

LEGISLATIVE FINANCE - HOUSE / SENATE FINANCE COMM. FILES 8879

SCR 28 cont. 563 154

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	(121)	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	70	162	119	94	67	41	37	80	1,494
44	150	68	115	166	105	(94)	(119)	(86)	1,081
92)	(604)	(846)	(742)	(1,022)	(678)	70	12	20	(8,790)
36)	(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
-	-	-	-	62,000	95,567	157,567
(2)	588	4	5	(30)	(11)	511
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

52
5 CLR

28

HOUSE COMMITTEE REPORT

(21)

Date Referred: May 3, 1989

FURTHER REFERRALS:

Date of Committee Action: 5/6/89

The FINANCE Committee considered:

CSSCR 28 (FINANCE) am

CS FOR SENATE CONCURRENT RESOLUTION NO. 28 (Finance) am
[HOUSING FINANCE TASK FORCE]

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

RECOMMENDATIONS:

- be replaced with HCS CSSCR 28 (Fin) the same title
- have attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact H Fin.
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) _____
- zero fiscal note(s) _____
- zero fn/analysis CEP 4/20/89, C&RA 4/29/89
Rev. 4/20/89.

SIGNING DO PASS:

SIGNING:

(Check) approp. column

Do Not Pass No Rec Amend

[Signature] Hoffman
[Signature] Swackhammer
[Signature] Brown
[Signature] Ulmer
[Signature] Barnes
[Signature] Shultz
[Signature] Rieger
[Signature] Wallis

Signature	Do Not Pass	No Rec	Amend
<u>[Signature]</u> Larson		X	
<u>[Signature]</u> Kopanah		X	

cc - [Signature] Ronald J. Larson
 Chairman's Signature
 cc - [Signature]

FISCAL NOTE

REQUEST:

Revision Date: May 6, 1989 Agency Affected: Leg. Affairs Agency
 Title: H CS for CS SCR 28 (Finance) AMBRU: Leg Council
 Sponsor: Hebling and Sturgulewski Components: _____
 Requestor: House Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0	200	0	0	0	0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	200	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						
OTHER (AHFC P/R)	0	200	0	0	0	0
TOTAL						

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: House Finance *[Signature]* Phone: 3727
 Division: Co-chairman *[Signature]* Date: May 6, 1989
 Co-Chairman
 Approved by Commissioner: _____ Date: _____
 Agency: _____

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

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CS SCR 28 FINa
PUBLISH DATE: 4/20/89

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: 4/17/89

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requester
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 Sturculewski
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						
---------	--	--	--	--	--	--

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

Division: Municipal & Regional Assistance

Phone: 465-4750

Date: 4/6/89

Approved by Commissioner: David G. Hoffmann

Agency: Community & Regional Affairs

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. *new* SFC: 4/20/89

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. *new* SFC: 4/20/89

Original sponsors: Uehling and
Sturgulewski

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 HOUSE CS FOR 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 administer an independent
8 evaluation of the options and implications for restructuring, reducing the
9 size of, privatizing, or phasing out the Alaska Housing Finance Corpora-
10 tion, and that the evaluation also include an analysis of the potential for
11 return on the capital invested in the corporation by the state; and be it

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

19 FURTHER RESOLVED that the task force shall consist of six members,
20 including three members of the Senate to be appointed by the president of
21 the Senate and three members of the House of Representatives to be ap-
22 pointed by the speaker of the House, and that the task force shall have an
23 advisory group composed of the director of the rural development division
24 of the Department of Community and Regional Affairs, the executive director
25 of the Alaska Housing Finance Corporation, the executive director of the
26 Alaska State Housing Authority, and the executive director of the Alaska
27 Housing Market Council, or their designees; and be it

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

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

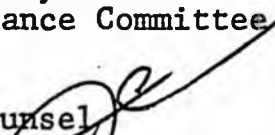
LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 6, 1989

SUBJECT: HCS CSSCR 28 (Finance)

TO: Representative Ron Larson, Co-Chair
Representative Lyman Hoffman, Co-Chair
House Finance Committee

FROM: Jack Chenoweth
Legislative Counsel 

I have incorporated the substance of the committee-adopted changes into this version of the resolution.

By any reasonable reading of this version, the House Committee Substitute adopted by the House Finance Committee now serves to establish a six member Joint Committee of the Alaska Legislature, not a task force in the executive branch. For example, Uniform Rule 21(c) permits expenditure of money by a joint committee only in accordance with an appropriation made for the work of the committee. In addition, the resolution needs to authorize the committee to meet between sessions or only during sessions. The bill title should so state, as should the body of the resolution. In addition, the committee, and eventually the House, should satisfy itself that the responsibilities assigned to or expected to be assumed by this joint committee are consistent with Rule 21(c) of the Uniform Rules of the Alaska Legislature.

JBC:mi
wkmi3/107

Senator Rick Uehling

Downtown, Elmendorf, Northeast Anchorage



MEMORANDUM

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

To: Representative Ron Larson and
Representative Lyman Hoffman
Co-Chairman, House Finance Committee

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

Re: CSSCR 28 (Fin) am, Establishing a Housing Finance
Task Force

Date: April 28, 1989

I would appreciate your scheduling CSSJR 28 (Fin) am for a hearing before the House Finance Committee at the earliest possible time pending referral from the House Labor and Commerce Committee.

This resolution will create a Task Force to assist the legislature in reviewing the operations and structures of Alaska's residential finance programs. The Task Force will explore the possibilities of combining, restructuring, privatizing or eliminating programs and agencies.

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. A review of state programs offering below market rates is overdue.

As an example of the complexity of the issue, I have attached excerpts from recent annual reports of the Alaska Housing Finance Corporation 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. 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

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

HOUSING ASSISTANCE LOAN PROGRAM



Nome



Bethel



Kotzebue



Haines

1988 ANNUAL REPORT



Kodiak



Dillingham



DEPARTMENT OF COMMUNITY
AND REGIONAL AFFAIRS

ASSISTING ALASKAN COMMUNITIES

State of Alaska
Steve Cowper, Governor

Department of Community and Regional Affairs
David G. Hoffman, Commissioner



STEVE COWPER, GOVERNOR

Forward

The requirement for an annual report to the Legislature is set out as in AS 44 47 530. It has been our desire to go beyond this statutory requirement in providing both the Legislators and the housing consumer with an overview of our annual activities. A list of our officers is included and we welcome your comments and questions on our programs.



