

Appendix

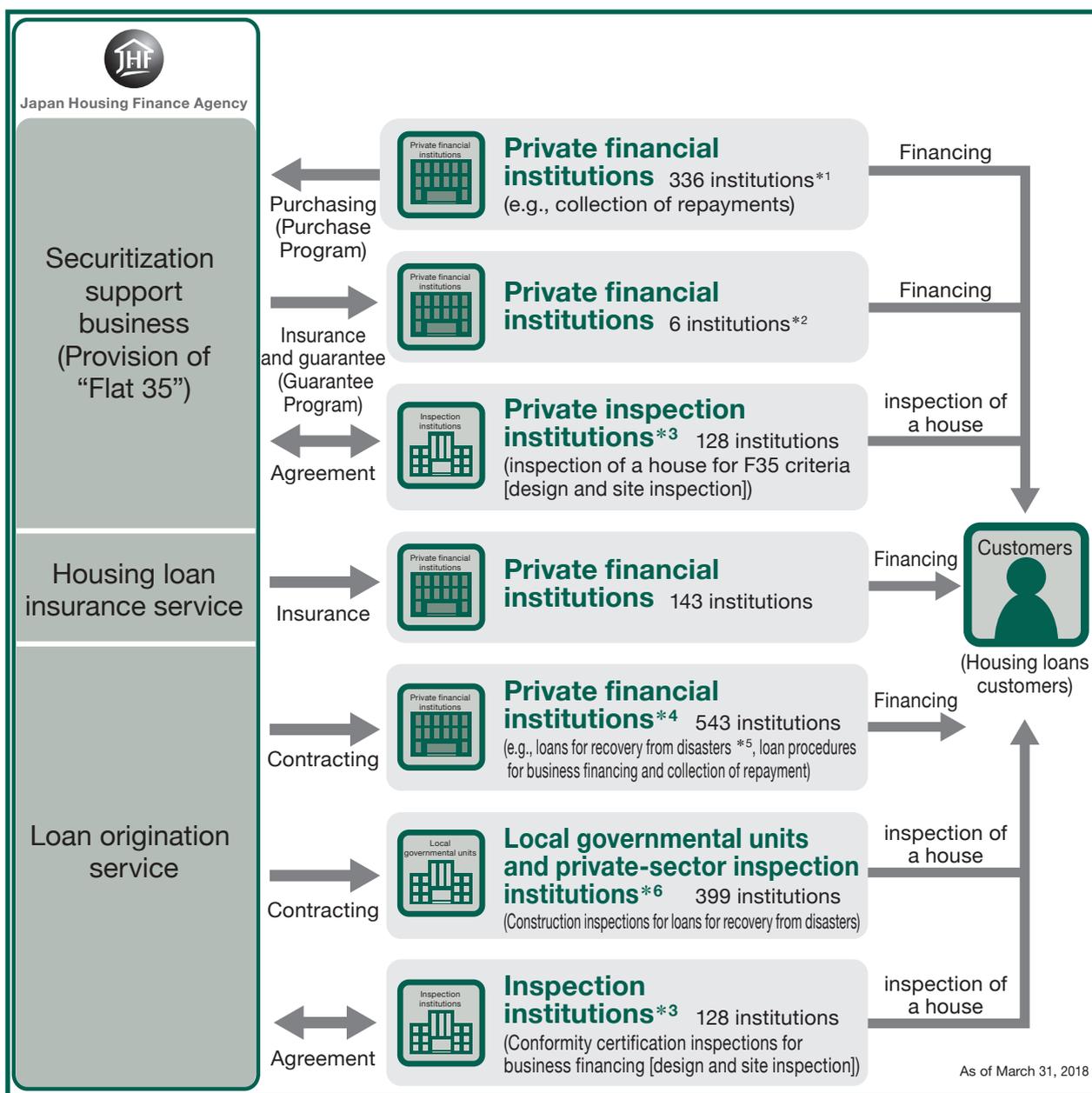
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Business Operations Framework

Business operations are efficiently run through a network of related organizations.

By contracting out some operations to private financial institutions, private inspection institutions, local government units and so on, JHF efficiently implements its business operations.

〈Business Operations Framework〉



- *1 This includes three institutions to which JHF outsources only collection of repayments related to the securitization support business, and from which JHF does not purchase housing loans. JHF also contracts with three collection agencies for recovery of defaulted loans.
- *2 This includes three institutions that have stopped new application acceptance.
- *3 Private inspection institutions are specified inspection institutions and registered housing performance evaluation institutions that have concluded an agreement of conformance certificate services with JHF. Architects who are registered with the Japan Association of Architectural Firms and Japan Federation of Architects & Building Engineers Associations also perform conformance certificate inspections for existing houses and renovations.
- *4 This excludes seven institutions to which JHF outsources only group credit life insurance business. In addition to private financial institutions, JHF contracts with four special servicers for recovery management of defaulted loans.
- *5 Applications for Housing Loans for Recovery from Disasters and Housing Land Loans for Recovery from Disasters concerning the Great East Earthquake are contracted out to 126 institutions as of March 31, 2018.
- *6 This refers to designated construction inspection institutions and registered housing performance evaluation institutions that have agreements with JHF.

Key Performance Indicators

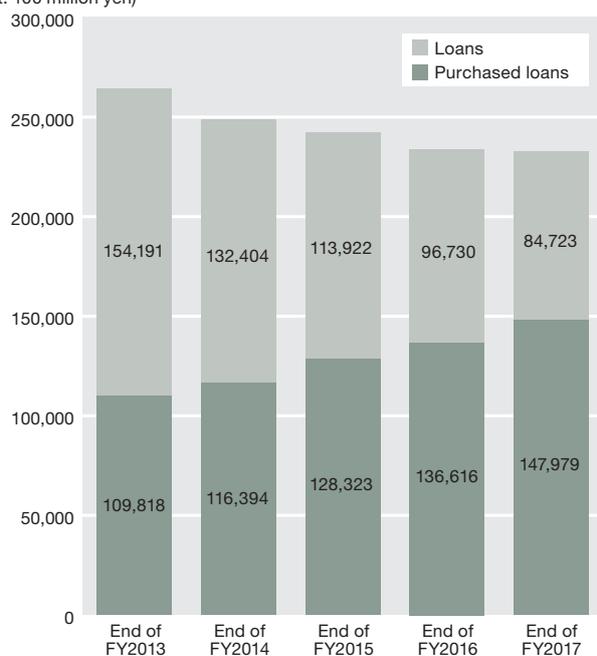
The key performance indicators are summarized in the table below.

(Unit: 100 million yen)

Category	End of FY2013	End of FY2014	End of FY2015	End of FY2016	End of FY2017
Ordinary income	10,009	9,438	8,221	7,376	6,685
Interest on purchased loans and loans	7,687	6,941	6,229	5,481	4,921
Ordinary expenses	7,644	6,827	6,129	5,462	4,816
Interest expense on borrowings and bonds	5,999	5,247	4,514	3,798	3,209
Net income	2,459	2,824	2,159	2,025	1,962
Outstanding balance of purchased loans	109,818	116,394	128,323	136,616	147,979
Outstanding balance of loans	154,191	132,404	113,922	96,730	84,723
Outstanding balance of borrowings	132,017	110,767	90,396	72,979	58,926
Outstanding balance of bonds	142,733	143,518	153,274	160,480	170,171
Capital	7,050	7,117	7,117	7,086	7,015

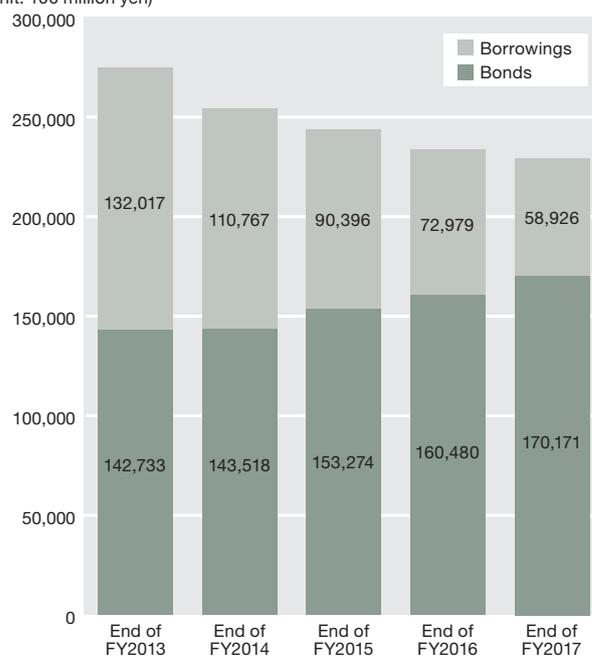
Outstanding balance of purchased loans and loans

(Unit: 100 million yen)



Outstanding balance of bonds and borrowings

(Unit: 100 million yen)



Financial Statements

The FY2017 financial statements for Japan Housing Finance Agency (JHF) were created based on Article 38 of the Act on General Rules for Independent Administrative Agency and approved by the minister in charge.

Overall Agency

In FY2017, the gross profit of the overall agency was 196.2 billion yen, and decreased of 6.3 billion yen from FY2016.

This is primarily due to the factors for the decrease resulting from the decrease in outstanding loans in the Outstanding Loans Management Account, and the like, predominating over the factors for the increase resulting from the increase of outstanding purchased loans in the Securitization Support Account, and the like.

Balance Sheet

(Unit: million yen)

Item	FY2016	FY2017	Item	FY2016	FY2017
(Assets)			(Liabilities)		
Cash and due from banks	886,811	840,034	Borrowings	7,297,941	5,892,620
Cash	1	1	FILP borrowings	7,118,491	5,628,970
Due from banks	753,350	754,631	Borrowings from private institutions	179,450	263,650
Agency deposit entrusted	133,460	85,402	Bonds	16,047,978	17,017,056
Money in trust	556,721	243,380	Mortgage-backed securities	12,124,393	12,742,035
Securities	1,126,409	1,043,360	General lien bonds	2,864,400	3,214,200
Government bonds	177,419	175,285	Property accumulation saving scheme-tied housing bonds	250,800	211,600
Local government bonds	163,013	164,382	Housing land bonds	808,702	849,439
Government guaranteed bonds	25,910	21,768	Bond issue premiums (△)	△ 317	△ 218
Corporate bonds	282,067	214,925	Insurance policy reserves	53,654	47,561
Certificates of deposit	478,000	467,000	Reserve for outstanding claims	20	22
Purchased loans	13,661,582	14,797,926	Policy reserves	53,634	47,539
Loans	9,673,015	8,472,315	Subsidies reserves	553,946	408,156
Loans on bills	51,006	43,979	Subsidies payable for emergency measures to facilitate housing finance	276,238	187,022
Loan on deed	9,622,009	8,428,336	Subsidies payable for promotion projects for development of high-quality housings	93,007	79,462
Other assets	200,236	151,472	Subsidies payable for emergency measures including loans for recovery from disasters	184,701	141,672
Claims for indemnity	8,319	7,082	Other liabilities	429,129	350,100
Transferred claims (pension)	57,022	48,531	Accrued expenses	44,723	39,629
Accrued revenues	37,542	34,160	Advanced earnings	33,699	30,762
Financial derivative products	55,605	27,902	Financial derivative products	59,220	29,801
Financial derivative product loss carried forward	20,148	16,151	Financial derivative product gain carried forward	5,098	4,031
Accrued insurance premiums	555	784	Accounts payable	275,660	234,195
Other assets	21,044	16,861	Other liabilities	10,731	11,682
Tangible fixed assets	30,380	29,655	Bonus payment reserves	628	648
Buildings	19,143	18,844	Allowance for retirement benefits	12,978	12,210
Accumulated depreciation (△)	△ 5,275	△ 5,866	Allowance for refund of guarantee fees	5,568	3,773
Accumulated impairment loss (△)	△ 172	△ 3	Guarantee obligation	379,142	457,421
Lands	16,381	16,128			
Accumulated impairment loss (△)	△ 111	△ 55	Total liabilities	24,780,964	24,189,545
Other tangible fixed assets	1,226	1,146			
Accumulated depreciation (△)	△ 812	△ 541	(Net assets)		
Accumulated impairment loss (△)	△ 0	△ 0	Capital	708,642	701,475
Intangible fixed assets	6,522	11,576	Government injection monies	708,642	701,475
Software	2,020	11,168	Capital surplus	381	381
Software in process account	4,502	408	Capital surplus	381	381
Guarantee obligation reversal	379,142	457,421	Surplus carried forward	831,427	973,932
Reserve for possible loan losses (△)	△ 200,602	△ 182,853	Valuation and conversion adjustments	△ 1,198	△ 1,047
			Deferred gains or losses on hedges	△ 1,198	△ 1,047
			Total net assets	1,539,252	1,674,742
Total assets	26,320,216	25,864,287	Total liabilities and net assets	26,320,216	25,864,287

