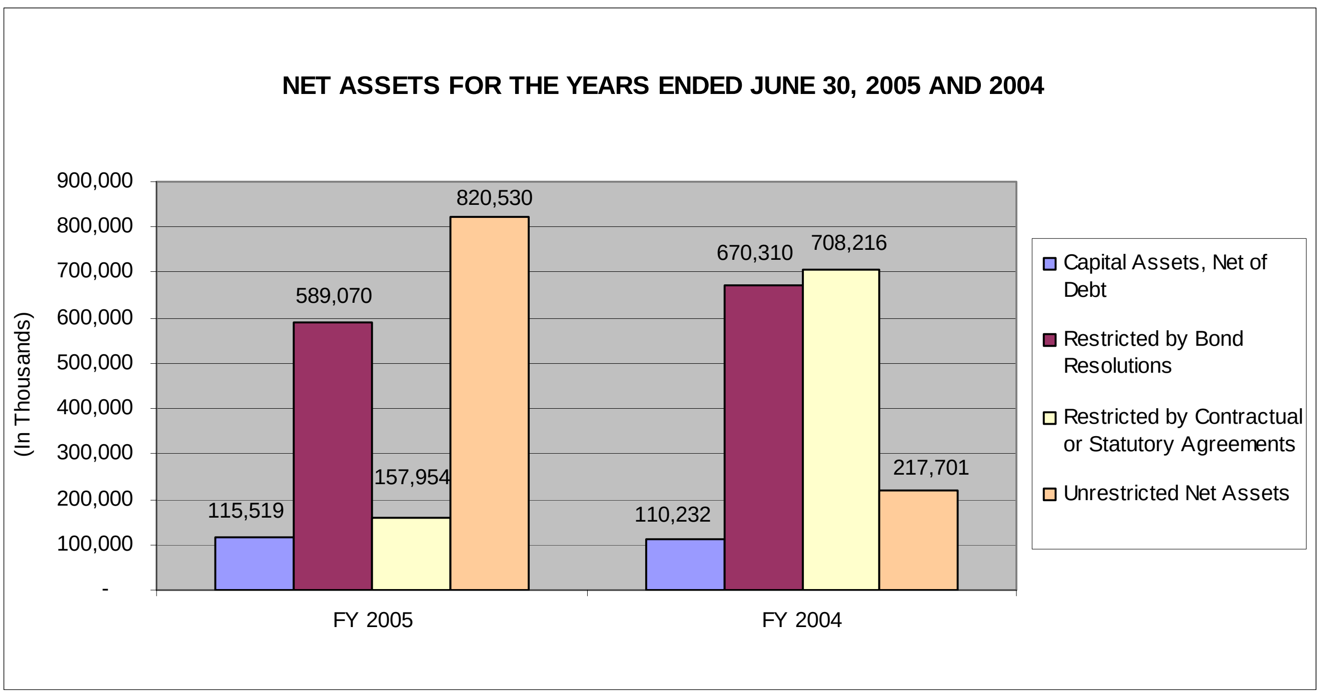
CONDENSED STATEMENT OF NET ASSETS

The following table presents condensed information about the financial position of the Corporation as of June 30, 2005 and 2004, and changes in the balances of selected items during the fiscal year ended June 30, 2005 (in thousands):

	2005	2004	Change Increase (Decrease)	
Investments	$ 1,219,415	$ 1,143,547	$ 75,868	6.6 %
Mortgage loans, notes and other loans, net	3,325,182	3,355,300	(30,118)	(0.9) %
Capital assets, net	116,073	110,813	5,260	4.7 %
Total assets	4,762,933	4,708,480	54,453	1.2 %
Bonds and notes, net	2,898,730	2,890,879	7,851	0.3 %
Total liabilities	3,079,860	3,002,021	77,839	2.6 %
Total net assets	1,683,073	1,706,459	(23,386)	(1.4) %

There were no significant changes in total assets and liabilities in FY 2005.

The chart below represents the classification of unrestricted and restricted net assets, and capital assets, net of debt, for FY 2005 and FY 2004.

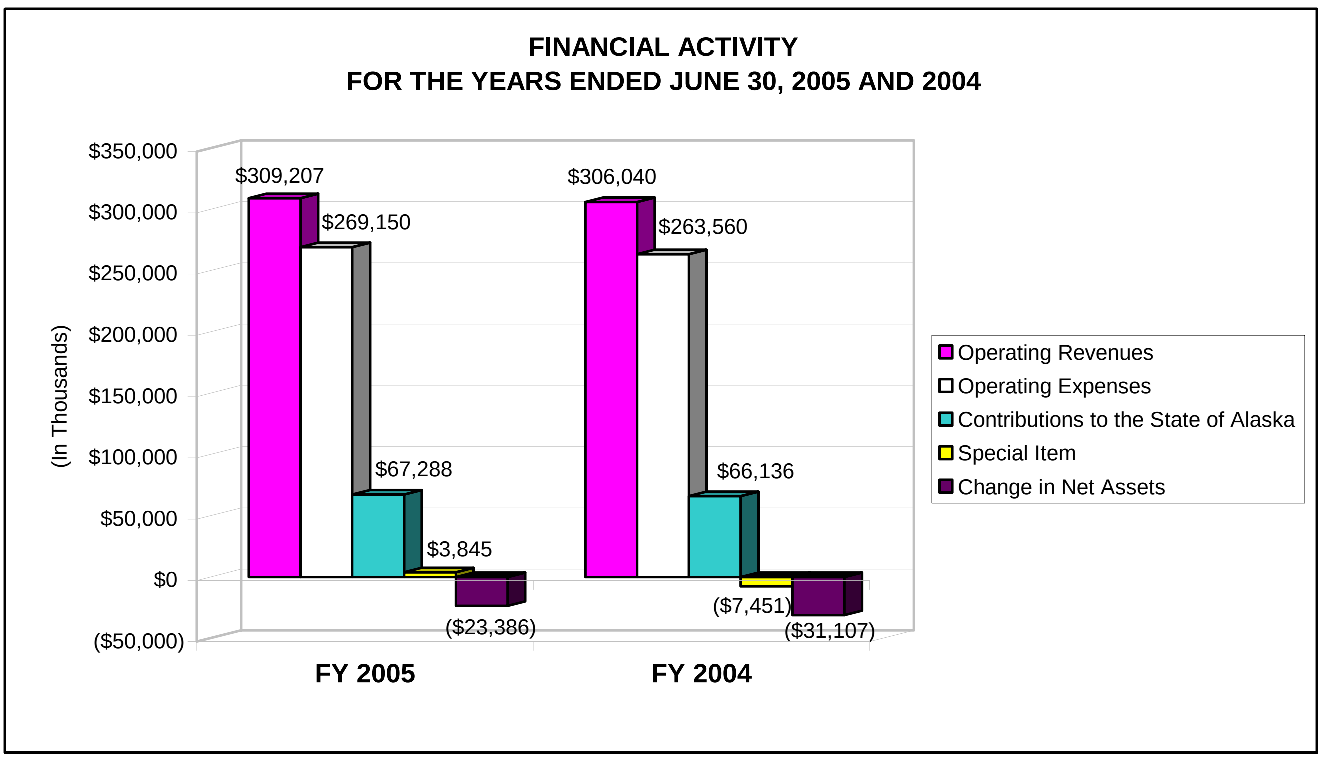


In fiscal year 2005, Net Assets were reclassified when the Housing Assistance Loan Fund changed from a statutory fund to a program within the Administrative Fund of the Corporation.

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

The following table presents condensed information about the revenues, expenses and changes in net assets for the fiscal years ended June 30, 2005 and 2004, and the variance from the prior fiscal year (in thousands):

	2005	2004	Change Increase (Decrease)	
Mortgages and loan revenue	$ 201,386	$ 206,300	$ (4,914)	(2.4) %
Investment interest income	43,162	46,358	(3,196)	(6.9) %
Net change in the fair value of investments	(1,653)	(9,554)	7,901	82.7 %
Externally funded programs	57,877	56,084	1,793	3.2 %
Total operating revenues	309,207	306,040	3,167	1.0 %
Interest expense	141,161	151,165	(10,004)	(6.6) %
Operations and administration	35,530	36,240	(710)	(2.0) %
Housing grants and subsidies	56,506	48,640	7,866	16.2 %
Total operating expenses	269,150	263,560	5,590	2.1 %
Operating income	40,057	42,480	(2,423)	(5.7) %
Contributions to the State of Alaska or other State agencies	(67,288)	(66,136)	(1,152)	1.7 %
Special item	3,845	(7,451)	11,296	151.6 %
Change in net assets	(23,386)	(31,107)	7,721	24.8 %



There was a slight increase of $3 million, or 1.0%, in operating revenue over FY 2004 primarily due to a change in the fair value of investments. Total expenses increased by $6 million, or 2.1%. However, interest expense decreased by $10 million, or 6.6%, from the previous fiscal year due to the removal of bond costs on past redemptions. That change was offset by an $8 million, or 16.2%, increase in housing grants and subsidies expense. For further grant information see accompanying Notes to the Financial Statements (Note 17). The net effect of changes in revenues and expenses was a 5.7% decrease in operating income from $42 million to $40 million.

The Corporation continued its series of annual payments to the State of Alaska and State agencies. As a result of a modification to the Transfer Plan during the 2004 Legislative Session, transfers to the State for FY 2005 were, and for FY 2006 will continue to be, $103 million. In FY 2007 the Transfer Plan calls for payment of the lesser of $103 million or 95% of the Corporation's net income, with this payment percentage declining to 85% in FY 2008 and 75% in the fiscal years thereafter. Subsequent to GASB 34, the Corporation interprets net income as operating income.

During FY 2005, the Corporation recorded a gain on sale of a loan in the amount of $4 million. Because loan sales are unusual and infrequent for the Corporation, the gain on sale was treated as a special item on the Corporation's Statement of Revenues, Expenses and Changes in Net Assets. During FY 2004 the Corporation had a special item, a loss of $7 million, on its Statement of Revenues, Expenses and Changes in Net Assets. This was a result of the Corporation calling bonds for early redemption, which included call premiums. While the early redemption is not unusual for the Corporation, the occurrence of an associated call premium is infrequent and therefore the transactions were treated as a special item for financial reporting.

The Change in Net Assets was a decrease of $23 million for FY 2005, a smaller decrease than the $31 million decrease in FY 2004, and was primarily due to non-operating transactions shown as Special Items.

DEBT ADMINISTRATION

As of June 30, 2005, the Corporation had $2.90 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 $308 million in Tax-Exempt General Housing Purpose Bonds;
- Issued $105 million in Federally Taxable Housing Development Bonds;
- Remarketed $144 million in Federally Taxable General Housing Purpose Bonds to Tax-Exempt General Housing Purpose Bonds;
- Defeased $167 million of the Corporation's outstanding bonds using the proceeds from the above new bond issues;

- Redeemed bonds through surplus redemption provisions of their respective indentures in the amount of $151 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, 2005, 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 to Financial Statements.

ECONOMIC FACTORS AND OTHER FINANCIAL INFORMATION

The primary business activity of the Corporation is providing a secondary market for the purchase of single-family and multi-family mortgage loans. The Corporation's mortgage financing activities are sensitive to changes in interest rates, the spread between the rate 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 remained at low levels during FY 2005. If interest rates continue at current levels, the Corporation expects mortgage and investment income to remain relatively stable. If interest rates rise, mortgage and investment income should increase as new loans are originated and new investments are purchased at the higher rates. If interest rates fall, mortgage and investment income will decrease as new loans are originated and new investments are purchased at the lower rates. Any decrease in interest rates could also cause an increase in prepayments on higher rate mortgages. The Corporation uses many of these prepayments to call the corresponding bond series, which lowers the interest expense incurred on the Corporation's overall bonds outstanding, or to recycle mortgages to obtain the maximum allowable spread. Large federal deficits or changes in programs or funding levels could have a negative impact on externally funded program revenues.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. 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, 2005
(with summarized financial information for June 30, 2004)
(in thousands of dollars)

	Administrative Fund	Housing Development Bonds	Governmental Purpose Bonds 2001 A-D
ASSETS			
Current			
Cash	2,202	344	566
Investments	447,556	25,727	18,031
Accrued interest receivable	3,768	3,300	1,889
Mortgage loans, notes and other loans	14,700	5,631	9,753
Net investment in direct financing lease	-	-	-
Other assets	935	97	40
Intergovernmental receivable	5	-	-
Total Current	469,166	35,099	30,279
Non Current			
Investments	-	122,551	116,243
Mortgage loans, notes and other loans, net of allowance	608,626	246,166	282,307
Net investment in direct financing lease	-	-	-
Unamortized bond issuance costs	-	3,889	1,546
Capital assets - non-depreciable	148	-	-
Capital assets - depreciable, net	301	-	-
Other assets	1,633	-	-
Total Non Current	610,708	372,606	400,096
Total Assets	1,079,874	407,705	430,375
LIABILITIES			
Current			
Bonds and notes payable	-	6,095	5,755
Short term debt	138,375	-	-
Accrued interest payable	673	1,592	982
Other liabilities	4,958	693	1,180
Intergovernmental payable	-	-	-
Total Current	144,006	8,380	7,917
Non Current			
Bonds and notes payable	-	416,926	310,280
Other liabilities	816	-	-
Total Non Current	816	416,926	310,280
Total Liabilities	144,822	425,306	318,197
NET ASSETS			
Invested in capital assets, net of related debt	449	-	-
Restricted by bond resolutions	-	-	112,178
Restricted by contractual or statutory agreements	85,741	-	-
Unrestricted net assets, (deficit)	848,862	(17,601)	-
Total Net Assets	935,052	(17,601)	112,178

See accompanying notes to the financial statements.

Other Non-Major Funds	Total June 30, 2005	Year Ended June 30, 2004
6,657	9,769	7,939
208,139	699,453	617,090
11,805	20,762	19,897
53,280	83,364	81,679
1,799	1,799	1,705
10,292	11,364	7,875
710	715	699
292,682	827,226	736,884
281,168	519,962	526,457
2,104,719	3,241,818	3,273,621
31,044	31,044	32,842
19,700	25,135	26,404
40,543	40,691	40,227
75,081	75,382	70,586
42	1,675	1,459
2,552,297	3,935,707	3,971,596
2,844,979	4,762,933	4,708,480
79,127	90,977	91,396
-	138,375	70,145
10,900	14,147	14,562
12,433	19,264	15,977
3,007	3,007	4,358
105,467	265,770	196,438
2,080,547	2,807,753	2,799,483
5,521	6,337	6,100
2,086,068	2,814,090	2,805,583
2,191,535	3,079,860	3,002,021
115,070	115,519	110,232
476,892	589,070	670,310
72,213	157,954	708,216
(10,731)	820,530	217,701
653,444	1,683,073	1,706,459

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, 2005

(with summarized financial information for June 30, 2004)

(in thousands of dollars)

	Administrative Fund	Housing Development Bonds	Governmental Purpose Bonds 2001 A-D
OPERATING REVENUES			
Mortgage and loans revenue	41,281	20,540	18,108
Investment interest	9,505	3,095	5,585
Net change in the fair value of investments	(1,409)	4	6
Total Investment Revenue	8,096	3,099	5,591
Externally funded programs	-	-	-
Rental	-	-	-
Other	650	-	6
Total Operating Revenues	50,027	23,639	23,705
OPERATING EXPENSES			
Interest	1,959	16,205	10,588
Mortgage and loan costs	3,039	557	1,262
Operations and administration	2,683	1,129	1,207
Financing expenses	1,149	611	1,528
Provision for loan loss	(1,161)	(2,944)	(75)
Housing grants and subsidies	422	-	-
Rental housing operating expenses	2	-	-
Total Operating Expenses	8,093	15,558	14,510
Operating Income (Loss)	41,934	8,081	9,195
NONOPERATING EXPENSES, SPECIAL ITEM & TRANSFERS			
Contributions to the State of Alaska or other State agencies	(31,840)	(2,552)	-
Special Item (note 21)	3,845	-	-
Transfers - Internal	264,549	24,858	2,962
Change in Net Assets	278,488	30,387	12,157
Net assets at beginning of year	656,564	(47,988)	100,021
Net Assets at End of Period	935,052	(17,601)	112,178

See accompanying notes to the financial statements.