November 15, 1988

The Department of Community and Regional Affairs (DCRA) is pleased to present the Sixth Annual Housing Assistance Revolving Loan Fund (HALF) Report. At a time when most Alaskan financial institutions are experiencing unparalleled financial setbacks, DCRA's Housing Assistance Section has maintained a fine record of relatively low delinquency while continuing to provide a critical statewide service to help meet rural housing demands.

In its efforts to provide financing for safe affordable new rural housing, the Housing Assistance Section benefits not only individual borrowers, but also businesses such as material suppliers, transportation companies, local banks and other financial institutions, appraisers and title companies. New home construction creates jobs for framers, drywallers, plumbers, finish carpenters, electricians and other construction workers in those parts of the state where jobs are often hard to find.

The Supplemental Housing Construction Program which is administered by the Housing Assistance Section provides a very important element in the rural housing industry. Through this program DCRA has worked very closely with the Regional Housing Authorities to combine state monies with federal HUD funds to bring over \$20 million of mutual self-help public housing to Alaska this past year.

The 1987 Alaska Legislature directed DCRA to develop a study of rural Alaska housing needs. The completed study, performed in cooperation with Rural Cap, was presented to the Legislature, Federal HUD offices and Congressional offices in March of 1988. This comprehensive study was instrumental in providing an additional 36 units of mutual self-help housing to be slated for Alaska by the HUD office. This translates to \$3.5 million additional federal dollars coming into the state.

For the last eight years, the Housing Assistance Program has provided important financial support for residential single-family and multi-family housing in rural Alaska. For over 10 years, the state has been providing energy conservation programs, first in the Department of Commerce and Economic Development and then in the Department of Community and Regional Affairs. This last year, these two critical programs were brought into closer coordination in conjunction with the merger of two departmental divisions to create the new Rural Development Division. To further promote the degree of coordination between these programs, the energy and housing sections have been relocated to work side by side.

One significant result of this increased coordination was that the Housing Assistance program led in designing an implementation of the Statewide Lighting and Thermal Efficiency Standard. This lead was then followed by Alaska Housing Finance Corporation, the largest secondary mortgage market in Alaska, in an effort to comply with the Standard.

The housing and energy programs also actively participate and promote the Alaska Craftsman Homebuilders Program. This program provides Alaskan homebuilders training in the fine art of arctic construction techniques. To increase the understanding of energy efficient construction techniques, the department's loan personnel traveled to Whitehorse, Canada to study arctic construction firsthand through the Canada-R-2000 program. This trip also proved to be an opportunity to promote an international exchange of technology in the area of arctic construction to insure that both countries were on the leading edge of arctic construction methods.

As a result of the continually declining state operating budget, the Housing Assistance Section is being called upon by other state agencies to provide support, promotion, collection, and other loan activity in the remote parts of the state. A Memorandum of Agreement with the Department of Commerce and Economic Development is the basis for our continued cooperation in the "Made in Alaska" program and for a new revolving loan program in which the section is also being asked to participate.

A similar working agreement with the Alaska Power Authority has led to a closer working relationship on village projects. That coordination has already led to the timely and effective removal of life threatening conditions in at least one village.

DCRA continues its policy of working with rural Alaskans to develop appropriate programs which can help people continue to live and work in their own communities. Despite current economic problems, we are confident in the future of Alaska and in our own ability to positively contribute to the future growth and prosperity of the state.

Sincerely,

A handwritten signature in dark ink, appearing to read "David G. Hoffman".

David G. Hoffman
Commissioner

SB 1 passes. Creates Housing Assistance
Division. \$10,000,000 appropriated
to Nonconforming Loan Fund.
Division also receives Senior
Citizen Housing Development Fund
from Division of Community Planning

First office
opens in
Anchorage

First loan processes.
Dillingham, Nome
regional offices open

Fourteen
regional
offices
open

1980 Legislative
Session

August
1980

February
1981

March
1981



November 30, 1988

Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Legislators:

It is my pleasure to present this sixth Annual Report of the Housing Assistance Revolving Loan Fund. Fiscal year 88 saw many changes in the Housing Assistance Loan Program caused by both internal and external forces.

Internally, we completed the merger of the Housing Assistance Division and the Community Development Division into the Rural Development Division. This was done with the passage by the Legislature of Executive Order 69 in March 1988 and Administrative Order 107 issued by the Governor's Office in April 1988.

With this merger came many new opportunities for the Housing Assistance Loan Program. The Loan Program staff spent many hours assisting the Energy Conservation staff of the Rural Development Division on the implementation of the Energy Conservation Standard for New Residential Buildings and the Energy Rated Homes Program for Rural Alaska.

Although many economists are predicting the end of this economic recessionary period it will still be awhile before the State real estate market begins to see an end to its recession. As a result of this, the loan program has had to weather many economic storms this year. We saw the closure of three of our seller-servicers by the Federal Deposit Insurance Corporation (FDIC) and the merger of our largest seller-servicer with another financial institution. This required the Loan Program staff to spend many hours working with the FDIC and the new servicer of the loans to account for all the funds, notify all the borrowers involved, and get all the files physically transferred from one location to another.

Bethel
regional
office
opens

HB 148 passes mandating 80% rural fund emphasis
for nonconforming loans. \$40,000,000 appropriated
to the Nonconforming Loan Fund for FY 82.
Supplemental Housing Development Fund
authorized within division to augment
HUD Indian housing units

Fiscal year closes.
99 loans closed. Rural/urban
activities nearly equal

Fairbanks
regional
office opens

May
1981

1981 Legislative
Session

June
1981

September
1981

Due to the diversity of our portfolio throughout the State we have not seen as severe a problem with default and foreclosure as other mortgage investors in the State. Our delinquency rate has averaged 5.99 percent over the last year and our number of foreclosed properties in our inventory has remained at about 48. We have tried to liquidate our real estate owned by having a fair market appraisal done and selling the properties for the value determined by the independent fee appraiser. When it is not feasible to sell the property we will rent the property. It is our policy to rent the properties for the fair market rent for similar units in the specific community involved.