Income Statement

(Unit: million yen)

Item	FY2016	FY2017
Ordinary income	737,607	668,486
Income from asset management	559,742	502,182
Interest on purchased loans	185,358	183,534
Interest on GHLC originated loans	362,718	308,550
Changes on claims for indemnity etc.	49	104
Interest on transferred claims (pension)	2,168	1,830
Interest and dividends on securities	9,441	8,157
Interest on deposits	7	8
Income from underwriting insurance	84,763	82,925
Net insurance premium revenue	3,224	4,507
Reimbursement of unused policy reserve	2,403	6,095
Fee from riders on group credit life insurance	61,706	58,829
Revenue from group credit life insurance	2,775	2,674
Dividends on group credit life insurance	14,655	10,820
Income from service transactions	608	519
Guarantee fee	123	103
Other income from services	486	415
Income from subsidies	81,533	75,435
Subsidies for emergency measures to facilitate housing finance	40,573	33,266
Subsidies for promotion projects for development of high-quality housing	34,691	36,275
Subsidies for emergency measures including loans for recovery from disasters	6,269	5,893
Income from other operating activities	36	40
Contract termination fees	36	40
Other ordinary income	10,924	7,385
Reversal of reserve from refund of guarantee fees	2,075	1,338
Reversal of reserve from mortgage transfer registration	583	—
Income from written-off claims recovered	4,046	4,475
Other ordinary income	4,220	1,573
Ordinary expenses	546,165	481,626
Fund raising expenses	380,504	321,494
Interest on borrowings	184,978	143,361
Interest on bonds	194,776	177,523
Other interest paid	750	611
Insurance underwriting expenses	89,118	78,948
Net insurance paid	2,278	1,163
Unused reserve for outstanding claims carried over	8	2
Group credit insurance premium paid	84,004	75,119
Payment of group credit life insurance claims	2,828	2,664
Service transaction expenses	25,653	24,668
Service expenses	25,653	24,668
Other operating expenses	14,519	11,196
Amortization of bond issuing expenses	9,271	8,262
Financial derivative products expenses	5,248	2,934
Business expenses	31,180	35,426
Business expenses	31,180	35,426
Other ordinary expenses	5,191	9,894
Provision for reserve for possible loan losses	3,049	8,603
Other ordinary expenses	2,142	1,291
Ordinary income	191,442	186,859
Extraordinary income	1,885	453
Income from disposal of tangible fixed assets	1,838	125
Other extraordinary income	47	328
Reimbursement from insolvent customers based on restructuring plan	47	201
Gain on transfer of the substitutional portion of the Employee Pension Fund	—	128
Extraordinary losses	386	108
Loss on disposal of tangible fixed assets	103	51
Impairment loss	283	57
Net income	192,941	187,205
Transfer from reserve of previous mid-term target	9,596	9,023
Gross income	202,537	196,227

Cash Flows Statement

(Unit: million yen)

Item	FY2016	FY2017
I . Cash flow from operating activities		
Outlays on the purchase of loans	△ 3,209,741	△ 2,557,080
Loan disbursement	△ 203,313	△ 198,659
Outlays on personnel expenses	△ 10,059	△ 9,980
Outlays on insurance	△ 2,278	△ 1,163
Outlays on group credit life insurance premium	△ 84,364	△ 75,767
Outlays on payment on group credit life insurance claims	△ 2,832	△ 2,672
Other operating outlays	△ 48,571	△ 48,244
Income from collection of purchased loans	2,362,689	1,371,291
Income from collection of loans	1,899,313	1,382,165
Income from interest on purchased loans	185,971	182,799
Income from interest on loans	368,093	312,537
Loan origination fees and other revenues	54	0
Income from insurance premiums	2,960	4,272
Income from riders on group credit life insurance	59,578	55,956
Income from group credit life insurance	2,713	2,702
Dividends received from group credit life insurance	14,523	14,655
Income from other operations	23,685	18,943
Income from treasury subsidies	23,624	25,310
Outlays on the repayment of treasury subsidies	△ 64,040	△ 98,711
Subtotal	1,318,004	378,353
Interest and dividends received	56,745	37,307
Interest paid	△ 439,108	△ 356,886
Payment to national treasury paid	—	△ 44,700
Cash flow from operating activities	935,641	14,073
II . Cash flow from investing activities		
Outlays on acquisition of securities (bonds)	△ 69,425	△ 29,719
Income from redemption of securities (bonds)	170,411	101,400
Net change in securities (certificates of deposits) (△ indicates negative amount.)	91,000	11,000
Outlays on acquisition of tangible fixed assets	△ 1,948	△ 78
Gain on disposal of tangible fixed assets	3,515	267
Outlays on acquisition of intangible fixed assets	△ 2,117	△ 6,140
Outlays on depositing of term deposit	△ 99,000	—
Income from withdrawal of term deposit	169,000	—
Income from decrease of monetary trusts	124,035	314,500
Other expenses	—	△ 7
Other income	10	—
Cash flow from investing activities	385,481	391,223
III . Cash flow from financing activities		
Income from long-term borrowings from private institutions	126,000	142,400
Outlays on payment of long-term borrowings from private institutions	△ 68,400	△ 58,200
Income from issuance of bonds (after deducting insurance expense)	2,983,171	2,665,424
Outlays on redemption of bonds	△ 2,271,986	△ 1,704,707
Income from FILP borrowings	35,000	39,500
Outlays on payment of FILP borrowings	△ 1,834,292	△ 1,529,020
Outlays on payment of lease obligation	△ 660	△ 184
Outlays for return to the national treasury concerning unnecessary estates	△ 3,214	△ 7,286
Cash flow from financing activities	△ 1,034,381	△ 452,074
IV . Increase in cash (or decrease)	286,741	△ 46,777
V . Opening balance of cash	600,070	886,811
VI . Closing balance of cash	886,811	840,034

Statement of Administrative Cost Calculations

(Unit: million yen)

Item	FY2016	FY2017
I . Operating expenses		
(1) Expenses recorded in income statement		
Fund raising expenses	380,504	321,494
Insurance underwriting expenses	89,118	78,948
Service transaction expenses	25,653	24,668
Other operating expenses	14,519	11,196
Business expenses	31,180	35,426
Other ordinary expenses	5,191	9,894
Loss on disposal of tangible fixed assets	103	51
Impairment loss	283	57
Subtotal	546,551	481,734
(2) (Deduction) Non-subsidy revenues etc.		
Income from asset management	△ 559,742	△ 502,182
Income from insurance underwriting	△ 84,763	△ 82,925
Income from service transactions etc.	△ 608	△ 519
Income from other operating activities	△ 36	△ 40
Other ordinary income	△ 10,924	△ 7,385
Gain on disposal of tangible fixed assets	△ 1,838	△ 125
Reimbursement from insolvent customers based on restructuring plan	△ 47	△ 201
Gain on transfer of substitutional portion of the Employees' Pension Fund	—	△ 128
Subtotal	△ 657,959	△ 593,504
Total operating expenses	△ 111,407	△ 111,770
II . Expected increase in retirement benefits not recorded in allowances	6	6
III . Opportunity costs		
Opportunity costs related to items such as central and local government injection monies	461	316
IV . (Deduction) Payment for corporation tax and return to the national treasury	△ 120	△ 120
V . Administrative cost	△ 111,061	△ 111,568

Significant Accounting Policies (Overall Agency)

- Depreciation
 - Tangible fixed assets

Straight line method is applied.

The usual life terms of major assets are given below:
 Building: 2 – 50 years
 Other tangible fixed assets: 2 – 43 years
 - Intangible fixed assets

Straight line method is applied.

For software used internally at the Agency, this is based on usable years (5 years) internally at the Agency.
- Criteria for reporting Reserves
 - Reserves for Possible Loss on Loans

Borrowers are categorized into six groups, normal borrowers, borrowers requiring caution other than those requiring management, borrowers requiring management, borrowers with high probability of default, substantially defaulted borrowers, and borrowers in default, and reserves are recorded as below in order to cover loss on purchased loans and loans:

 - For "substantially defaulted borrowers" and "borrowers in default," the difference between the balance of the loan and the expected recoverable amount from the collateral is recorded for each loan.
 - For "borrowers with high probability of default," the expected recoverable amount from the collateral is deducted from the balance, and the amount considered necessary out of the remaining amount is recorded.
 - For "borrowers requiring management" and "borrowers requiring caution other than those requiring management" concerning loans of which cash flow in collection of loan principle and receipt of interest can be rationally estimated, the difference between the amount of the cash flow discounted by an agreed interest rate and the book value is recorded.
 - For loans other than listed above, an amount is recorded based on the expected loss rate calculated by past loan losses during a particular period.
 - Allowance for Bonuses

In order to pay bonuses to directors and employees, the amount of expected bonus payments for the following year that is attributable to the current year is recorded.
 - Allowance for Retirement Benefits

In order to pay retirement benefits to directors and employees, an allowance is recorded based on retirement benefit obligations and projected pension assets at the end of the particular business year.

In calculation of retirement benefit obligations, concerning the method of having the projected retirement benefit amount be attributed to the period until the end of this fiscal year, a straight-line method is applied.

For prior service expenses, an amount equally divided under the straight-line method by a set number of years within the average number of working years remaining for directors and employees at the time the liability was generated (10 years) is recorded as expense.

The amount of actuarial difference equally divided under the straight-line method by a set number of years within the average number of working years remaining for directors and employees at the time when the difference is generated (10 years) is recorded as expense, starting from the business year following the year when the difference is generated.
 - Allowance for Refund of Guarantee Fees

Out of guarantee fees that parties who receive loans that are part of the account for loans for property accumulation saving scheme-tied houses and the outstanding loan management account, as well as those who receive loans related to transferred claims (from pension) described in Notes 1 (2) for the housing loan account, paid when entrusting a guarantee to the Housing Loan Guarantee Corporation on their loans as stipulated by Article 6, Paragraph 1 of the Supplementary Provisions of the Japan Housing Finance Agency Law (Law No. 82 of 2005), the expected amount of refund is recorded in order to cover the necessary expenses for refund of prepaid fees.
- Criteria for Recording Mandatory Policy Reserves

In order to pay for future liabilities related to insurance relations stipulated by Article 3 of the Home Mortgage Insurance Law (Law No. 63 of 1955), and Insurance relations stipulated by Article 20, paragraph 2 of the Act to Promote the Supply of Rental Housing for People Who Require Consideration in Securing Housing (Law No. 112 of 2007), the amount calculated by the method designated by the competent minister in accordance with Article 13 of the Ministerial Ordinance Related to Japan Housing Finance Agency (Ministry of Finance and Ministry of Land, Infrastructure, Transport and Tourist Ministerial Ordinance No. 1 of 2007; hereafter referred to as "the Ministerial Ordinance") ("Calculation method designated by the competent minister based on Article 13 of the Ministerial Ordinance Related to Japan Housing Finance Agency (Finance No. 245 and National Housing Material No. 30: 2015)) is recorded.
- Criteria and Method for Valuing Marketable Securities (including marketable securities invested as trust assets in the money in trust)
 - Securities held to maturity

The amortized cost method (straight-line method) is applied.
 - Other securities

The purchase price is recorded.
- Method for Valuing Financial Derivative Products (Derivative Transactions)

The market value method is applied.
- Treatment of Interest Rate Swap Transactions
 - Interest rate swap transactions on the securitization account

For gains and losses from interest rate swaps contracted to hedge the pipeline risk of JHF bonds issued to procure funds needed to purchase mortgages from lenders, the amount calculated by the method designated by the competent minister pursuant to the stipulations of Article 12 of the Ministerial Ordinance ("Method designated by the competent minister based on Article 12 of the Ministerial Ordinance Related to Japan Housing Finance Agency" (Finance No. 174 and National Housing Material No.122: 2007)) is recorded as gains from deferred derivative products and losses from deferred derivatives products.
 - Interest rate swap transactions on the housing loan account

Deferred hedge accounting is used to account for interest rate swap transactions contracted to hedge the pipeline risk of JHF bonds issued to procure funds for loans to finance rental housing constructions.