Other Non-Major Funds	Total June 30, 2005	Year Ended June 30, 2004
121,457	201,386	206,300
24,977	43,162	46,358
(254)	(1,653)	(9,554)
24,723	41,509	36,804
57,877	57,877	56,084
6,183	6,183	6,109
1,596	2,252	743
211,836	309,207	306,040
112,409	141,161	151,165
8,272	13,130	13,059
30,511	35,530	36,240
8,653	11,941	6,168
4,077	(103)	(1,861)
56,084	56,506	48,640
10,983	10,985	10,149
230,989	269,150	263,560
(19,153)	40,057	42,480
(32,896)	(67,288)	(66,136)
-	3,845	(7,451)
(292,369)	-	-
(344,418)	(23,386)	(31,107)
997,862	1,706,459	1,737,566
653,444	1,683,073	1,706,459

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2005
(with summarized financial information for June 30, 2004)
(in thousands of dollars)

	Administrative Fund	Housing Development Bonds	Governmental Purpose Bonds 2001 A-D
Cash flows from operating activities:			
Interest income on mortgages and loans	38,769	20,799	18,566
Principal payments received on mortgages and loans	48,315	51,422	56,196
Purchases of mortgages and loans	(567,521)	-	-
Receipt (payment) for loan transfers between funds	357,672	(26,507)	(30,069)
Payments to employees and other payroll disbursements	(25,535)	-	-
Payments for goods and services	(49,377)	(102)	-
Cash received for externally funded programs	237	-	-
Cash received for Federal HAP subsidies	-	-	-
Payments for Federal HAP subsidies	-	-	-
Other operating cash receipts	55,184	-	6
Other operating cash payments	(6,399)	-	-
Net cash provided by (used for) operating activities	(148,655)	45,612	44,699
Cash flows from noncapital financing activities:			
Proceeds from the issuance of bonds	-	105,000	-
Principal paid on bonds	-	(24,355)	(5,475)
Payment to defease bonds	-	-	-
Payment of bond issuance costs	(1,509)	-	-
Interest paid	(1,668)	(15,603)	(10,343)
Proceeds from issuance of short term debt	828,416	-	-
Payment of short term debt	(760,477)	-	-
Contributions to the State of Alaska or other State agencies	(52,606)	(2,553)	-
Transfers (to) from other funds	232,748	5,566	-
Other cash payments	-	-	-
Net cash provided by (used for) noncapital financing activities	244,904	68,055	(15,818)
Cash flows from capital financing activities:			
Acquisition of capital assets	(11,055)	-	-
Proceeds from the disposal of capital assets	255	-	-
Proceeds from the issuance of capital notes	-	-	-
Principal paid on capital notes	(26)	-	-
Payment of bond issuance costs	(34)	-	-
Interest paid on capital notes	(2)	-	-
Proceeds from the direct financing lease payments	-	-	-
Net cash provided by (used for) capital financing activities	(10,862)	-	-
Cash flows from investing activities:			
Purchase of investments	(4,520,876)	(456,572)	(279,560)
Proceeds from maturity of investments	4,427,212	341,572	245,352
Interest received from investments	9,336	1,439	5,459
Net cash provided by (used for) investing activities	(84,328)	(113,561)	(28,749)
Net Increase (decrease) in cash	1,059	106	132
Cash at the beginning of year	1,143	238	434
Cash at the end of period	2,202	344	566
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	41,934	8,081	9,195
Adjustments:			
Depreciation expense	96	-	-
Provision for loan losses	(1,161)	(2,944)	(75)
Amortization of bond issuance costs	-	131	31
Net change in the fair value of investments	1,409	(4)	(6)
Transfers between funds for operating activity	(104,910)	1,307	1,515
Interest received from investments	(9,336)	(1,439)	(5,459)
Interest paid	1,670	15,603	10,343
Changes in assets and liabilities:			
Net increase (decrease) in mortgages and loans	(114,066)	24,915	26,127
Net increase (decrease) in assets and liabilities	35,709	(38)	3,028
Net cash provided by (used for) operating activities	(148,655)	45,612	44,699
Noncash investing, capital and financing activities:			
Asset transfers	(379,800)	16,322	

See accompanying notes to the financial statements.

Other Non-Major Funds	Total June 30, 2005	Year Ended June 30, 2004
123,795	201,929	203,817
386,312	542,245	806,512
-	(567,521)	(823,798)
(301,096)	-	-
-	(25,535)	(22,687)
(41)	(49,520)	(42,278)
22,374	22,611	24,463
32,908	32,908	29,946
(32,916)	(32,916)	(30,434)
7,771	62,961	10,961
(613)	(7,012)	(6,419)
238,494	180,150	150,083
300,993	405,993	287,300
(210,536)	(240,366)	(511,545)
(173,820)	(173,820)	-
(2,009)	(3,518)	(1,901)
(115,472)	(143,086)	(145,902)
-	828,416	865,429
-	(760,477)	(945,188)
(10,669)	(65,828)	(66,852)
(238,314)	-	-
(130)	(130)	(3,424)
(449,957)	(152,816)	(522,083)
-	(11,055)	(10,442)
484	739	161
24,000	24,000	-
(1,080)	(1,106)	(1,051)
(166)	(200)	-
(1,031)	(1,033)	(671)
-	-	3,549
22,207	11,345	(8,454)
(2,494,985)	(7,751,993)	(8,678,819)
2,660,942	7,675,078	8,999,668
23,832	40,066	46,329
189,789	(36,849)	367,178
533	1,830	(13,276)
6,124	7,939	21,215
6,657	9,769	7,939
(19,153)	40,057	42,480
4,976	5,072	3,974
4,077	(103)	(1,861)
2,563	2,725	2,403
254	1,653	9,554
102,088	-	-
(23,832)	(40,066)	(46,329)
116,503	144,119	146,573
85,216	22,192	(17,286)
(34,198)	4,501	10,575
238,494	180,150	150,083
363,478		

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FOOTNOTE INDEX

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FOR THE YEAR ENDED JUNE 30, 2005

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2004)

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 Alaska State 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 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.

The 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 and 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 is not included in the Corporation's financial statements. NTSC is a government instrumentality of, but separate and apart from, the State and 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 (GASB) pronouncements for the Corporation's funds, as well as those Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989, unless such pronouncements conflict with or contradict GASB pronouncements. After November 30, 1989, the Corporation only applies applicable GASB pronouncements.

Basis of Presentation

The Corporation's financial statements include a classified Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets formatted to report operating and non-operating revenues and expenses, a Cash Flow 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 fiscal year 2004 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 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 Development Bonds. This fund accounts for debt issued and assets pledged for payment of the debt under the bond indentures for Housing Development projects.

Government Purpose Bonds 2001 A-D. This fund accounts for debt issued and assets pledged for payment of the debt under the 2001 Series A-D Supplemental Indenture dated as of July 1, 2001.

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 Net Assets

The restricted net asset amounts of the Administrative Fund consist of the Corporation's remaining commitments to the State (refer to Footnote No. 16, 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 restrict the use of resources. These restricted resources are recorded in various special purpose funds and accounts. Restricted funds with a net deficit balance are shown as having an unrestricted net 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 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 and leasehold improvements are computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives range from 3 to 40 years. The capitalization 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 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.

Reclassifications
Certain prior year balances have been reclassified to conform to the current period presentation.

3 CASH AND INVESTMENTS

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

	June 30, 2005	June 30, 2004
Restricted cash	$ 7,567	$ 7,282
Unrestricted	2,202	657
Carrying amount	9,769	7,939
Bank balance	$ 11,570	$ 8,172

The fair value of debt security investments by contractual maturity is shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalty.

	Investment Maturities (in Years)					
	Less Than 1	**1-5**	**6-10**	**More Than 10**	**June 30, 2005**	**June 30, 2004**
Bank investment contracts	$ 198,848	$ -	$ -	$ -	$ 198,848	$ 200,039
U.S. Treasury securities	19,654	53,949	-	-	73,603	28,683
Securities of U.S. Government agencies and corporations	204,459	51,543	-	-	256,002	220,589
Asset-backed securities	1,071	20,983	2,013	-	24,067	34,340
Certificates of deposit	15,000	-	-	-	15,000	15,000
Commercial paper & medium term notes	444,777	42,743	2,340	-	489,860	454,049
Guaranteed investment contracts	128,907	-	-	-	128,907	154,557
Money market funds	33,128	-	-	-	33,128	36,290
Total investments	$1,045,844	$ 169,218	$ 4,353	$ -	$1,219,415	$1,143,547

Restricted Investments

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

	June 30, 2005	June 30, 2004
Restricted investments	$ 857,599	$ 893,658
Unrestricted	361,816	249,889
Carrying amount	$ 1,219,415	$ 1,143,547

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, 2005	June 30, 2004
Ending unrealized holding gain (loss)	$ 423	$ (745)
Beginning unrealized holding gain (loss)	(745)	7,227
Net change in unrealized holding gain (loss)	1,168	(7,972)
Net realized loss	(2,821)	(1,582)
Net decrease in Fair Value	$ (1,653)	$ (9,554)

Deposit and Investment Policies
The Corporation utilizes different investment strategies depending upon the nature and intended use of the assets being invested. All funds are classified as trust or non-trust, and this determines the applicable investment guidelines used by staff when making investment decisions.

The Corporation's fiscal policies provide investment guidelines for non-trusted funds. Funds are invested according to anticipated use: those that must remain immediately available to provide working capital are invested in short-term, highly liquid securities, while those not expected to be used in the short-term are invested in longer-term securities.

The following securities are eligible for investment under the Corporation's fiscal policies:

- Obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States;
- Obligations of U.S. government-sponsored agencies, including mortgage securities, that are not backed by the full faith and credit of the U.S. Government;
- Bank debt obligations, including unsecured certificates of deposit, notes, time deposits, and bankers' acceptances (having maturities of not more than 365 days) of, and deposits with, any bank the short-term obligations of which have been rated at least "A-1" by S&P or "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, to the extent not insured by the FDIC or NCUA, provide for the pledge of collateral maintained at a minimum level of 105% and valued at least monthly;
- 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 or "Aa" by Moody's or "AA" by Fitch if maturing in excess of one year, and "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch if maturing in one year or less;
- Asset-backed securities, other than commercial paper and 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 or "Aa" by Moody's or "AA" by Fitch;
- Commercial paper, including asset-backed commercial paper, rated at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch;
- Repurchase agreements (repos) with a corporation or other entity which has long-term debt ratings of at least "A" by S&P or "A" by Moody's or "A" by Fitch or short-term ratings of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and where collateral is maintained at a minimum level of 102%, valued on a daily basis;
- Money market funds which are rated at least "AAm" or "AAm-G" by S&P or "Aa" by Moody's, or "V-1+" by Fitch;
- Investment agreements or guaranteed investment contracts with an insurance company, bank or other financial institution having outstanding unsecured long-term obligations rated, or a claims paying or investment agreement rating, at least "AA" by S&P or "Aa" by Moody's or "AA" by Fitch, or, if the term is one year or less, at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch;

- Floating rate notes issued by entities having outstanding unsecured long-term obligations rated "AA" by S&P or "Aa" by Moody's or "AA" by Fitch, or, if the term of the floating rate note is one year or less, having outstanding short-term obligations rated at least "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch; with interest rates subject to adjustment at least every 100 days; and with 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 or "Aaa" by Moody's or "AAA" by Fitch.

Trusted funds are invested according to the terms outlined in their respective indentures or governing agreements, which generally mandate the purchase of relatively short-term, high quality fixed income securities. In those rare instances, if any, where an indenture or governing agreement is less restrictive than the Corporation's fiscal policies for non-trust funds, the investment will be made in accordance with the more restrictive fiscal policies.

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

The credit quality ratings of the Corporation's investments as of June 30, 2005, as described by nationally recognized statistical rating organizations, are shown below (in thousands). $73,603,000 of U.S. Treasury securities and securities of agencies and corporations which are explicitly guaranteed by the U.S. government are not considered to have credit risk and therefore, are not included in the summary.

	Moody's	S & P	Investment Fair Value
Securities of U. S. Government agencies and corporations:			
	Aaa	AAA	$ 256,002
Asset-backed securities:			
	Aaa	AAA	22,996
Commercial paper & medium-term notes:			
	Aaa	AAA	13,193
	Aa1	AA+	1,979
	Aa1	AA-	2,400
	Aa2	AA	2,204
	Aa2	AA-	7,164
	Aa2	A+	2,099
	Aa3	AA	11,183
	Aa3	AA-	5,838
	Aa3	A+	5,568
	Aa3	A	1,015
	A1	AA-	1,028
	P-1	A-1+	314,355
	P-1	A-1	106,344
	--	A-1	14,147
	Baa3	BBB	1,343
			489,860
Money market funds			
	--	AAAm	29,713
Unrated investments:			
Bank investment contracts			198,848
Asset-backed securities			1,071
Certificates of deposit			15,000
Guaranteed investment contracts			128,907
Money market funds			3,415
			347,241
			$ 1,145,812

Concentration Risk
Concentration risk is the risk of loss attributed to the magnitude of the Corporation's investment in a single issuer. Concentration limits are not established in the bond indentures and governing agreements for trust investments. The Corporation's fiscal policies set the maximum concentration limits for non-trust investments as follows:

Investment Type	Investment Type Limit as a % of Total Portfolio	Issuer Limit as a % of Total Portfolio
General obligations of the United States	100%	100%
Securities of U.S. Government agencies and corporations	65%	35%
Corporate and non-corporate (including the following): • Adjustable rate funds • Bank investment contracts • Certificates of deposit • Commercial paper & medium term notes • Deposits in and investments of a commercial bank or credit union • Floating or variable rate notes • Guaranteed investment contracts • Money market funds • Repurchase agreements	60%	5%
Mortgage and asset-backed securities	20%	5%

Investment Holdings Greater than Five Percent of Total Portfolio
The following investment holdings, summarized by issuer, include both investments that are governed by the maximum concentration limits of the Corporation's fiscal policy and trusted investments which have no established concentration limits. Investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment pools, and other pooled investments are excluded from this summary. As of June 30, 2005, the Corporation had investment balances, greater than 5 percent of the Corporations total investments, with the following issuers (in thousands).