The Housing Assistance Loan Program is now in its ninth year of operation. Partly due to the economic condition and partly due to the age of the program we are in the maturity stage of our growth. We are not seeing the phenomenal growth spurts we did in the early 1980's in loan demand. However, we are seeing a steady demand for loans at about 250 requests per year. It is rewarding to know that more families in Rural Alaska have better housing because this loan program exists today. As cited in the Rural Housing Needs Assessment completed by Rural Cap for the Department earlier this year, this is only a drop in the bucket of the number of housing units needed in Rural Alaska. We feel really good about the fact that we are able to help in this way to meet this need.

As reported last year, the Department of Community & Regional Affairs and the Department of Commerce and Economic Development established a policy of cooperation which allowed the DCRA field personnel to assist the DCED personnel with their programmatic work in the Rural areas of Alaska. Staff from DCRA has spent many hours helping with fishing loan applications, modifications of fishing loans, vessel inspections, counseling of delinquent borrowers, and inspecting businesses for certification in the Made in Alaska program. This has resulted in cross training between the two Departments and increased travel for DCRA staff but it has been a small price to pay relative to service to Alaskans in the areas we serve.

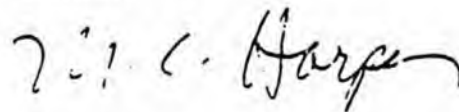
During the last year the Department attempted to change some of the statutes governing the Housing Loan Program. These changes came at the request of the loan program staff and the Joint Committee on Economic Recovery of the Legislature. Unfortunately, these changes did not pass the last session of the Legislature. These changes would have given the Loan Program more flexibility to modify existing loans to borrowers experiencing financial distress due to the economic recession. The Department plans to ask the Legislature again this year for these necessary changes to our Statutes. In the meantime, the Loan Program staff are doing whatever is possible within the existing Statutes to help our borrowers keep their homes.

In the coming year the Department will continue to network with other Departments doing similar work in the Rural area. We hope this will better utilize our funds and the resources and skills available within State government to better serve the people of Alaska.

As I reported in my letter to the Legislature last year, the Housing Assistance Loan Program continues to be counter to all other real estate industry measurements for other lenders and secondary mortgage markets. We continue to have a modest number of delinquent loans and little growth in our inventory of real estate owned.

Please call me if I can be of any assistance to you.

Sincerely,



Michael C. Harper
Director

Original management team
leaves, interim manager
appointed

New
management
team
appointed

SB 698 passes. HUD receives rural owner-occupied and rural nonowner-occupied programs from AHFC. The sum of \$45,000,000 is appropriated to the newly consolidated Housing Assistance Loan Fund. An 80% emphasis in the nonconforming loan program is maintained. New definition of rural is passed for fiscal year 1983

February
1982

April
1982

1982 Legislative
Session

Housing Assistance Section Background

The Housing Assistance Division was created by the 1980 Legislature (Chapter 120, SLA 1980), to administer the Nonconforming Housing Loan Program. Loan funds were to be distributed on a statewide basis with emphasis on rural Alaska. Administration of these loans was primarily through seller-servicer agreements with financial institutions. The initial mandate from the Legislature was twofold; (1) to form a central office and five regional offices and (2) to offer loans for nonconforming housing. First-year loan funds were appropriated at \$10 million.

The 1981 Legislature continued funding the Nonconforming Program at a rate of \$40 million and directed the Division to divide such funds between rural and urban Alaska at an 80 percent: 20 percent ratio. The Legislature further directed the Division to offer funds directly to eligible borrowers who could not otherwise get service in rural Alaska (Chapter 82, SLA 1981). This mandate is known as direct lending and has been instituted by the Division.

The Nonconforming Loan Fund was renamed the Housing Assistance Loan Fund during the 1982 Legislature (Chapter 113, SLA 1982). This fund combined the Nonconforming Loan Program with the AHFC Rural Mortgage Purchase Programs for both owner-occupied and nonowner-occupied loans. An FY '82 appropriation to the newly combined Housing Assistance Loan Fund (HALF) was in the amount of \$45 million bringing total appropriations to date to \$95 million.

The HALF was given another \$45 million by the 1983 Legislature and another new program. The new program was called the Homeownership Assistance Fund. The object of this program is to make homeownership a reality for the low-to-moderate income segment of the state's population by subsidizing a portion of the interest payment on the loan. Regulations were drafted and became final on September 22, 1985.

The 1984 Legislature redefined rural again. The Division took the definition to a cartographer to insure the delineating lines were drawn correctly since the definition was based on nautical miles from the boundaries of Anchorage and Fairbanks. The new definition based on the maps provided by the cartographer included Homer and Anchor Point as rural locations.

In January 1985, the Division was working on new rural definitions to present to the Legislature. It was discovered during this process that the cartographer had erred in the maps he drew and that the Homer and Anchor Point locations should not have been included in the rural area.

The Division stopped accepting applications for loans from the affected areas on January 22, 1985. The 1985 Legislature redefined rural basically returning to the FY '84 definition based on road or rail access to Anchorage or Fairbanks.

Additionally, the 1985 Legislature transferred the authority for making nonconforming loans in urban areas from the Housing Assistance Division to the Alaska Housing Finance Corporation.

The 1985 Legislature appropriated \$4 million from the General Fund to the revolving loan fund and allowed the Division to revolve the FY '85 and FY '86 principal and interest repayments to the fund as additional sources of loan funds for FY '86.

In 1986, the Alaska Legislature enacted legislation appropriating \$70 million from the Housing Assistance Loan Fund to the State of Alaska, General Fund. The transfer occurred on December 1, 1986.

The 1987 Legislature appropriated \$2.5 million from the General Fund to the Revolving Loan Fund which enabled the Division to maintain available funding for the housing loan demand in rural Alaska.

Further, the FY '87 Legislature directed the Housing Assistance Division to coordinate and consolidate the work efforts of the Division with the Department of Commerce and Economic Development. This has been accomplished through a memorandum of Agreement between both Departments. The Division's loan staff is actively in rural Alaska with the outreach of both Department programs.

In FY '88 the Housing Assistance Division merged with the Division of Community Development creating the Rural Development Division. The combining of these programs will allow us to better serve the Alaskan people by more effectively and efficiently utilizing the existing programs.

