

SCAR

28

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 4/6/89
IN ACCORDANCE WITH UNIFORM RULE 23

Taken from Rules 4/6 to Fin

FURTHER

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

4/12/89

DATE TURNED INTO OFFICE 4/20/89

Mr. President:

FINANCE

Committee considered SCR 28

Housing Finance Task Force to review and recommend changes to publicly-assisted residential finance programs

and recommended:

- replace with CS SCR 28 (Fin) same title
- attached amendment(s) and new title
- _____ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

FISCAL NOTE(S) attached ^{3/ DOLED/CARR/DOR} zero fiscal impact
 appropriation no FN attached Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten signatures: Paul H. ...]

[Handwritten signature: Paul H.]

Chair: signature and recommendation

Committee backup attached

[Handwritten signature] Co-Chair
DO PASS

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Estab Housing Finance Task Force
to review residential finance programs
Sponsor: Uehling, Sturgulewski
Requestor: Senator Uehling

Agency Affected: Department of Revenue
BRU: Alaska Housing Finance Corporation
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page for analysis.

Prepared By: Margaret Nelson
Division: Alaska Housing Finance Corporation

Phone: 561-1900
Date: April 6, 1989

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: 4/6/89

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Changes in the CS (Fin) have no
fiscal effect. This fiscal note
is appropriate. *ms* SFC: 4/20/89

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SCR 28
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Economic Dev.
Title: Establishing Housing Finance BRU: _____
Task Force
Sponsor: Uehling and Sturgulewski Components: _____
Requester: Senate Rules

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

The Alaska State Building Authority, named in SCR 28 to participate on the Task Force, is not subject to the Executive Budget Act.

Prepared by: Ray Price, Executive Director Phone: 562-2813
Division: Alaska State Building Authority Date: 4-7-89

Approved by Commissioner: Larry Mercurieff Phone: 465-2500
Agency: Department of Commerce & Economic Development Date: 4/10/89

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agencies:

Changes in the CS (Fin) have no fiscal effect. This fiscal note is appropriate. *new* SFC: 4/20/89

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: "Establishing a Housing Finance
 Task force..."
 Sponsor: Sen Uehling & Sen Sturqulewski
 Requestor: _____

Agency Affected: Community & Regional Affairs
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This fiscal analysis assumes the following: (1) all task force proceedings will be held in Anchorage and there will be no travel required of the department. (2) no additional staff resources will be required of the department.

Prepared by: Jim Plasman, Deputy Director Phone: 465-4750
 Division: Municipal & Regional Assistance Date: 4/6/89

Approved by Commissioner: David G. Bellman Date: 4-6-89
 Agency: Community & Regional Affairs

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Changes in the CS (Fin) have no fiscal effect. This fiscal note is appropriate. *W* SFC: 4/20/89

Original sponsors: Uehling and
Sturgulewski

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE CONCURRENT RESOLUTION NO. 28 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 Establishing a Housing Finance Task
6 Force to review and recommend changes to
7 publicly-assisted residential finance
8 programs.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 WHEREAS the State of Alaska has created a substantial public financing
11 system designed to assist Alaska homebuyers and has provided more than
12 \$1,000,000,000 of capital as well as bonding authority to initiate and
13 sustain these loan programs; and

14 WHEREAS the management of these loan programs has been assigned to
15 several agencies, including executive departments and public corporations;
16 and

17 WHEREAS the Alaska residential housing market has evolved tremendously
18 since most of these loan programs were established; and

19 WHEREAS, due to recent economic hardship, these agencies have taken
20 possession of hundreds of residential properties throughout the state; and

21 WHEREAS scrutiny of the state's initial capital investment, outstand-
22 ing bonded indebtedness incurred by these agencies, authorities, and public
23 corporations, and the reinvestment of income earned from residential loans
24 requires the expertise of the agencies, authorities, and public corpora-
25 tions currently involved;

26 BE IT RESOLVED by the Alaska State Legislature that a Housing Finance
27 Task Force is established to review and analyze the publicly-assisted
28 residential finance programs, including but not limited to housing loan
29 programs managed by the Alaska Housing Finance Corporation and the

1 Department of Community and Regional Affairs; and be it

2 FURTHER RESOLVED that the task force shall report to the legislature
3 by the 15th day of the Second Session of the Sixteenth Alaska State Legis-
4 lature summarizing the financial condition of all state-assisted residen-
5 tial loan programs, guidelines governing each of the loan programs, and the
6 status and condition of any bonds sold to capitalize these loans; and be it

7 FURTHER RESOLVED that the task force shall review the current sub-
8 sidies of the loan programs and make recommendations as to the gradual
9 phasing down or elimination of these subsidies, returning to the state its
10 initial investment in the loan programs, the options available to the
11 legislature regarding efficiency changes in the management structure of
12 those programs, and the possibility of privatizing the state's involvement
13 in the residential loan market; and be it

14 FURTHER RESOLVED that the task force shall review the policy of re-
15 quiring the Alaska Housing Finance Corporation to purchase mortgage loans
16 from the housing assistance loan fund, the effects of this policy on each
17 of the loan programs, whether the purchases should be at par value or at
18 market value and, if at market value, an appropriate method for determining
19 that value, and the long-term anticipated demand for residential loans
20 through the housing assistance loan fund; and be it

21 FURTHER RESOLVED that the task force shall consist of 10 members,
22 including three members of the Senate to be appointed by the president of
23 the Senate; three members of the House of Representatives to be appointed
24 by the speaker of the House; the director of the rural development division
25 of the Department of Community and Regional Affairs; the executive director
26 of the Alaska Housing Finance Corporation; the executive director of the
27 Alaska State Housing Authority; and the executive director of the Alaska
28 Housing Market Council; and be it

29 FURTHER RESOLVED that the Housing Finance Task Force terminates when
CSSCR 28(Fin)

the task force submits its report.

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4/20/89



Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 99811

Official Business

MEMORANDUM

To: Senate Finance Committee

From: Senator Rick Uehling
Senator Pat Rodey

Subject: SCR 27 and SCR 28

Date: April 19, 1989

After close scrutiny of the two resolutions in question, SCR 27, urging the Alaska Housing Market Council to develop a statewide housing policy for the decade of the 1990's and SCR 28, establishing a Housing Finance Task Force to review and recommend changes to publically-assisted residential finance programs, we agree that these resolutions are significantly different in scope and direction and should not be linked for the purposes of legislative deliberation.

We agree that SCR 27 and SCR 28 should remain substantially intact and should not be combined. We further agree that the processes mandated by these resolutions will generate complimentary products.

It is our belief that both of these projects, as set out in SCR 27 and SCR 28, are important steps towards the development of a comprehensive housing policy for Alaska.

We fully support the immediate passage of both resolutions from the Senate Finance Committee.

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE 4/6/89
IN ACCORDANCE WITH UNIFORM RULE 23

Taken from Rules 4/6 to Fin

FURTHER

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

DATE TURNED INTO OFFICE 4/12/89

4/6/89

Mr. President:

Finance Committee considered SCR 28

Housing Finance Task Force to review and recommend changes to publicly-assisted residential finance programs

and recommended:

replace with CS SCR 28 (Fin) same title
 new title

attached amendment(s) and

_____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) attached ^{DEED} zero

appropriation no FN attached

fiscal impact

Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]

Chair: signature and recommendation

Committee backup attached

[Signature] CO-CHAIR
~~DO-PASS~~

ACTION
RECEIVED

6-1099E
Chenoweth
4/11/89

Original sponsors: Uehling and
Sturgulewski

*JB: moved
no Ob*
ADOPTED
~~4/11/89~~

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE CONCURRENT RESOLUTION NO. 28 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 Establishing a Housing Finance Task
6 Force to review and recommend changes to
7 publicly-assisted residential finance
8 programs.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 WHEREAS the State of Alaska has created a substantial public financing
11 system designed to assist Alaska homebuyers and has provided more than
12 \$1,000,000,000 of capital as well as bonding authority to initiate and
13 sustain these loan programs; and

14 WHEREAS the management of these loan programs has been assigned to
15 several agencies, including executive departments and public corporations;
16 and

17 WHEREAS the Alaska residential housing market has evolved tremendously
18 since most of these loan programs were established; and

19 WHEREAS, due to recent economic hardship, these agencies have taken
20 possession of hundreds of residential properties throughout the state; and

21 WHEREAS scrutiny of the state's initial capital investment, outstand-
22 ing bonded indebtedness incurred by these agencies, authorities, and public
23 corporations, and the reinvestment of income earned from residential loans
24 requires the expertise of the agencies, authorities, and public corpora-
25 tions currently involved;

26 BE IT RESOLVED by the Alaska State Legislature that a Housing Finance
27 Task Force is established to review and analyze the publicly-assisted
28 residential finance programs, including but not limited to housing loan
29 programs managed by the Alaska Housing Finance Corporation and the

1 Department of Community and Regional Affairs; and be it

2 FURTHER RESOLVED that the task force shall report to the legislature
3 by the 15th day of the Second Session of the Sixteenth Alaska State Legis-
4 lature summarizing the financial condition of all state-assisted residen-
5 tial loan programs, guidelines governing each of the loan programs, and the
6 status and condition of any bonds sold to capitalize these loans; and be it

7 FURTHER RESOLVED that the task force shall review the current sub-
8 sidies of the loan programs and make recommendations as to the gradual
9 phasing down or elimination of these subsidies, returning to the state its
10 initial investment in the loan programs, the options available to the
11 legislature regarding efficiency changes in the management structure of
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13 in the residential loan market; and be it

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15 quiring the Alaska Housing Finance Corporation to purchase mortgage loans
16 from the housing assistance loan fund, the effects of this policy on each
17 of the loan programs, whether the purchases should be at par value or at
18 market value and, if at market value, an appropriate method for determini-
19 ng that value, and the long-term anticipated demand for residential loans
20 through the housing assistance loan fund; and be it

21 FURTHER RESOLVED that the task force shall consist of 10 members,
22 including three members of the Senate to be appointed by the president of
23 the Senate; three members of the House of Representatives to be appointed
24 by the speaker of the House; the director of the rural development division
25 of the Department of Community and Regional Affairs; the executive director
26 of the Alaska Housing Finance Corporation; the executive director of the
27 Alaska State Housing Authority; and the executive director of the Alaska
28 Housing Market Council; and be it

29 FURTHER RESOLVED that the Housing Finance Task Force terminates when
CSSCR 28(Fin)

1 the task force submits its report.
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6-1099E✓
Chenoweth
4/8/89

Original sponsors: Uehling and
Sturgulewski

1 IN THE SENATE

2 CS FOR SENATE CONCURRENT RESOLUTION NO. 28 ()

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 Establishing a Housing Finance Task
6 Force to review and recommend changes to
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15 several agencies, including executive departments and public corporations;
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17 WHEREAS the Alaska residential housing market has evolved tremendously
18 since most of these loan programs were established; and

19 WHEREAS, due to recent economic hardship, these agencies have taken
20 possession of hundreds of residential properties throughout the state; and

21 WHEREAS scrutiny of the state's initial capital investment, outstand-
22 ing bonded indebtedness incurred by these agencies, authorities, and public
23 corporations, and the reinvestment of income earned from residential loans
24 requires the expertise of the agencies, authorities, and public corpora-
25 tions currently involved;

26 BE IT RESOLVED by the Alaska State Legislature that a Housing Finance
27 Task Force is established to review and analyze the publicly-assisted
28 residential finance programs and opportunities relating to those programs;
29 and be it

1 FURTHER RESOLVED that the task force shall consist of 10 members,
2 including three members of the Senate to be appointed by the president of
3 the Senate; three members of the House of Representatives to be appointed
4 by the speaker of the House; the director of the rural development division
5 of the Department of Community and Regional Affairs; the executive director
6 of the Alaska Housing Finance Corporation; the executive director of the
7 Alaska State Housing Authority and the executive director of the Alaska
8 Housing Market Council; and be it

9 FURTHER RESOLVED that the task force shall report to the legislature
10 by the first day of the Second Session of the Sixteenth Alaska State Legis-
11 lature, that the report include a summary of the status of all state-
12 assisted residential loan programs, the status and conditions of any bonds
13 sold to capitalize these loans, and the options available to the legisla-
14 ture regarding changes in management structure of those programs, and that
15 the task force make recommendations for the reorganization or privatization
16 of state functions associated with residential loans; and be it

17 FURTHER RESOLVED that the Housing Finance Task Force terminates when
18 the task force submits its report.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

April 11, 1989

POSITION PAPER

RE: Senate Concurrent Resolution 28

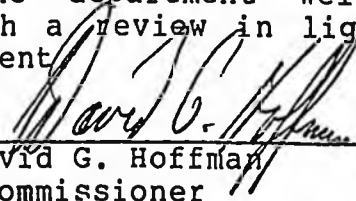
SPONSOR: Senators Uehling and Sturgulewski

Program effects

This resolution would establish a legislative task force to review state housing policy. The task force would include members from the legislative and executive branches and include the director of the Rural Development Division of the Department of Community and Regional Affairs.

Comments

The department recognizes the need for policy review of the state's residential financing programs, particularly in light of the changes in certain market segments and the financial circumstances of the state. The department welcomes the opportunity to participate in such a review in light of the housing programs within the department.



David G. Hoffman
Commissioner

STATE OF ALASKA
THE LEGISLATURE

INDUSTRY STATE CAPITAL
JUNEAU, ALASKA 99801
907 455 3801

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 10, 1989

SUBJECT: SCR 27 and SCR 28

TO: Senator Pat Rodey
ATTN: Katie Drennan

FROM: Jack Chenoweth
Legislative Counsel

Though both address the need to revise statewide housing policy, the principal difference in the approach taken by each is to be found in the respective "Resolved" clauses.

SCR 27, offered by the Special Committee on Banking and Economic Development, directs the Alaska Housing Market Council (through Governor Cowper) to take the lead in developing "a coordinated statewide housing policy for the State of Alaska as a guideline for the state's housing activities during the 1990's" (page 2, lines 11 - 14). The resolution is reasonably specific as to the anticipated content of that policy statement, addressing in the various "Further Resolved" clauses recommended policy objectives, the essential changes and modifications that would be necessary to existing programs, and the recommended related changes in substantive legislation and appropriations. The draft policy would have to be submitted by January 31, 1990.