Hedge effectiveness is assessed based on the variation in the amount of hedged objects and hedging instruments.
- Depreciation of Bond Issue Premiums

Bond issue premiums are amortized using a straight-line method over the maturity of the bond.
- Method for Recording Opportunity Costs in the Statement of Administrative Cost Calculations

For calculating the opportunity costs to central government investments and local government investments, with reference to the Japanese government 10-year fixed-rate bond yield as of the end of March 2018, 0.045% was applied.
- Accounting for Leases

Finance leases with a total lease fee of 3 million yen or larger are accounted for as regular purchases.

Finance leases with a total lease fee less than 3 million yen are accounted for as normal leases.
- Accounting for Consumption Tax

The tax inclusive method is applied.

Notes (Overall Agency)

1. Matters Relating to the Balance Sheet

(1) Collateralized assets

Purchased loans and loans are entrusted as collateral for mortgage backed securities.

(Unit: yen)

	Assets entrusted as collateral		Collateral related to liabilities	
	Item	Amount	Item	Amount
Securitization Account	Purchased loans	14,171,854,148,046	MBS	11,560,125,599,221
Housing Loan Account	Loans	15,547,951,237	MBS	16,235,321,959
Outstanding Loan Management Account	Loans	1,282,855,775,610	MBS	1,165,674,499,820
Total		15,470,257,874,893		12,742,035,421,000

(2) Transferred claims (from pension)

Based on Article 7, Paragraph 1, Item 3 of the Supplementary Provisions of the Japan Housing Finance Agency Law (Law No. 82 of 2005; hereafter referred to as the "JHF Law"), the balance of claims transferred from the Welfare and Medical Service Agency is recorded.

(3) Gains and losses from deferred derivative products

Gains and losses on interest rate swaps stipulated by Article 12 of the Ministerial Ordinance Related to Business Operation and Accounting and Finances of Japan Housing Finance Agency (Ministry of Finance and Ministry of Land, Infrastructure and Transportation Ministerial Ordinance No. 1 of 2007).

2. Matters Relating to the Cash Flows Statement

(1) Breakdown of closing balance of cash on the balance sheet by item

Cash and due from bank: 840,033,705,693 yen
Closing balance of cash: 840,033,705,693 yen

(2) Material non-cash transactions

The value of assets and liabilities related to finance leases, which are significant non-cash transactions, newly recorded during FY2017 were both 323,568,219 yen.

3. Matters Relating to Statement of Administrative Cost Calculations

The expected increase in retirement benefits not included in allowances is related to parties seconded from the central government.

4. Matters Relating to Retirement Benefits

(1) Overview of the retirement benefit plan

JHF has adopted the Corporate Pension Fund plan and lump-sum retirement allowance plan as the defined-benefit system and the Defined-contribution Pension plan as the defined-contribution system. Although JHF has adopted the multi-employer plan for its Corporate Pension Fund plan, since the amount of pension assets can be reasonably calculated based on the ratio of the retirement benefit obligations, related notes are stated and included in the notes on defined-benefit systems below.

Under the Corporate Pension Fund plan (reserve system), pensions are paid based on remuneration and salaries to directors and employees, and their years of service. Under the lump-sum retirement allowance plan (non-reserve system), lump-sum moneys are paid based on remuneration and salaries to directors and employees as retirement allowances, and reserves for retirement benefits and net pension expenses are calculated based on the simplified method for directors and on the basic method for employees.

Note that the Minister of Health, Labour and Welfare has approved exemption from returning the previous portion for the substitution part of Employees' Pension Funds on October 1, 2014, and completed repayment to the government on September 22, 2017. With this, JHF recorded the balance between the amount paid and the minimum liability reserve, 127,650,380 yen, in extraordinary income, as gain on transfer of substitutional portion of the Employees' Pension Fund.

(2) Defined-benefit system

① Reconciliation of opening balance and closing balance of retirement benefit obligations	
Opening balance of retirement benefit obligations	30,946,117,117 yen
Service cost	737,814,300
Interest cost	146,290,456
Current term's actuarial difference	125,945,218
Retirement benefit payment	△ 1,727,588,582
Current term's prior service cost	1,342,335,514
Contribution from participants	0
Decrease as a result of return of a substitutional portion of the Employee Pension Fund	△ 6,678,099,037
Closing balance of retirement benefit obligations	24,892,814,986
② Adjustment table for opening balance and closing balance of pension assets	
Opening balance of pension assets	16,634,139,743 yen
Expected return on plan assets	252,092,277
Current term's actuarial difference	173,742,937
Contribution by employer	360,294,880
Retirement benefit payment	△ 531,101,482
Contribution from participants	0
Decrease as a result of return of a substitutional portion of the Employee Pension Fund	△ 6,550,448,657
Closing balance of pension assets	10,338,719,698
③ Adjustment table of retirement benefit obligations and pension assets, and reserve for retirement benefit and prepaid pension cost recorded on the balance sheet	
Retirement benefit obligations under reserve system	13,367,742,602 yen
Pension assets	△ 10,338,719,698
Unfunded retirement benefit obligations under reserve system	3,029,022,904
Unfunded retirement benefit obligations under non-reserve system	11,525,072,384
Subtotal	14,554,095,288
Unrecognized actuarial difference	△ 2,397,804,973
Unrecognized prior service cost	54,090,402
Net asset and liabilities amount recorded on balance sheet	12,210,380,717
Reserve for retirement benefits	12,210,380,717
Prepaid pension costs	0
Net asset and liabilities amount recorded on balance sheet	12,210,380,717
④ Retirement benefit-related income	
Service cost	737,814,300 yen
Interest cost	146,290,456
Expected return on plan assets	△ 252,092,277
Current term's amortization of actuarial differences	536,848,543
Current term's amortization of prior service cost	△ 251,925,590
Extra retirement benefits extraordinarily paid	0
Total	916,935,432
Gain on transfer of a substitutional portion of the Employee Pension Fund	△ 127,650,380
⑤ Primary breakdown of pension assets	
Ratio of primary categories for total pension assets is as follows:	
Bonds	62%
Stock	24%
General account	14%
Cash and deposits	1%
Total	100%

*As the numbers are rounded off, the total is not 100%.

⑥ Method of configuration of ratio of long-term expected return on assets

In order to decide on the ratio of long-term expected return on pension assets, the distribution of current and predicted pension assets and the ratio of long-term return expected currently and in the future from a variety of assets that compose pension assets are taken into account.

⑦ Calculation basis for actuarial calculations

Major calculation basis for actuarial calculation at closing of fiscal year

Discount rate	0.6%
Ratio of long-term expected return on plan assets	2.5%

(Note) Amount of a lump sum payment for directors processed by simple method is included

(3) Defined-contribution system

Amount required to be contributed to defined-contribution system is 45,227,053 yen.

5. Impairment losses on fixed assets

(1) Assets in which impairment is recognized

Impairment of the employee dormitories and the branch office in the table below is recognized in this fiscal year as the likelihood of use has significantly decreased and disposal is planned.

As buildings and land pertain to the profit and loss calculation, the amount of impairment is recorded in the income statement.

<Dormitory>

(Unit: yen)

JHF branch	Dormitory	Location	Book value			Impairment	
			Buildings	Lands	Total	Buildings	Lands
1 Hokkaido	Makomanai Dorm	Minami-ku, Sapporo-shi	135,469,861	64,300,000	199,769,861	0	20,100,000
2 Hokkaido	Asou Dorm	Kita-ku, Sapporo-shi	50,148,661	91,700,000	141,848,661	0	0
3 Tokai	Oogimachi Dorm	Melto-ku, Nagoya-shi	164,438,619	304,000,000	468,438,619	0	0
4 Kinki	Nagai Dorm	Sumiyoshi-ku, Osaka-shi	155,631,184	333,000,000	488,631,184	0	5,000,000
5 Kinki	Nishinomiya Dorm	Nishinomiya-shi	151,591,128	283,000,000	434,591,128	0	0
6 Hokuriku	Nukashin Dorm 1A	Kanazawa-shi	7,760,000	16,800,000	24,560,000	223,164	5,900,000
7 Hokuriku	Nukashin Dorm 1B	Kanazawa-shi	8,731,572	15,800,000	24,531,572	0	5,600,000
		Total	673,771,025	1,108,600,000	1,782,371,025	223,164	36,600,000

<JHF Branch>

(Unit: yen)

JHF branch	Location	Book value			Impairment	
		Buildings	Lands	Total	Buildings	Lands
1 Shikoku	Bancho, Takamatsu-shi	58,100,000	153,000,000	211,100,000	2,623,057	18,000,000
	Total	58,100,000	153,000,000	211,100,000	2,623,057	18,000,000

(Note 1) Book values above are those at the end of this fiscal year.

(Note 2) Impairment amounts were calculated based on assessments of real estate appraisals measured by the net sale values.

(2) Assets in which impairment is indicated

Indications of impairment of the employee dormitories in the table below were recognized since they are to be abolished by the end of FY2020.

As regular maintenance is done on these dormitories and they have functions pursuant to their usage, their impairment is not recognized.

<Dormitory>

(Unit: yen)

JHF branch	Dormitory	Location	Book value		
			Buildings	Lands	Total
1 Head office	Yatsu Dorm	Narashino-shi	171,170,868		279,000,000
2 Shikoku	Showa Dorm	Takamatsu-shi	33,972,736		57,600,000
3 Shikoku	Miyawaki Dorm	Takamatsu-shi	31,807,877		41,300,000
4 Chugoku	Hijiyama Dorm	Minami-ku, Hiroshima-shi	26,210,177		138,000,000
5 Chugoku	Itsuokaichi Dorm	Saeki-ku, Hiroshima-shi	62,763,107		87,910,000
6 Tohoku	Hachiman Dorm No. 3	Aoba-ku, Sendai-shi	40,094,890		83,840,000
7 Tohoku	Hachiman Dorm No. 4	Aoba-ku, Sendai-shi	81,446,398		64,400,000
8 Kyushu	Suzenji Dorm No. 1	Chuo-ku, Kumamoto-shi	38,937,132		50,000,000
9 Kyushu	Nishijin Dorm No. 1	Sawara-ku, Fukuoka-shi	5,821,525		73,700,000
10 Kyushu	Takatori Dorm	Sawara-ku, Fukuoka-shi	13,880,865		165,000,000
11 Kyushu	Ozasa Dorm No. 2	Chuo-ku, Fukuoka-shi	134,235,414		118,000,000
		Total	640,241,989		1,158,750,000

(Note) Book values above are those at the end of this fiscal year as the date of abolishment is not fixed at the last day of the year.

6. Financial Products

(1) Matters relating to the situation of financial products

a. Policy on financial products

To support financing of private financial institutions providing monies required for housing construction, JHF conducts loan claim assignment business as well as lending business for financing construction of disaster recovery buildings to supplement lending by private financial institutions. In order to conduct these businesses, JHF procures funds by issuance of FILP (Fiscal Investment and Loan Program) bonds and borrowings from financial institutions and the FILP.

b. Description of financial products and their risk

The financial assets that JHF holds are mainly mortgages to individuals in Japan, which are exposed to credit risk that is caused by contractual default by borrowers. Most of the mortgages are long-term fixed rate loans, which are exposed to market risk including prepayment risk, refinancing risk, and pipeline risk. The securities held by JHF are mainly bonds, which are held to maturities and exposed to credit risk of the issuers and market risk.

JHF's sources of fundings are FILP bonds and borrowings, which are exposed to liquidity risk that can cause failures in fund raising under certain adverse market conditions.

c. Risk management system relating to financial products

(a) Efforts for risk management

In order to build a systematic, cross-sector risk management system, JHF has designated a specific executive and department to control overall risk management. It has also designated executives and departments that deal with individual risks both quantitatively and qualitatively and committees to support them. Specifically, the Credit Risk Management Committee has been established to manage credit risk and the ALM Risk Management Committee to deal with market risk, liquidity risk, and counterparty credit risk. These committees monitor status of each risk and deliberate planning and proposals related to management of each risk.

In addition, JHF assigns an executive and a department responsible for inclusive risk management in order to manage the risks from a comprehensive point of view and maintains a system to understand and evaluate assessment of individual risks and management of the risks as a whole and periodically report the results to the board of directors. As JHF's overall risk management, financial resilience to both credit risk and asset liability management risk is verified by conducting a lifetime income simulation with both risks taken into consideration in a cross-section way based on the same cash flow scenario incorporating the interest rate scenario and the probability of default scenario.

JHF also set up and implemented Basic Risk Management Rules that stipulates basics including definitions of individual risks, purposes of risk management, and framework and methods of risk management as well as risk management regulations that stipulates risk management framework and methods for individual risks. Individual risks are managed according to these regulations with their characteristics taken into account, and comprehensive risk management to understand and evaluate these individual risks inclusively is implemented.