Issuer	Investment Fair Value	Percentage of Total Portfolio
Bayerische Landesbank	$ 133,611	11.0%
Fannie Mae	121,814	10.0
FSA Capital Management Services	105,000	8.6
UBS Finance	75,048	6.2
Westdeutsche Landesbank	65,237	5.4
GE Capital Services	64,806	5.3

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

Of the Corporation's $11,570,000 bank balance at June 30, 2005, cash deposits in the amount of $5,741,000 were uninsured and uncollateralized.

Of the Corporation's $1,219,415,000 total investments at June 30, 2005, bank investment contracts in the amount of $133,611,000 were uninsured, unregistered, and held by the counterparty or its agent, but not in the Corporation's name.

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

Modified Duration
Modified duration estimates the sensitivity of an investment to interest rate changes. The following table shows the Corporation's trusted and non-trusted investments (in thousands) with their modified duration as of June 30, 2005:

	Investment Fair Value	Modified Duration
Bank investment contracts	$ 198,848	0.000
U.S. Treasury securities:		
Treasury coupon securities	68,258	1.885
Treasury discounts	5,345	0.188
Securities of U.S. Government agencies and corporations:		
Federal agency discounts	176,695	0.110
Federal agency coupon securities	62,445	1.627
Federal agency pass through securities	16,862	1.032
Asset-backed securities	24,067	2.763
Certificates of deposit	15,000	0.132
Commercial paper & medium term notes:		
Commercial paper discounts	434,845	0.100
Corporate bonds	5,239	2.642
Medium term notes	44,564	1.855
Municipal bonds	1,343	7.827
Floating rate notes	3,869	2.160
Guaranteed investment contracts	128,907	0.000
Money market funds	33,128	0.000
	$ 1,219,415	
Portfolio modified duration		0.443

A minimal percentage of the Corporation's total investment portfolio is municipal bonds, which are relatively more sensitive to changing interest rates than the rest of the Corporation's investment portfolio. Municipal bonds held as of June 30, 2005, are as follows:

	Rate	Maturity
Northern Tobacco Securitization Corporation	4.75%	June 1, 2015

4 MORTGAGE LOANS, NOTES AND OTHER LOANS

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

	June 30, 2005	June 30, 2004
Mortgage loans	$ 3,107,178	$ 3,073,293
Mortgage-backed securities issued by the Corporation	15,387	24,508
Multi-family loans	262,066	316,749
Other notes receivable	29,142	29,433
	3,413,773	3,443,983
Less:		
Allowance for losses	(88,591)	(88,683)
Net Mortgage loans, notes and other loans	$ 3,325,182	$ 3,355,300

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

	June 30, 2005	June 30, 2004
Delinquencies and foreclosures:		
Loans delinquent 30 days or more	$ 100,797	$ 113,271
Foreclosures during period	2,347	3,947
Loans in foreclosure process	9,629	7,282
Mortgage-related commitments:		
To purchase mortgage loans	109,845	179,861
To repurchase loans upon foreclosure	13,694	19,825

5 INSURANCE AGREEMENTS

The Corporation has obtained private mortgage insurance, credit insurance, or guarantees on certain mortgages and loans. The agreements protect the Corporation to varying degrees against losses arising from the disposition of the related collateral obtained through foreclosure or repossession, as well as the costs of obtaining title to, maintaining, and liquidating the collateral. The Corporation is exposed to losses on disposition in the event the insurers or guarantors are unable or refuse to meet their obligations under these agreements.

6 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.

7 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):

12 Months Ending June 30	Future Minimum Payments Due
2006	$ 3,549
2007	3,549
2008	3,549
2009	3,549
2010	3,549
Thereafter	28,397
Gross payments due	46,142
Less: Unearned revenue	(13,299)
Net investment in direct financing lease	$ 32,843

8 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2005 and a summary of balances are shown below (in thousands):

	July 1, 2004	Additions	Reductions	June 30, 2005
NON-DEPRECIABLE CAPITAL ASSETS:				
Land	$ 13,847	$ -	$ (85)	$ 13,762
Construction in progress	26,380	10,266	(9,717)	26,929
TOTAL NON-DEPRECIABLE	40,227	10,266	(9,802)	40,691
DEPRECIABLE CAPITAL ASSETS:				
Buildings	151,562	9,621	(708)	160,475
Computers & Equipment	3,158	153	(64)	3,247
Leasehold Improvements	-	88	-	88
Vehicles	1,803	152	-	1,955
	156,523	10,014	(772)	165,765
Less: Accumulated depreciation				
Buildings	(81,662)	(4,736)	562	(85,836)
Computers & Equipment	(2,832)	(159)	64	(2,927)
Leasehold Improvements	-	(5)		(5)
Vehicles	(1,443)	(172)	-	(1,615)
	(85,937)	(5,072)	626	(90,383)
TOTAL DEPRECIABLE, NET	70,586	4,942	(146)	75,382
TOTAL CAPITAL ASSETS, NET	$ 110,813	$ 15,208	$ (9,948)	$ 116,073

The depreciation expense charged by the Corporation was $5,072,000 for the year ended June 30, 2005.

The Corporation is obligated under contracts and other commitments to purchase and/or modernize certain fixed assets. The total commitment, including amounts to be funded by third parties, was $6,243,000 at June 30, 2005.

9 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, 2005	June 30, 2004
FIRST-TIME HOME BUYER BONDS:			
Mortgage Revenue Bonds:			
Tax-Exempt:			
• 1996 Series A,			
4.4% to 6.5%, due 2005-2027	159,870	-	17,226
Accreted interest		-	4,623
• 1997 Series A,			
4.15% to 6.0%, due 2005-2037	160,000	59,500	70,720
Accreted interest		6,497	5,464
Unamortized discount		(386)	(399)
• 1998 Series A,			
3.95% to 5.4%, due 2005-2035	70,000	36,765	39,680
• 1999 Series A1 & A2			
4.5% to 6.25%, due 2005-2031	200,000	133,070	143,445
Unamortized discount		(115)	(117)
• 2000 Series A,			
5.9% to 6.0%, due 2036-2040	58,315	28,920	28,920
• 2000 Series B,			
5.45%, due 2015	3,795	3,795	3,795
• 2000 Series C,			
4.7% to 6.0% due 2010-2032	68,785	40,340	43,345
Unamortized discount		(211)	(235)
• 2001 Series A,			
2.5% to 5.3%, due 2005-2031	32,740	26,165	28,175
• 2001 Series B,			
4.15% to 5.45%, due 2007-2041	104,450	75,325	77,785
Unamortized premium		69	74
• 2002 Series A, Floating Rate*,			
2.45% at June 30, 2005, due 2032, 2036	170,000	170,000	170,000
Taxable:			
• 2000 Series D,			
7.0% to 7.32%, due 2005-2020	25,740	8,140	11,965
• 2002 Series B, Floating Rate*			
3.30% at June 30, 2005, due 2036	30,000	24,255	24,255
TOTAL FIRST-TIME HOMEBUYER BONDS	1,083,695	612,129	668,721

	Original Amount	June 30, 2005	June 30, 2004
VETERANS MORTGAGE PROGRAM BONDS:			
Collateralized State Guaranteed Bonds:			
Tax-Exempt:			
• Collateralized Bonds 1994 First Series, 5.3% to 6.8%	130,000	-	22,705
• Collateralized Bonds 1995 First Series, 4.6% to 6.55%	30,000	-	1,900
Unamortized discount		-	(13)
• Collateralized Bonds 1997 First Series, 5.5%, due 2039	100,000	20,120	24,425
• Collateralized Bonds 1998 First and Second Series, 4.0% to 5.5%, due 2005-2040	60,000	27,310	29,855
Unamortized discount		(183)	(192)
• Collateralized Bonds 1999 First Series, 4.3% to 6.25%, due 2005-2039	110,000	59,110	66,255
• Collateralized Bonds 2000 First Series, 4.75% to 6.45%, due 2005-2039	70,000	33,145	38,705
• Collateralized Bonds 2002 First Series, 2.65% to 5.65%, due 2005-2034	50,000	32,970	34,935
TOTAL VETERANS MORTGAGE PROGRAM BONDS	550,000	172,472	218,575
OTHER HOUSING BONDS:			
Housing Development Bonds:			
Tax-Exempt:			
• 1997 Series A, 4.15% to 5.7%, due 2005-2029	6,510	360	470
• 1997 Series B, 4.25% to 5.8%, due 2005-2029	17,000	930	1,210
• 1999 Series A, 4.1% to 6.3%, due 2005-2029	1,675	1,545	1,575
• 1999 Series B, 4.2% to 6.37%, due 2005-2029	5,080	4,710	4,790
Unamortized discount		(2)	(2)
• 1999 Series C, 4.1% to 6.2%, due 2005-2029	50,000	46,235	47,055
Unamortized discount		(17)	(17)
• 2000 Series B, Floating Rate*, monthly payments, 2.3% at June 30, 2005, due 2030	41,705	41,705	41,705
• 2002 Series A, 1.8% to 5.3%, due 2005-2033	8,440	3,420	3,550
• 2002 Series B, 1.6% to 5.15%, due 2005-2022	8,690	7,930	8,240

	Original Amount	June 30, 2005	June 30, 2004
• 2002 Series C, 1.6% to 5.25%, due 2005-2032	70,000	67,010	68,225
• 2002 Series D, Floating Rate*, monthly payments, 2.20% at June 30, 2005, due 2037	37,870	36,380	36,990
• 2004 Series A, 1.3% to 4.85%, due 2005-2030	33,060	32,405	33,060
• 2004 Series B, 1.2% to 4.75%, due 2005-2032	52,025	51,070	52,025
Taxable:			
• 1997 Series C, 6.8% to 7.55%, due 2007-2029	23,895	1,065	1,375
• 2004 Series C, Floating Rate Auction Bonds** Payments every five weeks, 3.14% at June 30, 2005 due 2005-2035	42,125	23,275	42,125
• 2004 Series D, 3.65% to 5.6%, due 2005-2043	105,000	105,000	-
SUB-TOTAL HOUSING DEVELOPMENT BONDS	503,075	423,021	342,376
General Mortgage Revenue Bonds:			
Tax-Exempt:			
• 1997 Series A, 4.15% to 6.1%, due 2005-2037	434,911	270,576	315,721
Accreted interest		6,656	5,657
• 1999 Series A, 4.25% to 6.05%, due 2005-2049	302,700	249,760	251,420
Unamortized deferred debt refunding expense		(1,706)	(1,787)
Unamortized discount		(1,677)	(1,790)
• 2002 Series A, 3.45% to 5.0%, due 2010-2040	150,000	150,000	150,000
Unamortized deferred debt refunding expense		(1,282)	(1,325)
Unamortized premium		593	611
Government Purpose Bonds:			
Tax-Exempt:			
• 1995 Series A, 4.5% to 5.875%,	335,000	-	153,605
Unamortized discount		-	(3,151)
• 1997 Series A, Floating Rate* monthly payments, 2.43% at June 30, 2005, due 2027	33,000	26,700	28,200
• 2001 Series A, Floating Rate*, 2.40% at June 30, 2005, due 2030	76,580	70,830	72,405
• 2001 Series B, Floating Rate*, 2.20% at June 30, 2005, due 2030	93,590	86,555	88,485

NOTES TO FINANCIAL STATEMENTS

	Original Amount	June 30, 2005	June 30, 2004
Taxable:			
• 2001 Series C, Floating Rate*, monthly payments, 3.27% at June 30, 2005, due 2032	100,000	96,580	97,780
• 2001 Series D, Floating Rate*, monthly payments, 3.30% at June 30, 2005, due 2032	100,000	62,070	62,840
TOTAL OTHER HOUSING BONDS	2,128,856	1,438,676	1,561,047
NON-HOUSING BONDS:			
State Capital Project Bonds:			
Tax-Exempt:			
• 1999 Series A, 3.4% to 5.0%, due 2005-2005	92,365	7,665	22,450
Unamortized premium		859	1,231
• 1999 Series B, 4.0% to 5.5%, due 2005-2005	103,980	13,185	33,915
Unamortized premium		805	1,021
• 2001 Series A, 3.2% to 5.25%, due 2005-2007	74,535	46,190	55,625
Unamortized premium		1,302	1,527
• 2002 Series A, 3% to 4%, due 2005-2011	32,905	26,655	29,865
Unamortized premium		1,161	1,429
• 2002 Series B, Floating Rate Auction Bonds** Payments every four weeks, 2.40% at June 30, 2005, due 2024	14,555	14,555	14,555
• 2002 Series C, Floating Rate* 2.26% at June 30, 2005, due 2022	60,250	60,250	60,250
State Building Lease Bonds:			
Tax-Exempt:			
• 1999 Series, 4.25% to 5.8%, due 2005-2017	40,000	14,165	32,460
Unamortized discount		(74)	(168)
General Housing Purpose Bonds:			
Tax-Exempt:			
• 1992 Series A, 5.3% to 6.6%, due 2005-2023	200,000	23,340	27,705
• 2003 Series A, Floating Rate*, monthly payments, 2.40% at June 30, 2005, due 2023	143,995	136,790	143,995
• 2003 Series B, Floating Rate*, monthly payments, 2.40% at June 30, 2005, due 2023	16,095	16,095	16,095
• 2005 Series A, 2.2% to 5.25%, due 2006-2041	143,235	143,235	-
Unamortized premium		6,114	-

	Original Amount	June 30, 2005	June 30, 2004
2005 Series B,			
2.6% to 5.25%, due 2005-2030	147,610	147,610	-
Unamortized deferred debt refunding expense		(11,646)	-
Unamortized premium		9,758	-
2005 Series C,			
2.6% to 5%, due 2005-2017	16,885	16,885	-
TOTAL NON-HOUSING BONDS	1,086,410	674,899	441,955
OTHER PROGRAM FUNDS:			
Home Ownership Notes:			
Tax-Exempt:			
• Wrangell Project HUD Note, monthly payments,			
1.0%-3.0%, due 2005-2007	1,161	554	581
TOTAL OTHER PROGRAMS	1,161	554	581
TOTAL BONDS PAYABLE	$ 4,850,122	$ 2,898,730	$ 2,890,879

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

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

** Interest rates on the annotated variable-rate auction bonds are established by the Auction Agents on each Auction Date.

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 early redemptions is included in interest expense and financing costs. The Corporation may call some bonds at a premium using any monies once bonds reach a certain age and may also use a clean-up call to redeem certain bonds once they reach 15% of issuance.

During the year ended June 30, 2005, the Corporation made special revenue redemptions of $150,596,000 and no current refundings. The Corporation made special revenue redemptions of $214,235,000 and current refundings of $232,815,000 during fiscal year 2004.