Fiscal year 1962 audit period closes. Only 275 loans outstanding. Large carryover in funds. Audit exceptions noted. New management begins work on corrections

Division regulations drafted. Public hearings held. Regulations filed with Attorney General

New Governor elected. Transition team reviews division activities

New Commissioner appointed to manage department activities. New division management retained. Division handbooks on loan and grant programs published. Brochures published

June
1962

Fall
1962

November
1962

January
1963

Housing Assistance Section Loan Programs

Rural Owner-Occupied Program

The rural owner-occupied program provides financing to qualified borrowers for the construction, purchase, or rehabilitation of a unit which will be used as the borrower's principal residence. The program covers detached single-family and duplex housing. Under this program, loans will not be made to professional builders who will not occupy the unit(s) or to compensate the borrower for his, her labor.

Rural Nonowner-Occupied Program

The rural nonowner-occupied program provides financing to qualified borrowers for the construction, purchase or rehabilitation of rental housing units. The project may involve two or eight units in a single community or specific area outside a community and up to 16 units in areas demonstrating extraordinary need.

Home Ownership Assistance Fund (HOAF)

This program provides assistance to persons of lower and moderate income to purchase or construct single family, owner occupied dwellings where the mortgage loan on the dwelling is originated or purchased by the Division under the Rural Owner Occupied Program. The HOAF program provides a subsidy which reduces the annual interest rate paid on a mortgage loan to a minimum of six percent.



Sherrie Ace, Loan Examiner, Hank Hodge, Loan Manager and Duane Wise, Loan Examiner.



Chuck Akers, Deputy Director

Lt. Governor
McAlpine adopts
division
regulations

April
1983

Contract approved to
develop and implement
automated mortgage loan
accounting

June
1983

HB 302 passes. 60% rural emphasis shifted to entire Housing Assistance
Loan Fund appropriation. The sum of \$45,000,000 is proposed for fiscal year 84
programs. Legislation creates a Home Ownership Assistance Program (deep subsidy)
loan and a low-income rental housing construction grant fund to take effect 1/1/84.
Annual Report to the Legislature on the loan portfolio is required. Housing
Demonstration project funded with Legislative grant for owner/builder townhouses

1983 Legislative
Session

Independent Auditors' Report

Mr. Mike Harper
Director of Rural Development Division
Housing Assistance Section
State of Alaska
Department of Community and Regional Affairs:

We have audited the accompanying balance sheets of the Housing Assistance Loan Fund as of June 30, 1988 and 1987 and the related statements of revenues, expenditures, other financing sources (uses) and changes in fund balances for the years then ended. These financial statements are the responsibility of the Housing Assistance Loan Fund's management. Our responsibility is to express an opinion on these 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 financial statements referred to above present fairly, in all material respects, the financial position of the Housing Assistance Loan Fund at June 30, 1988 and 1987, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

Paul Howard Ward & Co.

September 26, 1988
Anchorage, Alaska

Fiscal year 1983 closes. Appropriation for next fiscal year passed after fiscal year begins. Portfolio growth exceeds 300% of prior years' activities. 7% staff increase received.

Fiscal year 1983 audit begins. New programs drafted. Proposed regulations out for public hearings. Division hires staff for new Southeast Regional Office. Senior management change in department. Acting Commissioner appointed.

New grant program became effective under AS 44.47.833. This grant program is known as the State Assisted Rental Housing Construction Program.