SCR 28 by Senators Uehling and Sturgulewski establishes a nine-member legislative-executive task force to "review and analyze the publicly-assisted residential finance programs and opportunities relating to those programs" (page 1, line 26 - 28). The resolution charges the task force to review and summarize the status of the agencies' existing efforts, to relate the options available to change program management structure, and to recommend as to reorganization of the existing programs or privatization of agency functions. The report is due on January 8, 1990.

Senator Pat Rodey
Page 2
April 10, 1989

Both resolutions contemplate legislative involvement in the process, but the nature of that involvement differs: SCR 28 would involve six legislators in the work of the task force; SCR 27 would require the draft to be prepared within the executive branch and reported as a draft to the full legislature.

In a sense, the task force established by SCR 28 would have a "narrower" jurisdiction, limited to "publicly-assisted residential finance programs," that is, to programs to which the state has appropriated money or for which the agency has the ability to authorize and issue revenue bonds. The concern seems to be slightly more with the financial aspects of the state's continuing role in assistance for housing. SCR 27 is somewhat more "program" oriented, in my view, in that it contemplates some attention in the preparation of the draft to the unfulfilled housing needs of a few key groups (page 2, lines 24 - 26). And, significantly perhaps, SCR 27 makes no mention of the "privitization" option.

JC:gc
WKG9/032

Alaska
Housing
FINANCE CORPORATION

520 East 34th St.
Anchorage, AK 99503
(907) 561-1900

P.O. Box 101020
Anchorage, AK 99510

April 10, 1989

Senator John Binkley
Senator Rich Uehling
Co-Chairman
Senate Finance Committee
P.O. Box V
Juneau, AK 99811

RE: SCR 28

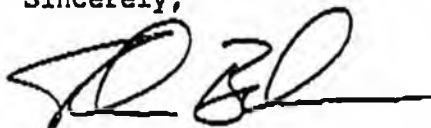
Dear Finance Committee:

The Alaska Housing Finance Corporation (AHFC) supports SCR 28 which provides for establishing Task Force to review and recommend changes to publicly assisted residential finance programs. We favor the development of State Housing Policy. In addition we encourage the study of the capital markets and how future Alaskans will finance their homes as well as the State and/or AHFC's role in that process.

AHFC would like to be a leader in the effort to establish how we can make the best contribution to both preserve and enhance the marketplace and at the same time provide a financial return to the state. Therefore, we appreciate being a part of the Task Force.

In addition, we suggest that the Task Force be expanded to include a representative from the Governor's office, appointed by the Governor.

Sincerely,



Thomas Behan
Chief Executive Officer/
Executive Director

MN:ec

Senator Rick Uehling

Downtown, Elmendorf, Northeast Anchorage



Co-Chairman, Senate Finance Committee
International Trade & Tourism Committee
State Affairs Committee

MEMORANDUM

To: Members,
Senate Finance Committee *RUE*

From: Senator Rick Uehling
Co-Chair, Senate Finance Committee

Re: Proposed CS for SCR 28

Date: April 8, 1989

I propose to amend SCR 28, establishing a Housing Finance Task Force to review and recommend changes to publicly-assisted residential finance programs, as indicated in the CS I have submitted to the Committee.

The CS simply adds another member to the Task Force. The additional member I propose to add is the Executive Director of the Alaska Housing Marketing Council. The Alaska Housing Marketing Council is currently developing a comprehensive review of Alaska's public policies relating to housing issues. In the course of this process I believe the AHMC has developed information and expertise that will be of use to a focused review of housing finance policies.

Senator Rick Uehling

Downtown, Elmendorf, Northeast Anchorage



MEMORANDUM

Co-Chairman, Senate Finance Committee
International Trade & Tourism Committee
State Affairs Committee

To: Senator Arliss Sturgulewski
Chairman, Senate Rules Committee

From: Senator Rick Uehling
Co-Chairman, Senate Finance Committee

Re: SCR 28, Establishing a Housing Finance Task Force

Date: March 30, 1989

A handwritten signature in black ink, appearing to read "Rick Uehling", written over the "From" line of the memorandum.

This resolution will create a Task Force to assist the legislature in reviewing the operations and structures of Alaska's residential finance programs.

Our state currently has dozens of active programs designed to assist Alaskans seeking the best possible home purchase financing. These programs exist under a variety of agencies, public corporations and authorities.

The Task Force will specifically examine the need for continued state home loan subsidies. Subsidy rates have been established over the years without a comprehensive legislative or administrative policy. A thorough review of all state programs offering below market rates for home loans is overdue. The Task Force will also explore the possibilities of combining, restructuring, privatizing or eliminating specific programs and entire agencies.

As an example of the complexity of the issue, I have attached excerpts from recent annual reports of the Alaska Housing Finance Corporation, Alaska State Building Authority and DCRA's Housing Assistance Loan Program. I do not doubt that these reports are appropriate for CPAs or the managers of these programs, but they are not useful oversight tools for the legislature.

The Task Force will be able to focus its attention during the interim on the complex situation that has developed over the last 15 years. It will have, in addition to six legislative members, the necessary administrative expertise to support a concentrated review of these home loan functions. A report will be generated and should assist this legislature during the second session.

Please call my office if there is additional information I can provide for you. Thank you for your consideration.

attachments

4/12/89
(Janice)

SCR 28 (Finance)

by Binkley

Page 1, line 17 add:

WHEREAS one of the primary programs is the Housing Assistance loan program under the Department of Community and Regional Affairs which serves rural Alaska, an area not regularly served by commercial lending institutions or the Alaska Housing Finance Corporation; and

WHEREAS [the Alaska residential housing market has evolved tremendously since most of these loan programs were established] both the Housing Assistance loan program and the Alaska Housing Finance Corporation have helped thousands of Alaskans to become homeowners which spurred a tremendous evolution in Alaska's housing market since the inception of these and other residential loan programs; and

THE FOLLOWING DOCUMENT HAS
NOT BEEN FILMED BUT IS
AVAILABLE IN THE ORIGINAL
FILE



1988 Annual Report

Independent Auditors' Report

The Board of Directors

Alaska Housing Finance Corporation:

We have audited the combined balance sheets of Alaska Housing Finance Corporation as of June 30, 1988 and 1987, and the related combined statements of revenues, expenses, retained earnings, and combined changes in financial position for the years then ended. These combined financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Alaska Housing Finance Corporation at June 30, 1988 and 1987, and the results of its operations and its changes in financial position for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining information (Schedules 1 through 27) are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, results of operation, and changes in the financial position of the individual Funds. The combining information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole.

October 11, 1988

Peat Marwick Main & Co.

Contents

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ALASKA HOUSING FINANCE CORPORATION

Exhibit A

Combined Balance Sheets

	June 30	
	1988	1987
	(in thousands)	
Assets		
Cash	\$ 5,304	10,056
Investments	1,528,154	1,256,983
Securities purchased from other funds under agreements to resell	6,000	-
Mortgage loans and mortgage backed securities, net of discounts and allowances for loan losses	3,671,840	3,958,578
Mobile home loans, net of allowance for loan losses	73,958	100,819
Accrued interest receivable	55,308	54,413
Claims receivable	80,198	28,920
Due from other funds	158,029	113,122
Real estate owned	221,327	146,840
Mobile homes owned	10,500	18,306
Other assets	29,587	20,732
	\$ 5,840,205	5,708,769
Liabilities and Fund Equity		
Liabilities:		
Bonds and notes payable, net of discounts:		
Mortgage bonds and notes	\$ 4,009,699	3,991,067
Notes payable to State of Alaska	-	10,894
Commercial paper	69,257	4,973
Securities sold to other funds under agreements to repurchase	6,000	-
Accrued interest payable	57,490	51,578
Insurance fund reserve for loan losses	11,738	5,585
Due to other funds	158,029	113,122
Accrued expenses and other liabilities	19,456	10,414
Total liabilities	4,331,669	4,187,633
Fund Equity:		
Contributed capital:		
Security for outstanding obligations	829,740	728,742
Legislative appropriations not subject to pledge	204,131	305,129
Total contributed capital	1,033,871	1,033,871
Retained earnings:		
Designated as security for outstanding obligations or other purposes allowed within the respective fund	407,769	421,125
Undesignated	66,896	66,140
Total retained earnings	474,665	487,265
Total fund equity	1,508,536	1,521,136
Commitments		
	\$ 5,840,205	5,708,769

See accompanying notes to combined financial statements.

Combined Statements of Revenues, Expenses, and Retained Earnings

	Year Ended June 30	
	1988	1987
	(in thousands)	
Revenues:		
Interest income:		
Mortgages and loans	\$ 353,922	397,421
Investments	117,918	135,925
	471,840	533,346
Loan fees and other	25,206	21,179
Total revenues	497,046	554,525
Expenses:		
Interest	402,050	460,062
Mortgage service fees	14,052	14,975
General and administrative	6,105	3,805
Trustee fees, insurance and financing costs	13,850	16,053
Mortgage payment assistance subsidies	2,101	3,234
Provision for loan losses	36,620	12,528
Insurance fund losses	9,506	6,272
Write-down and net operating expenses associated with real estate and mobile homes owned	25,362	8,534
Total expenses	509,646	525,463
Net income (loss) before extraordinary item	(12,600)	29,062
Extraordinary item – loss on early extinguishment of debt	-	(8,134)
Net income (loss)	(12,600)	20,928
Retained earnings at beginning of year	487,265	466,337
Retained earnings at end of year	\$ 474,665	487,265

See accompanying notes to combined financial statements.

Combined Statements of Changes in Financial Position

	Year Ended June 30	
	1988	1987
	(in thousands)	
Sources of financial resources:		
Operations:		
Net income (loss) before extraordinary item	\$ (12,600)	29,062
Extraordinary item - loss on early extinguishment of debt	-	(8,134)
Net income (loss)	(12,600)	20,928
Items which do not use (provide) cash:		
Net amortization of discounts, premiums and bond issuance costs	16,795	21,043
Depreciation	80	80
Increase in accrued interest receivable	(895)	(1,174)
Increase in claims receivable	(51,278)	(28,920)
Increase in accrued interest payable	5,912	6,028
Net increase in accrued expenses and other assets	(6,408)	(2,299)
Net increase for allowance for loan losses and write-down of real estate and mobile homes owned	54,691	18,213
Financial resources provided by operations	6,297	33,899
Loan principal repayments	448,448	909,817
Increase (decrease) in commercial paper and securities sold to other funds under agreements to repurchase	70,284	(202,573)
Net proceeds from sale of mortgage bonds	435,468	480,118
Decrease in cash	4,752	-
Total sources of financial resources	\$ 965,249	1,121,261
Uses of financial resources:		
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	277,171	(774,424)
Acquisition of loans	249,890	733,004
Payment of mortgage bonds and notes	427,117	1,149,338
Purchase of office equipment and improvements	177	131
Payment of State of Alaska notes	10,894	12,141
Increase in cash	-	1,071
Total uses of financial resources	\$ 965,249	1,121,261

See accompanying notes to combined financial statements.

Notes to Combined Financial Statements

June 30, 1988 and 1987

1. Authorizing Legislation and Funds

The Alaska Housing Finance Corporation (Corporation) was created in 1971 by an act of the State of Alaska Legislature (Legislature). The Corporation was established to assist in the financing, development and sale of dwelling units within Alaska. Generally, the Corporation accomplishes its objectives by functioning as a secondary market for qualified real estate and mobile home loans originated by financial institutions. In addition, the Corporation has special programs which are specifically designed to meet the housing needs of low and moderate income borrowers.

The Corporation is authorized, as approved by the Legislature, to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as, in the opinion of the Corporation, will be necessary to provide sufficient funds for carrying out its purpose. Certain bonds issued to finance residences for qualified veterans are guaranteed by the full faith and credit of the State of Alaska. All other obligations so issued shall not be deemed to constitute a debt of the State.

2. Summary of Significant Accounting Policies

Fund Accounting

The financial activities of the Corporation, which are restricted by the Corporations Bond Resolutions and requirements from the Legislature, are recorded in various specific purpose funds and accounts as specified in such instruments or necessitated by appropriation requirements. Financial activities and resulting account balances which are not so restricted are recorded in the Corporation's Operating Fund. The Corporation's funds are considered to be enterprise funds for financial reporting purposes with revenues recognized when earned and expenses when incurred.

Investments

Investments purchased for long-term purposes and investments of a short-term nature are stated at cost, as adjusted for amortization of premium and accretion of discount. Gains or losses from the sale of investments are recognized upon realization. All investments are generally expected to be held to maturity and, therefore, fully realized.

Loans

Loans are carried at their unpaid principal balances, less net unamortized discount. Mortgage loans and mortgage backed securities (MBS) include Federal National Mortgage Association and Government National Mortgage Association and Federal Home Loan Mortgage Corporation mortgage backed securities of \$1,353,732,000 and \$1,328,011,000 at June 30, 1988 and 1987, respectively. The Corporation had agreements to repurchase individual mortgages if they become 90 days past due which secure approximately \$539,000,000 of the MBSs at June 30, 1988 and \$367,000,000 at June 30, 1987.

Real Estate Owned

Real estate and mobile homes owned consist principally of properties acquired through foreclosure and are carried at the lower of cost or estimated net realizable value. At the time the property is acquired, if the estimated net realizable value is less than the amounts outstanding on the loan, any difference is charged against the allowance for loan losses. Subsequent declines, if any, in estimated net realizable value are charged to expense. Upon final disposition of the property, resulting gains or losses are charged to operations in the current period. In determining the net realizable value of the property, the Corporation considers coverages available under mortgage and credit insurance and loan guarantees.