Advance Refundings

In May, 2005, the Corporation issued $147,610,000 in General Housing Purpose Bonds, 2005 Series B with an average interest rate of 4.88% and $16,885,000 in General Housing Purpose Bonds, 2005 Series C with an average interest rate of 4.83%. These bonds were issued to defease $150,995,000 of Governmental Purpose Bonds, 1995 Series A with an average interest rate of 5.81% and $2,635,000 serial bonds maturing 4/1/2012 and 10/1/2012, $7,255,000 term bonds maturing 4/1/2015, and $6,595,000 term bonds maturing 4/1/2017 of the State Building Lease Bonds, Series 1999 with an average interest rate of 5.72%.

Net proceeds of the General Housing Purpose Bonds, 2005 Series B totaled $155,801,000 after a premium of $9,238,000, a discount of $5,000, an underwriting fee of $1,014,000 and COI fees of $27,000. These net proceeds were deposited with an escrow agent to provide all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for the Governmental Purpose Bonds, 1995 Series A bonds has been removed. The final redemption of the Governmental Purpose Bonds, 1995 Series A will occur on December 1, 2005.

Net proceeds of the General Housing Purpose Bonds, 2005 Series C totaled $18,019,000 after a premium of $1,263,000, an underwriting fee of $121,000 and COI fees of $7,000. These net proceeds were deposited with an escrow agent to provide all future debt service payments on the refunded bonds. As a result, the portion of the State Building Lease Bonds, Series 1999 referenced above are considered to be defeased and the liability for these bonds has been removed. The final redemption of the portion of State Building Lease Bonds, Series 1999 referenced above will occur on April 1, 2010.

This advance refunding resulted in the recognition of debt refunding expense (representing the difference between the reacquisition price and the net carrying amount of the refunded debt) totaling $11,646,000 which has been deferred, and will be amortized over the remaining life of the refunded debt. This advance refunding also decreased aggregate debt service payments by $28,059,000 over the next twenty-five years. It allowed the Corporation to obtain an economic gain of approximately $17,003,000, which represents the difference between the present value of the defeased bonds' debt service payments net of related reserve funds and accrued interest, and refunding bonds.

Debt Service Requirements**

For all mortgage bonds and notes in the preceding schedules, the Corporation's debt service requirements through 2010 and in five year increments thereafter to maturity, categorized by each Major Fund and other Non-Major Funds in the aggregate, are shown below and continued on the following page (in thousands):

12 Months Ending June 30	**Housing Development Bonds (Various Issues)**		**Governmental Purpose Bonds Series 2001 A-D**	
	Principal	**Interest***	**Principal**	**Interest***
2006	$ 6,095	$ 18,771	$ 5,755	$ 11,672
2007	6,310	18,583	6,065	11,449
2008	6,780	18,445	6,370	11,224
2009	6,770	18,140	6,715	10,959
2010	7,060	17,974	7,040	10,710
Total Five Years 2006-2010	33,015	91,913	31,945	56,014
Five Years Ending June 30				
2011-2015	40,590	85,029	41,360	49,183
2016-2020	52,030	74,465	53,145	40,430
2021-2025	63,300	60,210	69,230	29,205
2026-2030	73,805	43,026	91,070	14,636
2031-2035	87,445	22,514	29,285	1,219
2036-2040	53,880	10,140	-	-
2041-2045	18,975	1,782	-	-
2046-2049	-	-	-	-
	$ 423,040	$ 389,079	$ 316,035	$ 190,687

* Interest requirements for variable-rate bonds have been computed using the effective interest rate at June 30, 2005.

** Also see Note 10 – Derivatives.

Other Non-Major Bonds		Total Debt Service		
Principal	**Interest***	**Principal**	**Interest***	**Total**
$ 79,127	$ 105,813	$ 90,977	$ 136,256	$ 227,233
54,003	102,369	66,378	132,401	198,779
36,794	100,079	49,944	129,748	179,692
35,890	98,457	49,375	127,556	176,931
32,450	96,976	46,550	125,660	172,210
238,264	503,694	303,224	651,621	954,845
234,020	455,701	315,970	589,913	905,883
281,576	423,943	386,751	538,838	925,589
323,891	326,508	456,421	415,923	872,344
352,256	264,974	517,131	322,636	839,767
286,230	175,615	402,960	199,348	602,308
324,643	75,414	378,523	85,554	464,077
55,095	23,012	74,070	24,794	98,864
47,165	6,478	47,165	6,478	53,643
$2,143,140	$2,255,339	$2,882,215	$2,835,105	$5,717,320

10 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 less than what the Corporation would have paid to issue conventional fixed-rate debt.

Swap Payments and Associated Debt

As of June 30, 2005, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their terms are displayed in the following schedule. As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Fiscal Year Ending June 30	VRDO Principal	VRDO Interest	Swap Net Payment	Total Payments
2006	$3,640	$8,048	$7,741	$19,429
2007	3,795	8,003	7,671	19,469
2008	4,640	7,934	7,595	20,169
2009	5,135	7,823	7,505	20,463
2010	5,465	7,729	7,406	20,600
2011-2015	52,775	36,345	34,816	123,936
2016-2020	79,320	29,603	28,268	137,191
2021-2025	96,950	20,562	19,851	137,363
2026-2030	81,955	11,598	11,484	105,037
2031-2035	52,240	4,450	4,496	61,186
2036-2037	16,275	335	339	16,949
	$402,190	**$142,430**	**$137,172**	**$681,792**

Significant Terms

The terms, fair values and credit ratings of the Corporation's outstanding swaps as of June 30, 2005, are included in the following schedule. 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	Present Values	Fair Values	Effective Date	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Rating[6]
GP01A[1]	$ 70,830	$ 79,413	$ (8,583)	08/02/01	4.1427%	67% of LIBOR[4]	12/01/30	A/A2
GP01B	86,555	97,119	(10,564)	08/02/01	4.1427%	67% of LIBOR	12/01/30	A+/Aa3
E021A1[2]	50,000	56,158	(6,158)	05/16/02	4.1030%	68% of LIBOR	06/01/32	AAA/Aaa
E021A2	120,000	132,506	(12,506)	05/16/02	4.3430%	68% of LIBOR	12/01/36	AAA/Aaa
SC02B[3]	14,555	15,571	(1,016)	12/05/02	3.7700%	70% of LIBOR	07/01/24	AAA/Aaa
SC02C	60,250	63,949	(3,699)	12/05/02	4.3030%	BMA[5] + 0.115%	07/01/22	AAA/Aaa
	$ 402,190	**$ 444,716**	**$ (42,526)**					

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 & Poor's/Moody's

Fair Value
Because interest rates have declined sharply and taxable/tax-exempt spreads have narrowed since the agreements became effective, all of the Corporation's LIBOR-based and BMA-based interest rate swaps had a negative fair value as of June 30, 2005. The negative fair values are 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 and reconciled to present value calculations done by the Corporation, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. 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. The fair value represents the current price to settle swap liabilities in the marketplace if a swap were to be terminated.

Risks

a. Credit Risk

As of June 30, 2005, 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 61% of the total notional amount of swaps is held with two separate counterparties, both of whom are rated AAA/Aaa. Of the remaining swaps, one of the counterparties is rated A+/Aa3 while the other counterparty is rated A/A2, approximating 21% and 18%, respectively, of the total outstanding notional swap value.

b. Basis Risk

A majority of the Corporation's variable-rate demand obligation bond coupon payments are based on the BMA index. Therefore, the Corporation is exposed to basis risk on swaps where the variable payment received is based on a LIBOR index rather than a BMA index. As of June 30, 2005, the BMA rate was 2.28%, whereas LIBOR was 3.34%. Since the spread between LIBOR and BMA has narrowed since the agreements became effective, the expected cost savings from the swaps 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 bonds mature the swaps will amortize. 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 with 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 fixed interest rates and, thus, the Corporation 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. Further, if any of the swaps have a negative fair value at termination, the Corporation would be liable to the counterparty for payments equal to the swaps' fair value. The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement. As of June 30, 2005, the Corporation is not exposed to any additional termination risk on its interest rate swaps.

11 LONG TERM LIABILITIES

The activity for other liabilities for the year ended June 30, 2005 is summarized in the following schedule (in thousands):

	July 1, 2004	Additions	Reductions	June 30, 2005	Due Within One Year
Bonds and notes payable	$ 2,890,879	$ 421,104	$ (413,253)	$ 2,898,730	$ 90,977
Compensated absences	2,764	2,323	(2,080)	3,007	2,068
Other liabilities	5,318	4,181	(4,101)	5,398	-
Total other long-term liabilities	8,082	6,504	(6,181)	8,405	2,068
	$ 2,898,961	$ 427,608	$ (419,434)	$ 2,907,135	$ 93,045

12 SHORT TERM DEBT

The Corporation has a commercial paper program. Commercial paper is issued and redeemed to meet the cash flow requirements of the Corporation's activities. Individual maturities may range from 2 to 270 days from date of issuance. 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, 2005	June 30, 2004
Maturity amount	$ 138,510	$ 70,170
Less: Discounts	(135)	(25)
Balance outstanding	$ 138,375	$ 70,145
Yields issued during period:		
Lowest	1.1600%	1.0000%
Highest	3.2200%	1.1600%

Short Term Debt Activity

Short term debt activity for the year ended June 30, 2005 is summarized in the following schedule (in thousands):

	July 1, 2004	Additions	Reductions	June 30, 2005
Commercial paper	$ 70,170	$ 830,485	$ (762,145)	$ 138,510
Unamortized discount	(25)	(2,069)	1,959	(135)
	$ 70,145	$ 828,416	$ (760,186)	$ 138,375

13 TRANSFERS

Transfers for the year ended June 30, 2005 are summarized in the following schedule (in thousands):

Transfer To	Transfer From: Administrative Fund	Government Purpose Bonds 2001 A-D	Other Non-Major Funds	Total
Administrative Fund	$ -	$ -	$ 238,526	$ 238,526
Housing Development	6,760	113	-	6,873
Government Purpose Bonds 2001 A-D	1,834	-	-	1,834
Other Non-Major Funds	102,094	206	15,049	117,349
Total	$ 110,688	$ 319	$ 253,575	$ 364,582

Transfers are used to (1) move funds between the Administrative Fund and the other Funds of the Corporation for financing mortgage related activities and to subsidy debt service payments, (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.

14 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 liquidity facilities 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, 2005	June 30, 2004
Liquidity facility	$ 863,175	$ 875,855
Bond insurance	2,229,826	1,960,616
	$ 3,093,001	$ 2,836,471

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 revolving credit facility that is not related to a specific bond issue. At June 30, 2005, no draw downs had been made on the revolving credit facility.

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.

15 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 to the Internal Revenue Service. Following is a summary of excess earnings recorded and paid (in thousands):

	June 30, 2005	June 30, 2004
Arbitrage expense	$ 4,181	$ (68)
Arbitrage paid	3,841	62

16 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	127,846	187
FY 1997	100,448	100,167	281
FY 1998*	131,515	130,837	678
FY 1999*	102,994	101,027	1,967
FY 2000*	105,138	98,665	6,473
FY 2001*	103,107	93,091	10,016
FY 2002	103,000	92,099	10,901
FY 2003*	103,499	89,116	14,383
FY 2004*	103,036	79,741	23,295
FY 2005	103,000	85,447	17,553
Total	$ 1,106,270	$ 1,020,529	$ 85,741

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

As of June 30, 2005, 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 payment of principal and interest on these bonds will be included in future capital budgets of the Corporation.

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. The Corporation and the State view the 2003 Act as an indefinite, sustainable continuation of the Transfer Plan. As approved and signed into law by the Governor, the Transfer Plan calls for annual transfers as follows (in thousands):

Fiscal Year	Transfer Plan Amount
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

Subsequent to GASB 34, the Corporation interprets net income as operating income.

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, 2005	June 30, 2004	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	29,618	8,861	492,727	531,206
Other State appropriations	2,078	-	-	2,078
Non-Housing capital projects	22,372	24,658	209,767	256,797
Various bond's proceeds disbursed	13,220	32,617	210,660	256,497
Total	$ 67,288	$ 66,136	$1,309,554	$1,442,978

17 GRANTS

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

Program	June 30, 2005	June 30, 2004
Energy Programs:		
• Enhanced Weatherization	$ 957	$ 865
• Low-Income Weatherization Assistance	4,090	5,389
• State Energy Program	303	244
• Others	627	260
	5,977	6,758
Section 8 Vouchers and Contract Administration	26,156	24,207
Other Housing Assistance Programs:		
• Beneficiary and Special Needs Housing	1,844	-
• Drug Elimination Program	225	242
• Denali Teacher Housing	1,159	-
• Healthy Homes	284	250
• HOME Program	3,758	2,989
• Homeless Assistance Program	809	695
• Housing Loan Program	1,914	-
• Housing Opportunities for Persons with AIDS	600	491
• Section 8 Contract Administration	6,555	6,004
• Senior Citizens Housing	2,034	1,655
• Supplemental Housing	3,101	4,152
• Supportive Housing Grant Match	845	742
• Others	817	394
	23,945	17,614
Other Programs	428	61
Total Housing Grant Expenses	56,506	48,640
Other Program Funds:		
• State Match Federal Aid Airports Proj. – FY 98 Appro.	70	563
• Municipal Matching Grants – FY 99 Appro.	6,576	4,765
• University of Alaska – FY 99 Appro.	145	711
• Village Safe Water Grants Program – FY 99 Appro.	11,791	10,620
• Benefit Special Needs Housing – FY 01 Appro.	-	1,941
• Child Protection Information System – FY 01 Appro.	849	1,769
• UAF Hutchison Career Center – FY 01 Appro.	-	1,248
• AK Public Safety Info. Network Redesign – FY 02 Appro.	816	-
• Brother Francis Shelter Replacement – FY 03 Appro.	450	-
• St. Paul Harbor Improvements – FY 03 Appro.	-	459
• Law Enforcement Equipment Replacement – FY 05 Appro.	340	-
• FY 98 Legislative Appropriations – Others	151	367
• FY 99 Legislative Appropriations – Others	11	229
• FY 00 Legislative Appropriations	-	86
• FY 01 Legislative Appropriations	544	1,150
• FY 02 Legislative Appropriations	28	250
• FY 04 Legislative Appropriations	194	500
• FY 05 Legislative Appropriations	407	-
Total Non-Housing Capital Project Grants	22,372	24,658
Total Grants	$ 78,878	$ 73,298

In addition to grant payments made, the Corporation has advanced grant funds of $5,673,000 and committed to third parties a sum of $18,215,000 in grant awards at June 30, 2005.