(b) Credit risk management

In JHF, the section responsible for the credit risk management secures independence from the sales promotion department and has an established framework to appropriately conduct: purchase loan screening, loan screening, management and servicing of loans retained by

JHF, and self-assessment. In order to check and manage credit risk correctly, the agency categorizes holding credits based on their risk profiles, analyzes the attributes of the borrowers contained in the portfolio by category, and estimates the amount of possible future losses and cost of dealing with credit risk.

(c) Market risk management

JHF has established the market risk management department independent from the market department to appropriately manage prepayment risk, refinance/reinvestment risk, and pipeline risk.

JHF manages prepayment risk by estimating prepayment amount utilizing prepayment models and by procuring funds with combination of housing loan securitization and issuance of various maturity bonds.

Refinancing/reinvestment risk and pipeline risk are managed by estimating the cash flow of assets and debts with future interest fluctuations taken into consideration, forecasting the periodical profit and loss according to the cash flow, and periodically monitoring risk indexes such as the duration.

Note that pipeline risks are managed by interest swap transactions for the purpose of hedging and so forth, when necessary.

(d) Liquidity risk management

In JHF, the risk management department, which is independent of the financing management department sets management indicators for financing of liquidity assets, etc. to implement monitoring. In addition, it secures fundraising methods such as emergency borrowing facilities, and also has established administrative categories according to cash management tightness, thereby the actions are predetermined depending on the category.

(e) Counterparty credit risk management

JHF's risk management division, which is independent from the funding management division, sets the counterparty credit risk management indicators and implement monitoring. The credit risk management methods are established for issuers of bonds held by JHF and the financial institutions that are the counterparties in interest rate swap transactions.

d. Supplementary explanation of the matters relating to mark-to-markets of financial products

Market values of financial products include values based on market prices and rationally calculated values if market prices are not available. As certain preconditions are applied for calculation of these values, the values may change depending on the preconditions.

(2) Matters relating to the mark-to-markets of financial products

The values of major financial products on the balance sheet as of the end of the fiscal year, their market prices, and differences between them are outlined in the table below.

(Unit: yen)

	Book value on the value sheet	Market price	Difference
(1) Cash and due from banks	840,033,705,693	840,033,705,693	0
(2) Money in trust	243,380,425,238	247,352,011,655	3,971,586,417
(3) Securities			
Securities held to maturity	576,360,182,177	615,120,670,365	38,760,488,188
Other securities	467,000,000,000	467,000,000,000	0
(4) Purchased loans	14,797,925,994,206		
Reserve for possible loan losses (Note1)	△ 50,295,904,588		
	14,747,630,089,618	14,910,482,570,326	162,852,480,708
(5) Loans	8,472,315,301,139		
Reserve for possible loan losses (Note1)	△ 124,248,187,966		
	8,348,067,113,173	9,358,763,498,309	1,010,696,385,136
(6) Claims for indemnity (Note1)	2,200,764,453	2,200,764,453	0
(7) Transferred claims (from pension) (Note1)	47,716,881,545	53,230,213,515	5,513,331,970
Total assets	25,272,389,161,897	26,494,183,434,316	1,221,794,272,419
(1) Borrowings	5,892,620,268,000	6,168,040,263,818	275,419,995,818
(2) Bonds (Note2)	17,017,056,309,261	17,701,250,174,221	684,193,864,960
(3) Accounts payable	234,195,190,000	234,195,190,000	0
Total liabilities	23,143,871,767,261	24,103,485,628,039	959,613,860,778
Financial derivative products (Note3)	(1,899,000,861)	(1,899,000,861)	0
Total financial derivative products	(1,899,000,861)	(1,899,000,861)	0

(Note1) Accounts on general and individual reserves for possible loan losses for purchased loans and loans are deducted. Since reverses for possible loan losses for claims for indemnity and transferred claims (from pension) are less important, their values are subtracted directly from the amounts on the balance sheet.

(Note2) Since bond issue premiums are less important, the values are subtracted directly from the amounts on the balance sheet.

(Note3) The values of financial derivative products listed as assets or liabilities are indicated on bloc. The changes in values of assets or liabilities caused by transactions are indicated on a net basis, and if the sum of them results in negative, the item is indicated in parentheses.

(Note) Method of calculating the market price of financial products

Assets

(1) Cash and due from banks

As all dues from banks had no fixed maturity date and the market price was close to the book value, the book value was applied as the market price.

(2) Money in trust

The market price was based on values provided by counterparty financial institutions.

(3) Securities

The market price of bonds was based on market prices including quotation by market makers released by industry groups. As certificates of deposits have a short contract period and their market price was close to the book value, the book value was applied as the market price.

(4) Purchased loans

The future cash flow of purchased loans was estimated in terms of their type, borrowers and maturities. The future cash flow was then discounted at a rate that would be applied to a similar newly purchased mortgage to calculate the market value.

Regarding loans of borrowers in default, substantially defaulted borrowers, and borrowers with high probability of default, as the sum of loan losses was estimated based on an expected recoverable amount from the collaterals, the market price was close to the amount on the balance sheet on the settlement day with the current expected irrecoverable amount subtracted, and this price was applied as the market price.

(5) Loans

The future cash flow of loans was estimated in terms of their type, borrowers, and maturities. The future cash flow was then discounted at a rate that would be applied to a similar newly originated loan to calculate the market price.

Regarding loans of borrowers in default, substantially defaulted borrowers, and borrowers with high probability of default, as the sum of loan losses was estimated based on an expected recoverable amount from the collaterals and guarantees, the market price was close to the amount on the balance sheet on the settlement day with the current expected irrecoverable amount subtracted, and this price was applied as the market price.

As for loans on bills, because the maturities are short and the market value was close to the book value, the book value is applied as the market value.

(6) Claims for indemnity

As the sum of loan losses was estimated based on an expected recoverable amount from the collaterals, the market price was close to the amount on the balance sheet on the settlement day with the current expected irrecoverable amount subtracted, and this price was applied as the market price.

(7) Transferred claims from pension

The future cash flow of transferred claims from pension was estimated in terms of their type, borrowers, and maturities. The future cash flow was then discounted at a rate that would be applied to a similar newly transferred loan to calculate the market price.

Regarding loans of borrowers in default, substantially defaulted borrowers, and borrowers with high probability of default, as the sum of loan losses was estimated based on an expected recoverable amount from the collaterals, the market price was close to the amount on the balance sheet on the settlement day with the current expected irrecoverable amount subtracted, and this price was applied as the market price.

Liabilities

(1) Borrowings

The total amount of principal and interest was discounted at a rate that would be applied to a similar new borrowing to calculate the market price.

Because the contracted term for borrowings at private financial institutions about account for loans for property accumulation saving scheme-tied houses was short and the market price was close to the book value, the book value was applied as the market price.

(2) Bonds

The prices of mortgage-backed securities and general lien bonds were based on market prices including quotation by market makers released by industry groups.

Regarding property accumulation saving scheme-tied housing bonds, the total amount of principle and interest is discounted at a rate that would be applied to a similar new bond issue to calculate the market price.

For housing land bonds, estimated future cash flow was discounted at a rate that would be applied to a similar new bond issue to calculate the market price.

(3) Accounts payable

Because the term when the outstanding payment was unpaid was short and the market price was close to the book value, the book value was applied as the market price.

Financial derivative products

Financial derivative products JHF executes are an interest-rate swap agreement, and the market price was calculated based on the discount present value.

7. Securities

(1) Securities held to maturity

(Unit: yen)

Category	Type	Book value on the balance sheet	Market price	Difference
Securities whose market price exceeds the book value on the balance sheet	Government bonds	175,182,815,454	197,543,638,305	22,360,822,851
	Municipal bonds	150,995,860,455	159,872,578,060	8,876,717,605
	Government guaranteed bonds	21,767,694,370	22,777,929,000	1,010,234,630
	Corporate bonds	151,706,594,380	158,506,563,000	6,799,968,620
	Subtotal	499,652,964,659	538,700,708,365	39,047,743,706
Securities whose market price does not exceed the book value on the balance sheet	Government bonds	102,412,826	95,780,000	△ 6,632,826
	Municipal bonds	13,386,274,050	13,255,912,000	△ 130,362,050
	Government guaranteed bonds	0	0	0
	Corporate bonds	63,218,530,642	63,068,270,000	△ 150,260,642
	Subtotal	76,707,217,518	76,419,962,000	△ 287,255,518
Total		576,360,182,177	615,120,670,365	38,760,488,188

(2) Other securities

(Unit: yen)

Category	Type	Book value on the balance sheet	Acquisition cost	Difference
Securities whose book value on the balance sheet does not exceed the acquisition cost	Others	467,000,000,000	467,000,000,000	0

None of the book values on the balance sheet exceeds its acquisition cost.

8. Important Liability Incurring Activities

There is nothing to report.

9. Important Subsequent Events

There is nothing to report.

10. Payment to the National Treasury in Connection with Unnecessary Assets

(1) Outline of assets returned to the national treasury as unnecessary assets

a) Type

Cash and deposits

b) Book value

Cash and deposits: 7,286,443,864 yen

(2) Cause of becoming unnecessary assets

For the capital executed by FY2016, the assets above were recognized to have become unnecessary for conducting the business without uncertainty considering the future expected business volume.

(3) Method of return to the National Treasury

Payment into the National Treasury was made in accordance with the stipulations of Article 46-2, Paragraph 1 of the Act on General Rules for Independent Administrative Agency (Act No. 103 of 1999).

(4) Amount paid into the National Treasury

7,286,443,864 yen

(5) Date of return to the National Treasury

March 29, 2018

(6) Amount of reduction in capital

7,166,580,000 yen

Risk Management Loans

Japan Housing Finance Agency is not a corporation to which Banking Act (1981 Law No. 59) is applied. However, it has disclosed risk management loans by referring to the disclosure standards in private financial institutions from 1997 fiscal year. In addition, after 2000 fiscal year it has disclosed risk management loans based on the criteria in self-assessment results.

It should be noted that among these risk management loans not all of the disclosed outstanding balance is to be uncollectible, as the recovery from the first rank of mortgage and other collateral can be achieved.

2013 Fiscal Year - 2017 Fiscal Year Risk Management Loans

(Unit: 100 million yen,%)

Classification	FY2013			FY2014			FY2015		
	Outstanding loan etc*	Purchased loan	Total	Outstanding loan etc*	Purchased loan	Total	Outstanding loan etc*	Purchased loan	Total
Insolvent debtor loan(A)	883	83	966	757	85	842	684	98	783
Delinquent loan(B)	4,215	380	4,595	3,542	379	3,921	3,038	375	3,413
Delinquent loan more than 3 months(C)	1,118	171	1,289	966	146	1,111	788	150	938
Sub-total(D)=(A)+(B)+(C)	6,216	634	6,850	5,265	609	5,875	4,510	623	5,133
Ratio(D)/(G)×100	4.00	0.58	2.58	3.95	0.52	2.35	3.93	0.49	2.11
Restructured loan(E)	10,357	465	10,822	8,333	444	8,777	6,862	446	7,308
Total(F)=(A)+(B)+(C)+(E)	16,573	1,099	17,672	13,599	1,053	14,652	11,373	1,069	12,442
Ratio(F)/(G)×100	10.68	1.00	6.67	10.20	0.90	5.87	9.92	0.83	5.12
Principal balance(G)	155,224	109,818	265,042	133,294	116,394	249,688	114,692	128,323	243,015

(Unit: 100 million yen,%)

Classification	FY2016			FY2017		
	Outstanding loan etc*	Purchased loan	Total	Outstanding loan etc*	Purchased loan	Total
Insolvent debtor loan(A)	608	106	715	559	122	681
Delinquent loan(B)	2,509	358	2,866	2,157	362	2,518
Delinquent loan more than 3 months(C)	697	136	833	597	153	750
Sub-total(D)=(A)+(B)+(C)	3,814	600	4,414	3,313	637	3,949
Ratio(D)/(G)×100	3.92	0.44	1.89	3.88	0.43	1.69
Restructured loan(E)	5,714	455	6,169	4,772	476	5,248
Total(F)=(A)+(B)+(C)+(E)	9,528	1,055	10,583	8,085	1,113	9,198
Ratio(F)/(G)×100	9.78	0.77	4.52	9.48	0.75	3.94
Principal balance(G)	97,384	136,616	233,999	85,279	147,979	233,259

Note: The total may not match due to rounding.