Allowance for Loan Losses

The Corporation maintains an allowance for potential loan losses. The level of this allowance is periodically reviewed by management, based upon an evaluation of the loan portfolio. The allowance is increased, as necessary, by a provision for loan losses and charged to expenses in the period that the loss exposure becomes known. Management believes that no significant losses in addition to those provided in the allowance for loan losses will occur due to the coverage provided by private mortgage or credit insurance, the Corporations insurance funds, or various loan guarantee programs.

Reserve for Loan Losses

The Corporation maintains a reserve for loan losses in the insurance funds. The level of this reserve is periodically reviewed by management based upon an evaluation of the loan portfolio in the insured funds. The reserve is increased, as necessary, by a charge to expenses in the period the loss exposure becomes known.

Amortization and Depreciation

Mortgage discounts are amortized over the lives of the related mortgages on a method which approximates yield. The net unamortized discount on mortgages outstanding at June 30, 1988 and 1987 was approximately \$374,000 and \$373,000, respectively.

Discount and issuance expenses on debt are deferred and amortized on a method which approximates yield over the terms of the related issue.

Depreciation is computed on a straight line basis over the estimated useful lives of the related assets. Estimated useful lives are 5 to 20 years. Accumulated depreciation at June 30, 1988 and 1987 was approximately \$414,000 and \$423,000, respectively.

ALASKA HOUSING FINANCE CORPORATION

Notes to Combined Financial Statements

Accrued Interest Receivable on Loans and Properties

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 income becomes doubtful. When payment of interest is provided for pursuant to the terms of mortgage and loan insurance or guarantees, accrual of interest on delinquent loans and real estate owned is continued.

Commitment Fees

Loan commitment fees are recognized as revenue upon issuance of each specific mortgage commitment contract.

Pension Plan

Substantially all full-time employees of the Corporation participate in the State of Alaska Public Employees Retirement System. The States policy is to fund pension costs accrued.

Legislative Appropriations Not Subject to Pledge

Legislative appropriations consist of that portion of capital contributions from the State of Alaska which is not pledged as security for outstanding obligations and are composed of the following (in thousands of dollars):

	June 30	
	1988	1987
General Account of Revolving Fund	\$ 88,992	\$189,990
Home Ownership Fund	103,381	103,381
Combined Insurance Fund	11,758	11,758
	<u>\$204,131</u>	<u>\$305,129</u>

3. Investments

A summary of investments at June 30, 1988 and 1987 follows (in thousands of dollars).

	June 30	
	1988	1987
U.S. Treasury securities	\$ 129,382	\$ 143,161
Securities of U.S. Government agencies and corporations	166,975	100,230
Mortgage backed securities (purchased on open market)	179,252	199,570
Certificates of deposit	460,159	241,430
Investment agreements	223,744	384,495
Commercial paper	265,267	17,287
Repurchase agreements	84,092	84,450
Money market funds	19,283	86,360
	<u>\$1,528,154</u>	<u>\$1,256,983</u>

At June 30, 1988, the Corporation held investments with maturities in excess of one year with a book value of \$296,653,000, and a market value of approximately \$310,700,000. These investments consisted of direct obligations of the United States, direct obligations of federal agencies, and bank investment securities.

Included in the General Account of the Revolving Fund is an investment in the net amount of \$7,000,000 in debt securities of the Corporation which may not be pledged, sold, assigned, or otherwise transferred without the written consent of a stock insurance company unless provided otherwise in the indenture.

ALASKA HOUSING FINANCE CORPORATION

Notes to Combined Financial Statements

4. Allowance for Loan Losses and Insurance Fund Reserve for Loan Losses

A summary of the combined activity in the allowance for loan losses and the Insurance Fund reserve for loan losses follows (in thousands of dollars):

	Allowance for Loan Losses	Insurance Funds Reserve for Loan Losses	Combined
Balance July 1, 1986	\$18,450	-	18,450
Provision	12,528	6,272	18,800
Net Loans Charged Off	13,453	687	14,140
Balance June 30, 1987	\$17,525	5,585	23,110
Provision	36,620	9,506	46,126
Net Loans Charged Off	12,942	3,353	16,295
Balance June 30, 1988	\$41,203	11,738	52,941

Management believes that the allowance is currently adequate to absorb known and inherent risks in the loan portfolio after consideration of the various insurance and guarantee programs in effect.

In connection with the establishment of various lending programs, the State Mortgage Insurance Fund, Rural Housing Hazard Insurance Fund, Rural Housing Title Insurance Funds and Rental Account of the Housing Mortgage Insurance Fund were created for the exclusive purpose of insuring the acquired mortgages and the Corporation's interest in the related property. The activity in the Reserve for Loan Losses for these Funds is reflected above.

5. Mortgage Bonds and Notes Payable

With the exception of the State Guaranteed Bonds, the Corporation's obligations are not a debt of the State and the State is not directly liable thereon. The State Guaranteed Bonds are backed by the full faith and credit of the State. Bonds outstanding at June 30, 1988 and 1987 are as follows (in thousands of dollars):

	Original Amount	June 30 1988	1987
Housing Mortgage Bonds:			
1972 Series A, 5.4% to 5.8%, due 1988-2002	\$ 13,500	9,510	9,905
1973 Series A, 5.5% to 5.75%, due 1988-2002	13,000	9,205	9,590
1973 Series B, 5.8% to 7%, due 1988-2003	36,000	26,845	27,820
1975 Series A, 7% to 8.75%, due 1988-2005	35,000	28,370	29,175
1975 Series B, 7.3% to 7.75%, due 1988-2005	12,000	9,730	10,000
Total Housing Mortgage Bonds at par	109,500	83,660	86,490
Unamortized discount		(156)	(172)
Net Housing Mortgage Bonds		83,504	86,318

ALASKA HOUSING FINANCE CORPORATION

Notes to Combined Financial Statements

	Original Amount	June 30 1988	1987
Insured Mortgage Bonds:			
1975 First Series, 7.9% to 9%, due 1988-2005	5,000	4,280	4,375
1976 First Series, 7% to 7.5%, due 1988-2006	20,000	17,250	17,630
1976 Second Series, 6.8% to 7.125%, due 1988-2006	25,000	21,725	22,155
1977 First Series, 5.8% to 6.625% due 1988-2007	35,000	29,025	29,740
1977 Second Series, 5.6% to 6.5%, due 1988-2007	48,000	40,030	41,050
1977 Third Series, 5.3% to 6.125% due 1988-2007	40,000	32,825	33,775
1978 First Series, 5.5% to 6.375%, due 1988-2007	47,225	40,750	41,650
1978 Second Series, 6.3% to 7.5%, due 1988-2007	55,000	47,850	48,815
1978 Third Series, 6.1% to 7.125% due 1988-2008	44,000	38,700	39,490
1979 First Series, 6.25% to 7.3%, due 1988-2008	60,000	53,750	54,750
1979 Second Series, 6.05% to 7.125%, due 1988-2009	105,000	93,000	94,800
1980 First Series, 7.45% to 8.75%, due 1988-2009	39,400	36,545	37,055
1980 Second Series, 7% to 9.2%, due 1988-2010	230,000	213,030	215,910
1980 Third Series, 9% to 11%, due 1988-2009	230,000	146,950	175,675
Total Insured Mortgage Bonds at par	983,625	815,710	856,870
Unamortized discount		(12,743)	(14,343)
Net Insured Mortgage Bonds		802,967	842,527
Insured Rural Mortgage Bonds:			
1979 First Series, 7.5%, issued without discount to the State	5,600	-	2,592
1980 First Series, 7.5%, issued without discount to the State	4,400	-	2,643
Total Insured Rural Mortgage Bonds	10,000	-	5,235
State Assisted Mortgage Bond:			
Series A, 16.25%, due 1993-1999	150,000	60,000	60,000
Series D, 17.75%, and Series E, 18.375%, due 1988-1991	150,000	30,837	41,114
Series F, 15.25%, due 1992	225,000	3,080	22,402
Series H, 11.75%, due 1992	50,000	16,903	20,657
Series I, 11.5%, due 1991-1993	50,000	24,719	28,486
Series J, 11.375%, due 1991-1993	50,000	24,255	28,383
Series K, 10.75%, due 1988-1993	75,000	39,984	45,468
Series L, 11.5%, due 1988-1993	75,000	31,842	37,444
Series M, 12.875%, due 1988-1993	75,000	23,326	28,285
Series N, 12.3%, due 1988-1993	75,000	29,907	34,798
Series O, 12.3%, due 1989-1997	50,000	50,000	50,000
Series P, 10%, due 1989-1998	50,000	50,000	50,000
Series Q, 8.25%, due 1989-1998	50,000	47,000	50,000
Total State Assisted Mortgage Bonds at par	1,125,000	431,853	497,037
Unamortized discount		(4,393)	(5,569)
Net State Assisted Mortgage Bonds		427,460	491,468

ALASKA HOUSING FINANCE CORPORATION

Notes to Combined Financial Statements

	Original Amount	1988	June 30 1987
Home Mortgage Bonds			
1981 First Series, 11.2% to 12.75%, due 1988-2001	100,000	43,845	51,930
1981 Second Series, 11.5% to 13.375%, due 1988-2012	100,000	61,835	69,720
1982 First Series, 9.5% to 11.365%, due 1988-2001	85,000	49,095	53,606
1982 Second Series, 8.75% to 10.848%, due 1988-2000	100,000	66,551	71,054
1983 First Series, 7.75% to 10.5%, due 1988-2001	75,000	54,075	57,060
1983 Second Series, 7.5% to 10.63%, due 1988-2010	125,000	96,094	104,684
Collateralized 1984 Series A, 10.5% to 10.625%, due 2003-2019	75,000	57,105	65,365
Collateralized 1985 Series B, 8.375%, due 2004-2021	102,445	68,475	75,515
Collateralized 1986 Series A, 8.375%, due 2000-2016	50,000	50,000	50,000
Collateralized 1986 Series B, Floating Rate, due 2000-2016	50,000	-	50,000
Collateralized 1987 Series A, Floating Rate, due 1997-2003	67,000	67,000	67,000
Collateralized 1987 Series B, 6.25% to 8.75%, due 2016	50,000	50,000	-
Total Home Mortgage Bonds at par	979,445	664,075	716,434
Unamortized premium		8,333	2,844
Net Home Mortgage Bonds		672,408	719,278
State Guaranteed Bonds:			
1983 First Series, 6.50% to 9%, due 1988-2002	50,000	35,200	37,900
1983 Second Series, 6.7% to 8.25%, due 1988-2001	125,000	88,815	97,395
1983 Third Series, 7.25% to 9.25%, due 1988-2001	75,000	54,780	60,320
1983 Fourth Series, 7.75% to 10%, due 1988-2001	100,000	59,315	66,305
1983 Fifth Series, 7.4% to 9.75%, due 1988-2001	50,000	33,615	36,595
1983 Sixth Series, 7.8% to 10%, due 1988-2001	75,000	51,225	56,180
1984 First Series, 7.25% to 9.88%, due 1988-2014	130,000	95,415	105,470
1984 Second Series, 8.5% to 11.88%, due 1988-2014	100,000	49,220	56,505
Collateralized 1984 First Series, 9.50% to 10.25%, due 1996-2015	100,000	68,865	81,340
Collateralized 1984 Second Series, 10% to 10.125%, due 2003-2019	302,500	71,675	79,490
Collateralized 1985 First Series, 8.5% to 9.875%, due 2004-2020	150,000	100,000	150,000
Collateralized Bonds 1988 First Series, 5.5% to 8.10%, due 1991-2020	50,000	50,000	-
Total State Guaranteed Bonds at par	1,307,500	758,125	827,500
Unamortized discount		(13,772)	(15,203)
Net State Guaranteed Bonds		744,353	812,297

ALASKA HOUSING FINANCE CORPORATION

Notes to Combined Financial Statements

	Original Amount	1988	June 30
Medium Term Notes and Secured Bonds:			
Secured Bonds, 1986 Series A, 8.25%, due 1989-2001	100,000	100,000	100
Medium Term Notes, Series 1986-1, 7.70% to 9.25%, due 1988-1996 and Secured Bonds, 1986 Series B, 9.30%, due 1996-2001	125,000	117,786	120
Medium Term Notes, Series 1986-2, 7.95% to 9.20%, due 1988-1996 and Secured Bonds, 1986 Series C, 9.25%, due 1996-2001	125,000	116,800	120
Medium Term Notes, Series 1986-3, 6.40% to 7.918%, due 1988-1996 and Secured Bonds, 1986 Series D, 8.625%, due 1996-2001	125,000	125,000	120
Medium Term Notes, Series 1986-4, 6.50% to 8.35%, due 1988-1996 and Secured Bonds, 1986 Series E, 8.75%, due 1996-2001	125,000	125,000	120
Total Medium Term Notes and Secured Bonds	600,000	584,586	600
Unamortized discount		(2,090)	1
Net Medium Term Notes and Secured Bonds		582,496	599
Floating Rate Notes:			
Variable interest rates (8.795% at June 30, 1988) due 1988-2001	125,000	119,000	120
Unamortized discount		(39)	
Net Floating Rate Notes		118,961	120
Mortgage-Backed Bonds:			
Series 1987-1, 9.7%, due 1994; Floating Rate Mortgage-Backed Bonds, Series 1987-1, due 1992, 8.3% at June 30, 1988	62,000	62,000	
Medium Term Notes, Series 1987-1, 8.5% to 9.8%, due 1989-1996; Z Bonds, Series 1987-1, 9% due 1989-1996; Floating Rate Notes, Series 1987-1, due 1989-1996, 7.8625% at June 30, 1988			
	100,000	100,000	
Unamortized discount		(2,833)	
		97,167	
Residential Mortgage Bonds:			
Series A, 8.73%, due 1988-1991	25,000	20,000	25
Series B, 8.60%, due 1988-1991	25,000	25,000	25
Series C, 7.58%, due 1989-1992	15,000	15,000	15
Total Residential Mortgage Bonds	65,000	60,000	65