18 OTHER PROGRAMS

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

Housing Assistance Programs

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

- Low Rent Management
- Modernization/Capital Fund Programs

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

- Section 8 Moderate Rehabilitation
- Section 8 Vouchers

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

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

- Drug Elimination Grant
- Denali Commission Housing Programs
- Family Self Sufficiency Program (FSS)
- Family Investment Center Grant
- Gateway Literacy Program
- Grant Match Program
- Healthy Homes Initiative
- HOME Investment Partnerships Program (HOME)
- HOME Technical Assistance
- Housing Opportunities for Persons with AIDS (HOPWA)
- Housing Preservation Grants
- Service Coordinator for Public Housing Agencies Grant
- Shelter Plus Care Program
- Special Needs Assistance
- Supplemental Assistance for Facilities to Assist the Homeless (SAFAH)
- Supportive Housing Technical Assistance
- Teacher and Health Professional Housing Programs

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

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 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:

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

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

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

Housing Units Owned, Managed or Administered

The Public Housing Division of the Corporation operates the following programs in 18 Alaskan communities:

Program	Number of Units
Low Rent Conventional Housing	997
Low Rent Conventional Housing – Senior Units	343
Section 8 New Construction Housing	59
Section 8 New Construction Housing – Senior Units	268
Other Housing Units	32
Section 8 Existing – Housing Assistance:	
Housing Choice Vouchers	4,089
Single Room Occupancy	70
	5,858

19 PENSION PLAN

As of June 30, 2005, 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 rate during FY 2005 was 11.14% 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, 2003. 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 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, 2005	$ 1,780	100.00%	$ -
June 30, 2004	$ 980	100.00%	$ -
June 30, 2003	1,027	100.00%	-

20 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 $1,077,000 and $1,358,000 as of June 30, 2005 and June 30, 2004, 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.

21 SPECIAL ITEM

On December 1, 2004, the Corporation sold its Aurora Military Loan, with a principal balance of $47,468,000, for $51,403,000 and paid $90,000 in subsequent expenses related to the sale, resulting in a special item gain of $3,845,000.

On June 1, 2004, the Corporation called $6,110,000 of Collateralized Bonds, 1993 First Series, at a premium of $56,000 on the early optional redemptions. The call premium, write-off of the cost of issuance and unamortized discount on bonds of $259,000 and $316,000, respectively, totals the special item amount of $631,000 for this bond fund.

On June 1, 2004, the Corporation called $138,435,000 of Government Housing Purpose Bonds, 1994 Series A, at a premium of $1,748,000 on the early optional redemptions. The call premium, write-off of the cost of issuance and unamortized discount on bonds of $932,000 and $1,597,000, respectively, totals the special item amount of $4,277,000 for this bond fund.

On March 5, 2004 and April 1, 2004 the Corporation called $40,495,000 Housing Development Bonds at a premium of $1,620,000 on the early optional redemptions. The call premium and write-off of the cost of issuance of $923,000 totals the special item amount of $2,543,000 for this bond fund.

22 SUMMARIZED BALANCE SHEET

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

	June 30, 2005	June 30, 2004	June 30, 2003	June 30, 2002
ASSETS				
Cash	$ 9,769	$ 7,939	$ 21,215	$ 9,508
Investments	1,219,415	1,143,547	1,518,997	1,587,877
Accrued interest receivable	20,762	19,897	22,349	25,015
Mortgage loans, notes and other loans	3,325,182	3,355,300	3,312,511	3,373,640
Net investment in direct financing lease	32,843	34,547	36,165	37,697
Unamortized bond issuance costs	25,135	26,404	29,024	28,105
Capital assets, net	116,073	110,813	105,065	99,040
Other assets	13,754	10,033	10,185	21,272
Total Assets	$ 4,762,933	4,708,480	$ 5,055,511	$ 5,182,154
LIABILITIES AND FUND EQUITY				
Liabilities:				
Bonds and notes payable	$ 2,898,730	$ 2,890,879	$ 3,110,941	$ 3,267,553
Short term debt	138,375	70,145	149,995	108,541
Accrued interest payable	14,147	14,562	15,627	14,253
Other liabilities	28,608	26,435	41,382	25,997
Total Liabilities	3,079,860	3,002,021	3,317,945	3,416,344
Total Fund Equity	1,683,073	1,706,459	1,737,566	1,765,810
Total Liabilities and Fund Equity	$ 4,762,933	$ 4,708,480	$ 5,055,511	$ 5,182,154

23 STATEMENT OF ACTIVITY

Entity-wide revenues, expenses, and changes in net assets are presented below for informational purposes (in thousands):

	Year Ended June 30, 2005	Year Ended June 30, 2004	Year Ended June 30, 2003	Year Ended June 30, 2002
OPERATING REVENUES				
Mortgage and loans revenue	$ 201,386	$ 206,300	$ 220,393	$ 222,446
Investment interest	43,162	46,358	57,013	71,115
Net change in the fair value of investments	(1,653)	(9,554)	9,877	111
Total Investment Revenue	41,509	36,804	66,890	71,226
Externally funded programs	57,877	56,084	53,702	46,283
Rental	6,183	6,109	6,812	7,034
Other	2,252	743	644	2,241
Total Operating Revenues	309,207	306,040	348,441	349,230
OPERATING EXPENSES				
Interest	141,161	151,165	172,939	174,582
Mortgage and loan costs	13,130	13,059	12,894	12,933
Operations and administration	35,530	36,240	35,339	32,393
Financing expenses	11,941	6,168	10,496	2,197
Provision for loan loss	(103)	(1,861)	(12,232)	2,690
Housing grants and subsidies	56,506	48,640	52,023	39,520
Rental housing operating expenses	10,985	10,149	9,905	9,255
Total Operating Expenses	269,150	263,560	281,364	273,570
Operating Income	40,057	42,480	67,077	75,660
NONOPERATING EXPENSES AND SPECIAL ITEM				
Contributions to the State of Alaska or other State agencies	(67,288)	(66,136)	(95,321)	(85,562)
Special Item	3,845	(7,451)	-	2,035
Change in Net Assets	$ (23,386)	$ (31,107)	$ (28,244)	$ (7,867)

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, 2003	$ 34,407	$ 43,271	$ (8,864)	80%	$ 14,987	(59%)
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%
Postretirement Health:						
June 30, 2003	22,997	28,921	(5,924)	80%	14,987	(40%)
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%

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

COMBINED - ALL FUNDS

As of June 30, 2005

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds	Combined Other Housing Bonds	Combined Non-Housing Bonds
Assets					
Current					
Cash	2,463	1,284	496	2,391	986
Investments	457,064	37,150	12,951	108,827	50,547
Accrued interest receivable	3,769	3,346	1,324	9,012	3,311
Mortgage loans, notes and other loans	14,706	15,709	5,608	33,221	14,120
Net investment in direct financing lease	-	-	-	-	1,799
Other assets	935	38	-	212	216
Intergovernmental receivable	5	-	-	-	-
Total Current	478,942	57,527	20,379	153,663	70,979
Non Current					
Investments	-	12,062	14,595	361,356	131,611
Mortgage loans, notes and other loans, net of allowance	608,750	629,925	230,280	1,228,845	544,018
Net investment in direct financing lease	-	-	-	-	31,044
Unamortized bond issuance costs	-	5,895	2,465	10,714	6,061
Capital assets - non-depreciable	148	-	-	-	-
Capital assets - depreciable, net	301	-	-	-	-
Other assets	1,633	-	-	-	-
Total Non Current	610,832	647,882	247,340	1,600,915	712,734
Total Assets	1,089,774	705,409	267,719	1,754,578	783,713
Liabilities					
Current					
Bonds and notes payable	-	5,900	2,420	16,325	66,305
Short-term debt	138,375	-	-	-	-
Accrued interest payable	673	2,575	832	5,738	4,289
Other liabilities	4,999	2,640	1,008	4,915	2,069
Intergovernmental payable	-	-	-	-	2,595
Total Current	144,047	11,115	4,260	26,978	75,258
Non Current					
Bonds and notes payable	-	606,229	170,052	1,422,351	608,594
Other liabilities	816	-	-	4,311	739
Total Non Current	816	606,229	170,052	1,426,662	609,333
Total Liabilities	144,863	617,344	174,312	1,453,640	684,591
Net Assets					
Invested in capital assets, net of related debt	449	-	-	-	-
Restricted by bond resolutions	-	88,065	93,407	297,745	109,853
Restricted by contractual or statutory agreements	95,600	-	-	20,794	-
Unrestricted net assets, (deficit)	848,862	-	-	(17,601)	(10,731)
Total Net Assets (deficit)	944,911	88,065	93,407	300,938	99,122

Combined Other Programs	Combined Total
2,149	9,769
32,914	699,453
-	20,762
-	83,364
-	1,799
9,963	11,364
710	715
45,736	827,226
338	519,962
-	3,241,818
-	31,044
-	25,135
40,543	40,691
75,081	75,382
42	1,675
116,004	3,935,707
161,740	4,762,933
27	90,977
-	138,375
40	14,147
3,633	19,264
412	3,007
4,112	265,770
527	2,807,753
471	6,337
998	2,814,090
5,110	3,079,860
115,070	115,519
-	589,070
41,560	157,954
-	820,530
156,630	1,683,073

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

REVOLVING FUNDS

As of June 30, 2005

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Housing Assistance Loan Fund	Combined Total
Assets				
Current				
Cash	2,202	261	-	2,463
Investments	447,556	9,508	-	457,064
Accrued interest receivable	3,768	1	-	3,769
Mortgage loans, notes and other loans	14,700	6	-	14,706
Other assets	935	-	-	935
Intergovernmental receivable	5	-	-	5
Total Current	469,166	9,776	-	478,942
Non Current				
Mortgage loans, notes and other loans, net of allowance	608,626	124	-	608,750
Capital assets - non-depreciable	148	-	-	148
Capital assets - depreciable, net	301	-	-	301
Other assets	1,633	-	-	1,633
Total Non Current	610,708	124	-	610,832
Total Assets	1,079,874	9,900	-	1,089,774
Liabilities				
Current				
Short-term debt	138,375	-	-	138,375
Accrued interest payable	673	-	-	673
Other liabilities	4,958	41	-	4,999
Total Current	144,006	41	-	144,047
Non Current				
Other liabilities	816	-	-	816
Total Non Current	816	-	-	816
Total Liabilities	144,822	41	-	144,863
Net Assets				
Invested in capital assets, net of related debt	449	-	-	449
Restricted by contractual or statutory agreements	85,741	9,859	-	95,600
Unrestricted net assets, (deficit)	848,862	-	-	848,862
Total Net Assets (deficit)	935,052	9,859	-	944,911

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

FIRST TIME HOMEBUYER BONDS

As of June 30, 2005

(in thousands of dollars)

	Mortgage Revenue Bonds 1996 A	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D
Assets					
Current					
Cash	-	151	56	275	136
Investments	-	4,503	2,360	9,766	5,472
Accrued interest receivable	-	418	210	808	408
Mortgage loans, notes and other loans	-	1,971	1,006	3,684	3,228
Other assets	-	-	-	-	-
Total Current	-	7,043	3,632	14,533	9,244
Non Current					
Investments	-	3,421	901	-	419
Mortgage loans, notes and other loans, net of allowance	-	76,589	38,960	140,869	76,050
Unamortized bond issuance costs	-	944	578	1,284	1,183
Total Non Current	-	80,954	40,439	142,153	77,652
Total Assets	-	87,997	44,071	156,686	86,896
Liabilities					
Current					
Bonds and notes payable	-	1,735	430	2,535	480
Accrued interest payable	-	218	158	657	404
Other liabilities	-	314	119	578	274
Total Current	-	2,267	707	3,770	1,158
Non Current					
Bonds and notes payable	-	63,876	36,335	130,420	80,504
Total Non Current	-	63,876	36,335	130,420	80,504
Total Liabilities	-	66,143	37,042	134,190	81,662
Net Assets					
Restricted by bond resolutions	-	21,854	7,029	22,496	5,234
Total Net Assets (deficit)	-	21,854	7,029	22,496	5,234

Mortgage Revenue Bonds 2001 A,B	Home Mortgage Revenue Bonds 2002 A, B	Combined Total
232	434	1,284
6,032	9,017	37,150
510	992	3,346
2,154	3,666	15,709
-	38	38
8,928	14,147	57,527
1,968	5,353	12,062
96,655	200,802	629,925
999	907	5,895
99,622	207,062	647,882
108,550	221,209	705,409
720	-	5,900
438	700	2,575
466	889	2,640
1,624	1,589	11,115
100,839	194,255	606,229
100,839	194,255	606,229
102,463	195,844	617,344
6,087	25,365	88,065
6,087	25,365	88,065

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

As of June 30, 2005

(in thousands of dollars)

	Collateralized Bonds 1994 First Series	Collateralized Bonds 1995 First Series	Collateralized Bonds 1997 First Series	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series
Assets					
Current					
Cash	-	-	118	104	125
Investments	-	-	1,471	1,922	4,563
Accrued interest receivable	-	-	269	188	419
Mortgage loans, notes and other loans	-	-	1,246	843	1,752
Other assets	-	-	-	-	-
Total Current	-	-	3,104	3,057	6,859
Non Current					
Investments	-	-	4,160	2,477	3,910
Mortgage loans, notes and other loans, net of allowance	-	-	49,809	34,152	69,599
Unamortized bond issuance costs	-	-	551	339	857
Total Non Current	-	-	54,520	36,968	74,366
Total Assets	-	-	57,624	40,025	81,225
Liabilities					
Current					
Bonds and notes payable	-	-	200	385	830
Accrued interest payable	-	-	93	121	297
Other liabilities	-	-	233	209	263
Total Current	-	-	526	715	1,390
Non Current					
Bonds and notes payable	-	-	19,920	26,742	58,280
Total Non Current	-	-	19,920	26,742	58,280
Total Liabilities	-	-	20,446	27,457	59,670
Net Assets					
Restricted by bond resolutions	-	-	37,178	12,568	21,555
Total Net Assets (deficit)	-	-	37,178	12,568	21,555

Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series	Combined Total
65	84	496
2,636	2,359	12,951
248	200	1,324
1,040	727	5,608
-	-	-
3,989	3,370	20,379
2,088	1,960	14,595
39,370	37,350	230,280
479	239	2,465
41,937	39,549	247,340
45,926	42,919	267,719
490	515	2,420
172	149	832
135	168	1,008
797	832	4,260
32,655	32,455	170,052
32,655	32,455	170,052
33,452	33,287	174,312
12,474	9,632	93,407
12,474	9,632	93,407

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER HOUSING BONDS

As of June 30, 2005

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1997 A	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
Assets					
Current					
Cash	-	344	588	649	244
Investments	20,793	25,727	19,880	16,524	7,151
Accrued interest receivable	1	3,300	1,552	1,416	603
Mortgage loans, notes and other loans	-	5,631	5,552	8,735	2,394
Other assets	-	97	57	18	-
Total Current	20,794	35,099	27,629	27,342	10,392
Non Current					
Investments	-	122,551	70,580	49,641	1,655
Mortgage loans, notes and other loans, net of allowance	-	246,166	230,704	304,139	140,071
Unamortized bond issuance costs	-	3,889	2,028	1,773	1,253
Total Non Current	-	372,606	303,312	355,553	142,979
Total Assets	20,794	407,705	330,941	382,895	153,371
Liabilities					
Current					
Bonds and notes payable	-	6,095	2,775	1,700	-
Accrued interest payable	-	1,592	1,285	1,231	596
Other liabilities	-	693	1,192	1,342	508
Total Current	-	8,380	5,252	4,273	1,104
Non Current					
Bonds and notes payable	-	416,926	274,457	244,677	149,311
Other liabilities	-	-	4,311	-	-
Total Non Current	-	416,926	278,768	244,677	149,311
Total Liabilities	-	425,306	284,020	248,950	150,415
Net Assets					
Restricted by bond resolutions	-	-	46,921	133,945	2,956
Restricted by contractual or statutory agreements	20,794	-	-	-	-
Unrestricted net assets, (deficit)	-	(17,601)	-	-	-
Total Net Assets (deficit)	20,794	(17,601)	46,921	133,945	2,956