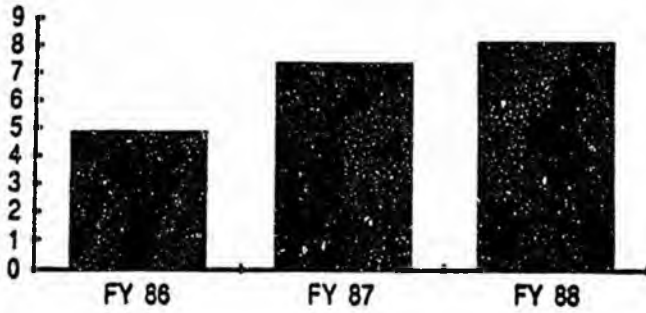
Home-owners' Assistance Fund effective

June 1983

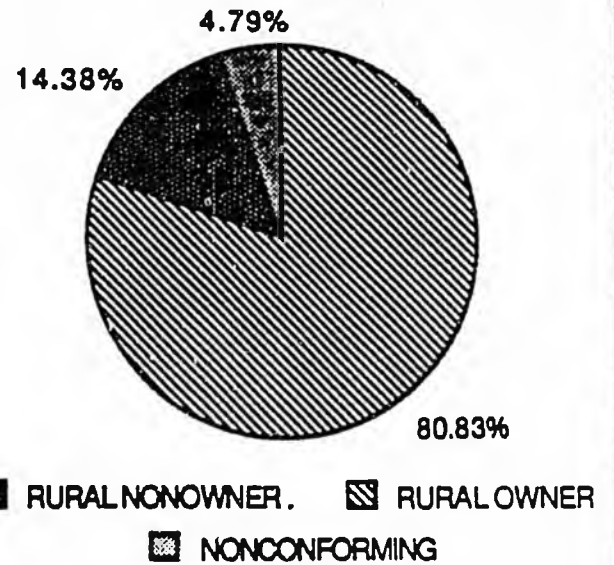
November 1983

January 1984

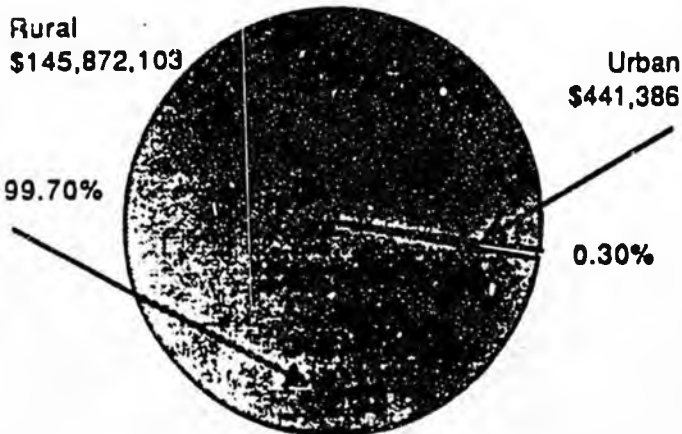
PERCENTAGE OF LOANS GREATER THAN ONE MONTH DELIQUENT



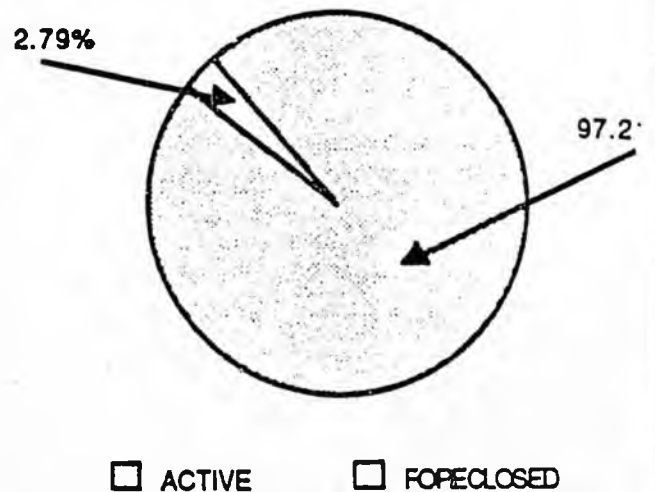
LOANS BY PROGRAM as of 6/30/88



RURAL/URBAN BREAKOUT as of 6/30/88



LOAN PORTFOLIO COMPOSITION as of 6/30/88



The first grants totaling \$5 million were awarded under the State Assisted Rental Housing Construction Program

Started accepting HOAF applications

Special* nonconforming money AHFC** special purchase program for non-conforming loans

March 1984

April 1984

May 1984

**STATE OF ALASKA
DEPARTMENT OF COMMUNITY
AND REGIONAL AFFAIRS
HOUSING ASSISTANCE LOAN FUND**

Balance Sheets

June 30, 1988 and 1987

<u>Assets</u>	<u>June 30</u>	
	<u>1988</u>	<u>1987</u>
	(in thousands)	
Cash	\$ 18,468	20,896
Mortgage loans, net of allowance for loan losses	143,998	132,036
Notes receivable	36	—
Accrued interest receivable	1,183	1,020
Real estate owned	4,193	2,862
Other assets	21	27
	<u>\$ 167,899</u>	<u>156,841</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	161	199
Due to State of Alaska General Fund	2,197	—
Total liabilities	<u>2,358</u>	<u>199</u>
Fund balances:		
Title loss reserve	1,000	1,000
Operating loss reserve	100	100
Reserve for loans receivable	143,998	132,036
Reserve for real estate owned	4,193	2,862
Reserve for loan commitments	7,418	8,898
Unreserved	8,832	11,746
Total fund balances	<u>165,541</u>	<u>156,642</u>
Commitments	<u> </u>	<u> </u>
	<u>\$ 167,899</u>	<u>156,841</u>

See accompanying notes to financial statements.

June
 1984

**STATE OF ALASKA
 DEPARTMENT OF COMMUNITY
 AND REGIONAL AFFAIRS
 HOUSING ASSISTANCE LOAN FUND**

**Statements of Revenues, Expenditures, Other
 Financing Sources (Uses) and Changes in Fund Balances**

Years ended June 30, 1988 and 1987

	<u>Years ended June 30</u>	
	<u>1988</u>	<u>1987</u>
	(in thousands)	
Revenues:		
Interest income	\$ 12,506	13,648
Rental income	<u>182</u>	<u>80</u>
Total revenues	<u>12,688</u>	<u>13,728</u>
Expenditures:		
General and administrative	1,351	1,073
Mortgage service fees	672	659
Provision for loan losses	1,493	633
Net real estate operations	574	436
Mortgage payment assistance subsidies	<u>2</u>	<u>49</u>
Total expenditures	<u>4,092</u>	<u>2,850</u>
Excess of revenues over expenditures	<u>8,596</u>	<u>10,878</u>
Other financing sources (uses):		
Appropriations from the State of Alaska General Fund	2,500	—
Transfer to the State of Alaska General Fund	<u>(2,197)</u>	<u>(70,000)</u>
Total other financing sources (uses)	<u>303</u>	<u>(70,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	8,899	(59,122)
Fund balances at beginning of year	<u>156,642</u>	<u>215,764</u>
Fund balances at end of year	<u>\$ 165,541</u>	<u>156,642</u>

See accompanying notes to financial statements.

With the start of a new fiscal year, the housing grants programs have appropriations of over \$165 million to award for projects statewide

July
1984

Regulations on HOAF and State Assisted Housing Construction Program adopted. Minor changes in old regulations

September
1984

Division awarded over \$7 million in grants to Senior Citizen Housing projects statewide

October
1984

**STATE OF ALASKA
DEPARTMENT OF COMMUNITY
AND REGIONAL AFFAIRS
HOUSING ASSISTANCE LOAN FUND**

Notes to Financial Statements

June 30, 1988 and 1987

(1) Authorizing Legislation

The Housing Assistance Loan Fund (Loan Fund) was created in 1982 by an act of the State of Alaska Legislature (Legislature). The Loan Fund was established as a revolving loan fund and was placed under the administration of the Housing Assistance Division of the State of Alaska, Department of Community and Regional Affairs. Generally, the Loan Fund accomplishes its objectives by purchasing qualified loans from various mortgage loan servicers throughout the State of Alaska. Loan programs under the Loan Fund are initially funded by legislative appropriation. Continued funding is provided by revolving principal and interest repayments to the Loan Fund.

(2) Summary of Significant Accounting Policies
Fund Accounting

The State of Alaska maintains its accounts in accordance with the principles of fund accounting. A fund is a fiscal and accounting entity established by law to segregate and account for designated resources and activities. Housing Assistance Division loan programs are administered through the Loan Fund.

Basis of Accounting

The modified-accrual basis of accounting is followed by the Loan Fund. Under the modified-accrual basis of accounting, revenues are recorded when they become measurable and available to pay liabilities of the current period. Expenditures are recorded when the liabilities are incurred.

Appropriations

Appropriations from the State of Alaska to the Loan Fund are recorded as transfers during the period in which the funds become available for expenditure. Appropriations by the Legislature from the Loan Fund to the State of Alaska are recorded as transfers in the year appropriated.