ALASKA HOUSING FINANCE CORPORATION

Notes to Combined Financial Statements

	Original Amount	June 30 1988	June 30 1987
Fairbanks North Star Borough Residential Mortgage Bonds Series 1982, 10.75% to 12.75%, due 1988-2002	<u>35,000</u>	15,685	19,305
Unamortized discount		(89)	(167)
Net Fairbanks North Star Borough Residential Mortgage Bonds		<u>15,596</u>	<u>19,138</u>
Alaska Housing Finance Corporation Overseas Finance N.V. Guaranteed Bonds Series E-1, 11.75%, due 1988-1994	<u>100,000</u>	61,395	77,073
Unamortized discount		(834)	(1,202)
Net Alaska Housing Finance Corporation Overseas Finance N.V. Guaranteed Bonds		<u>60,561</u>	<u>75,871</u>
Home Owners Assistance Program (HOAP): Medium Term Notes, Series 1988-1, 8.55% to 9.80%, due 1990-1997; Secured Bonds, Series F, 10.30%, due 2003; Secured Bonds, Series G, 10.55%, due 2018; Z Bonds, Series 1988-1, 9.00%, due 2018; and Floating Rate Notes, Series 1988-1, due 2018, 7.875% at June 30 1988	110,000	110,000	-
Collateralized Mortgage Obligations, Series 1988-1, 8.5% to 9.00%, due 2000-2006	<u>75,000</u>	<u>75,000</u>	-
Total Home Owners Assistance Program	<u>185,000</u>	<u>185,000</u>	-
Unamortized discount		(6,096)	-
Net Home Owners Assistance Program		<u>178,904</u>	-
Federal National Mortgage Association (FNMA) Notes: Collateral Note, 1985 First Series, 13.61%, due 1988-2000	50,000	13,922	21,406
Collateral Note, 1985 Second Series, 13.94%, due 1988-2000	50,000	8,041	10,971
Collateral Note, 1985 Third Series, 13.54%, due 1988-2000	75,000	28,862	42,432
Collateral Note, 1985 Fourth Series, 12.79%, due 1988-2000	75,000	34,651	47,945
Collateral Note, 1985 Fifth Series, 11.93%, due 1988-2000	<u>50,000</u>	<u>23,386</u>	<u>29,567</u>
Total Collateral Notes at par	<u>300,000</u>	<u>108,862</u>	<u>158,321</u>
Unamortized discount		(5,540)	(5,715)
Net Collateral Notes		<u>103,322</u>	<u>152,606</u>
	<u>56,087,070</u>	<u>4,009,699</u>	<u>3,221,067</u>

ALASKA HOUSING FINANCE CORPORATION

Notes to Combined Financial Statements

The bonds and notes are secured, as described in the applicable agreements, by the revenues, moneys, investments, mortgage loans and other assets in the funds and accounts established by the respective security agreements. A substantial portion of the assets of the Corporation are pledged to the outstanding obligations of the Corporation. Additionally, a Special Pledged Fund (approximately \$8,633,000 at June 30, 1988, and \$9,166,000 at June 30, 1987) consisting of permitted investments and cash held by the State Commissioner of Revenue is available and pledged to the Housing Mortgage Program Bonds in addition to the assets held in the Housing Mortgage Bond Fund. This Special Pledged Fund is not reflected in the accompanying combined financial statements.

The bonds are generally subject to certain early redemption provisions, both mandatory and at the option of the Corporation.

The minimum principal payments, including sinking fund principal payments related to all bond and note indebtedness in the immediately preceding schedule (except FNMA Notes), for the five years subsequent to June 30, 1988 and thereafter, are as follows (in thousands of dollars):

Year Ending June 30	Amount
1989	\$ 123,572
1990	153,424
1991	188,570
1992	197,598
1993	318,329
Thereafter	<u>2,959,596</u>
	<u>\$3,941,089</u>

FNMA Notes are held by FNMA and are secured by FNMA Mortgage Backed Securities (MBSs). The related security agreement was modified May 19, 1988, requiring computation of the Required Collateral Amount, as defined in the amendment to the agreement on a semi-annual basis beginning June 1, 1988. The effect of the amendment is to prevent the release of collateral unless the Required Collateral Amount would remain available. The Amendment effectively terminates on May 18, 1995. Principal reductions are required monthly on these notes in an amount approximately equal to the revenues related to the mortgages underlying the MBSs, less interest on the FNMA notes.

For certain bond issues, the Corporation has entered into credit arrangements with various financial institutions to provide funds necessary in connection with amounts required for debt service or unpaid bond principal. Varying commitment fees are required, generally 1/4 to 1/2 of 1% per annum of the aggregate liability or commitment amount.

The \$35,000,000 Fairbanks North Star Borough Residential Mortgage Bond Program is administered by the Corporation, and the bonds are secured in substantially the same manner as bonds issued by the Corporation except that they are not secured by the faith and credit of the Corporation; they are a special obligation of the Fairbanks North Star Borough. Upon retirement of these bonds, all assets remaining in the program revert to the Corporation.

In connection with the issuance of the \$125,000,000 Floating Rate Notes (Notes) the Corporation entered into certain interest rate swap agreements. The terms of the agreements provide that other parties will pay to the Corporation an amount equal to the interest due on the Notes based upon their floating rate. In return, the Corporation will pay to those parties an amount equal to 8.795% of the outstanding principal balance of the Notes.

Financial covenants of the Home Owners Assistance Program (HOAP) bonds include maintaining a minimum fund equity, as defined in the agreement, of the greater of \$150,000,000 or 4% of total debt outstanding of the Corporation. At June 30, 1988 the greater figure amounted to \$163,000,000 and fund equity, as defined in the agreement, amounted to \$460,000,000.

In addition, a Liquid Fund Equity amount, as defined in the agreement, of at least 2%, (\$82,000,000 at June 30, 1988) of the total debt outstanding of the Corporation, must be maintained. The Liquid Fund Equity amount amounted to \$133,400,000 at June 30, 1988.

6. Notes Payable to State of Alaska

Notes payable to the State of Alaska at June 30, 1987 consisted of a \$10,894,000 notes payable, which originally required principal installments equal to 10% of the principal reduction on certain bonds, and interest equal to the interest received on the security, secured by investments held in the Special Capital Reserve Fund and relating to certain Insured Mortgage Bonds. The notes plus accrued interest were paid in full on November 3, 1987.

Notes to Combined Financial Statements

7. Insurance Agreements

The Corporation has obtained private mortgage, credit insurance or guarantees on certain mortgages and loans which protect the Corporation to varying degrees against losses arising from the disposition of the related collateral obtained through foreclosure and the costs of obtaining title to, maintenance and liquidation of the collateral. The Corporation is contingently liable in the event the insurance companies or the guarantors are unable to meet their obligations under these agreements.

8. Commitments

At June 30, 1988 the Corporation had outstanding commitments to purchase first mortgage loans of approximately \$65,471,000. First mortgage loan purchases totaled \$200,737,000 and \$664,536,000 for the years ended June 30, 1988 and 1987, respectively.

9. Unused Letters of Credit and Other Credit Arrangements

The Corporation had unused letters of credit and similar credit enhancement agreements in the total amount of \$551,806,000 at June 30, 1988 in connection with amounts required for debt service or unpaid bond principal for certain bond issues.

In addition, the Corporation has entered into a revolving facility agreement with certain international banking institutions to make available funds in the maximum amount of \$150,000,000. At June 30, 1988, the facility was unused.

Certain debt obligations of the Home Owners Assistance Program (HOAP) are secured by a surety bond. This agreement unconditionally and irrevocably guarantees scheduled payments of principal and interest on the notes and bonds, any required payment by the Corporation of additional amounts on the floating rate notes, and payment of principal of the floating rate notes pursuant to the redemption at the option of the holder.

Certain letter of credit agreements contain covenants restricting amendment of terms, redemption of bonds or notes, except as defined under the agreements, setting the minimum combined fund equity of the Corporation, as defined in the agreement, and minimum Debt Service Reserve Fund balances.

Under the terms of the revolving facility agreement, the Corporation must maintain fund equity, as defined in the agreement, at a minimum of \$150,000,000. At June 30, 1988 and 1987, such fund equity, as defined in the agreement, amounted to \$460,000,000 and \$541,000,000, respectively.

10. Loss on Early Extinguishment of Debt

During the year ended June 30, 1988 the Corporation redeemed at par from amounts originally intended for the acquisition of mortgage securities \$50,000,000 Collateralized Bonds, 1985 First Series, and \$50,000,000 Collateralized Home Mortgage Bonds, 1986 Series B.

During the year ended June 30, 1987 the Corporation redeemed from amounts originally intended for the acquisition of mortgage securities \$218,280,000 Collateralized State Guaranteed Bonds, 1984 Second Series, and \$26,930,000 Collateralized Home Mortgage Bonds, 1985 Series B. These redemptions resulted in an extraordinary loss of \$8,134,000 representing an adjustment to the related unamortized bond discount and cost of issuance. This adjustment has been reflected in income for the year ended June 30, 1987.

The Corporation has also redeemed during the years ended June 30, 1988 and 1987 \$197,022,000 and \$687,020,000, respectively, of debt pursuant to provisions of the related agreements which permit surplus revenues, which result primarily from mortgage loan prepayments, to be used to retire the obligations at par. The accelerated amortization of related discounts and costs of issuance resulting from the surplus revenue redemptions are included in expense.

II. Legislation

Legislation authorizing the Corporation's further involvement in efforts to stabilize the housing market through programs to acquire and remove substandard public housing and to participate in a housing stabilization program was enacted at the 1988 legislative session. The legislation expressly authorizes the Corporation to (i) arrange for conveyances by borrowers of residential housing securing a mortgage loan financed by the Corporation for other residential housing owned by the Corporation, (ii) arrange for exchanges of ownership interests in condominium units ineligible for financing by the Corporation to units owned by the Corporation, (iii) demolish certain substandard residential housing owned by the Corporation, (iv) convert residential housing owned by the Corporation to other beneficial uses and (v) provide financing to promote the sale of residential housing owned by the Corporation so long as such financing does not confer a hardship on competing sellers of residential housing. The legislation also established a Stabilization Fund to permit grants by the Corporation to fund the cost of demolishing residential housing and stated a legislative intent that the Corporation transfer \$2.7 million from its unrestricted fund to that Stabilization Fund for the purpose of funding a grant to a State agency to cover costs of demolishing State owned residential housing.

Combining Balance Sheet — All Funds

June 30, 1988 (In Thousands)

	Corporation Operating	General Account	Revolving Fund Home Ownership Fund	Combined Insurance Fund
Assets				
Cash	\$ 678	390	135	-
Investments	14,270	88,295	19,429	33,536
Securities purchased from other funds under agreements to resell	-	6,000	-	-
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	4,539	266,211	197	-
Mobile home loans, net of allowance for loan loss	3,121	23,613	47,224	-
Accrued interest receivable	74	3,268	566	143
Claims receivable	22,224	499	-	-
Due from other funds	59,469	78,748	5,014	-
Real estate owned	113	8,222	172	-
Mobile homes owned	676	2,158	7,666	-
Other assets	3,435	3,984	-	-
	\$ 108,599	481,388	80,403	33,679
Liabilities and Fund Equity				
Liabilities:				
Bonds and notes payable, net of discounts:				
Mortgage bonds and notes	\$ -	-	-	-
Commercial paper	-	69,257	-	-
Securities sold to other funds under agreements to repurchase	-	-	-	-
Accrued interest payable	-	-	-	-
Insurance fund reserve for loan losses	-	-	-	11,738
Due to other funds	41,703	14,352	5,796	7,825
Accrued expenses and other liabilities	-	4,911	795	-
Total liabilities	41,703	88,520	6,591	19,563
Fund equity:				
Contributed capital:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	-	189,990	103,381	11,758
Interfund transfers representing loan subsidies and debt collateralization	-	(100,998)	-	-
Total contributed capital	-	88,992	103,381	11,758
Retained earnings:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	-	303,876	(29,569)	2,358
Undesignated	66,896	-	-	-
Total fund equity	66,896	302,868	73,812	14,116
Commitments	\$ 108,599	481,388	80,403	33,679

Combined Home Mortgage Bond	Combined State Guaranteed Bond	Combined Medium Term Note and Secured Bond	Combined State Assisted Mortgage Bond	Combined Residential Mortgage Bond	Combined Homeowners Assistance Programs (HOAP)	Combined Other Bonds and Notes	Combined
197	173	2,368	231	107	724	301	5,304
185,160	129,877	214,481	157,761	5,739	221,023	458,583	1,528,154
-	-	-	-	-	-	-	6,600
516,355	646,468	449,201	552,476	64,067	-	1,172,326	3,671,840
-	-	-	-	-	-	-	73,958
7,413	9,487	5,320	8,998	552	2,784	16,703	55,308
22,534	12,701	5	15,375	-	-	6,860	30,198
1	139	371	753	41	-	13,493	158,029
81,727	49,754	526	53,961	2,160	-	24,692	221,327
-	-	-	-	-	-	-	10,500
3,253	4,184	1,630	1,411	220	3,541	7,929	29,587
816,640	852,783	673,902	790,966	72,886	228,072	1,700,887	5,840,205

672,408	744,353	582,496	427,460	60,000	178,904	1,344,078	4,009,699
-	-	-	-	-	-	-	69,257
-	-	-	-	-	-	6,000	6,000
6,450	6,480	7,726	5,833	2,051	5,248	23,702	57,490
-	-	-	-	-	-	-	11,738
23,127	13,012	5,513	20,900	3,835	2,168	19,798	158,029
2,023	1,863	1,504	3,389	119	25	4,827	19,456
704,008	765,708	597,239	457,582	66,005	186,345	1,398,405	4,331,669
124,032	105,725	72,684	338,716	5,275	-	82,310	1,033,871
1,101	99	4,558	3	2,762	42,468	50,007	-
125,133	105,824	77,242	338,719	8,037	42,468	132,317	1,033,871
12,501	18,749	15,791	15,335	11,150	17,411	170,165	407,769
-	-	-	-	-	-	-	66,896
112,632	57,175	7,003	333,384	6,881	41,727	302,482	1,508,536
816,640	852,783	673,902	790,966	72,886	228,072	1,700,887	5,840,205