Governmental Purpose Bonds 1995 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
-	-	566	2,391
-	721	18,031	108,827
-	251	1,889	9,012
-	1,156	9,753	33,221
-	-	40	212
-	2,128	30,279	153,663
-	686	116,243	361,356
-	25,458	282,307	1,228,845
-	225	1,546	10,714
-	26,369	400,096	1,600,915
-	28,497	430,375	1,754,578
-	-	5,755	16,325
-	52	982	5,738
-	-	1,180	4,915
-	52	7,917	26,978
-	26,700	310,280	1,422,351
-	-	-	4,311
-	26,700	310,280	1,426,662
-	26,752	318,197	1,453,640
-	1,745	112,178	297,745
-	-	-	20,794
-	-	-	(17,601)
-	1,745	112,178	300,938

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

NON HOUSING BONDS

As of June 30, 2005

(in thousands of dollars)

	State Capital Project Bonds 1999 A	State Capital Project Bonds 1999 B	State Capital Project Bonds 2001 A	State Capital Projects Bonds 2002 A,B,C	State Building Lease Bonds 1999
Assets					
Current					
Cash	33	19	69	69	-
Investments	662	5,660	4,875	8,029	2,600
Accrued interest receivable	78	87	224	630	-
Mortgage loans, notes and other loans	775	211	1,144	843	-
Net investment in direct financing lease	-	-	-	-	1,799
Other assets	-	-	28	132	-
Total Current	1,548	5,977	6,340	9,703	4,399
Non Current					
Investments	-	-	-	50,886	-
Mortgage loans, notes and other loans, net of allowance	11,578	7,086	39,256	35,914	-
Net investment in direct financing lease	-	-	-	-	31,044
Unamortized bond issuance costs	493	540	459	713	186
Total Non Current	12,071	7,626	39,715	87,513	31,230
Total Assets	13,619	13,603	46,055	97,216	35,629
Liabilities					
Current					
Bonds and notes payable	7,665	13,185	26,690	3,335	1,895
Accrued interest payable	32	59	187	2,153	181
Other liabilities	68	38	148	148	-
Intergovernmental payable	-	-	-	-	2,595
Total Current	7,765	13,282	27,025	5,636	4,671
Non Current					
Bonds and notes payable	859	805	20,802	99,286	12,196
Other liabilities	-	-	400	-	339
Total Non Current	859	805	21,202	99,286	12,535
Total Liabilities	8,624	14,087	48,227	104,922	17,206
Net Assets					
Restricted by bond resolutions	4,995	-	-	-	18,423
Unrestricted net assets, (deficit)	-	(484)	(2,172)	(7,706)	-
Total Net Assets (deficit)	4,995	(484)	(2,172)	(7,706)	18,423

General Housing Purpose Bonds 1992 A	General Housing Purpose Bonds 2003 A & B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
22	251	181	342	986
6,070	9,142	7,618	5,891	50,547
119	570	981	622	3,311
389	3,675	2,924	4,159	14,120
-	-	-	-	1,799
-	30	-	26	216
6,600	13,668	11,704	11,040	70,979
3,546	13,934	57,971	5,274	131,611
13,460	125,020	146,860	164,844	544,018
-	-	-	-	31,044
434	723	1,208	1,305	6,061
17,440	139,677	206,039	171,423	712,734
24,040	153,345	217,743	182,463	783,713
4,635	5,165	495	3,240	66,305
120	301	593	663	4,289
46	528	404	689	2,069
-	-	-	-	2,595
4,801	5,994	1,492	4,592	75,258
18,705	147,720	148,854	159,367	608,594
-	-	-	-	739
18,705	147,720	148,854	159,367	609,333
23,506	153,714	150,346	163,959	684,591
534	-	67,397	18,504	109,853
-	(369)	-	-	(10,731)
534	(369)	67,397	18,504	99,122

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF NET ASSETS

OTHER PROGRAM FUNDS

As of June 30, 2005

(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
Assets				
Current				
Cash	-	599	524	924
Investments	1,428	11,542	19,573	-
Accrued interest receivable	-	-	-	-
Other assets	981	927	14	64
Intergovernmental receivable	339	-	-	-
Total Current	2,748	13,068	20,111	988
Non Current				
Investments	-	-	-	-
Capital assets - non-depreciable	-	32,796	7,747	-
Capital assets - depreciable, net	-	63,209	11,821	40
Other assets	-	31	5	6
Total Non Current	-	96,036	19,573	46
Total Assets	2,748	109,104	39,684	1,034
Liabilities				
Current				
Bonds and notes payable	-	-	27	-
Accrued interest payable	-	-	40	-
Other liabilities	19	2,446	505	368
Intergovernmental payable	-	-	-	-
Total Current	19	2,446	572	368
Non Current				
Bonds and notes payable	-	-	527	-
Other liabilities	7	291	73	82
Total Non Current	7	291	600	82
Total Liabilities	26	2,737	1,172	450
Net Assets				
Invested in capital assets, net of related debt	-	96,005	19,014	40
Restricted by contractual or statutory agreements	2,722	10,362	19,498	544
Total Net Assets (deficit)	2,722	106,367	38,512	584

Other Programs	Combined Total
102	2,149
371	32,914
-	-
7,977	9,963
371	710
8,821	45,736
338	338
-	40,543
11	75,081
-	42
349	116,004
9,170	161,740
-	27
-	40
295	3,633
412	412
707	4,112
-	527
18	471
18	998
725	5,110
11	115,070
8,434	41,560
8,445	156,630

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

COMBINED - ALL FUNDS

For the Year Ended June 30, 2005

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds	Combined Other Housing Bonds	Combined Non-Housing Bonds
Operating Revenues					
Mortgage and loans revenue	41,844	41,405	18,425	85,724	13,988
Investment interest	9,629	2,741	1,545	22,389	6,387
Net change in the fair value of investments	(1,319)	9	3	230	(828)
Total Investment Revenue	8,310	2,750	1,548	22,619	5,559
Externally funded programs	-	-	-	-	-
Rental	-	-	-	-	-
Other	650	39	-	42	20
Total Operating Revenues	50,804	44,194	19,973	108,385	19,567
Operating Expenses					
Interest	1,959	34,043	12,165	76,627	16,360
Mortgage and loan costs	3,087	2,683	1,151	4,864	1,345
Operations and administration	2,684	2,691	975	5,137	2,423
Financing expenses	1,138	1,851	1,123	2,344	5,485
Provision for loan loss	(1,161)	1,214	(879)	(7,068)	7,791
Housing grants and subsidies expenses	422	-	-	-	-
Rental housing operating expenses	2	-	-	-	-
Total Operating Expenses	8,131	42,482	14,535	81,904	33,404
Operating Income (Loss)	42,673	1,712	5,438	26,481	(13,837)
Nonoperating Expense Special Items & Transfers					
Contributions to the State of Alaska or other State agencies	(31,840)	-	-	(2,552)	(10,669)
Special items	3,845	-	-	-	-
Transfers - Internal	(277,943)	(33,734)	(26,562)	(129,131)	411,129
Change in Net Assets	(263,265)	(32,022)	(21,124)	(105,202)	386,623
Net Assets at beginning of year	1,208,176	120,087	114,531	406,140	(287,501)
Net Assets at End of Period	944,911	88,065	93,407	300,938	99,122

Combined Other Programs	Combined Total
-	201,386
471	43,162
252	(1,653)
723	41,509
57,877	57,877
6,183	6,183
1,501	2,252
66,284	309,207
7	141,161
-	13,130
21,620	35,530
-	11,941
-	(103)
56,084	56,506
10,983	10,985
88,694	269,150
(22,410)	40,057
(22,227)	(67,288)
-	3,845
56,241	-
11,604	(23,386)
145,026	1,706,459
156,630	1,683,073

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ALASKA HOUSING FINANCE CORPORATION

Schedule 9

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

REVOLVING FUNDS

For the Year Ended June 30, 2005

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Housing Assistance Loan Fund	Combined Total
Operating Revenues				
Mortgage and loans revenue	41,281	16	547	41,844
Investment interest	9,505	109	15	9,629
Net change in the fair value of investments	(1,409)	96	(6)	(1,319)
Total Investment Revenue	8,096	205	9	8,310
Other	650	-	-	650
Total Operating Revenues	50,027	221	556	50,804
Operating Expenses				
Interest	1,959	-	-	1,959
Mortgage and loan costs	3,039	1	47	3,087
Operations and administration	2,683	1	-	2,684
Financing expenses	1,149	(11)	-	1,138
Provision for loan loss	(1,161)	-	-	(1,161)
Housing grants and subsidies expenses	422	-	-	422
Rental housing operating expenses	2	-	-	2
Total Operating Expenses	8,093	(9)	47	8,131
Operating Income (Loss)	41,934	230	509	42,673
Nonoperating Expense Special Items & Transfers				
Contributions to the State of Alaska or other State agencies	(31,840)	-	-	(31,840)
Special items	3,845	-	-	3,845
Transfers - Internal	264,549	1	(542,493)	(277,943)
Change in Net Assets	278,488	231	(541,984)	(263,265)
Net Assets at beginning of year	656,564	9,628	541,984	1,208,176
Net Assets at End of Period	935,052	9,859	-	944,911

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FIRST TIME HOMEBUYER BONDS

For the Year Ended June 30, 2005

(in thousands of dollars)

	Mortgage Revenue Bonds 1996 A	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D
Operating Revenues					
Mortgage and loans revenue	2,105	5,055	2,457	9,333	4,735
Investment interest	389	570	199	741	292
Net change in the fair value of investments	(1)	1	-	3	-
Total Investment Revenue	388	571	199	744	292
Other	3	-	-	9	-
Total Operating Revenues	2,496	5,626	2,656	10,086	5,027
Operating Expenses					
Interest	981	4,022	1,981	8,214	5,168
Mortgage and loan costs	139	323	167	641	294
Operations and administration	-	326	165	602	329
Financing expenses	1,083	71	40	58	78
Provision for loan loss	(522)	487	173	556	(371)
Total Operating Expenses	1,681	5,229	2,526	10,071	5,498
Operating Income (Loss)	815	397	130	15	(471)
Nonoperating Expense Special Items & Transfers					
Transfers - Internal	(29,085)	180	229	(362)	311
Change in Net Assets	(28,270)	577	359	(347)	(160)
Net Assets at beginning of year	28,270	21,277	6,670	22,843	5,394
Net Assets at End of Period	-	21,854	7,029	22,496	5,234

Mortgage Revenue Bonds 2001 A,B	Home Mortgage Revenue Bonds 2002 A,B	Combined Total
6,131	11,589	41,405
218	332	2,741
1	5	9
219	337	2,750
10	17	39
6,360	11,943	44,194
5,382	8,295	34,043
402	717	2,683
414	855	2,691
53	468	1,851
418	473	1,214
6,669	10,808	42,482
(309)	1,135	1,712
506	(5,513)	(33,734)
197	(4,378)	(32,022)
5,890	29,743	120,087
6,087	25,365	88,065

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2005

(in thousands of dollars)

	Collateralized Bonds 1994 First Series	Collateralized Bonds 1995 First Series	Collateralized Bonds 1997 First Series	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series
Operating Revenues					
Mortgage and loans revenue	1,689	282	3,219	2,258	5,333
Investment interest	300	46	293	245	331
Net change in the fair value of investments	(1)	-	1	1	1
Total Investment Revenue	299	46	294	246	332
Total Operating Revenues	1,988	328	3,513	2,504	5,665
Operating Expenses					
Interest	1,153	81	1,333	1,582	3,872
Mortgage and loan costs	95	16	199	143	347
Operations and administration	-	-	211	144	295
Financing expenses	787	161	61	20	55
Provision for loan loss	(432)	(45)	87	13	(211)
Total Operating Expenses	1,603	213	1,891	1,902	4,358
Operating Income (Loss)	385	115	1,622	602	1,307
Nonoperating Expense Special Items & Transfers					
Transfers - Internal	(14,628)	(4,576)	(1,656)	(895)	(2,857)
Change in Net Assets	(14,243)	(4,461)	(34)	(293)	(1,550)
Net Assets at beginning of year	14,243	4,461	37,212	12,861	23,105
Net Assets at End of Period	-	-	37,178	12,568	21,555

Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series	Combined Total
3,122	2,522	18,425
244	86	1,545
-	1	3
244	87	1,548
3,366	2,609	19,973
2,273	1,871	12,165
194	157	1,151
167	158	975
30	9	1,123
(205)	(86)	(879)
2,459	2,109	14,535
907	500	5,438
(2,111)	161	(26,562)
(1,204)	661	(21,124)
13,678	8,971	114,531
12,474	9,632	93,407

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

OTHER HOUSING BONDS

For the Year Ended June 30, 2005

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1997 A	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
Operating Revenues					
Mortgage and loans revenue	-	20,540	15,537	16,465	7,675
Investment interest	244	3,095	5,641	1,702	252
Net change in the fair value of investments	215	4	2	9	1
Total Investment Revenue	459	3,099	5,643	1,711	253
Other	-	-	5	22	-
Total Operating Revenues	459	23,639	21,185	18,198	7,928
Operating Expenses					
Interest	-	16,205	18,791	15,036	7,176
Mortgage and loan costs	-	557	1,039	1,049	552
Operations and administration	-	1,129	976	1,129	588
Financing expenses	-	611	(208)	153	48
Provision for loan loss	-	(2,944)	(1,196)	(1,772)	292
Total Operating Expenses	-	15,558	19,402	15,595	8,656
Operating Income (Loss)	459	8,081	1,783	2,603	(728)
Nonoperating Expense Special Items & Transfers					
Contributions to the State of Alaska or other State agencies	-	(2,552)	-	-	-
Transfers - Internal	-	24,858	(29,406)	5,314	687
Change in Net Assets	459	30,387	(27,623)	7,917	(41)
Net Assets at beginning of year	20,335	(47,988)	74,544	126,028	2,997
Net Assets at End of Period	20,794	(17,601)	46,921	133,945	2,956

Governmental Purpose Bonds 1995 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
6,796	603	18,108	85,724
5,831	39	5,585	22,389
(7)	-	6	230
5,824	39	5,591	22,619
9	-	6	42
12,629	642	23,705	108,385
8,315	516	10,588	76,627
405	-	1,262	4,864
-	108	1,207	5,137
179	33	1,528	2,344
(1,373)	-	(75)	(7,068)
7,526	657	14,510	81,904
5,103	(15)	9,195	26,481
-	-	-	(2,552)
(133,685)	139	2,962	(129,131)
(128,582)	124	12,157	(105,202)
128,582	1,621	100,021	406,140
-	1,745	112,178	300,938