For disclosure standards of risk management loans, they are to be disclosed based on the asset self-assessment results.

* "Outstanding loan etc" means loans and reimbursement loans relating to loans other than purchased loans.

Note:

1 Insolvent debtor loan(A)

Loan principal outstanding amount of the borrowers who are categorized as insolvent debtors as a result of asset self-assessment.

2 Delinquent loan(B)

Loan principal outstanding amount loaned to borrowers who are categorized as actual insolvent debtors and potential insolvent debtors as a result of asset self-assessment.

3 Delinquent loan more than 3 months(C)

Loan principal outstanding amount which has become overdue and has passed the repayment period by more than three months, and which does not fall into Insolvent debtor loan(A) nor Delinquent loan (B).

4 Restructured loan(E)

Loan principal outstanding amount for which the beneficial arrangements for debtors such as reduction of interest rate, deferral of interest payments, and principle repayment grace (hereinafter "change of repayment methods") were carried out in advance with the aim for the debtor's management reconstruction or support, and which does not fall into Insolvent debtor loan (A) nor Delinquent loan (B). However, among the amount which has passed four years since the repayment methods were changed, the amount which has been repaid normally is not included in restructured loans as it is considered its credit risk becomes equal to normal loans.

The total loan principal outstanding amount which falls into this category and therefore is not included in restructured loans is 63.4 billion yen.

It should be noted that the disclosed restructured loan amount includes loans whose repayment methods have been changed due to the request of the government's economic measures etc.

5 Reference

For loans of the Japan Housing Finance Agency, not all of the disclosed outstanding balance is to be uncollectible as the recovery from the first rank of mortgage and other collateral can be achieved.

[Restructured loans]

JHF carries out loan repayment counselling with care and encourage the continuation of repayment by changing repayment methods in accordance with the circumstances of individual customers who obtained houses using our loans such as "Flat 35 (purchased program)," and who has found it temporarily difficult to repay the loan due to various circumstances, such as changes in the living environment or even in the case of large-scale natural disasters such as the Great Hanshin-Awaji Earthquake or the Great East Japan Earthquake, so that customers can continue to live in a house which is the foundation of life.

In addition, based on the cabinet decision of October 1998, for the loan repayment difficulty due to employer's bankruptcy etc, JHF provides special measures and the mitigation measures of lending conditions in accordance to the national policy.

Our restructured loans, which account for about 57% of the risk management loans, were caused by the implementation of the repayment methods amendment as a measure to fulfill the above-mentioned policy objectives. Moreover, restructured loans have a lower credit loss ratio compared to other risk management loans, and we believe it is unlikely to lead to the proliferation of bad debts.

JHF supports customers by changing repayment methods so they can continue to live in their houses as long as they can. At the same time, JHF is committed to maintain sound financial conditions.

2017 Fiscal Year Self-Assessment and Risk Management Loans

(Unit: 100 million yen)

	Self-assessment debtor classification	Self-assessment loan classification				Reserve funds (Reserve ratio)	Risk management loans
		Unclassified	Classification II	Classification III	Classification IV		
Outstanding loans etc	Insolvent debtors 561	Preserved part by collateral/ security 266	Full amount other than preserved part by collateral/ security is reversed 296		Individual bad debt reserve funds 296 (100%)	Insolvent debtors loan amount 559	
	Actual insolvent debtors 955	Preserved part by collateral/ security 399	Full amount other than preserved part by collateral/ security is reversed 555			555 (100%)	Delinquent loan amount 2,157
	Potential insolvent debtors 1,214	Preserved part by collateral/ security 719	Part other than preserved part by collateral/ security is reversed is reserved by the expected loss rate of next three years 495			196 (39.5%)	
	Attention needed debtors	Management needed debtors 5,431	Reserved by the expected loss rate of next three years based on past bad debt result rate 5,431			General bad debt reserve funds 164 (3.0%)	Amount of delinquent loan more than 3 months 597
		Other attention needed debtors 4,771	Reserved by the expected loss rate of next one year based on past bad debt result rate 4,771				40 (0.8%)
	Normal debtors 72,593	Reserved by the expected loss rate of next one year based on past bad debt result rate 72,593			52 (0.1%)		
Purchased loans	Insolvent debtors 123	Preserved part by collateral/ security 62	Full amount other than preserved part by collateral/ security is reversed 61		Individual bad debt reserve fund 61 (100%)	Insolvent debtors loan amount 122	
	Actual insolvent debtors 340	Preserved part by collateral/ security 152	Full amount other than preserved part by collateral/ security is reversed 188			188 (100%)	Delinquent loan amount 362
	Potential insolvent debtors 26	Preserved part by collateral/ security 15	Part other than preserved part by collateral/ security is reversed is reserved by the expected loss rate of next three years 11			2 (15.8%)	
	Attention needed debtors	Management needed debtors 635	Reserved by the expected loss rate of next three years based on past bad debt result rate 635			General bad debt reserve fund 23 (3.7%)	Amount of delinquent loan more than 3 months 153
		Other attention needed debtors 282	Reserved by the expected loss rate of next one year based on past bad debt result rate 282				10 (3.5%)
	Normal debtors 146,675	Reserved by the expected loss rate of next one year based on past bad debt result rate 146,675			220 (0.2%)		

Note

- Amount less than the unit has been rounded.
- The reserve ratio is an reserve rate for the balance after deducting the preserved amount by collateral and securities for “actual insolvent debtors/ debtors” and “potential insolvent debtors.” It is a reserve rate for loans for “attention needed debtors” and “normal debtors.”
- Major differences between self-assessment and risk management loans
 - ・ The applicable loans are loans, reimbursement loans, accrued interest on loans, accrued interest on purchased loans, suspense payments, and advance receivables in self-assessment, whereas they include loans, purchased loans, and reimbursement loans in risk management loans.
 - ・ The debtor classification in self-assessment are classified by repayment situations and financial contents etc of debtors, whereas risk management loans are classified based on repayment situations of debtors excluding the amount of loans to insolvent debtors and delinquent loans.
- For the calculation of reserve funds of purchased loans, the increase in new purchased loans in recent years and the change in the future portfolio, in addition to bad debt results during a certain period in the past, etc, are taken into account.

Product Outline

Product Outline of Flat 35 (Purchase Program)

As of April 1, 2018

<p>Application requirements</p>	<ul style="list-style-type: none"> ● Those aged less than 70 at the time of application (if the two-generation loan repayment scheme (there are certain requirements) is applied, this loan applies also to people aged 70 years and over). ● Those who have Japanese nationality, the right of permanent residency in Japan, or a special permanent residence status. ● Those fulfil the standard of the ratio of total repayments on all loans* to annual income (the annual DTI (debt to income ratio)) as described in the following table (income may be combined). <table border="1" data-bbox="296 427 979 483"> <thead> <tr> <th>Annual income</th> <th>Less than 4 million yen</th> <th>4 million yen or more</th> </tr> </thead> <tbody> <tr> <td>Standard</td> <td>30% or less</td> <td>35% or less</td> </tr> </tbody> </table> <p>* Not only the Flat 35, all loans include other housing, cars, education and credit-card loans (including cash advances and purchases of goods by payment in installments) (including loans of the co-borrowers, if any).</p> <ul style="list-style-type: none"> ● If the house or its lot subject to loan is co-owned, the applicant must retain a certain portion of the ownership of the property. <p>(Note 1) In principle, previous year income will be applied to yearly income (between January and December 2017 in the case of FY 2018) and the below amount stated in the official certificate will be applied: ① For those with only salary income, amount of salary income ② For those other than the above, amount of net incomes (a total income from business, real estate, interest, dividend income, and salary income)</p> <p>(Note 2) The number of applicants is limited to two people, including the co-borrower.</p>	Annual income	Less than 4 million yen	4 million yen or more	Standard	30% or less	35% or less
Annual income	Less than 4 million yen	4 million yen or more					
Standard	30% or less	35% or less					
<p>Purpose of the loan</p>	<ul style="list-style-type: none"> ● Constructing / purchasing of a new home or purchasing of an existing home for occupation by the applicant or relatives * A second house or home in which a borrower's relative will reside is also eligible (certain requirements will be applied). 						
<p>House eligible for loan</p>	<ul style="list-style-type: none"> ● Houses that satisfy the technical criteria set by JHF ● Houses having either of the following floor area:*¹ <table border="1" data-bbox="296 745 1158 801"> <tbody> <tr> <td>Detached house, town house including semi-detached house and flat*²</td> <td>70 m² or more</td> </tr> <tr> <td>Apartment complex (condominium and similar)</td> <td>30 m² or more</td> </tr> </tbody> </table> <p>*¹ In the case of a multipurpose house such as house with retail space, the floor area of the residential space must be larger than that of the non-residential space (shop, office, etc.). *² Town house including semi-detached houses: an architectural style other than a condominium style (a building where two or more houses share corridors, stairs, halls, etc.) that has a row of two or more houses sharing side walls. Flat: an architectural style other than apartment complex which has two or more stories with separate house on each floor.</p> <ul style="list-style-type: none"> ● Costs of housing construction (including land purchase cost for a house, if loan for such cost is desired) or a house having a purchase price of 100 million yen or less (including consumption tax). ● No requirement on the size of land for the house 	Detached house, town house including semi-detached house and flat* ²	70 m ² or more	Apartment complex (condominium and similar)	30 m ² or more		
Detached house, town house including semi-detached house and flat* ²	70 m ² or more						
Apartment complex (condominium and similar)	30 m ² or more						
<p>Amount of the loan</p>	<ul style="list-style-type: none"> ● 1 to 80 million yen (in increment of 10 thousand yen), provided that the total LTV (loan to value) ratio is 100% or less of construction cost*¹ or purchase value (excluding costs for the nonresidential space*²) *¹ If applicant desires to borrow for land acquisition cost, such cost may be included. *² Nonresidential space such as stores or offices, etc. is not eligible for lending. 						
<p>Loan term</p>	<ul style="list-style-type: none"> ● 15 years (10 years if the applicant and/or a co-borrower is aged 60 and over) or longer and shorter than ① or ② below (increment: 1 year) ① 80 years minus the age*^{1,2} of the applicant at the time the application is filed (rounded up to the nearest year) *¹ If there is a co-borrower who uses over 50% of his/her income for debt repayments, the loan term shall be based on the age of whichever is higher between that of the applicant and that of the co-borrower. *² If the two-generation loan repayment scheme is applied (there are certain requirements), the loan term shall be based on the age of the successor regardless of any co-borrower. ② 35 years <p>(Note 1) The loan is not eligible if either ① or ② is less than 15 years (10 years if the applicant and/or a co-borrower is aged 60 and over). (Note 2) Customers who have selected a loan of 20 years or less cannot change the period to 21 years or more during the repayment period.</p>						
<p>Loan interest</p>	<ul style="list-style-type: none"> ● Fixed rate for the entire period*¹ ● The loan interest rate differs according to loan term (20 years or below, or 21 years or longer), loan-to-value ratio (90% or lower, or over 90%), and the type of group credit life insurance. *¹ Includes interest rate reduction period applied Flat 35 S, Flat 35 Renovation, Flat 35 Childrearing Support Type, and Flat 35 Regional Vitalization Type. *² Loan-to-value ratio is calculated applying the following formula: $\text{Loan-to-value ratio} = \frac{\text{Borrowing amount of Flat 35}}{\text{Costs of housing construction (including land purchase cost for a house, if loan for such cost is desired) or a purchase price}}$ *³ Even if the borrower is not using group credit life insurance due to health-related reasons or other circumstances, Flat 35 may be applied. *⁴ Different loan interest rates may apply between different financial institutions. Information is available at financial institutions and on Flat 35 website (www.flat35.com). *⁵ The interest rate on the date of disbursement will be applied, not the interest rate on the date of application. The disbursement date shall be determined by the financial institution. *⁶ Some financial institutions offer the same loan interest rate regardless of the loan term and the loan-to-value ratio. 						
<p>Amortization</p>	<ul style="list-style-type: none"> ● Monthly principal and interest equal repayment or monthly principal equal repayment can be selected. Recipients may choose to repay with bonuses every six months to the limit of 40% of the loan and in the unit of 10,000 yen. 						
<p>Collateral</p>	<ul style="list-style-type: none"> ● JHF holds a first-lien mortgage on the house and its land to which the loan is provided. <p>(Note) Fees for registering the mortgage (registration license tax, compensation for judicial scrivener, etc.) shall be paid by the borrower.</p>						
<p>Guarantor</p>	<ul style="list-style-type: none"> ● Not required. 						
<p>Group credit life insurance</p>	<ul style="list-style-type: none"> ● If the customer is covered by group credit life insurance, an unexpected event occurred to the customer will be covered by the insurance claims payable to JHF and applicable to loan repayment, which forgives obligation of repayment under Flat 35 thereafter. <p>(Note) Even if the borrower is not using group credit life insurance due to health-related reasons or other circumstances, Flat 35 may be applied.</p>						
<p>Fire insurance</p>	<ul style="list-style-type: none"> ● Customers are required to be covered by fire insurance until the final repayment of the loan (either a fire insurance provided by nonlife insurance company or mutual aid fire insurance stipulated by laws is applicable) for the house where the loan is applied. ● Fire damage to the house must be indemnified ● The insured amount must be equal or higher than the outstanding loan amount*¹ ● Insurance period, payment method of fire insurance premiums and handling of the pledge*² against the fire insurance claims vary by the financial institution offering the loan. *¹ If the loan amount exceeds the amount (evaluation amount) calculated by the nonlife insurance company applying its evaluation standard, the evaluation amount shall be applied. *² In the case a pledge against fire insurance claim is established, insurance claims will be paid by the insurance company to JHF prior to the owner of the building. <p>(Note 1) A fire insurance premium shall be paid by the customer. (Note 2) Customer must confirm the requirement of fire insurance with financial institutions to which the customer applied.</p>						
<p>Handling charges of the loan Fees for the inspection of the property</p>	<ul style="list-style-type: none"> ● Handling charges*^{1,2} differ between loan offering financial institutions. ● Different institutions/experts that certify suitability impose different fees for inspecting properties.*² *¹ Information on handling charges is available at financial institutions and on the Flat 35 website (www.flat35.com). *² Handling charges and property inspection fees shall be paid at the expense of the customer. 						
<p>Guarantee fee and prepayment fee</p>	<ul style="list-style-type: none"> ● Not required. <p>(Note) When the loan is prepaid partially, the payment shall be made on the monthly payment day. In addition, the amount of prepayment shall be 100,000 yen or more when paid using "Su My Note" (Internet Service for customers), or 1,000,000 yen or more when paid at counters of financial institutions.</p>						