Combining Balance Sheet — Insurance Funds

June 30, 1988 (In Thousands)

	State Mortgage Insurance	Rural Housing Hazard Insurance	Rural Housing Title Insurance	Rental Program Insurance Fund	Combined
Assets					
Investments	\$27,910	451	691	4484	33,536
Accrued interest receivable	115	2	2	24	143
	\$28,025	453	693	4508	33,679
Liabilities and Fund Equity					
Liabilities:					
Insurance fund reserved for loan losses	\$ 3,947	-	-	7,791	11,738
Due to other funds	7,785	-	-	40	7,825
Total liabilities	11,732	-	-	7,831	19,563
Fund equity:					
Contributed capital:					
Designated as security for outstanding obligations or other purposes allowed within the respective fund	7,228	250	380	3,900	11,758
Total contributed capital	7,228	250	380	3,900	11,758
Retained earnings					
Designated as security for outstanding obligations or other purposes allowed within the respective fund	9,065	203	313	(7,223)	2,358
Total fund equity	16,293	453	693	(3,323)	14,116
Commitments	\$28,025	453	693	4,508	33,679

Combining Balance Sheet — Home Mortgage Bonds

June 30, 1988 (In Thousands)

	1981		1982	
	First Series	Second Series	First Series	Second Series
Assets				
Cash	\$ 16	16	19	24
Investments	6,996	11,149	5,206	6,212
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	52,657	54,113	48,039	60,781
Accrued interest receivable	539	629	541	694
Claims receivable	2,963	2,485	3,803	4,639
Due from other funds	-	-	-	1
Real estate owned	10,566	9,695	12,619	16,076
Other assets	92	490	30	140
	<u>\$ 73,829</u>	<u>78,577</u>	<u>70,257</u>	<u>88,567</u>
Liabilities and Fund Equity				
Liabilities:				
Bonds and notes payable, net of discounts:				
Mortgage bonds and notes	\$ 43,732	60,396	53,609	71,101
Accrued interest payable	440	598	494	703
Due to other funds	795	1,994	4,998	5,280
Accrued expenses and other liabilities	195	223	229	256
Total liabilities	<u>45,162</u>	<u>63,211</u>	<u>59,330</u>	<u>77,240</u>
Fund equity:				
Contributed capital:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	24,942	19,000	13,643	14,436
Interfund transfers representing loan subsidies and debt collateralization	-	-	-	-
Total contributed capital	<u>24,942</u>	<u>19,000</u>	<u>13,643</u>	<u>14,436</u>
Retained earnings:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	3,725	(3,634)	(2,716)	(3,109)
Total fund equity	<u>28,667</u>	<u>15,366</u>	<u>10,927</u>	<u>11,327</u>
Commitments	\$ 73,829	78,577	70,257	88,567

1983		Collateralized							
First Series	Second Series	1984 Series A	1985 Series B	1986		1987		Combined	
				Series A	Series B	Series A	Series B		
25	35	14	13	9	-	-	26	197	
491	3,542	4,385	7,178	3,207	-	71,530	56,264	185,160	
47,535	75,913	60,688	65,113	51,516	-	-	-	516,355	
514	916	956	1,047	445	-	446	686	7,413	
2,707	5,517	16	404	-	-	-	-	22,534	
-	-	-	-	-	-	-	-	1	
9,942	20,612	164	1,995	58	-	-	-	81,727	
78	298	308	133	162	-	534	988	3,253	
65,292	111,833	66,531	75,883	55,397	-	72,510	57,964	816,640	

53,852	103,025	55,456	65,512	48,822	-	67,000	49,903	672,408
451	830	505	1,519	349	-	324	337	6,450
3,247	1,734	1,557	2,221	441	-	594	266	23,127
260	376	186	166	119	-	-	13	2,023
57,810	105,965	57,704	69,418	49,731	-	67,918	50,519	704,008

3,313	4,955	10,025	7,871	6,934	5,058	3,350	-	124,032
-	-	-	67	(1,338)	(5,058)	-	7,430	1,101
3,313	4,955	10,025	7,938	5,596	-	3,350	7,430	125,133

1,337	(4,087)	(1,198)	(1,473)	70	-	1,242	15	(12,501)
7,452	5,563	8,827	6,465	5,666	-	4,592	7,445	112,632

65,292	111,833	66,531	75,883	55,397	-	72,510	57,964	816,640
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Combining Balance Sheet — State Guaranteed Bonds

June 30, 1988 (In Thousands)

	1983			
	First Series	Second Series	Third Series	
Assets				
Cash	\$ 8	32	11	
Investments	2,123	7,233	4,031	
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	31,630	75,065	49,609	
Accrued interest receivable	390	809	611	
Claims receivable	645	1,920	871	
Due from other funds	52	58	-	
Real estate owned	2,400	7,403	4,309	
Other assets	31	208	248	
	\$ 37,279	92,728	59,690	
Liabilities and Fund Equity				
Liabilities:				
Bonds and notes payable, net of discounts:				
Mortgage bonds and notes	\$ 35,094	88,164	54,197	
Accrued interest payable	247	587	403	
Due to other funds	378	1,113	1,005	
Accrued expenses and other liabilities	111	370	118	
Total liabilities	35,830	90,234	55,723	
Fund equity:				
Contributed capital:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	2,031	2,492	5,034	
Interfund transfers representing loan subsidies and debt collateralization	-	-	-	
Total contributed capital	2,031	2,492	5,034	
Retained earnings:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	(582)	2	(1,067)	
Total fund equity	1,449	2,494	3,967	
Commitments				
	\$ 37,279	92,728	59,690	

Fifth Series	1983		1984		Collateralized			1988 First Series	Combined
	Sixth Series	First Series	Second Series	1984 First Series	1984 Second Series	1985 First Series			
22	22	32	16	-	3	-	10	173	
3731	4,765	7,302	4,573	1,517	2,261	32,953	54,502	129,877	
29,262	46,628	84,677	45,049	72,126	78,228	78,160	-	646,468	
363	735	1,009	698	1,302	1,017	910	835	9,487	
921	1,133	2,702	2,164	941	315	11	-	12,701	
-	-	-	-	-	29	-	-	139	
3,005	5,157	8,979	7,016	4,571	1,811	41	-	49,754	
142	234	491	359	1,180	128	550	362	4,184	
37,446	58,674	105,192	59,875	81,637	83,792	112,625	55,709	352,783	

33,039	50,492	94,439	47,978	67,834	68,524	96,235	49,470	744,353
251	404	756	459	583	601	788	927	6,480
746	734	1,687	3,020	2,054	640	175	280	13,012
221	224	360	174	20	69	24	-	1,863
34,257	51,854	97,242	51,631	70,491	69,834	97,222	50,677	765,708
3,049	7,775	8,722	10,585	11,985	24,661	21,220	-	105,725
-	-	-	-	(109)	-	(4,964)	5,172	99
3,049	7,775	8,722	10,585	11,876	24,661	16,256	5,172	105,824
140	(955)	(772)	(2,341)	(730)	(10,703)	(853)	(140)	(18,749)
3,189	6,820	7,950	8,244	11,146	13,958	15,403	5,032	87,075
37,446	58,674	105,192	59,875	81,637	83,792	112,625	55,709	852,783

Combining Balance Sheet — Medium Term Notes and Secured Bonds

June 30, 1988 (in Thousands)

	Secured Bonds 1986-A	Medium Term Notes 1986-1 and Secured Bonds 1986-B	Medium Term Notes 1986-2 and Secured Bonds 1986-C	Medium Term Notes 1986-3 and Secured Bonds 1986-D	Medium Term Notes 1986-4 and Secured Bonds 1986-E	Combined
Assets						
Cash	\$ 2,318	10	14	8	18	2,368
Investments	17,558	55,142	47,059	49,498	45,224	214,481
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	96,502	74,706	84,637	97,103	96,253	449,201
Accrued interest receivable	912	1,082	1,081	1,166	1,079	5,320
Claims receivable	-	-	-	5	-	5
Due from other funds	-	43	-	82	246	371
Real estate owned	-	82	273	171	-	526
Other assets	306	232	570	359	163	1,630
	\$117,596	131,297	133,634	148,392	142,983	673,902
Liabilities and Fund Equity						
Liabilities:						
Bonds and notes payable, net of discounts:						
Mortgage bonds and notes	\$ 98,700	117,729	116,566	124,780	124,721	582,496
Accrued interest payable	1,031	878	874	2,859	2,084	7,726
Due to other funds	1,168	817	1,048	1,027	1,453	5,513
Accrued expenses and other liabilities	350	408	286	365	95	1,504
Total liabilities	101,249	119,832	118,774	129,031	128,353	597,239
Fund equity:						
Contributed capital:						
Designated as security for outstanding obligations or other purposes allowed within the respective fund	14,124	12,488	15,884	19,536	10,652	72,684
Intertund transfers representing loan subsidies and debt collateralization	-	-	-	-	4,558	4,558
Total contributed capital	14,124	12,488	15,884	19,536	15,210	77,242
Retained earnings:						
Designated as security for outstanding obligations or other purposes allowed within the respective fund	2,223	(1,023)	(1,024)	(175)	(580)	579
Total fund equity	16,347	11,465	14,860	19,361	14,630	78,063
Commitments	\$117,596	131,297	133,634	148,392	142,983	673,902

Combining Balance Sheet — State Assisted Mortgage Program

June 30, 1988 (In Thousands)

	Series A	Series D&E	Series F	Series H	Series I
Assets					
Cash	\$ 29	15	41	8	-
Investments	49,300	41,234	6,921	1,714	2,100
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	96,311	29,237	63,203	25,049	27,100
Accrued interest receivable	1,471	849	1,040	357	-
Claims receivable	1,344	986	4,183	1,007	1,100
Due from other funds	45	-	-	-	-
Real estate owned	4,810	4,507	13,684	3,430	4,700
Other assets	154	73	22	127	1,100
	\$153,464	76,901	89,094	31,692	36,400
Liabilities and Fund Equity					
Liabilities:					
Bonds and notes payable, net of discounts:					
Mortgage bonds and notes	\$ 59,117	30,380	3,052	16,659	24,500
Accrued interest payable	813	456	39	166	2,100
Due to other funds	631	528	5,260	1,540	1,800
Accrued expenses and other liabilities	394	179	563	90	1,100
Total liabilities	60,955	31,543	8,914	18,455	29,500
Fund equity:					
Contributed capital:					
Designated as security for outstanding obligations or other purposes allowed within the respective fund	86,592	55,166	77,653	13,403	10,800
Interfund transfers representing loan subsidies and debt collateralization	-	-	-	-	-
Total contributed capital	86,592	55,166	77,653	13,403	10,800
Retained earnings:					
Designated as security for outstanding obligations or other purposes allowed within the respective fund	5,917	(9,808)	2,527	(166)	(1,200)
Total fund equity	92,509	45,358	80,180	13,237	9,600
Commitments					
	\$153,464	76,901	89,094	31,692	36,400

State Assisted Mortgage Bonds

	Series J	Series K	Series L	Series M	Series N	Series O	Series P	Series Q	Combined
3	13	21	19	14	28	-	15	15	231
6	2,171	3,422	3,235	3,030	4,457	19,675	14,895	5,621	157,761
3	27,174	45,462	42,928	31,073	37,733	33,627	43,901	49,175	552,476
9	359	657	606	623	592	722	700	563	8,998
0	1,167	1,378	1,101	1,531	1,229	-	-	9	15,375
-	-	-	-	-	-	708	-	-	753
2	3,835	4,917	4,340	5,126	4,421	-	-	109	53,961
7	116	130	177	115	46	247	83	8	1,411
6	34,875	55,987	52,406	41,512	48,506	54,979	59,594	55,500	790,966

1	24,135	39,582	31,584	23,115	29,740	49,691	49,312	46,532	427,460
7	230	358	305	250	307	453	1,250	969	5,833
3	1,705	2,367	1,582	1,824	2,549	480	319	227	20,900
3	183	269	212	163	310	8	420	420	3,389
4	26,253	42,576	33,683	25,352	32,906	50,632	51,301	48,148	457,582

2	9,646	14,051	17,826	17,664	16,310	5,663	7,967	5,933	338,716
	-	-	-	-	-	-	-	3	3
	9,646	14,051	17,826	17,664	16,310	5,663	7,967	5,936	338,719
	(1,064)	(640)	897	(1,504)	(710)	(1,316)	326	1,416	(5,335)
	8,582	13,411	18,723	16,160	15,600	4,347	8,293	7,352	333,384
	34,835	55,987	52,406	41,512	48,506	54,979	59,594	55,500	790,966

Combining Balance Sheet — Residential Mortgage Bonds

June 30, 1988 (In Thousands)

	Series A	Series B	Series C	Combined
Assets				
Cash	\$ 43	30	34	107
Investments	1,515	3,406	518	5,739
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	22,369	25,605	16,093	64,067
Accrued interest receivable	193	232	127	552
Due from other funds	41	-	-	41
Real estate owned	928	1,176	56	2,160
Other assets	111	57	52	220
	\$25,200	30,506	17,180	72,886
Liabilities and Fund Equity				
Liabilities:				
Bonds and notes payable, net of discounts:				
Mortgage bonds and notes	\$20,000	25,000	15,000	60,000
Accrued interest payable	582	1,075	394	2,051
Due to other funds	1,377	1,234	1,224	3,835
Accrued expenses and other liabilities	43	42	34	119
Total liabilities	22,002	27,351	16,652	66,005
Fund equity:				
Contributed capital:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	2,687	2,588	-	5,275
Interfund transfers representing loan subsidies and debt collateralization	1,116	1,081	565	2,762
Total contributed capital	3,803	3,669	565	8,037
Retained earnings:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	(605)	(514)	(37)	(1,156)
Total fund equity	3,198	3,155	528	6,881
Commitments	\$25,200	30,506	17,180	72,886

Combining Balance Sheet — Home Owners' Assistance Program (HOAP)

June 30, 1988 (In Thousands)