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

NON HOUSING BONDS

For the Year Ended June 30, 2005

(in thousands of dollars)

	State Capital Project Bonds 1999 A	State Capital Project Bonds 1999 B	State Capital Project Bonds 2001 A	State Capital Project Bonds 2002 A,B,C	State Building Lease Bonds 1999
Operating Revenues					
Mortgage and loans revenue	706	401	1,713	1,656	-
Investment interest	20	367	282	2,237	1,845
Net change in the fair value of investments	1	(115)	(78)	(600)	4
Total Investment Revenue	21	252	204	1,637	1,849
Other	-	-	-	8	-
Total Operating Revenues	727	653	1,917	3,301	1,849
Operating Expenses					
Interest	497	1,226	2,321	4,073	1,480
Mortgage and loan costs	47	28	241	138	-
Operations and administration	51	30	166	152	124
Financing expenses	95	3,924	430	273	28
Provision for loan loss	262	165	448	519	-
Total Operating Expenses	952	5,373	3,606	5,155	1,632
Operating Income (Loss)	(225)	(4,720)	(1,689)	(1,854)	217
Nonoperating Expense Special Items & Transfers					
Contributions to the State of Alaska or other State agencies	-	-	(4,623)	(36)	-
Transfers - Internal	28,409	23,853	51,970	24,072	16,307
Change in Net Assets	28,184	19,133	45,658	22,182	16,524
Net Assets at beginning of year	(23,189)	(19,617)	(47,830)	(29,888)	1,899
Net Assets at End of Period	4,995	(484)	(2,172)	(7,706)	18,423

General Housing Purpose Bonds 1992 A	General Housing Purpose Bonds 2003 A & B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
668	5,111	3,207	526	13,988
544	362	725	5	6,387
1	(23)	(25)	7	(828)
545	339	700	12	5,559
-	12	-	-	20
1,213	5,462	3,907	538	19,567
1,542	2,902	2,393	(74)	16,360
54	489	317	31	1,345
58	531	617	694	2,423
29	548	92	66	5,485
172	1,902	2,356	1,967	7,791
1,855	6,372	5,775	2,684	33,404
(642)	(910)	(1,868)	(2,146)	(13,837)
-	(3,354)	(2,656)	-	(10,669)
21,752	152,195	71,921	20,650	411,129
21,110	147,931	67,397	18,504	386,623
(20,576)	(148,300)	-	-	(287,501)
534	(369)	67,397	18,504	99,122

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

OTHER PROGRAM FUNDS

For the Year Ended June 30, 2005

(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
Operating Revenues				
Investment interest	21	165	275	1
Net change in the fair value of investments	10	88	149	-
Total Investment Revenue	31	253	424	1
Externally funded programs	2,697	10,006	2,268	29,194
Rental	-	4,917	1,256	-
Other	-	1,228	-	-
Total Operating Revenues	2,728	16,404	3,948	29,195
Operating Expenses				
Interest	-	-	7	-
Operations and administration	239	13,988	3,200	3,312
Housing grants and subsidies expenses	5,977	-	6	26,156
Rental housing operating expenses	-	9,270	1,582	91
Total Operating Expenses	6,216	23,258	4,795	29,559
Operating Income (Loss)	(3,488)	(6,854)	(847)	(364)
Nonoperating Expense Special Items & Transfers				
Contributions to the State of Alaska or other State agencies	-	-	-	-
Transfers - Internal	3,287	12,115	2,181	(304)
Change in Net Assets	(201)	5,261	1,334	(668)
Net Assets at beginning of year	2,923	101,106	37,178	1,252
Net Assets at End of Period	2,722	106,367	38,512	584

Other Programs	Combined Total
9	471
5	252
14	723
13,712	57,877
10	6,183
273	1,501
14,009	66,284
-	7
881	21,620
23,945	56,084
40	10,983
24,866	88,694
(10,857)	(22,410)
(22,227)	(22,227)
38,962	56,241
5,878	11,604
2,567	145,026
8,445	156,630

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

COMBINED - ALL FUNDS

For the Year Ended June 30, 2005

(in thousands of dollars)

	Combined Revolving Funds	Combined First Time Homebuyer Bonds	Combined Veterans Mortgage Program Bonds	Combined Other Housing Bonds	Combined Non-Housing Bonds
Cash flows from operating activities:					
Interest income on mortgages and loans	38,814	42,682	18,700	87,380	14,353
Principal payments received on mortgages and loans	56,455	140,138	58,901	261,149	25,602
Purchases of mortgages and loans	(567,521)	-	-	-	-
Receipt (payment) for loan transfers between funds	357,672	(145,720)	(18,792)	(193,160)	-
Payments to employees and other payroll disbursements	(25,535)	-	-	-	-
Payments for goods and services	(49,381)	-	-	(102)	(37)
Cash received for externally funded programs	237	-	-	-	-
Cash received for Federal HAP subsidies	-	-	-	-	-
Payments for Federal HAP subsidies	-	-	-	-	-
Other operating cash receipts	55,210	39	-	41	1,108
Other operating cash payments	(6,409)	-	-	-	(601)
Net cash provided by (used for) operating activities	(140,458)	37,139	58,809	155,308	40,425
Cash flows from noncapital financing activities:					
Proceeds from the issuance of bonds	-	-	-	105,000	300,993
Principal paid on bonds	-	(53,036)	(46,125)	(80,745)	(60,460)
Payment to defease bonds	-	-	-	-	(173,820)
Payment of bond issuance costs	(1,509)	-	-	-	(2,009)
Interest paid	(1,668)	(37,778)	(12,382)	(75,319)	(15,939)
Proceeds from issuance of short term debt	828,416	-	-	-	-
Payment of short term debt	(760,477)	-	-	-	-
Contributions to the State of Alaska or other State agencies	(52,606)	-	-	(2,553)	(10,669)
Transfers (to) from other funds	223,701	(1,240)	2,003	(138,184)	(56,628)
Other cash payments	-	-	(130)	-	-
Net cash provided by (used for) noncapital financing activities	235,857	(92,054)	(56,634)	(191,801)	(18,532)
Cash flows from capital financing activities:					
Acquisition of capital assets	(11,055)	-	-	-	-
Proceeds from the disposal of capital assets	255	-	-	-	-
Proceeds from the issuance of capital notes	-	-	-	-	24,000
Principal paid on capital notes	(26)	-	-	-	(1,080)
Payment of bond issuance costs	(34)	-	-	-	(166)
Interest paid on capital notes	(2)	-	-	-	(1,031)
Net cash provided by (used for) capital financing activities	(10,862)	-	-	-	21,723
Cash flows from investing activities:					
Purchase of investments	(4,556,883)	(501,694)	(239,848)	(1,789,264)	(586,593)
Proceeds from maturity of investments	4,463,505	554,068	236,033	1,805,215	539,536
Interest received from investments	9,460	2,883	1,604	21,210	4,427
Net cash provided by (used for) investing activities	(83,918)	55,257	(2,211)	37,161	(42,630)
Net Increase (decrease) in cash	619	342	(36)	668	986
Cash at the beginning of year	1,844	942	532	1,723	-
Cash at the end of period	2,463	1,284	496	2,391	986
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	42,673	1,712	5,438	26,481	(13,837)
Adjustments:					
Depreciation expense	96	-	-	-	-
Provision for loan losses	(1,161)	1,214	(879)	(7,068)	7,791
Amortization of bond issuance costs	-	1,018	976	408	323
Net change in the fair value of investments	1,319	(9)	(3)	(230)	828
Transfers between funds for operating activity	(104,913)	2,869	1,140	5,754	6,696
Interest received from investments	(9,460)	(2,883)	(1,604)	(21,210)	(4,427)
Interest paid	1,670	37,778	12,382	75,319	16,970
Changes in assets and liabilities:					
Net increase (decrease) in mortgages and loans	(105,926)	(5,582)	40,109	67,989	25,602
Net increase (decrease) in assets and liabilities	35,244	1,022	1,250	7,865	479
Net cash provided by (used for) operating activities	(140,458)	37,139	58,809	155,308	40,425

Combined Other Programs	Combined Total
-	201,929
-	542,245
-	(567,521)
-	-
-	(25,535)
-	(49,520)
22,374	22,611
32,908	32,908
(32,916)	(32,916)
6,563	62,961
(2)	(7,012)
28,927	180,150
-	405,993
-	(240,366)
-	(173,820)
-	(3,518)
-	(143,086)
-	828,416
-	(760,477)
-	(65,828)
(29,652)	-
-	(130)
(29,652)	(152,816)
-	(11,055)
484	739
-	24,000
-	(1,106)
-	(200)
-	(1,033)
484	11,345
(77,711)	(7,751,993)
76,721	7,675,078
482	40,066
(508)	(36,849)
(749)	1,830
2,898	7,939
2,149	9,769
(22,410)	40,057
4,976	5,072
-	(103)
-	2,725
(252)	1,653
88,454	-
(482)	(40,066)
-	144,119
-	22,192
(41,359)	4,501
28,927	180,150

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ALASKA HOUSING FINANCE CORPORATION ***Schedule 16***

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

REVOLVING FUNDS

For the Year Ended June 30, 2005

(in thousands of dollars)

	Administrative Fund	Home Ownership Fund	Housing Assistance Loan Fund	Combined Total
Cash flows from operating activities:				
Interest income on mortgages and loans	38,769	19	26	38,814
Principal payments received on mortgages and loans	48,315	71	8,069	56,455
Purchases of mortgages and loans	(567,521)	-	-	(567,521)
Receipt (payment) for loan transfers between funds	357,672	-	-	357,672
Payments to employees and other payroll disbursements	(25,535)	-	-	(25,535)
Payments for goods and services	(49,377)	(4)	-	(49,381)
Cash received for externally funded programs	237	-	-	237
Other operating cash receipts	55,184	26	-	55,210
Other operating cash payments	(6,399)	(10)	-	(6,409)
Net cash provided by (used for) operating activities	(148,655)	102	8,095	(140,458)
Cash flows from noncapital financing activities:				
Payment of bond issuance costs	(1,509)	-	-	(1,509)
Interest paid	(1,668)	-	-	(1,668)
Proceeds from issuance of short term debt	828,416	-	-	828,416
Payment of short term debt	(760,477)	-	-	(760,477)
Contributions to the State of Alaska or other State agencies	(52,606)	-	-	(52,606)
Transfers (to) from other funds	232,748	-	(9,047)	223,701
Net cash provided by (used for) noncapital financing activities	244,904	-	(9,047)	235,857
Cash flows from capital financing activities:				
Acquisition of capital assets	(11,055)	-	-	(11,055)
Proceeds from the disposal of capital assets	255	-	-	255
Principal paid on capital notes	(26)	-	-	(26)
Payment of bond issuance costs	(34)	-	-	(34)
Interest paid on capital notes	(2)	-	-	(2)
Net cash provided by (used for) capital financing activities	(10,862)	-	-	(10,862)
Cash flows from investing activities:				
Purchase of investments	(4,520,876)	(35,951)	(56)	(4,556,883)
Proceeds from maturity of investments	4,427,212	35,765	528	4,463,505
Interest received from investments	9,336	108	16	9,460
Net cash provided by (used for) investing activities	(84,328)	(78)	488	(83,918)
Net Increase (decrease) in cash	1,059	24	(464)	619
Cash at the beginning of year	1,143	237	464	1,844
Cash at the end of period	2,202	261	-	2,463
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	41,934	230	509	42,673
Adjustments:				
Depreciation expense	96	-	-	96
Provision for loan losses	(1,161)	-	-	(1,161)
Net change in the fair value of investments	1,409	(96)	6	1,319
Transfers between funds for operating activity	(104,910)	1	(4)	(104,913)
Interest received from investments	(9,336)	(108)	(16)	(9,460)
Interest paid	1,670	-	-	1,670
Changes in assets and liabilities:				
Net increase (decrease) in mortgages and loans	(114,066)	71	8,069	(105,926)
Net increase (decrease) in assets and liabilities	35,709	4	(469)	35,244
Net cash provided by (used for) operating activities	(148,655)	102	8,095	(140,458)

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
FIRST TIME HOMEBUYER BONDS
For the Year Ended June 30, 2005
(in thousands of dollars)

	Mortgage Revenue Bonds 1996 A	Mortgage Revenue Bonds 1997 A	Mortgage Revenue Bonds 1998 A	Mortgage Revenue Bonds 1999 A	Mortgage Revenue Bonds 2000 A-D
Cash flows from operating activities:					
Interest income on mortgages and loans	2,084	5,206	2,530	9,642	4,916
Principal payments received on mortgages and loans	9,309	16,602	7,430	29,985	19,448
Receipt (payment) for loan transfers between funds	(562)	(18,469)	(8,564)	(32,966)	(24,185)
Other operating cash receipts	3	-	-	9	-
Net cash provided by (used for) operating activities	10,834	3,339	1,396	6,670	179
Cash flows from noncapital financing activities:					
Principal paid on bonds	(17,226)	(11,220)	(2,915)	(10,375)	(6,830)
Interest paid	(5,648)	(3,025)	(1,993)	(8,259)	(5,181)
Transfers (to) from other funds	4,771	440	241	(136)	260
Net cash provided by (used for) noncapital financing activities	(18,103)	(13,805)	(4,667)	(18,770)	(11,751)
Cash flows from investing activities:					
Purchase of investments	(30,776)	(50,724)	(23,623)	(84,974)	(59,925)
Proceeds from maturity of investments	37,534	60,597	26,676	96,362	71,226
Interest received from investments	417	615	213	796	296
Net cash provided by (used for) investing activities	7,175	10,488	3,266	12,184	11,597
Net Increase (decrease) in cash	(94)	22	(5)	84	25
Cash at the beginning of year	94	129	61	191	111
Cash at the end of period	-	151	56	275	136
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	815	397	130	15	(471)
Adjustments:					
Provision for loan losses	(522)	487	173	556	(371)
Amortization of bond issuance costs	741	60	38	50	71
Net change in the fair value of investments	1	(1)	-	(3)	-
Transfers between funds for operating activity	9	335	170	621	337
Interest received from investments	(417)	(615)	(213)	(796)	(296)
Interest paid	5,648	3,025	1,993	8,259	5,181
Changes in assets and liabilities:					
Net increase (decrease) in mortgages and loans	8,747	(1,867)	(1,134)	(2,981)	(4,737)
Net increase (decrease) in assets and liabilities	(4,188)	1,518	239	949	465
Net cash provided by (used for) operating activities	10,834	3,339	1,396	6,670	179