* Please note that loan applications may be rejected depending on the results of underwriting conducted by the originating financial institution or by JHF. In addition, if loan-to-value ratio exceeds 90%, JHF will conduct underwriting focusing more on repayment certainty and other matters.

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Product Outline of Flat 35 (Purchase Program) (Refinance)

As of April 1, 2018

<p>Application requirements</p>	<ul style="list-style-type: none"> ● In principle, the applicant for loan refinancing must be the same person as the borrower of the outstanding loan. However, a co-borrower can be added at the time of refinancing (up to two persons may apply, including the joint debtor). * If a borrower is added or if the proportion of the ownership to the house is changed at the time of refinancing, please consult with the local tax office or a tax accountant on housing loan tax credit and other taxes. ● Those aged less than 70 at the time of application (if the two-generation loan repayment scheme is applied (there are certain requirements), this loan applies also to people aged 70 years and over). ● Those who have Japanese nationality, the right of permanent residency in Japan, or a special permanent residence status. ● Those who fulfill the standard of the ratio of total repayments on all loans* to annual income (the annual DTI (debt to income ratio)) as described in the following table (income may be combined) <table border="1" data-bbox="295 286 981 336"> <thead> <tr> <th>Annual income</th> <th>Less than 4 million yen</th> <th>4 million yen or more</th> </tr> </thead> <tbody> <tr> <td>Standard</td> <td>30% or less</td> <td>35% or less</td> </tr> </tbody> </table> <ul style="list-style-type: none"> * Not only the Flat 35 for loan refinancing, all loans include other housing, cars, education and credit-card loans (including cash advances and purchases of goods by payment in installments) (including loans of the co-borrower, if any). ● If the house or its lot subject to loan is co-owned, the applicant must retain a certain portion of the ownership of the property. ● Those who have not missed a repayments on an outstanding loan for at least one year prior to the application date of loan refinancing and at least one year has passed since the loan agreement conclusion date (*). * The loan agreement date is the date when a new borrower is registered in case the original borrower was modified due to inheritance or other reasons (not applicable to addition of a borrower). <p>(Note) In principle, previous year income will be applied to yearly income (between January and December 2017 in the case of FY 2018) and the below amount stated in the official certificate will be applied:</p> <ol style="list-style-type: none"> ① For those with only salary income, amount of salary income ② For those other than the above, amount of net incomes (a total income from business, real estate, interest, dividend income, and salary income) 	Annual income	Less than 4 million yen	4 million yen or more	Standard	30% or less	35% or less
Annual income	Less than 4 million yen	4 million yen or more					
Standard	30% or less	35% or less					
<p>Purpose of the loan</p>	<ul style="list-style-type: none"> ● Refinancing for the housing loan of either ① or ② outlined as below ① Construction/purchase of a house that is owned and occupied by the applicant * Eligible for second house (house that are occupied due to single job relocation to remote areas or weekends house that are not rented out) provided that the applicant is the owner and the dwelling is used by the applicant. ② Construction/purchase of a house that is owned by the applicant and occupied by relatives <p>(Note) Loans other than housing loans, e.g., multi-purpose loans and investment loans, nor housing loans for housing improvements is not eligible for refinancing.</p>						
<p>Housing loan and house eligible for refinancing</p>	<ul style="list-style-type: none"> ● The amount of the loan at the time of acquisition of the house shall meet the following requirements: <ol style="list-style-type: none"> ① 80 million yen or less ② The total LTV (loan to value) ratio is 100% or less of construction cost*^{1,2} or purchase value of the house*². * 1 The cost of land purchase can be included, if desired. * 2 The charges incurred at the acquisition of the house are excluded in principle. ● The residence must conform to technical standards specified by JHF. ● Houses having either of the following floor area: *³ <table border="1" data-bbox="295 779 1161 840"> <tbody> <tr> <td>Detached house, town house including semi-detached house and flat*⁴</td> <td>70 m² or more</td> </tr> <tr> <td>Apartment complex (condominium and similar)</td> <td>30 m² or more</td> </tr> </tbody> </table> <ul style="list-style-type: none"> * 3 In the case of a multipurpose house such as house with retail space, the floor area of the residential space must be larger than that of the non-residential space (shop, office, etc.). * 4 Town house including semi-detached houses: an architectural style other than a condominium style (a building where two or more houses share corridors, stairs, halls, etc.) that has a row of two or more houses sharing side walls. Flat: an architectural style other than apartment complex which has two or more stories with separate houses on each floor. ● The cost for the construction or purchase of a house (including the lot purchased for the house if a loan of the cost is desired) must be 100 million yen or less (including consumption tax). ● Houses that satisfy the technical criteria etc. set by JHF. 	Detached house, town house including semi-detached house and flat* ⁴	70 m ² or more	Apartment complex (condominium and similar)	30 m ² or more		
Detached house, town house including semi-detached house and flat* ⁴	70 m ² or more						
Apartment complex (condominium and similar)	30 m ² or more						
<p>Amount of the loan</p>	<ul style="list-style-type: none"> ● 1 to 80 million yen (in increment of 10 thousand yen). The lower of the outstanding amount of the current housing loan* or 200% of the collateral assessment value determined by JHF. * The following costs can be included: ① costs for stamp duty affixed on the loan contract; ② origination fees associated with Flat 35 for loan refinancing; ③ costs for registration and deletion of mortgage (registration license tax); ④ compensation for judicial scrivener who register/delete the mortgage; ⑤ costs for conformity inspection (fees for inspection of the house). ⑥ Prepayment fee and accrued interest associated with the prepayment of the entire amount (complete repayment) of the outstanding housing loan. ⑦ Fire insurance fee (excluding reserve type fire insurance products), earthquake insurance fee (applicable only to newly concluded insurance policy associated with refinancing) 						
<p>Loan term</p>	<ul style="list-style-type: none"> ● 15 years (10 years if the applicant and/or a co-borrower is aged 60 and over) or longer and shorter than ① or ② below (increment: 1 year) ① 80 years minus the age of the applicant at the time the application is filed*^{1,2} (rounded up to the nearest year) * 1 If there is a co-borrower who uses over 50% of his/her annual income for debt repayments, the loan term shall be based on the age of whichever is higher between that of the applicant and that of the co-borrower. * 2 If the two-generation loan repayment scheme is applied (there are certain requirements), the loan term shall be based on the age of the successor regardless of any co-borrower. ② 35 years minus the elapsed period*^{3,4} on the outstanding housing loan (rounded up to the nearest year) * 3 Elapsed period is between the contract date of the outstanding housing loan and the application date of the refinancing housing loan * 4 Consult with the financial institution, as the calculation of the loan period "35 years minus the elapsed period on the outstanding housing loan (rounded up to the nearest year)" may differ between the financial institution where you apply. <p>(Note 1) The loan is not eligible if either ① or ② is less than 15 years (10 years if the applicant and/or a co-borrower is aged 60 and over).</p> <p>(Note 2) Customers who have selected a loan of 20 years or less cannot change the period to 21 years or more during the repayment period.</p>						
<p>Loan interest rate</p>	<ul style="list-style-type: none"> ● Fixed rate for the entire period ● The loan interest rate*^{2,3} differs according to loan term (20 years or below, or 21 years or longer) and the type*¹ of group credit life insurance*⁴. * 1 Even if the borrower is not using group credit life insurance due to health-related reasons or other circumstances, Flat 35 may be applied. * 2 Different loan interest rates may apply between different financial institutions. Information is available at financial institutions and on Flat 35 website (www.flat35.com). * 3 The interest rate on the date of disbursement will be applied, not the interest rate on the date of application. The disbursement date shall be determined by the financial institution. * 4 Some financial institutions offer the same loan interest rate regardless of the loan term. 						
<p>Amortization</p>	<ul style="list-style-type: none"> ● Monthly principal and interest equal repayment or monthly principal equal repayment can be selected. Recipients may choose to repay with bonuses every six months to the limit of 40% of the loan and in the unit of 10,000 yen. 						
<p>Collateral</p>	<ul style="list-style-type: none"> ● JHF holds a first-lien mortgage on the house and its land where the mortgage of the original housing loan was registered. Note that, even though the borrower is currently repaying a Flat 35 or other housing loan offered by JHF (including the former GHLC), JHF requires the borrower to newly register a mortgage for Flat 35 for loan refinancing. <p>(Note) Fees for registering the mortgage (registration license tax, compensation for judicial scrivener, etc.) shall be paid by the borrower.</p>						
<p>Guarantor</p>	<ul style="list-style-type: none"> ● Not required. 						
<p>Group credit life insurance</p>	<ul style="list-style-type: none"> ● If the customer is covered by group credit life insurance, an unexpected event occurred to the customer will be covered by the insurance claims payable to JHF and applicable to loan repayment, which forgives obligation of repayment under Flat 35 thereafter. ● If the group credit life insurance is applied to the loan to be refinanced, such insurance will be terminated at the time of refinancing. Those who wish to have JHF group credit life insurance must apply for a new policy. <p>(Note) Even if the borrower is not using group credit life insurance due to health-related reasons or other circumstances, Flat 35 may be applied.</p>						
<p>Fire insurance</p>	<ul style="list-style-type: none"> ● Customers are required to be covered by fire insurance until the final repayment of the loan (either fire insurance provided by nonlife insurance company or mutual aid fire insurance stipulated by laws is applicable) for the house where the loan is applied. ● Fire damage to the house must be indemnified. ● The insured amount must be equal or higher than the outstanding loan amount*¹ ● Insurance period, payment method of fire insurance premiums and handling of the pledge*² against the fire insurance claims vary by the financial institution offering the loan. ● Fire insurance that has already been taken out by the borrower may continue to be used. * 1 If the loan amount exceeds the amount (evaluation amount) calculated by the nonlife insurance company applying its evaluation standard, the evaluation amount shall be applied. * 2 In the case a pledge against fire insurance claim is established, insurance claims will be paid to JHF prior to the owner of the building. <p>(Note 1) A fire insurance premium shall be paid at the customer's expense.</p> <p>(Note 2) Customer must confirm the requirement of fire insurance with financial institutions to which the customer applied.</p>						
<p>Handling charges of the loan fees for the inspection of the property</p>	<ul style="list-style-type: none"> ● Handling charges*^{1,2} differ between loan offering financial institutions. ● Fees for the inspection of the property are*² necessary to certify the conformity with technical standards set by JHF and issue conformity certificate. Different institutions/experts that certify suitability impose different fees for inspecting properties.*² * 1 Information on handling charges is available at financial institutions and the Flat 35 website (www.flat35.com). * 2 Handling charges and property inspection fees shall be paid at the expense of the customer. 						
<p>Guarantee Fee and Prepayment Fee</p>	<ul style="list-style-type: none"> ● Not required. <p>(Note) When the loan is prepaid partially, the payment shall be made on the monthly payment day.</p> <p>In addition, the amount of prepayment shall be 100,000 yen or more when paid using "Su・My Note" (Internet Service for customers), or 1,000,000 yen or more when paid at counters of financial institutions.</p>						
<p>Special matters in the case of refinance</p>	<ul style="list-style-type: none"> ● Flat 35 S, Flat 35 Renovation, Flat 35 Childrearing Support Type, and Flat 35 Regional Vitalization Type are not applicable to loan refinancing. 						