Loans

Mortgage loans are carried at their unpaid principal balances.

Real Estate Owned

Real Estate owned consists principally of properties acquired through foreclosure and is 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, the difference is charged against the allowance for loan losses. Subsequent declines, if any, in estimated net realizable value and gains or losses upon final disposition of the property are charged to operations in the current period.

(Continued)

November 15 deadline for submittal of grant applications for the State Assisted Rental Housing Construction program. The Division awarded \$3.3 million in grants under the program

New Director appointed November 28, 1984

Redefinition of "Rural" CS&H 85

Transfer of Nonconforming Program to AHF

November 1984

November 1984

May 1985

June 1985

Allowance for Loan Losses

The Loan Fund 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 which is charged to expenditures in the period that the loss exposure becomes known.

Accrued Interest Receivable

Interest is accrued based upon the principal amount outstanding. In 1987, management discontinued accrual of interest on loans over ninety days delinquent because, in the opinion of management, collection of such interest income is doubtful.

Pension Plan

All full-time employees of the Housing Assistance Division participate in the State of Alaska Public Employees' Retirement System. The State's policy is to fund pension costs accrued.

(3) Nonaccrual Loans

Nonaccrual loans totaled \$9,767,000 at June 30, 1988 and \$7,413,000 at June 30, 1987. The loss of interest on nonaccrual loans amounted to \$879,000 and \$658,000 in 1988 and 1987, respectively.

(4) Allowance for Loan Losses

A summary of the activity in the allowance for loan losses follows:

	<u>June 30</u>	
	<u>1988</u>	<u>1987</u>
	(in thousands)	
Balance at beginning of year	\$ 1,958	1,858
Provision for loan losses	1,493	633
Net loans charged off	<u>(770)</u>	<u>(533)</u>
Balance at end of year	<u>\$ 2,681</u>	<u>1,958</u>

Management believes that the allowance is currently adequate to absorb known and inherent risks in the loan portfolio.

(5) Commitments

At June 30, 1988, the Loan Fund had outstanding commitments to purchase first mortgage loans of approximate \$7,417,700. First mortgage loan purchases totaled \$23,431,000 and \$33,779,000 for the years ended June 30, 1988 and 1987, respectively.

(6) Reserve for Operating Expenses

The restricted operating loss reserve consists of funds appropriated by the legislature to reserve for legal expenditures and subsequent repairs incurred for properties received in foreclosure. As required by statute, the reserve is replenished periodically from the unreserved fund balance.

(7) Title Loss Reserve

The restricted title loss reserve consists of funds appropriated by the Legislature to reserve for possible losses on loans in which the security is property in certain rural areas of Alaska where title has not yet been transferred from the United States Department of Interior. The initial appropriation to this reserve account was \$1,000,000. No title losses have been experienced under the program through June 30, 1988.

All unrestricted mortgage loan interest payments accrue to HUD retroactive to July 1, 1984

Start of new fiscal year (FY 86) housing grant programs have new appropriations of \$2.0 million for supplemental housing development. The Senior Citizen and low-income housing grant programs were not funded this fiscal year

Legislature approved sale of \$70.0 million of Portofino funds to AHFC to be deposited in State general fund

June
1985

July
1985

June
1985

Other Programs Administered by the Housing Assistance Section

The Senior Citizen Housing Development Fund provides grants to municipalities and public and private non-profit corporations for the development of safe, affordable senior citizen housing throughout the state.

The Low-Income Multiple-Family Housing Development Fund provides grants to municipalities and public and private non-profit corporations for the development of low-income rental housing throughout Alaska.

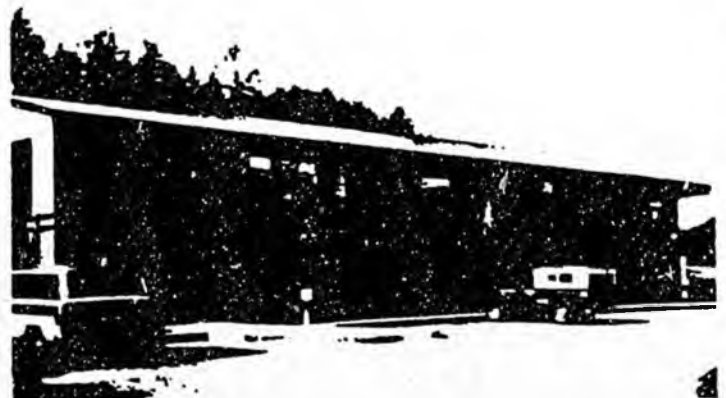
The Supplemental Housing Development Funds are provided to Regional Housing Authorities for site development work on HUD-approved housing projects. These grants allow HUD projects to stay within their allowable development costs, thus enabling their construction in rural Alaska. The grants are for development of roads, sewer and water, and electrical distribution systems.



Director Mike Harper, Hank Hodge, Loan Manager, Kay Graham, Housing Administrator, Steve McAlpine, Lt. Governor and Chuck Akers, Deputy Director.



Ninilchik Senior Center (Legislative Grant)



Senior Citizen Housing in Wrangell

AHFC purchased 966 home mortgage loans from the Housing Assistance Loan Fund

A Pilot Program was established to provide financing in the purchase of Turnkey III homes

David G. Hoffman named Commissioner

Michael C. Harper appointed Director

December
1986

January
1987

State of Alaska Department of Community and Regional Affairs Housing Assistance Section



Hank Hodge, Loan Manager



Housing Assistance Anchorage Staff

Anchorage

Mr. Michael Harper, Director
Mr. Chuck Akers, Deputy Director
Mr. Hank Hodge, Loan Manager
Ms. Kathleen Graham, Housing Administrator
949 East 36th Avenue
(907) 561-0900 or 800-478-4585 (Toll Free)

Dillingham

Mr. Bobby Andrew, Loan Examiner
P.O. Box 295
Dillingham, Alaska 99576
(907) 842-2245

Bethel

Loan Examiner
P.O. Box 348
Bethel, Alaska 99559
(907) 543-3864



Bobby Andrew, Loan Examiner

(continued)

Start of new fiscal year (FY 87)
housing grants have new appropriation
of \$3.4 million for supplemental
development. The senior Citizen and
low-income housing grant programs
were not funded this fiscal year

Adjustable Rate Mortgage
(ARM) initiated for HOAF

New Governor
Elected

July
1986

September
1986

November
1986

Fairbanks

Willis Greimann, Loan Examiner
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Nome

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Catherine Dickson, Loan Examiner

Governor Cowper signed
Administrative order merging
the Division of Community
Development and Housing
Assistance Division
into Rural Development Division.