	Medium Term Notes, Floating Rate Notes, Z Bonds, Series 1988-1 Secured Bonds, Series F&G	Collateralized Mortgage Obligations Series 1988-1	Combined
Assets			
Cash	\$ -	724	724
Investments	131,089	89,934	221,023
Accrued interest receivable	2,105	679	2,784
Other assets	2,455	1,086	3,541
	\$135,649	92,423	228,072
Liabilities and Fund Equity			
Liabilities:			
Bonds and notes payable, net of discounts:			
Mortgage bonds and notes	\$107,354	71,550	178,904
Accrued interest payable	4,160	1,088	5,248
Due to other funds	1,904	264	2,168
Accrued expenses and other liabilities	25	-	25
Total liabilities	113,443	72,902	186,345
Fund equity:			
Contributed capital:			
Interfund transfers representing loan subsidies and debt collateralization	22,935	19,533	42,468
Total contributed capital	22,935	19,533	42,468
Retained earnings:			
Designated as security for outstanding obligations or other purposes allowed within the respective fund	(729)	(12)	(741)
Total fund equity	22,206	19,521	41,727
Commitments	\$135,649	92,423	228,072

Combining Balance Sheet – Other Bonds and Notes

June 30, 1988 (In Thousands)

	Housing Mortgage Bond	Insured Mortgage Bond	Insured Rural Mortgage Bond
Assets			
Cash	\$ 15	146	-
Investments	32,885	195,573	-
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	81,021	681,081	-
Accrued interest receivable	714	6,639	-
Claims receivable	-	-	-
Due from other funds	-	3,862	-
Real estate owned	2,273	19,705	-
Other assets	156	823	-
	\$117,064	912,834	-
Liabilities and Fund Equity			
Liabilities:			
Bonds and notes payable, net of discounts:			
Mortgage bonds and notes	\$ 83,504	802,967	-
Securities sold to other funds under agreements to repurchase	-	-	-
Accrued interest payable	465	5,570	-
Due to other funds	374	4,923	-
Accrued expenses and other liabilities	182	1,825	-
Total liabilities	84,525	815,285	-
Fund equity:			
Contributed capital			
Designated as security for outstanding obligations or other purposes allowed within the respective fund	(21)	(41,417)	-
Interfund transfers representing loan subsidies and debt collateralization	-	11,870	-
Total contributed capital	(21)	(29,547)	-
Retained earnings:			
Designated as security for outstanding obligations or other purposes allowed within the respective fund	32,541	127,096	-
Total fund equity	32,539	97,549	-
Commitments	\$117,064	912,834	-

Fairbanks North Star Borough Residential Mortgage Bond	Overseas Finance Series E-1	FNMA Notes	Floating Rate Notes 1986-A	Mortgage Backed Bonds Series 1987-1	Medium Term Notes Floating Rate Notes Z Bonds Series 1987-1	Combined
4	44	41	10	30	11	301
2,491	33,303	3,528	57,293	8,858	124,647	458,583
20,070	66,355	160,822	87,715	75,262	-	1,172,326
266	2,051	3,695	1,408	667	1,263	16,703
298	1,293	5,261	8	-	-	6,860
-	4,631	-	-	-	-	13,493
865	313	1,126	410	-	-	24,692
18	2,553	891	1,874	727	887	7,929
24,012	110,543	175,364	148,718	85,544	126,808	1,700,887

15,596	60,561	103,322	118,961	62,000	97,167	1,344,078
-	-	-	6,000	-	-	6,000
154	2,705	1,179	10,536	1,494	1,599	23,702
247	2,208	7,116	2,273	1,018	1,639	19,798
68	1,755	522	221	230	24	4,827
10,065	67,229	112,139	137,991	64,742	100,429	1,398,405

7,382	41,644	61,634	13,069	-	-	92,310
-	17,422	-	-	18,826	26,733	50,007
7,382	34,222	61,634	13,069	18,826	26,733	132,317
505	9,142	1,591	12,342	1,976	(354)	170,165
7,947	43,314	63,225	10,727	20,802	26,379	302,482
24,012	110,543	175,364	148,718	85,544	126,808	1,700,887

Combining Statement of Revenues, Expenses, Transfers, and Retained Earnings – All Funds

Year Ended June 30, 1988 (In Thousands)

	Revolving Fund			Combined Insurance Fund
	Corporation Operating	General Account	Home Ownership Fund	
Revenues:				
Interest income:				
Mortgages and loans	\$ 911	24,170	6,719	-
Investments	495	10,595	890	2,019
	1,406	34,765	7,609	2,019
Loan fees and other	1,496	469	33	200
Total revenues	2,902	35,234	7,642	2,219
Expenses:				
Interest	-	5,016	-	-
Mortgage service fees	105	1,075	726	-
General and administrative	5,537	238	-	-
Trustee fees, insurance and financing costs	349	792	13	29
Mortgage payment assistance subsidies	-	-	2,101	-
Provision for loan losses	982	7,085	11,982	-
Insurance fund losses	-	-	-	9,506
Write-down and net operating expenses associated with real estate and mobile homes owned	691	5,467	11,001	2,587
Interfund operating charge (credit)	(5,518)	-	142	-
Total expenses	2,146	19,673	25,965	12,122
Net income (loss)	756	15,561	(18,323)	(9,903)
Retained earnings (deficit) at July 1, 1987	66,140	284,987	(11,246)	12,261
Transfers from (to) other funds	-	3,328	-	-
Retained earnings (deficit) at June 30, 1988	\$ 66,896	303,876	(29,569)	2,358

Combined Home Mortgage Bond	Combined State Guaranteed Bond	Combined Medium Term Note and Secured Bond	Combined State Assisted Mortgage Bond	Combined Residential Mortgage Bond	Combined Homeowners Assistance Programs (HOAP)	Combined Other Bonds and Notes	Combined
47,371	56,612	38,108	57,486	5,370	-	117,175	353,922
16,436	16,716	22,263	11,560	716	5,094	31,134	117,918
63,807	73,328	60,371	69,046	6,086	5,094	148,309	471,840
9,784	5,693	11	6,751	-	-	769	25,206
73,591	79,021	60,382	75,797	6,086	5,094	149,078	497,046
70,196	78,394	52,000	59,176	5,491	5,543	126,234	402,050
1,796	2,178	1,566	2,033	212	-	4,361	14,052
-	-	-	-	-	-	330	6,105
2,542	2,527	2,198	2,368	106	292	2,634	13,850
-	-	-	-	-	-	-	2,101
4,521	2,927	495	6,301	691	-	1,636	36,620
-	-	-	-	-	-	-	9,506
2,082	1,715	106	1,054	197	-	462	25,362
933	1,085	696	948	103	-	1,611	-
82,070	88,826	57,061	71,880	6,800	5,835	137,268	509,646
(8,479)	(9,805)	3,321	3,917	(714)	(741)	11,810	(12,600)
(2,234)	(8,944)	(3,900)	(9,252)	(442)	-	159,895	487,265
(1,788)	-	-	-	-	-	(1,540)	-
(12,501)	(18,749)	(579)	(5,335)	(1,156)	(741)	170,165	474,665

Combining Statement of Revenues, Expenses, and Retained Earnings — Insurance Funds

Year Ended June 30, 1988 (In Thousands)

	State Mortgage Insurance	Rural Housing Hazard Insurance	Rural Housing Title Insurance	Rental Program Insurance Fund	Combined
Revenues:					
Interest income:					
Investments	\$ 1,684	27	44	264	2,019
Loan fees and other	-	-	-	200	200
Total revenues	1,684	27	44	464	2,219
Expenses:					
Trustee fees, insurance and financing costs	23	1	2	3	29
Insurance fund losses	5,902	-	-	3,604	9,506
Write-down and net operating expenses associated with real estate and mobile homes owned	2,587	-	-	-	2,587
Total expenses	8,512	1	2	3,607	12,122
Net income (loss)	(6,828)	26	42	(3,143)	(9,903)
Retained earnings (deficit) at July 1, 1987	15,893	177	271	(4,080)	12,261
Retained earnings (deficit) at June 30, 1988	\$ 9,065	203	313	(7,223)	2,358

Combining Statement of Revenues, Expenses, Transfers, and Retained Earnings — Home Mortgage Bonds

Year Ended June 30, 1988 (In Thousands)

	1981		1982	
	First Series	Second Series	First Series	Second Series
Revenues:				
Interest income:				
Mortgages and loans	\$ 4,914	4,844	4,195	5,270
Investment	542	1,349	351	391
	5,456	6,193	4,546	5,661
Loan fees and other	1,097	1,081	1,516	1,947
Total revenues	6,553	7,274	6,062	7,608
Expenses:				
Interest	5,868	7,683	6,357	7,688
Mortgage service fees	190	192	167	215
Trustee fees, insurance and financing costs	259	695	143	188
Provision for loan losses	83	128	102	1,888
Write-down and net operating expenses associated with real estate and mobile homes owned	101	73	96	156
Interfund operating charge (credit)	98	99	94	122
Total expenses	6,599	8,870	6,959	10,257
Net income (loss)	(46)	(1,596)	(897)	(2,649)
Retained earnings (deficit) at July 1, 1987	3,771	(2,038)	(1,319)	(460)
Transfers from (to) other funds	-	-	-	-
Retained earnings (deficit) at June 30, 1988	\$ 3,725	(3,634)	(2,716)	(3,109)

1983		Collateralized						Combined
First Series	Second Series	1984 Series A	1985 Series B	1986		1987		
				Series A	Series B	Series A	Series B	
4,269	6,709	6,999	6,833	3,338	-	-	-	47,371
285	557	451	381	1,894	2,660	5,119	2,456	16,436
4,554	7,266	7,450	7,214	5,232	2,660	5,119	2,456	63,807
1,252	2,499	3	389	-	-	-	-	9,784
5,806	9,765	7,453	7,603	5,232	2,660	5,119	2,456	73,591
5,747	10,620	7,044	6,703	4,223	1,981	3,931	2,351	70,196
171	266	221	239	135	-	-	-	1,796
249	397	184	141	109	28	59	90	2,542
126	1,352	1	677	164	-	-	-	4,521
78	222	868	480	8	-	-	-	2,082
89	152	94	105	80	-	-	-	933
6,460	13,009	8,412	8,345	4,719	2,009	3,990	2,441	82,070
(654)	(3,244)	(959)	(742)	513	651	1,129	15	(8,479)
(682)	(843)	(239)	(731)	(443)	1,137	113	-	(2,234)
-	-	-	-	-	(1,788)	-	-	(1,788)
(1,336)	(4,087)	(1,198)	(1,473)	70	-	1,242	15	(12,501)

Combining Statement of Revenues, Expenses, and Retained Earnings — State Guaranteed Bonds

Year Ended June 30, 1988 (In Thousands)

	1983			
	First Series	Second Series	Third Series	Fourth Series
Revenues:				
Interest income:				
Mortgages and loans	\$ 2,669	6,518	4,373	5,520
Investments	190	511	344	413
	2,859	7,029	4,722	5,933
Loan fees and other	287	787	549	443
Total revenues	3,146	7,816	5,271	6,376
Expenses:				
Interest	3,201	7,718	5,344	6,286
Mortgage service fees	112	277	180	203
Trustee fees, insurance and financing costs	101	367	248	256
Provision for loan losses	62	74	101	45
Write-down and net operating expenses associated with real estate and mobile homes owned	23	140	29	124
Interfund operating charge (credit)	53	128	34	45
Total expenses	3,552	8,704	5,986	7,009
Net income (loss)	(406)	(888)	(715)	(633)
Retained earnings (deficit) at July 1, 1987	(176)	890	(352)	(115)
Retained earnings (deficit) at June 30, 1988	\$ (582)	2	(1,067)	(748)

Fifth Series	1983 Sixth Series	Collateralized						Combined
		1984		1985		1988		
		First Series	Second Series	First Series	Second Series	First Series		
2736	4300	7603	4756	7536	7760	2746	-	56612
200	332	500	420	601	451	11,746	909	16,716
2936	4632	8292	5176	8137	8211	14,492	909	73,328
351	515	1010	704	792	244	11	-	5,693
3287	5147	9302	5880	8929	8455	14,503	909	79,021
3301	5329	9797	6164	8067	8125	14,124	938	78,394
109	162	304	161	262	293	115	-	2,178
155	247	411	254	155	142	80	111	2,527
12	61	72	100	1,473	533	394	-	2,927
17	88	94	60	736	368	36	-	1,715
50	80	145	81	122	125	122	-	1,085
3644	5967	10,823	6,820	10,815	9,586	14,871	1,049	88,826
(357)	(820)	(1,521)	(940)	(1,886)	(1,131)	(366)	(140)	(9,805)
497	(135)	749	(1,401)	1,156	(9,572)	(485)	-	(8,944)
140	(955)	(772)	(2,341)	(730)	(10,703)	(853)	(140)	(18,749)

Combining Statement of Revenues, Expenses, and Retained Earnings — Medium Term Notes and Secured Bonds

Year Ended June 30, 1988 (In Thousands)

	Secured Bonds 1986-A	Medium Term Notes 1986-1 and Secured Bonds 1986-B	Medium Term Notes 1986-2 and Secured Bonds 1986-C	Medium Term Notes 1986-3 and Secured Bonds 1986-D	Medium Term Notes 1986-4 and Secured Bonds 1986-E	Combined
Revenues:						
Interest income:						
Mortgages and loans	\$ 9,231	7,311	8,436	8,590	4,540	38,108
Investments	1,373	5,305	4,676	3,686	7,223	22,263
	10,604	12,616	13,112	12,276	11,763	60,371
Loan fees and other	-	-	-	11	-	11
Total revenues	10,604	12,616	13,112	12,287	11,763	60,382
Expenses						
Interest	8,471	11,405	11,410	10,268	10,446	52,000
Mortgage service fees	371	286	327	372	210	1,566
Trustee fees, insurance and financing costs	614	448	464	395	277	2,198
Provision for loan losses	9	31	95	248	112	495
Write-down and net operating expenses associated with real estate and mobile homes owned	21	18	22	45	-	106
Interfund operating charge (credit)	149	116	131	151	149	596
Total expenses	9,635	12,304	12,449	11,479	11,194	57,061
Net income (loss)	969	312	663	808	569	3,321
Retained earnings (deficit) at July 1, 1987	1,254	(1,335)	(1,687)	(983)	(1,149)	(3,900)
Retained earnings (deficit) at June 30, 1988	\$ 2,223	(1,023)	(1,024)	(175)	(580)	(579)