※ Please note that the loan application may be rejected according to the results of underwriting conducted by the originating financial institution or by JHF.

Product Outline of Loans for Recovery from Disasters (Great East Japan Earthquake)

[For Individuals]

As of April 1, 2018

<p>Purpose</p>	<ul style="list-style-type: none"> ● Building, purchasing or repairing of house for occupation by the applicant or relatives whose house was damaged by the disaster ※Applicable to house to be leased to people affected by disasters. ※Not applicable to refinance housing loans.
<p>Amount of the loan</p>	<ul style="list-style-type: none"> ● The lower amount of the total of each required amount or the total of each below loan limit (in increment of ¥100,000, at least ¥100,000) ◆Construction <ul style="list-style-type: none"> ①Basic loan amount (construction fund) : ¥16.5 million^(Note 1) (land acquisition fund) : ¥9.7 million^(Note 2) (land leveling fund) : ¥4.4 million ②Special additional amount(construction fund) : ¥5.1 million (Note 1) If the applicant lives with an affected relative, loan limit will be ¥22.8 million. "Living with an affected relative" refers to circumstances in which the applicant and its disaster affected relatives live together in a newly built house. (Note 2) The basic loan amount (land acquisition fund) will be ¥5.8 million, if the applicant obtains a leasehold right. Guarantee money for a fixed-term leasehold of land meeting certain condition is also eligible for the loan, however, the basic loan amount (land acquisition fund) will be limited to ¥3.8 million. ※The total of basic loan amount (construction fund) and special additional amount (construction fund) is limited to the construction cost. ※The basic loan amount (land acquisition fund) and basic loan amount (land leveling fund) are individually limited to the required cost amount. ※The basic loan amount (land acquisition fund) can be jointly borrowed if the basic loan amount (construction fund) is applicable. ※The cost to remove damaged houses can be included in the construction cost. ※The basic loan amount (land acquisition fund) is available only if the applicant obtains land after the disaster. ※The basic loan amount (land leveling fund) is available for removing accumulated soil, earth cut, earth fill, or retaining wall construction, etc., those conducted along with the construction of damaged housing part. ※The loan amount may be reduced for those who receive subsidies for housing construction from national or local governments. ◆Purchase <ul style="list-style-type: none"> ●Purchase of a new house <ul style="list-style-type: none"> ①Basic loan amount (purchase fund) : ¥26.2 million^{(Note 1), (Note 2)} ②Special additional amount (purchase fund) : ¥5.1 million ●Purchase of an existing house <ul style="list-style-type: none"> ①Basic loan amount (purchase fund): high quality existing houses, high quality existing condominiums: ¥26.2 million^{(Note 1), (Note 2)} existing houses, existing condominiums: ¥23.2 million^{(Note 1), (Note 2)} ②Special additional amount (purchase fund): ¥5.1 million (Note 1) Of the basic loan amount (purchase fund), 9.7 million yen of the basic loan amount (land acquisition fund) is included. Sole use of the basic loan amount (land acquisition fund) is not permitted. The limit to the basic loan amount (land acquisition fund) will be 5.8 million yen, if applied to obtain the leasehold right. Therefore, financing limit of the basic loan amount (purchase fund) will be 3.9million yen less than the above-stated amount. Guarantee money for a fixed-term leasehold of land meeting certain condition is also eligible for the loan. However, the loan limit of basic loan amount (purchase fund) will be 5.9 million yen less than the above-stated amount, as 3.8 million yen will be the limit for the basic loan amount (land acquisition fund). (Note 2) If the applicant lives with an affected relative and holding the ownership of its land, 32.5 million yen limit applies to new housing purchase, high quality existing houses and high quality existing condominiums, and 29.5 million yen applies to existing houses and existing condominiums."Living with an affected relative" refers to circumstances in which the applicant and its disaster affected relatives live together in a newly built house. ※The total of basic loan amount (purchase fund) and special additional amount (purchase fund) is limited to the purchase price. ※The loan amount may be reduced for those who receive subsidies for housing purchase from national or local governments. ◆Repair <ul style="list-style-type: none"> ① Basic loan amount (repair fund) : ¥7.3 million (relocation fund) : ¥4.4 million (Note 1) (land leveling fund) : ¥4.4 million (Note 1) ② Special additional amount (land leveling fund) : ¥2.3 million (Note 2) (Note 1) If the applicant borrows both the basic loan amount (relocation fund) and the basic loan amount (land leveling fund), the total amount is limited to ¥4.4 million. (Note 2) The special additional amount (land leveling fund) can be borrowed for the amount exceeding the basic loan amount (land leveling fund). ※The basic loan amount (repair fund), basic loan amount (land leveling fund), and basic loan amount (relocation fund) are individually limited to the required cost amount. ※Total amount of loans for repairs conducted prior to other step-by-step repairs and loans for prior conducted repair will be limited to the above-stated amount. ※The basic loan amount (repair fund) is applicable to extension work and gate repairs those conducted along with the repair of the damaged housing part. ※The basic loan amount (land leveling fund) and special additional amount (land leveling fund) are available for removing accumulated soil, cut earth, earth fill, or retaining wall construction, etc., those conducted along with the repair of damaged housing part. ※The basic loan amount (relocation fund) can be jointly borrowed if the basic loan amount (repair fund) is applicable. ※The loan amount may be reduced for those who receive subsidies for housing repair from national or local governments. ※The loan application may be rejected or the loan amount may not meet applicant's expectation according to the result of underwriting.
<p>Repayment period</p>	<ul style="list-style-type: none"> ● The maximum repayment period is the shorter of ① or ② below (one-year units). ①Maximum repayment period following the application category and structure of the house <ul style="list-style-type: none"> ◆Construction or purchase of new house <ul style="list-style-type: none"> · Fireproof, semi-fireproof, wooden (with durability): 35 years, · wooden (ordinary): 25 years ◆Purchase of an existing house <ul style="list-style-type: none"> · High quality existing house or condominium: 35 years · Existing house or condominium: 25 years ◆Repair: 20 years ※The principal repayment deferment period (payment of interest only) can be set for up to five years (one-year units) from the date of execution of the loan agreement for building or purchasing a house whereas the repayment period will be extended for such deferment period. The principal repayment deferment period (payment of interest only) can be set for up to one year from the date of execution of the loan agreement for repair (whereas no extension of the repayment period will be made.) ②Maximum repayment period based on age 80 years old minus the higher of the age of applicant or combined-income bearer,^(Note) (rounded up to the nearest year) (Note) Only applicable if more than 50% of the income of the combined-income bearer is applied to the total combined income.
<p>Interest rate</p>	<ul style="list-style-type: none"> ● Fixed interest rate (entire-term) ※The interest rate on the day of application will be applied. ※As the basic loan interest increases in stages, monthly repayment increases after elapse of initial five years and ten years (only elapse of initial five years applies in case of repair.) ※Check the latest loan interest rate at JHF's website, etc.
<p>Collateral</p>	<ul style="list-style-type: none"> ● JHF holds a first-lien mortgage on the house and it's land to which the loan is provided in principle. However, registration of a mortgage is unnecessary in the case where the loan amount is 3 million yen or less, and so forth. ※Fees for registering the mortgage (registration license tax, compensation for judicial scrivener, etc.) shall be paid by the borrower.
<p>Fire insurance</p>	<ul style="list-style-type: none"> ● Customers are required to place fire insurance coverage on the loan purposed house until the final repayment of the loan (either a fire insurance provided by nonlife insurance company or mutual aid fire insurance stipulated by laws). Fire damage to the house must be indemnified. The insured amount must be equal or higher than the outstanding loan amount.* * If the loan amount exceeds the amount (evaluation amount) calculated by the nonlife insurance company applying its evaluation standard, the evaluation amount shall be applied. ※A fire insurance premium shall be paid by the customer.
<p>Guarantor</p>	<ul style="list-style-type: none"> ● Not required(A guarantor is required if the disaster-recovery loan is applied to house to be leased to disaster affected people).
<p>Handling charges</p>	<ul style="list-style-type: none"> ● Handling charges, fees to modify repayment method, and fees for early repayment are not required.

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Product Outline of Housing Loans for Recovery from Disasters (For the General Public)

[For Individuals]