Memorandum of
Agreement signed
with DCED

DCRA Completes
Rural Housing
Study — 6,700 more
units need repair

5 Alaska
Financial
Institutions
close due to
poor loans

March
1987

June
1987

March
1988

1988



Remond Henderson, Director of Administrative Services
and Paula Bartley, Receptionist



Cecilia Miller, Accounting Clerk and Teresa Glove
Accounting Technician



Nonowner-Occupied eight-plex in Haines



Rural Owner-Occupied Home in Nome



Rural Owner-Occupied Home in Galena

For your information the following banks have signed our seller/servicer agreement
and are now participating in the Housing Assistance Loan Program:

ALLIANCE BANK
ALASKA FEDERAL SAVINGS
ALASKA STATEBANK
AVCP HOUSING AUTHORITY
B.M. BEHREND'S BANK
CITY MORTGAGE CORPORATION
FEDALASKA FEDERAL CREDIT UNION
FIRST BANK OF KETCHIKAN
FIRST FEDERAL BANK
FIRST NATIONAL BANK OF ANCHORAGE
FIRST NATIONAL BANK OF FAIRBANKS
HOME SAVINGS BANK
INTERCONTINENTAL MORTGAGE CORPORATION
KODIAK ISLAND HOUSING AUTHORITY
KEY PACIFIC BANK
LOMAS & NETTLETON COMPANY
MT. MCKINLEY MUTUAL SAVINGS BANK
NANA REGIONAL HOUSING AUTHORITY
NATIONAL BANK OF ALASKA
TLINGIT-HAIDA REGIONAL HOUSING AUTHORITY

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.

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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 Corporation's 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 Corporation's 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 State's 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 \$296,658,000 and a market value of approximately \$310,766,000. 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, 7.6 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	50,000	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	June 30 1988	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 11.865%, 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	55,865
Collateralized 1985 Series B, 8.875%, 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	10
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	12
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	12
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	12
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	<u>125,000</u>	125,000	12
Total Medium Term Notes and Secured Bonds	<u>600,000</u>	584,586	60
Unamortized discount		(2,090)	
Net Medium Term Notes and Secured Bonds		582,496	60
Floating Rate Notes:			
Variable interest rates (8.795% at June 30, 1988) due 1988-2001	<u>125,000</u>	119,000	12
Unamortized discount		(39)	
Net Floating Rate Notes		118,961	12
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	<u>62,000</u>	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	20
Series B, 8.60%, due 1988-1991	25,000	25,000	20
Series C, 7.88%, due 1989-1992	15,000	15,000	15
Total Residential Mortgage Bonds	65,000	60,000	55

ALASKA HOUSING FINANCE CORPORATION

Notes to Combined Financial Statements

	Original Amount	June 30 1988	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	16,971
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>\$6,087,070</u>	<u>4,009,699</u>	<u>3,991,367</u>

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 $\frac{1}{4}$ to $\frac{1}{2}$ 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 the 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.

11. Legislation

Legislation authorizing the Corporations 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	Revolving Fund General Account	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	7,325
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)	2,555
Undesignated	66,896	-	-	-
Total fund equity	66,896	302,868	73,812	2,555
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	1,523,154
-	-	-	-	-	-	-	6,000
516,355	646,468	449,201	552,476	64,067	-	1,172,326	3,671,940
7,413	9,487	5,320	8,998	-	-	-	73,958
22,534	12,701	5	15,375	552	2,784	16,703	55,308
1	139	371	753	41	-	6,860	80,198
81,727	49,754	526	53,961	2,160	-	13,493	158,029
-	-	-	-	-	-	24,692	221,327
3,253	4,184	1,630	1,411	220	3,541	-	10,500
816,640	852,783	673,902	790,966	72,886	228,072	7,929	29,587
						1,700,887	5,840,205

672,408	744,353	582,496	427,460	60,000	178,904	1,344,078	4,009,999
-	-	-	-	-	-	-	69,257
-	-	-	-	-	-	6,000	6,000
6,450	6,480	7,726	5,833	2,051	5,248	23,702	57,490
23,127	13,012	5,513	20,900	3,835	2,168	19,798	11,738
2,023	1,863	1,504	3,389	119	25	4,827	158,029
704,008	765,708	597,239	457,582	66,005	186,345	1,398,405	19,456
							4,331,669

124,132	105,725	72,684	338,716	5,275	-	82,310	1,033,871
1,191	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

125,011	18,791	5,791	15,335	11,150	17,411	170,165	407,769
112,632	87,175	7,663	333,384	6,881	41,727	302,482	66,896
							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	4,184	33,536
Accrued interest receivable	115	2	2	24	143
	<u>\$28,025</u>	<u>453</u>	<u>693</u>	<u>4,508</u>	<u>33,679</u>
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	<u>11,732</u>	<u>-</u>	<u>-</u>	<u>7,831</u>	<u>19,563</u>
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	<u>7,228</u>	<u>250</u>	<u>380</u>	<u>3,900</u>	<u>11,758</u>
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	<u>16,293</u>	<u>453</u>	<u>693</u>	<u>(3,323)</u>	<u>14,116</u>
Commitments	<u>\$28,025</u>	<u>453</u>	<u>693</u>	<u>4,508</u>	<u>33,679</u>

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	60,791
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
	\$ 73,829	78,577	70,257	88,567
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	603
Due to other funds	795	1,994	4,998	5,250
Accrued expenses and other liabilities	195	223	229	256
Total liabilities	45,162	63,211	59,330	77,240
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	24,942	19,000	13,643	14,436
Retained earnings:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	3,725	(3,634)	(2,716)	3,100
Total fund equity	28,667	15,366	10,927	11,327
Commitments	\$ 73,829	78,577	70,257	88,567