Combining Statement of Revenues, Expenses, and Retained Earnings — State Assisted Mortgage Program

Year Ended June 30, 1988 (In Thousands)

	Series A	Series D&E	Series F	Series H	Series I
Revenues:					
Interest income:					
Mortgages and loans	\$ 10,094	3,564	6,755	2,402	2,541
Investments	3,289	2,990	649	185	223
	13,383	6,554	7,404	2,587	2,764
Loan fees and other	418	607	1,904	453	618
Total revenues	13,801	7,161	9,308	3,040	3,382
Expenses:					
Interest	9,793	6,946	2,575	2,374	3,175
Mortgage service fees	362	103	237	88	26
Trustee fees, insurance and financing costs	60	102	252	125	173
Provision for loan losses	2,657	31	2,904	40	150
Write-down and net operating expenses associated with real estate and mobile homes owned	65	10	91	19	49
Interfund operating charge (credit)	161	52	124	44	51
Total expenses	13,098	7,244	6,183	2,690	3,729
Net income (loss)	703	(83)	3,125	350	347
Retained earnings (deficit) at July 1, 1987	5,214	(9,725)	(598)	(516)	(803)
Retained earnings (deficit) at June 30, 1988	\$ 5,917	(9,808)	2,527	(166)	(1,219)

State Assisted Mortgage Bonds

Series I	Series K	Series L	Series M	Series N	Series O	Series P	Series Q	Combined
2,682	4,503	4,322	3,221	3,999	3,899	4,809	4,695	57,486
212	316	308	281	294	1,423	732	608	11,560
2,894	4,819	4,630	3,502	4,293	5,322	5,591	5,303	69,046
415	547	603	626	535	1	-	20	6,751
3,309	5,366	5,233	4,128	4,832	5,323	5,591	5,323	75,797
3,112	4,806	4,180	3,499	4,082	5,484	5,060	4,090	59,176
101	164	156	110	137	125	169	185	2,033
209	321	255	166	214	134	167	185	2,368
125	106	100	91	52	1	1	13	6,301
56	133	27	47	34	319	116	88	1,054
48	78	73	56	65	52	68	76	948
3,651	5,608	4,791	3,969	4,584	6,115	5,581	4,637	71,880
(342)	(242)	442	159	248	(792)	10	686	3,917
(722)	(398)	455	(1,663)	(958)	(524)	316	730	(9,252)
(1,064)	(640)	897	(1,504)	(710)	(1,316)	326	1,416	(5,335)

Combining Statement of Revenues, Expenses, and Retained Earnings — Residential Mortgage Bonds

Year Ended June 30, 1988 (In Thousands)

	Series A	Series B	Series C	Combined
Revenues:				
Interest income:				
Mortgages and loans	\$2,053	2,280	1,037	5,370
Investments	240	180	296	716
Total revenues	2,293	2,460	1,333	6,086
Expenses:				
Interest	2,169	2,180	1,202	5,491
Mortgage service fees	81	90	41	212
Trustee fees, insurance and financing costs	56	25	25	106
Provision for loan losses	178	489	24	691
Write-down and net operating expenses associated with real estate and mobile homes owned	126	71	-	197
Interfund operating charge (credit)	36	42	25	103
Total expenses	2,586	2,897	1,317	6,800
Net income (loss)	(293)	(437)	16	(714)
Retained earnings (deficit) at July 1, 1987	(312)	(77)	(53)	(442)
Retained earnings (deficit) at June 30, 1988	\$ (605)	(514)	(37)	(1,156)

Combining Statement of Revenues, Expenses, and Retained Earnings – Home Owners' Assistance Program (HOAP)

Year Ended June 30, 1988 (In Thousands)

	Medium Term Notes, Floating Rate Notes, Z Bonds, Series 1988-1: Secured Bonds, Series F&G	Collateralized Mortgage Obligations Series 1988-1	Combined
Revenues:			
Interest income:			
Investments	\$4,280	814	5,094
Total revenues	4,280	814	5,094
Expenses:			
Interest	4,759	784	5,543
Trustee fees, insurance and financing costs	250	42	292
Total expenses	5,009	826	5,835
Net income (loss)	(729)	(12)	(741)
Retained earnings (deficit) at July 1, 1987	-	-	-
Retained earnings (deficit) at June 30, 1988	\$ (729)	(12)	(741)

Combining Statement of Revenues, Expenses, Transfers, and Retained Earnings – Other Bonds and Notes

Year Ended June 30, 1988 (In Thousands)

	Housing Mortgage Bond	Insured Mortgage Bond	Insured Rural Mortgage Bond
Revenues:			
Interest income:			
Mortgages and loans	\$ 7,099	64,248	33
Investments	1,936	16,199	8
	9,035	80,447	41
Loan fees and other	150	456	-
Total revenues	9,185	80,903	41
Expenses:			
Interest	5,684	71,278	65
Mortgage service fees	296	2,507	4
General and administrative	-	-	-
Trustee fees, insurance and financing costs	38	419	5
Provision for loan losses	787	-	-
Write-down and net operating expenses associated with real estate and mobile homes owned	327	-	-
Interfund operating charge (credit)	131	1,091	-
Total expenses	7,263	75,295	74
Net income (loss)	1,922	5,608	(33)
Retained earnings (deficit) at July 1, 1987	30,619	121,488	1,573
Transfers from (to) other funds	-	-	(1,540)
Retained earnings (deficit) at June 30, 1988	\$ 32,541	127,096	-

Fairbanks North Star Borough Residential Mortgage Bond	Overseas Finance Series E-1	FNMA Notes	Floating Rate Notes 1986-A	Mortgage Backed Bonds Series 1987-1	Medium Term Notes Floating Rate Notes Z Bonds Series 1987-1	Combined
2,014	7,725	21,133	8,104	6,819	-	117,175
212	2,603	439	3,939	266	5,532	31,134
2,226	10,328	21,572	12,043	7,085	5,532	148,309
118	11	10	24	-	-	769
2,344	10,339	21,582	12,067	7,085	5,532	149,078
2,102	8,733	17,767	11,060	3,830	5,715	126,234
74	237	578	337	328	-	4,361
-	330	-	-	-	-	330
90	622	444	606	239	171	2,634
4	-	-	250	595	-	1,636
7	-	112	16	-	-	462
32	103	-	137	117	-	1,611
2,309	10,025	18,901	12,406	5,109	5,886	137,268
35	314	2,681	(339)	1,976	(354)	11,810
530	8,778	(1,090)	(2,003)	-	-	159,895
-	-	-	-	-	-	(1,540)
565	9,092	1,591	(2,342)	1,976	(354)	170,165

Combining Statement of Changes in Financial Position — All Funds

Year Ended June 30, 1988 (In Thousands)

	Revolving Fund			Combined Insurance Fund
	Corporation Operating	General Account	Home Ownership Fund	
Sources of financial resources:				
Operations:				
Net income (loss)	\$ 756	15,561	(18,323)	(9,903)
Items which do not use (provide) cash:				
Net amortization of discounts, premiums and bond issuance costs	-	399	-	-
Depreciation	80	-	-	-
Decrease (increase) in accrued interest receivable	60	(291)	115	57
Increase in claims receivable	(16,975)	(29)	-	-
Increase (decrease) in accrued interest payable	-	-	-	-
Net increase (decrease) in accrued expenses and other receivable	15,134	(14,962)	(1,567)	5,940
Net increase in allowance for loan losses and write- down of real estate and mobile homes owned	917	9,123	13,422	6,153
Financial resources provided (used) by operations	(28)	9,801	(6,353)	2,247
Transfer of subsidy from (to) other funds and debt collateralization	-	(97,671)	-	-
Mortgages sold to (purchased from) other funds	3,420	259,743	4,633	-
Mortgage and loan principal repayments	1,677	26,651	14,571	-
Increase in commercial paper and securities sold under agreements to repurchase	-	64,284	-	-
Net proceeds from sale of mortgage bonds	-	-	-	-
Decrease (increase) in cash	803	36	(76)	-
Total sources of financial resources	\$ 5,872	262,844	12,775	2,247
Uses of financial resources:				
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 5,695	30,933	12,775	2,247
Acquisition of loans	-	231,911	-	-
Payment of mortgage bonds and notes	-	-	-	-
Equipment purchases	177	-	-	-
Payment of State of Alaska notes	-	-	-	-
Total uses of financial resources	\$ 5,872	262,844	12,775	2,247

Combined Home Mortgage Bond	Combined State Guaranteed Bond	Combined Medium Term Note and Secured Bond	Combined State Assisted Mortgage Bond	Combined Residential Mortgage Bond	Combined Homeowners Assistance Programs (HOAP)	Combined Other Bonds and Notes	Combined
(8,479)	(9,805)	3,321	3,917	(714)	(741)	11,810	(12,600)
5,724	2,218	2,063	1,494	84	436	4,377	16,795
2,578	486	(861)	1,081	(100)	(2,784)	(1,236)	80
(14,283)	(7,164)	(5)	(8,790)	(61)	(5,248)	(4,032)	(895)
(91)	(32)	(101)	(777)	(61)	(5,248)	1,726	(51,278)
(2,694)	(945)	267	(10,356)	2,482	(1,411)	1,704	5,912
6,133	4,119	573	7,326	856	-	6,069	(6,408)
6,297	(11,112)	(11,123)	5,257	(6,105)	2,547	748	54,691
16861	99	4,558	3	2,762	42,468	48,467	20,418
(24,260)	(79,011)	(91,322)	576	-	-	(73,779)	-
74,067	87,177	17,428	93,551	2,250	-	131,076	-
-	-	-	-	-	-	-	448,448
49,900	49,470	-	-	-	-	6,000	70,284
1,388	1,609	(614)	1,921	(102)	178,531	157,567	435,468
89,297	48,221	(64,693)	89,946	7,457	(724)	511	4,752
					221,023	290,260	965,249
113,0621	(69,194)	(80,107)	24,762	(11,667)	221,023	153,766	377,171
-	-	-	-	14,124	-	3,855	249,890
102,359	117,415	15,414	65,184	5,000	-	121,745	427,117
-	-	-	-	-	-	-	177
-	-	-	-	-	-	10,894	10,894
89,297	48,221	(64,693)	89,946	7,457	221,023	290,260	965,249

Combining Statement of Changes in Financial Position — Insurance Funds

Year Ended June 30, 1988 (In Thousands)

	State Mortgage Insurance	Rural Housing Hazard Insurance	Rural Housing Title Insurance	Rental Program Insurance Fund	Combined
Sources of financial resources					
Operations:					
Net income (loss)	\$ (6,828)	26	42	(3,143)	(9,903)
Items which do not use (provide) cash:					
Decrease (increase) in accrued interest receivable	76	2	3	(24)	57
Net increase in accrued expenses and other receivable	5,940	-	-	-	5,940
Net increase in allowance for loan losses and write- down of real estate and mobile homes owned	2,549	-	-	3,604	6,153
Financial resources provided by operations	1,737	28	45	437	2,247
Total sources of financial resources	\$ 1,737	28	45	437	2,247
Uses of financial resources:					
Increase in investments and securities purchased from other funds under agreements to resell	\$ 1,737	28	45	437	2,247
Total uses of financial resources	\$ 1,737	28	45	437	2,247

Combining Statement of Changes in Financial Position — Home Mortgage Bonds

Year Ended June 30, 1988 (In Thousands)

	1981		1982	
	First Series	Second Series	First Series	Second Series
Sources of financial resources:				
Operations:				
Net income (loss)	\$ (46)	(1,596)	(327)	(2,649)
Items which do not use (provide) cash:				
Net amortization of discounts, premiums and bond issuance costs	232	161	1,007	1,241
Decrease (increase) in accrued interest receivable	338	331	379	533
Decrease (increase) in claims receivable	(1,831)	(1,541)	(2,304)	(3,061)
Increase (decrease) in accrued interest payable	(76)	(77)	(36)	(32)
Net increase (decrease) in accrued expenses and other receivables	267	809	(2,409)	(1,737)
Net increase in allowance for loan losses and write-down of real estate and mobile homes owned	306	249	285	2,281
Financial resources provided (used) by operations	(810)	(1,664)	(3,975)	(3,424)
Transfer of subsidy from (to) other funds and debt collateralization	-	-	-	-
Mortgages sold to (purchased from) other funds	-	-	-	-
Mortgage and loan principal repayments	7,071	6,536	9,784	10,453
Net proceeds from sale of mortgage bonds	-	-	-	-
Decrease (increase) in cash	(7)	(6)	(9)	(15)
Total sources of financial resources	\$ 6,254	4,866	5,800	7,014
Uses of financial resources:				
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ (1,831)	(3,019)	1,239	2,511
Payment of mortgage bonds	8,085	7,885	4,511	4,503
Total uses of financial resources	\$ 6,254	4,866	5,800	7,014

1983		1984		Collateralized		1987		Combined
First Series	Second Series	Series A	Series B	Series A	Series B	Series A	Series B	
(654)	(3,244)	(959)	(742)	513	651	1,129	15	(8,479)
246	2,165	280	339	28	-	-	25	5,724
352	618	57	(117)	(167)	1,273	(333)	(686)	2,578
(1,737)	(3,893)	394	(260)	-	-	-	-	(14,283)
(23)	(58)	(78)	(156)	-	(216)	324	337	(91)
(1,453)	874	556	472	110	488	60	(731)	(2,694)
232	1,806	1	810	163	-	-	-	6,133
(3,087)	(1,732)	251	346	647	2,196	1,180	(1,040)	(11,112)
-	-	-	67	(1,337)	(6,846)	-	7,430	(686)
-	-	96	630	(24,986)	-	-	-	(24,260)
7,875	13,813	10,502	7,291	742	-	-	-	74,067
(18)	(24)	1,052	391	50	-	-	49,900	49,900
4,770	12,057	11,901	8,725	(24,884)	(4,650)	1,180	(26)	1,388
<hr/>								
1,735	3,467	3,141	1,685	(24,884)	(54,650)	1,180	56,264	(13,062)
2,985	8,590	8,760	7,040	-	50,000	-	-	102,359
4,770	12,057	11,901	8,725	(24,884)	(4,650)	1,180	56,264	89,297