Mortgage Revenue Bonds 2001 A,B	Home Mortgage Revenue Bonds 2002 A,B	Combined Total
6,344	11,960	42,682
19,578	37,786	140,138
(24,740)	(36,234)	(145,720)
10	17	39
1,192	13,529	37,139
(4,470)	-	(53,036)
(5,405)	(8,267)	(37,778)
(22)	(6,794)	(1,240)
(9,897)	(15,061)	(92,054)
(78,940)	(172,732)	(501,694)
87,547	174,126	554,068
216	330	2,883
8,823	1,724	55,257
118	192	342
114	242	942
232	434	1,284
(309)	1,135	1,712
418	473	1,214
41	17	1,018
(1)	(5)	(9)
432	965	2,869
(216)	(330)	(2,883)
5,405	8,267	37,778
(5,162)	1,552	(5,582)
584	1,455	1,022
1,192	13,529	37,139

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

VETERANS MORTGAGE PROGRAM BONDS - STATE GUARANTEED

For the Year Ended June 30, 2005

(in thousands of dollars)

	Collateralized Bonds 1994 First Series	Collateralized Bonds 1995 First Series	Collateralized Bonds 1997 First Series	Collateralized Bonds 1998 First & Second Series	Collateralized Bonds 1999 First Series
Cash flows from operating activities:					
Interest income on mortgages and loans	1,655	273	3,310	2,329	5,423
Principal payments received on mortgages and loans	8,551	1,170	11,357	7,223	14,612
Receipt (payment) for loan transfers between funds	-	-	(8,275)	(5,865)	(637)
Net cash provided by (used for) operating activities	10,206	1,443	6,392	3,687	19,398
Cash flows from noncapital financing activities:					
Principal paid on bonds	(22,705)	(1,900)	(4,305)	(2,545)	(7,145)
Interest paid	(1,277)	(79)	(1,353)	(1,584)	(3,908)
Transfers (to) from other funds	9,006	(83)	(1,539)	(1,101)	(3,165)
Other cash payments	(126)	(4)	-	-	-
Net cash provided by (used for) noncapital financing activities	(15,102)	(2,066)	(7,197)	(5,230)	(14,218)
Cash flows from investing activities:					
Purchase of investments	(31,545)	(4,105)	(51,013)	(26,431)	(51,571)
Proceeds from maturity of investments	36,052	4,661	51,530	27,760	46,095
Interest received from investments	314	49	295	250	335
Net cash provided by (used for) investing activities	4,821	605	812	1,579	(5,141)
Net Increase (decrease) in cash	(75)	(18)	7	36	39
Cash at the beginning of year	75	18	111	68	86
Cash at the end of period	-	-	118	104	125
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	385	115	1,622	602	1,307
Adjustments:					
Provision for loan losses	(432)	(45)	87	13	(211)
Amortization of bond issuance costs	658	156	60	17	50
Net change in the fair value of investments	1	-	(1)	(1)	(1)
Transfers between funds for operating activity	129	5	216	150	305
Interest received from investments	(314)	(49)	(295)	(250)	(335)
Interest paid	1,277	79	1,353	1,584	3,908
Changes in assets and liabilities:					
Net increase (decrease) in mortgages and loans	8,551	1,170	3,082	1,358	13,975
Net increase (decrease) in assets and liabilities	(49)	12	268	214	400
Net cash provided by (used for) operating activities	10,206	1,443	6,392	3,687	19,398

Collateralized Bonds 2000 First Series	Collateralized Bonds 2002 First Series	Combined Total
3,156	2,554	18,700
9,015	6,973	58,901
(440)	(3,575)	(18,792)
11,731	5,952	58,809
(5,560)	(1,965)	(46,125)
(2,302)	(1,879)	(12,382)
(1,080)	(35)	2,003
-	-	(130)
(8,942)	(3,879)	(56,634)
(28,755)	(46,428)	(239,848)
25,665	44,270	236,033
279	82	1,604
(2,811)	(2,076)	(2,211)
(22)	(3)	(36)
87	87	532
65	84	496
907	500	5,438
(205)	(86)	(879)
28	7	976
-	(1)	(3)
173	162	1,140
(279)	(82)	(1,604)
2,302	1,879	12,382
8,575	3,398	40,109
230	175	1,250
11,731	5,952	58,809

ALASKA HOUSING FINANCE CORPORATION

(A Component Unit of the State of Alaska)

STATEMENT OF CASH FLOWS

OTHER HOUSING BONDS

For the Year Ended June 30, 2005

(in thousands of dollars)

	Senior Housing Bond Program	Housing Development Bonds	General Mortgage Revenue Bonds 1997 A	General Mortgage Revenue Bonds 1999 A	General Mortgage Revenue Bonds 2002 A
Cash flows from operating activities:					
Interest income on mortgages and loans	-	20,799	15,822	16,927	7,808
Principal payments received on mortgages and loans	-	51,422	46,440	57,056	21,789
Receipt (payment) for loan transfers between funds	-	(26,507)	-	(44,894)	(28,823)
Payments for goods and services	-	(102)	-	-	-
Other operating cash receipts	-	-	4	22	-
Net cash provided by (used for) operating activities	-	45,612	62,266	29,111	774
Cash flows from noncapital financing activities:					
Proceeds from the issuance of bonds	-	105,000	-	-	-
Principal paid on bonds	-	(24,355)	(45,145)	(1,660)	-
Interest paid	-	(15,603)	(18,014)	(14,849)	(7,152)
Contributions to the State of Alaska or other State agencies	-	(2,553)	-	-	-
Transfers (to) from other funds	-	5,566	(30,500)	-	-
Net cash provided by (used for) noncapital financing activities	-	68,055	(93,659)	(16,509)	(7,152)
Cash flows from investing activities:					
Purchase of investments	(81,326)	(456,572)	(225,764)	(332,597)	(144,405)
Proceeds from maturity of investments	81,082	341,572	251,775	318,692	150,553
Interest received from investments	244	1,439	5,627	1,636	247
Net cash provided by (used for) investing activities	-	(113,561)	31,638	(12,269)	6,395
Net Increase (decrease) in cash	-	106	245	333	17
Cash at the beginning of year	-	238	343	316	227
Cash at the end of period	-	344	588	649	244
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	459	8,081	1,783	2,603	(728)
Adjustments:					
Provision for loan losses	-	(2,944)	(1,196)	(1,772)	292
Amortization of bond issuance costs	-	131	56	52	44
Net change in the fair value of investments	(215)	(4)	(2)	(9)	(1)
Transfers between funds for operating activity	-	1,307	1,004	1,168	596
Interest received from investments	(244)	(1,439)	(5,627)	(1,636)	(247)
Interest paid	-	15,603	18,014	14,849	7,152
Changes in assets and liabilities:					
Net increase (decrease) in mortgages and loans	-	24,915	46,440	12,162	(7,034)
Net increase (decrease) in assets and liabilities	-	(38)	1,794	1,694	700
Net cash provided by (used for) operating activities	-	45,612	62,266	29,111	774

Governmental Purpose Bonds 1995 A	Governmental Purpose Bonds 1997 A	Governmental Purpose Bonds 2001 A-D	Combined Total
6,845	613	18,566	87,380
27,126	1,120	56,196	261,149
(62,867)	-	(30,069)	(193,160)
-	-	-	(102)
9	-	6	41
(28,887)	1,733	44,699	155,308
-	-	-	105,000
(2,610)	(1,500)	(5,475)	(80,745)
(8,869)	(489)	(10,343)	(75,319)
-	-	-	(2,553)
(113,250)	-	-	(138,184)
(124,729)	(1,989)	(15,818)	(191,801)
(248,454)	(20,586)	(279,560)	(1,789,264)
395,384	20,805	245,352	1,805,215
6,521	37	5,459	21,210
153,451	256	(28,749)	37,161
(165)	-	132	668
165	-	434	1,723
-	-	566	2,391
5,103	(15)	9,195	26,481
(1,373)	-	(75)	(7,068)
86	8	31	408
7	-	(6)	(230)
26	138	1,515	5,754
(6,521)	(37)	(5,459)	(21,210)
8,869	489	10,343	75,319
(35,741)	1,120	26,127	67,989
657	30	3,028	7,865
(28,887)	1,733	44,699	155,308

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
NON-HOUSING BONDS
For the Year Ended June 30, 2005
(in thousands of dollars)

	State Capital Project Bonds 1999 A	State Capital Project Bonds 1999 B	State Capital Project Bonds 2001 A	State Capital Project Bonds 2002 A,B,C	State Building Lease Bonds 1999
Cash flows from operating activities:					
Interest income on mortgages and loans	818	461	1,913	1,804	-
Principal payments received on mortgages and loans	2,158	1,219	3,993	3,162	-
Payments for goods and services	-	-	-	(37)	-
Other operating cash receipts	-	-	-	8	1,088
Other operating cash payments	-	-	-	-	(601)
Net cash provided by (used for) operating activities	2,976	1,680	5,906	4,937	487
Cash flows from noncapital financing activities:					
Proceeds from the issuance of bonds	-	-	-	-	-
Principal paid on bonds	(14,785)	(20,730)	(8,869)	(2,696)	(1,810)
Payment to defease bonds	-	-	-	-	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid	(931)	(1,534)	(2,430)	(1,793)	(1,731)
Contributions to the State of Alaska or other State agencies	-	-	(4,623)	(36)	-
Transfers (to) from other funds	12,996	10,952	5,568	(20,172)	2,077
Net cash provided by (used for) noncapital financing activities	(2,720)	(11,312)	(10,354)	(24,697)	(1,464)
Cash flows from capital financing activities:					
Proceeds from the issuance of capital notes	-	-	-	-	-
Principal paid on capital notes	-	-	(566)	(514)	-
Payment of bond issuance costs	-	-	-	-	-
Interest paid on capital notes	-	-	(155)	(484)	-
Net cash provided by (used for) capital financing activities	-	-	(721)	(998)	-
Cash flows from investing activities:					
Purchase of investments	(6,209)	(23,290)	(18,184)	(106,140)	(4,388)
Proceeds from maturity of investments	5,966	32,509	23,080	124,574	5,363
Interest received from investments	20	432	342	2,393	2
Net cash provided by (used for) investing activities	(223)	9,651	5,238	20,827	977
Net Increase (decrease) in cash	33	19	69	69	-
Cash at the beginning of year	-	-	-	-	-
Cash at the end of period	33	19	69	69	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities					
Operating income (loss)	(225)	(4,720)	(1,689)	(1,854)	217
Adjustments:					
Provision for loan losses	262	165	448	519	-
Amortization of bond issuance costs	93	64	17	21	23
Net change in the fair value of investments	(1)	115	78	600	(4)
Transfers between funds for operating activity	54	3,892	184	306	133
Interest received from investments	(20)	(432)	(342)	(2,393)	(2)
Interest paid	931	1,534	2,585	2,277	1,731
Changes in assets and liabilities:					
Net increase (decrease) in mortgages and loans	2,158	1,219	3,993	3,162	-
Net increase (decrease) in assets and liabilities	(276)	(157)	632	2,299	(1,611)
Net cash provided by (used for) operating activities	2,976	1,680	5,906	4,937	487

General Housing Purpose Bonds 1992 A	General Housing Purpose Bonds 2003 A & B	General Housing Purpose Bonds 2005 A	General Housing Purpose Bonds 2005 B & C	Combined Total
730	5,546	2,692	389	14,353
2,309	10,474	2,287	-	25,602
-	-	-	-	(37)
-	12	-	-	1,108
-	-	-	-	(601)
3,039	16,032	4,979	389	40,425
-	-	126,003	174,990	300,993
(4,365)	(7,205)	-	-	(60,460)
-	-	-	(173,820)	(173,820)
-	-	(873)	(1,136)	(2,009)
(1,563)	(3,896)	(2,061)	-	(15,939)
-	(3,354)	(2,656)	-	(10,669)
4,957	5,948	(85,680)	6,726	(56,628)
(971)	(8,507)	34,733	6,760	(18,532)
-	-	24,000	-	24,000
-	-	-	-	(1,080)
-	-	(166)	-	(166)
-	-	(392)	-	(1,031)
-	-	23,442	-	21,723
(11,250)	(97,286)	(309,027)	(10,819)	(586,593)
8,666	89,662	245,708	4,008	539,536
538	350	346	4	4,427
(2,046)	(7,274)	(62,973)	(6,807)	(42,630)
22	251	181	342	986
-	-	-	-	-
22	251	181	342	986
(642)	(910)	(1,868)	(2,146)	(13,837)
172	1,902	2,356	1,967	7,791
34	14	46	11	323
(1)	23	25	(7)	828
60	698	645	724	6,696
(538)	(350)	(346)	(4)	(4,427)
1,563	3,896	2,453	-	16,970
2,309	10,474	2,287	-	25,602
82	285	(619)	(156)	479
3,039	16,032	4,979	389	40,425

ALASKA HOUSING FINANCE CORPORATION
(A Component Unit of the State of Alaska)
STATEMENT OF CASH FLOWS
OTHER PROGRAM FUNDS
For the Year Ended June 30, 2005
(in thousands of dollars)

	Energy Programs	Low Rent Program	Section 8 Program	Section 8 Vouchers Program
Cash flows from operating activities:				
Cash received for externally funded programs	2,218	10,237	2,268	2,813
Cash received for Federal HAP subsidies	-	-	-	26,364
Payments for Federal HAP subsidies	-	-	-	(26,356)
Other operating cash receipts	-	4,853	1,264	179
Other operating cash payments	-	(2)	-	-
Net cash provided by (used for) operating activities	2,218	15,088	3,532	3,000
Cash flows from noncapital financing activities:				
Transfers (to) from other funds	(2,221)	(15,357)	(3,204)	(3,692)
Net cash provided by (used for) noncapital financing activities	(2,221)	(15,357)	(3,204)	(3,692)
Cash flows from capital financing activities:				
Proceeds from the disposal of capital assets	-	484	-	-
Net cash provided by (used for) capital financing activities	-	484	-	-
Cash flows from investing activities:				
Purchase of investments	(2,858)	(27,545)	(45,667)	-
Proceeds from maturity of investments	2,840	27,205	45,005	-
Interest received from investments	21	172	277	2
Net cash provided by (used for) investing activities	3	(168)	(385)	2
Net Increase (decrease) in cash	-	47	(57)	(690)
Cash at the beginning of year	-	552	581	1,614
Cash at the end of period	-	599	524	924
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities				
Operating income (loss)	(3,488)	(6,854)	(847)	(364)
Adjustments:				
Depreciation expense	-	4,326	614	29
Net change in the fair value of investments	(10)	(88)	(149)	-
Transfers between funds for operating activity	6,355	28,967	4,748	3,398
Interest received from investments	(21)	(172)	(277)	(2)
Changes in assets and liabilities -				
Net increase (decrease) in assets and liabilities	(618)	(11,091)	(557)	(61)
Net cash provided by (used for) operating activities	2,218	15,088	3,532	3,000

Other Programs	Combined Total
4,838	22,374
6,544	32,908
(6,560)	(32,916)
267	6,563
-	(2)
5,089	28,927
(5,178)	(29,652)
(5,178)	(29,652)
-	484
-	484
(1,641)	(77,711)
1,671	76,721
10	482
40	(508)
(49)	(749)
151	2,898
102	2,149
(10,857)	(22,410)
7	4,976
(5)	(252)
44,986	88,454
(10)	(482)
(29,032)	(41,359)
5,089	28,927

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