First Series	1983		1984 Series A	1985 Series B	Collateralized				Combined
	Second Series	1986 Series A			1986 Series B	1987			
						Series A	Series B		
25	35	14	13	9	-	-	26	197	
4,491	8,542	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

9,918	9,955	10,025	7,871	6,934	5,058	3,350	-	124,032
-	-	-	67	(1,338)	(5,058)	-	7,430	1,101
9,918	9,955	10,025	7,938	5,596	-	3,350	7,430	125,133

1,338	(4,087)	(1,198)	(1,473)	70	-	1,242	15	(12,501)
7,432	5,568	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

1983		1984		Collateralized		1985		1988	Combined
Fifth Series	Sixth Series	First Series	Second Series	First Series	Second Series	First Series	First Series		
22	22	32	16	-	3	-	10	173	
3,731	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	852,783	

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)
3,139	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
Intertfund 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)	(1,751)	1,580	579
Total fund equity	16,347	11,465	14,860	19,361	14,630	76,663
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	
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	96,311	29,237	63,203	25,049	27
Accrued interest receivable	1,471	849	1,040	357	
Claims receivable	1,344	986	4,183	1,907	
Due from other funds	45	-	-	-	
Real estate owned	4,810	4,507	13,684	3,430	4
Other assets	154	73	22	127	
	\$153,464	76,901	89,094	31,692	36
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
Accrued interest payable	813	456	39	166	
Due to other funds	631	528	5,260	1,540	1
Accrued expenses and other liabilities	394	179	563	90	
Total liabilities	60,955	31,543	8,914	18,455	26
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
Interfund transfers representing loan subsidies and debt collateralization	-	-	-	-	
Total contributed capital	86,592	55,166	77,653	13,403	10
Retained earnings:					
Designated as security for outstanding obligations or other purposes allowed within the respective fund	5,917	(9,808)	2,527	(166)	1
Total fund equity	92,509	45,358	80,180	13,237	9
Commitments					
	\$153,464	76,901	89,094	31,692	36

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
3	116	130	177	115	46	247	83	8	1,411
6	34,835	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
	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	15,335
	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	818	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
Intertund 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	73,902	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	195,578	-
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	-	8,862	-
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)	-
Intertund transfers representing loan subsidies and debt collateralization	-	11,370	-
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	691	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
16,065	67,229	112,139	137,991	64,742	100,429	1,398,405

7,362	41,644	61,634	13,069	-	-	82,310
-	17,422	-	-	18,826	26,733	50,007
7,362	34,222	61,634	13,069	18,826	26,733	132,317
365	6,192	1,591	12,342	1,976	(354)	170,165
7,447	43,314	63,225	10,727	20,802	26,379	302,432
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)	(1,819)	(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	4,378	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	252
Provision for loan losses	62	71	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	95
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		1984		1985	1988	
		First Series	Second Series	First Series	Second Series	First Series	First Series	
2,736	4,300	7,693	4,756	7,536	7,760	2,746	-	56,612
200	332	599	420	601	451	11,746	909	16,716
2,936	4,632	8,292	5,176	8,137	8,211	14,492	909	73,328
351	515	1,010	704	792	244	11	-	5,693
3,287	5,147	9,302	5,880	8,929	8,455	14,503	909	79,021
3,301	5,329	9,797	6,164	8,067	8,125	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
3,644	5,967	10,823	6,820	10,815	9,586	14,871	1,049	88,826
(357)	(820)	(1,521)	(940)	(1,886)	(1,131)	(368)	(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	696
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	615
Total revenues	13,801	7,161	9,308	3,040	3,379
Expenses:					
Interest	9,793	6,946	2,575	2,374	3,175
Mortgage service fees	362	103	237	88	96
Trustee fees, insurance and financing costs	60	102	252	125	178
Provision for loan losses	2,657	31	2,904	40	180
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	(350)
Retained earnings (deficit) at July 1, 1987	5,214	(9,725)	(598)	(516)	(363)
Retained earnings (deficit) at June 30, 1988	\$ 5,917	(9,808)	2,527	(166)	(1,213)

State Assisted Mortgage Bonds

Series I	Series K	Series L	Series M	Series N	Series O	Series P	Series Q	Combined
2682	4503	4322	3221	3999	3899	4809	4695	57486
212	316	308	281	294	1423	782	608	11560
2894	4819	4630	3502	4293	5322	5591	5303	69046
415	547	603	626	539	1	-	20	6751
3309	5366	5233	4128	4832	5323	5591	5323	75797
3112	4306	4180	3499	4082	5484	5060	4090	59176
101	164	156	110	137	125	169	185	2033
209	321	255	166	214	134	167	185	2368
125	106	100	91	52	1	1	13	6301
56	133	27	47	34	319	116	88	1054
48	78	73	56	65	52	68	76	948
3651	5608	4791	3969	4584	6115	5581	4637	71880
(342)	(242)	442	159	248	(792)	10	686	3917
(722)	(398)	455	(1663)	(958)	(524)	316	730	(9252)
(1064)	(640)	897	(1504)	(710)	(1316)	326	1416	(5335)

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	2,109	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)	-	-	(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
(686)	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
-	-	-	-	-	-	6,000	70,284
49,900	49,470	-	-	-	178,531	157,567	435,468
1,388	1,609	(614)	1,921	(102)	(724)	511	4,752
89,297	48,221	(64,693)	89,946	7,457	221,023	290,260	965,249
(13,062)	(69,194)	(80,107)	24,762	(11,667)	221,023	153,766	377,171
102,359	117,415	15,414	65,184	14,124	-	3,855	249,890
-	-	-	-	5,000	-	121,745	427,117
-	-	-	-	-	-	-	177
89,297	48,221	(64,693)	89,946	7,457	221,023	10,894	10,894
						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)	19,903
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)	(897)	(2,549)
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	2,251
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)	1,289	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		Collateralized						Combined
First Series	Second Series	1984 Series A	1985 Series B	1986		1987		
				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
(1,787)	(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
-	-	-	-	-	-	-	49,900	49,900
(18)	(24)	1,052	391	50	-	-	(26)	1,388
4,770	12,057	11,901	8,725	(24,884)	(4,650)	1,180	56,264	89,297
1,785	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	60
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)	-	0
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	547
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