Combining Statement of Changes in Financial Position — State Guaranteed Bonds

Year Ended June 30, 1988 (In Thousands)

	1983			
	First Series	Second Series	Third Series	Fourth Series
Sources of financial resources:				
Operations:				
Net loss	\$ (406)	(888)	(715)	(633)
Items which do not use (provide) cash:				
Net amortization of discounts, premiums and bond issuance costs	132	290	235	224
Decrease (increase) in accrued interest receivable	35	277	105	20
Increase in claims receivable	(396)	(1,321)	(424)	(513)
Increase (decrease) in accrued interest payable	(18)	(54)	(39)	(54)
Net increase (decrease) in accrued expenses and other receivables	108	431	(31)	173
Net increase in allowance for loan losses and write-down of real estate and mobile homes owned	114	241	141	160
Financial resources used by operations	(431)	(1,024)	(728)	(583)
Transfer of subsidy from (to) other funds and debt collateralization	-	-	-	-
Mortgages sold to (purchased from) other funds	-	-	-	-
Mortgage and loan principal repayments	3,614	11,704	7,233	7,977
Net proceeds from the sale of mortgage bonds	-	-	-	-
Decrease (increase) in cash	(5)	(19)	-	(10)
Total sources of financial resources	\$ 3,178	10,661	6,505	7,388
Uses of financial resources:				
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 588	2,340	1,173	597
Payment of mortgage bonds	2,590	8,321	5,332	6,791
Total uses of financial resources	\$ 3,178	10,661	6,505	7,388

1983		1984		Collateralized				Combined
Fifth Series	Sixth Series	First Series	Second Series	1984 First Series	1984 Second Series	1985 First Series	1988 First Series	
(357)	(820)	(1,521)	(940)	(1,886)	(1,131)	(368)	(140)	(9,805)
145	211	158	171	169	350	119	14	2,218
112	31	352	167	36	(124)	270	(835)	486
(511)	(663)	(1,690)	(1,066)	(404)	(165)	(11)	-	(7,164)
(22)	(39)	(79)	(70)	(106)	(66)	(412)	927	(32)
336	245	559	(2,315)	116	(122)	(349)	(96)	(945)
13	144	274	207	1,838	578	409	-	4,119
(284)	(891)	(1,947)	(3,846)	(237)	(680)	(342)	(130)	(11,123)
-	-	-	-	(109)	-	(4,964)	5,172	99
5,065	7,275	13,635	11,695	14	97	(79,467)	-	(79,011)
-	-	-	-	10,796	7,326	857	-	87,177
(17)	(14)	(16)	(6)	-	-	-	49,470	49,470
4,764	6,370	11,672	8,188	855	847	-	(10)	1,609
				11,319	7,590	(83,916)	54,502	48,221
1,910	1,593	1,749	1,051	(1,010)	116	(133,803)	54,502	(69,194)
2,854	4,777	9,923	7,137	12,329	7,474	49,887	-	117,415
4,764	6,370	11,672	8,188	11,319	7,590	(83,916)	54,502	48,221

Combining Statement of Changes in Financial Position — Medium Term Notes and Secured Bonds

Year Ended June 30, 1988 (In Thousands)

	Secured Bonds 1986-A	Medium Term Notes 1986-1 and Secured Bonds 1986-B	Medium Term Notes 1986-2 and Secured Bonds 1986-C	Medium Term Notes 1986-3 and Secured Bonds 1986-D	Medium Term Notes 1986-4 and Secured Bonds 1986-E	Combined
Sources of financial resources:						
Operations:						
Net income	\$ 969	312	663	808	569	3,321
Items which do not use (provide) cash:						
Net amortization of discounts, premiums and bond issuance costs	180	431	380	582	490	2,063
Increase in accrued interest receivable	(96)	(15)	(10)	(110)	(630)	(861)
Increase in claims receivable	-	-	-	(5)	-	(5)
Decrease in accrued interest payable	-	(46)	(55)	-	-	(101)
Net increase (decrease) in accrued expenses and other receivables	393	92	(193)	(86)	61	267
Net increase in allowance for loan losses and write- down of real estate and mobile homes owned	9	31	72	349	112	573
Financial resources provided by operations	1,455	805	857	1,538	602	5,257
Transfer of subsidy from other funds and debt collateralization	-	-	-	-	4,558	4,558
Mortgages sold to (purchased from) other funds	966	1,659	1,571	2,480	(97,998)	(91,322)
Mortgage and loan principal repayments	5,326	4,368	3,950	2,152	1,632	17,428
Decrease (increase) in cash	(764)	(2)	15	155	(18)	(614)
Total sources of financial resources	\$ 6,983	6,830	6,393	6,325	(91,224)	(64,693)
Uses of financial resources:						
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 6,983	(384)	(1,807)	6,325	(91,224)	(80,107)
Payment of mortgage bonds	-	7,214	8,200	-	-	15,414
Total uses of financial resources	\$ 6,983	6,830	6,393	6,325	(91,224)	(64,693)

Combining Statement of Changes in Financial Position — State Assisted Mortgage Program

Year Ended June 30, 1988 (In Thousands)

	Series A	Series D&E	Series F	Series H	Series I
Sources of financial resources:					
Operations:					
Net income (loss)	\$ 703	(83)	3,125	350	(347)
Items which do not use (provide) cash:					
Net amortization of discounts, premiums and bond issuance costs	48	294	264	133	85
Decrease (increase) in accrued interest receivable	(151)	119	591	73	144
Decrease (increase) in claims receivable	(562)	(536)	(2,309)	(601)	(992)
Decrease in accrued interest payable	-	(152)	(246)	(36)	(36)
Net increase (decrease) in accrued expenses and other receivables	368	172	(3,588)	(607)	(540)
Net increase in allowance for loan losses and write- down of real estate and mobile homes owned	2,747	30	3,143	48	302
Financial resources provided (used) by operations	3,153	(156)	980	(640)	(1,384)
Transfer of subsidy from other funds and debt collateralization	-	-	-	-	-
Mortgages sold to other funds	-	-	-	-	-
Mortgage and loan principal repayments	9,493	6,884	18,171	4,687	5,321
Decrease (increase) in cash	(14)	(7)	(20)	(5)	(7)
Total sources of financial resources	\$ 12,632	6,721	19,131	4,042	3,930
Uses of financial resources:					
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 12,632	(3,556)	(191)	288	163
Payment of mortgage bonds	-	10,277	19,322	3,754	3,767
Total uses of financial resources	\$ 12,632	6,721	19,131	4,042	3,930

State Assisted Mortgage Bonds

SI	Series J	Series K	Series L	Series M	Series N	Series O	Series P	Series Q	Combined
147)	(342)	(242)	442	159	248	(792)	10	686	3,917
35									
44	70	162	119	94	67	41	37	80	1,494
92)	150	68	115	166	105	(94)	(119)	(86)	1,081
36)	(604)	(846)	(742)	(1,022)	(678)	70	12	20	(8,790)
	(39)	(49)	(54)	(53)	(50)	-	-	(62)	(777)
40)	(1,162)	(1,417)	(1,661)	(1,407)	(1,491)	272	508	197	(10,356)
32	197	364	154	197	131	1	-	12	7,326
34)	(1,730)	(1,960)	(1,627)	(1,866)	(1,668)	(502)	448	847	(6,105)
-	-	-	-	-	-	-	-	3	3
1	-	-	-	-	-	-	233	343	576
7)	5,769	7,788	7,184	6,660	7,250	5,235	6,153	2,956	93,551
3)	(5)	(11)	(13)	(6)	(19)	949	689	390	1,921
4	4,034	5,817	5,544	4,788	5,563	5,682	7,523	4,539	89,946
	(94)	333	(58)	(171)	672	5,682	7,523	1,539	24,762
	4,128	5,484	5,602	4,959	4,891	-	-	3,000	65,184
	4,034	5,817	5,544	4,788	5,563	5,682	7,523	4,539	89,946

Combining Statement of Changes in Financial Position — Residential Mortgage Bonds

Year Ended June 30, 1988 (In Thousands)

	Series A	Series B	Series C	Combined
Sources of financial resources:				
Operations:				
Net income (loss)	\$ (293)	(437)	16	(714)
Items which do not use (provide) cash:				
Net amortization of discounts, premiums and bond issuance costs	42	24	18	84
Decrease (increase) in accrued interest receivable	3	(20)	(83)	(100)
Increase (decrease) in accrued interest payable	(110)	-	49	(61)
Net increase in accrued expenses and other receivables	1,242	102	1,138	2,482
Net increase in allowance for loan losses and write-down of real estate and mobile homes owned	309	484	63	856
Financial resources provided by operations	1,193	153	1,201	2,547
Transfer of subsidy from other funds and debt collateralization	1,116	1,081	565	2,762
Mortgage and loan principal repayments	1,247	509	494	2,250
Increase in cash	(41)	(27)	(34)	(102)
Total sources of financial resources	\$ 3,515	1,716	2,226	7,457
Uses of financial resources:				
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ (1,485)	1,716	(11,898)	(11,667)
Acquisition of loans	-	-	14,124	14,124
Payment of mortgage bonds	5,000	-	-	5,000
Total uses of financial resources	\$ 3,515	1,716	2,226	7,457

Combining Statement of Changes in Financial Position — Home Owners' Assistance Program (HOAP)

Year Ended June 30, 1988 (In Thousands)

	Medium Term Notes, Floating Rate Notes, Z Bonds, Series 1988-1: Secured Bonds, Series F&G	Collateralized Mortgage Obligations Series 1988-1	Combined
Sources of financial resources:			
Operations:			
Net loss	\$ (729)	(12)	(741)
Items which do not use (provide) cash:			
Net amortization of discounts, premiums and bond issuance costs	407	29	436
Increase in accrued interest receivable	(2,105)	(679)	(2,784)
Increase in accrued interest payable	4,160	1,088	5,248
Net decrease in accrued expenses and other receivables	(579)	(832)	(1,411)
Financial resources provided (used) by operations	1,154	(406)	748
Transfer of subsidy from other funds and debt collateralization	22,935	19,533	42,468
Net proceeds from sale of mortgage bonds	107,000	71,531	178,531
Increase in cash	-	(724)	(724)
Total sources of financial resources	\$ 131,089	89,934	221,023
Uses of financial resources:			
Increase in investments and securities purchased from other funds under agreements to resell	\$ 131,089	89,934	221,023
Total uses of financial resources	\$ 131,089	89,934	221,023

Combining Statement of Changes in Financial Position — Other Bonds and Notes

Year Ended June 30, 1988 (In Thousands)

	Housing Mortgage Bond	Insured Mortgage Bond	Insured Rural Mortgage Bond
Sources of financial resources:			
Operations:			
Net income (loss)	\$ 1,922	5,608	(33)
Items which do not use (provide) cash:			
Net amortization of discounts, premiums and bond issuance costs	2	1,730	5
Decrease (increase) in accrued interest receivable	11	668	50
Increase in claims receivable	-	-	-
Increase (decrease) in accrued interest payable	6	(698)	(33)
Net increase (decrease) in accrued expenses and other receivables	140	(5,780)	(23)
Net increase in allowance for loan losses and write- down of real estate and mobile homes owned	899	4,325	-
Financial resources provided (used) by operations	2,980	5,853	(34)
Transfer of subsidy from (to) other funds and debt collateralization	-	11,870	(1,540)
Mortgages sold to (purchased from) other funds	-	(1,871)	4,403
Mortgage and loan principal repayments	6,937	57,494	81
Increase in commercial paper and securities sold under agreements to repurchase	-	-	-
Net proceeds from sale of mortgage bonds	-	-	-
Decrease (increase) in cash	(4)	(40)	1
Total sources of financial resources	\$ 9,913	73,306	2,911
Uses of financial resources:			
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 7,078	18,996	(2,324)
Acquisition of loans	-	3,855	-
Payment of mortgage bonds and notes	2,815	39,561	5,235
Payment of State of Alaska notes	-	10,894	-
Total uses of financial resources	\$ 9,913	73,306	2,911

Fairbanks North Star Borough Residential Mortgage Bond	Overseas Finance Series E-1	FNMA Notes	Floating Rate Notes 1986-A	Mortgage Backed Bonds Series 1987-1	Medium Term Notes Floating Rate Notes Z Bonds Series 1987-1	Combined
35	314	2,681	(339)	1,976	(354)	11,810
95	481	178	207	28	1,651	4,377
58	35	64	(192)	(667)	(1,263)	(1,236)
(167)	(684)	(3,173)	(8)	-	-	(4,032)
(35)	(691)	84	-	1,494	1,599	1,726
(1)	2,467	2,602	1,078	496	725	1,704
3	-	-	249	593	-	6,069
(12)	1,922	2,436	995	3,920	2,358	20,418
-	(7,422)	-	-	18,826	26,733	48,467
-	-	189	2,319	(78,819)	-	(73,779)
2,517	14,173	44,034	2,879	2,961	-	131,076
-	-	-	6,000	-	-	6,000
(2)	588	4	-	62,000	95,567	157,567
2,503	9,261	46,663	12,198	8,858	124,647	290,260
(1,039)	(6,049)	(2,619)	6,198	8,858	124,647	153,766
-	-	-	-	-	-	3,855
3,542	15,310	49,282	6,000	-	-	121,745
-	-	-	-	-	-	10,894
2,503	9,261	46,663	12,198	8,858	124,647	290,260