As of April 1, 2018

Purpose	<ul style="list-style-type: none"> ● Building, purchasing or repairing of house for occupation by the applicant or relatives whose house was damaged by the disaster ※Applicable to house to be leased to people affected by disaster. ※Not applicable to refinance housing loans.
Amount of the loan	<ul style="list-style-type: none"> ● The lower amount of the total of each required amount or the total of each below loan limit (in increment of ¥100,000, at least ¥100,000). ◆Construction <ul style="list-style-type: none"> ①Basic loan amount (construction fund) : ¥16.5 million^(Note 1) (land acquisition fund) : ¥9.7 million^(Note 2) (land leveling fund) : ¥4.4 million ②Special additional amount (construction fund) : ¥5.1 million (Note 1) If the applicant lives with an affected relative, loan limit will be ¥22.8 million. "Living with an affected relative" refers to circumstances in which the applicant and its disaster affected relatives live together in a newly built house. (Note 2) The basic loan amount (land acquisition fund) is up to ¥5.8 million, if the applicant obtains a leasehold right. Guarantee money for a fixed-term leasehold of land meeting certain condition is also eligible for the loan, however the basic loan amount (Land acquisition fund) will be limited to ¥3.8 million. ※The total of basic loan amount (construction fund) and special additional amount (construction fund) is limited to the construction cost. ※The basic loan amount (land acquisition fund) and basic loan amount (land leveling fund) are individually limited to the required cost amount. ※The basic loan amount (land acquisition fund) can be jointly borrowed if the basic loan amount (construction fund) is applicable. ※The cost to remove damaged houses can be included in the construction cost. ※The basic loan amount (land acquisition fund) is available only if the applicant obtains land after the disaster. ※The basic loan amount (land leveling fund) is available for removing accumulated soil, earth cut, earth fill, or retaining wall construction, etc., those conducted along with the construction of damaged housing part. ※The loan amount may be reduced for those who receive subsidies for housing construction from national or local governments. ◆Purchase <ul style="list-style-type: none"> ●Purchase of a new house <ul style="list-style-type: none"> ①Basic loan amount (purchase fund) : ¥26.2 million^{(Note 1), (Note 2)} ②Special additional amount (purchase fund) : ¥5.1 million ●Purchase of an existing house <ul style="list-style-type: none"> ①Basic loan amount (purchase fund): high quality existing houses, high quality existing condominiums: ¥26.2 million^{(Note 1), (Note 2)} existing houses, existing condominiums: ¥23.2 million^{(Note 1), (Note 2)} ②Special additional amount (purchase fund): ¥5.1 million (Note 1) Of the basic loan amount (purchase fund), 9.7 million yen of the basic loan amount (land acquisition fund) is included. Sole use of the basic loan amount (land acquisition fund) is not permitted. The limit to the basic loan amount (land acquisition fund) will be 5.8 million yen, if applied to obtain the leasehold right. Therefore, financing limit of the basic loan amount (purchase fund) will be 3.9 million yen less than the above-stated amount. Guarantee money for a fixed-term leasehold of land meeting certain conditions is also eligible for the loan. However, the loan limit of basic loan amount (purchase fund) will be 5.9 million yen less than the above-stated amount, as 3.8 million yen will be the limit for the basic loan amount (land acquisition fund). (Note 2) If the applicant lives with an affected relative and holding the ownership of its land, 32.5 million yen limit applies to new housing purchase, high quality existing houses and high quality existing condominiums, and 29.5 million yen applies to existing houses and existing condominium. "Living with an affected relative" refers to circumstances in which the applicant and its disaster affected relatives live together in a newly built house. ※The total of basic loan amount (purchase fund) and special additional amount (purchase fund) is limited to the purchase price. ※The loan amount may be reduced for those who receive subsidies for housing purchase from national or local governments. ◆Repair <ul style="list-style-type: none"> Basic loan amount (repair fund) : ¥7.3 million (relocation fund) : ¥4.4 million^(Note) (land leveling fund) : ¥4.4 million^(Note) (Note) If the applicant borrows both the basic loan amount (relocation fund) and the basic loan (land leveling fund), the total amount is limited to ¥4.4 million. ※The basic loan amount (repair fund), basic loan amount (land leveling fund), and basic loan amount (relocation fund) are individually limited to the required cost amount. ※Total amount of loans for repairs conducted prior to other step-by-step repairs and loans for prior conducted repair will be limited to the above-stated amount. ※The basic loan amount (repair fund) is applicable to extension work and gate repairs those conducted along with the repair of the damaged housing part. ※The basic loan amount (land leveling fund) is available for removing accumulated soil, cut earth, earth fill, or retaining wall construction, etc., those conducted along with the repair of the damaged housing part. ※The basic loan amount (relocation fund) can be jointly borrowed if the basic loan amount (repair fund) is applicable. ※The loan amount may be reduced for those who receive subsidies for housing repair from national or local governments. ※The loan application may be rejected or loan amount may not meet applicant's expectation according to the result of underwriting.
Repayment period	<ul style="list-style-type: none"> ● The maximum repayment period is the shorter of ① or ② below (one-year units). ①Maximum repayment period following the application category and structure of the house <ul style="list-style-type: none"> ◆Construction or purchase of new house <ul style="list-style-type: none"> · Fireproof, semi-fireproof, wooden (with durability): 35 years · wooden (ordinary): 25 years ◆Purchase of an existing house <ul style="list-style-type: none"> · High quality existing house or condominium: 35 years · Existing house or condominium: 25 years ◆Repair: 20 years ※The principal repayment deferment period (payment of interest only) can be set for up to three years (one-year units) from the date of execution of the loan agreement for building or purchasing a house whereas the repayment period will be extended for such deferment period. The principal repayment deferment period (payment of interest only) can be set for up to one year from the date of execution of the loan agreement for repair (whereas no extension of the repayment period will be made). ②Maximum repayment period based on age <ul style="list-style-type: none"> 80 years old minus the higher of the age of applicant or combined-income bearer.^(Note) (rounded up to the nearest year) (Note) Only applicable if more than 50% of the income of the combined-income bearer is applied to the total combined income.
Interest rate	<ul style="list-style-type: none"> ● Fixed interest rate (entire-term) ※The interest rate on the day of application will be applied. ※Check the latest loan interest rate at JHF's website, etc.
Collateral	<ul style="list-style-type: none"> ● JHF holds a first-lien mortgage on the house and its land to which the loan is provided in principle. However, registration of a mortgage is unnecessary in the case where the loan amount is 3 million yen or less, and so forth. ※Fees for registering the mortgage (registration license tax, compensation for judicial scrivener, etc.) shall be paid by the borrower.
Fire insurance	<ul style="list-style-type: none"> ● Customers are required to place fire insurance coverage on the loan purposed house until the final repayment of the loan (either a fire insurance provided by nonlife insurance company or mutual aid fire insurance stipulated by laws). Fire damage to the house must be indemnified. The insured amount must be equal or higher than the outstanding loan amount.* * If the loan amount exceeds the amount (evaluation amount) calculated by the nonlife insurance company applying its evaluation standard, the evaluation amount shall be applied. ※A fire insurance premium shall be paid by the customer.
Guarantor	<ul style="list-style-type: none"> ● Not required (A guarantor is required if the disaster-recovery loan is applied to house to be leased to disaster affected people).
Handling charges	<ul style="list-style-type: none"> ● Handling charges, fees to modify repayment method, and fees for early repayment are not required.

Product Outline of Urban Development Loans (Short-Term Project Loan)

As of April 1, 2018

Types of town development loan		Construction and purchase monies
	Redevelopment project	<ul style="list-style-type: none"> ● Business monies required by condominium rebuilding associations and others during the process of business designing and planning and construction completion and transferring of the retained site and floor space
Eligible borrower		<ul style="list-style-type: none"> ● Individual or small to medium-sized corporations or associations implementing reconstruction business (urban redevelopment associations, associations of disaster prevention area development, condominium rebuilding associations and others.)
Area requirement		<ul style="list-style-type: none"> ● Both the following conditions must be satisfied. Visit the JHF website for details. <ol style="list-style-type: none"> ① The area shall be a residential, commercial or semi-industrial area. ② The area shall be a fire safe or semi-fire safe area.
Project requirement / structural requirement		<ul style="list-style-type: none"> ● [Project requirement] The business listed below are eligible for the loan. Visit the JHF website for details. <ol style="list-style-type: none"> ① Condominium rebuilding business ② Joint rebuilding business ③ Rental structure rebuilding business ④ Comprehensive designed and coordinated rebuilding business ⑤ Rebuilding business to comply with district plan and others ● [Structural requirement] The businesses must meet all the following conditions. Visit the JHF website for details. <ol style="list-style-type: none"> ① The ratio of total area of the residential portion must exceed 50 percent of the total building area. ② The building must be either a fireproof or semi-fireproof structure. ③ More than 50 percent of the legal floor-area ratio must be used. ④ The floor area per residential unit must be 30m² or more and 280m² or less. ⑤ Comply with the technical requirements set by JHF.
Amount of the loan	Eligible business cost	<ul style="list-style-type: none"> ● Survey, design and planning cost, land or leasehold acquisition cost, construction cost, repair cost, contribution of participating members and others and purchase cost are eligible ※ The purchase cost is applicable only if the purchaser has been planning the acquisition from the beginning of the business.
	Maximum loan ratio	<ul style="list-style-type: none"> ● 100% of the eligible business cost (Please note that the result may not meet expectation due to underwriting of JHF and the result of underwriting.) ※ The loan amount is in units of 100,000 yen and the minimum is one million yen
Interest rate	Interest-rate level	<ul style="list-style-type: none"> ● 0.59% ※ The interest rate is reviewed every month. The rate above is as of April 1, 2018. Visit the JHF website for the latest interest rate.
	Interest-rate decision	<ul style="list-style-type: none"> ● The interest rate on the date of loan execution. (in case of reissuing a promissory note for refinancing, the interest rate on the day of refinancing applies.) ※ The interest rate applicable to individual loans applies from the time of loan execution until the date of the second half of April in next fiscal year when the next loan is executed (as designated by JHF). However, in case of refinancing, the interest rate applies from the refinancing date until the date of the second half of April in next fiscal year when the next loan is executed. The interest rate applicable to another refinancing applies until the date of the second half of April in next fiscal year when the next loan is executed.
Loan repayment maturity		<ul style="list-style-type: none"> ● The date is within two years of completion of the building and designated by JHF in accordance with each business.
Loan repayment method		<ul style="list-style-type: none"> ● The principal and interest are repaid on the repayment date designated by JHF upon consultation with JHF in accordance with the assignment condition of the site and floor space retained under the business. The repayment amount is calculated by JHF based on the sales price of the housing unit eligible for the loan (sales price requires JHF's approval and consumption tax is included) multiplied by the repayment ratio^{*1} calculated as follows. Contact JHF for details. <p><Repayment ratio calculation method></p> Repayment ratio^{*1} shall be calculated as follows in principle, in accordance with the loan ratio^{*2} and the number of units sold.^{*3 *4} <ol style="list-style-type: none"> ① Until 30% of housing units subject to the loan are sold In principle, "50% + (loan ratio (%) - 50%) × 2" ② After 30% of housing units subject to the loan are sold In principle, same with the loan ratio. ※ 1 The repayment ratio is the ratio of repayment amount to JHF to the sales price of housing units (consumption tax included) subject to the loan when JHF approved the business plan. ※ 2 The loan ratio is the ratio of the total JHF's loan amount to the total sales price of housing units (consumption tax included) subject to the loan when JHF approved the business plan. ※ 3 The repayment ratio is 100% when the loan ratio is 75% or more and the repayment ratio is same with the loan ratio when the loan ratio is below 50%. ※ 4 If concern over repayment is minimal, such as the debt guarantee company is in good financial condition or another collateral is provided and others, the loan ratio can be same with the repayment ratio. <ul style="list-style-type: none"> ● The principal and interest are to be paid in lump-sum on the date in April designated by JHF each year. If lump-sum repayment is not possible because the business term exceeds the repayment date, the promissory note can be renewed on the repayment date for refinancing and extend the borrowing. When refinancing on the repayment date, the loan shall be first repaid by the loan based on the loan commitment of the next fiscal year on the repayment (refinancing) date. The accrued interest shall be paid on the same date or added to the principal. Contact JHF for the specific repayment amount and other details.
	Example of repayment resource	<ul style="list-style-type: none"> ● The sales proceeds of the site and floor space retained by the business execution body, settlement money of right holders due to floor increase, subsidies, and others.
Loan contract form		<ul style="list-style-type: none"> ● Promissory note
Collateral		<ul style="list-style-type: none"> ● The first ranked mortgage will be set on the building and the first pledge and assignment security right and others shall be imposed on the claims of the business executing body for JHF. Different case may apply according to each business. Fees for registering the mortgage (registration license tax, compensation for judicial scrivener, etc.) shall be paid by the borrower.
Guarantor		<ul style="list-style-type: none"> ● Following loan underwriting, the borrower may be required to obtain a guarantor having sufficient guarantee capacity. ※ An individual can be the joint guarantor only if the applicant is a corporation and the corporation is operated by such individual. ※ If a corporation is the joint guarantor, guarantees from guarantee agencies (Note) approved by JHF at the time of application can be applied in addition to guarantee by an eligible corporation. ※ A guarantee fee must be paid to a guarantee agency.
Building technical requirement		<ul style="list-style-type: none"> ● The building needs to be inspected (design inspection and on-site completion inspection) for conformance with the technical requirements stipulated by JHF. ※ The building needs to be inspected by a conformance certifying agency. ※ Inspection fees must be paid by customers (fees differ between the conformance certifying agencies).
Fire insurance		<ul style="list-style-type: none"> ● The building will require fire insurance at the discretion of JHF. (The first ranked pledge is set on the claim right of insurance money at the discretion of JHF.) ※ Fire insurance premiums shall be paid at the customer's expense.
Fees for partial advanced payment		<ul style="list-style-type: none"> ● Not required.
Fees to change repayment condition		<ul style="list-style-type: none"> ● Not required.

※ The application may be declined or the requested loan amount may be reduced due to result of underwriting and if repayment is deemed unsure, although above conditions are met.

(Note) The guarantee agencies approved by JHF as of April 1, 2018, and their fees are listed below:

- Metropolitan Housing Corp. and Public Corporation for Housing Improvement and Development: 1% of loan amount p. a. (paid annually)
- Urban Renewal Association of Japan: 0.2 to 0.75% of loan amount p. a. (paid annually) (Other requirements apply for guarantee.)

Product Outline of Loans for Construction of Rental Housing

As of April 1, 2018

Amount of the loan	<ul style="list-style-type: none"> ● Up to 100% of the construction cost required under the business eligible for the loan (in units of ¥100,000) ※ Please note that the result may not meet expectation due to the result of underwriting by JHF. ※ The loan amount may be reduced by the amount of received subsidies and others applicable to housing construction and payable from national or municipal governments and others.
Loan period	<ul style="list-style-type: none"> ● Within 35 years (in one-year units) ※ A one-year principal repayment deferment period (payment of interest only) can be applied from the date of loan execution for loans for serviced rental housing construction for the elderly. (The repayment period will not be extended.)
Interest rate	<ul style="list-style-type: none"> ● Four types of interest rate apply depending on the choice of 35-year fixed or 15-year fixed interest rates and applying restricted repayment method or not. ● The interest rate differs depending on the interest type. ● The interest rate is determined on the end of two months following the month when the application was submitted. ※ The interest rate types cannot be changed after application. ※ If the applicant chooses a 15-year fixed interest rate, the interest rate is renewed 15 years after concluding the contract. The interest rate for the remaining repayment period is fixed after renewal, while the available fixed interest rate term longer than the remaining loan period will apply as the remaining fixed interest rate term. However, if the borrower requests and pays fees before the prescribed deadline, the rate for the fixed interest period shorter than the length of the remaining repayment period may be applied. In such case, interest rate will be renewed after the end of the fixed interest rate period. ※ Both 35-year fixed interest rate and 15-year fixed interest rate can be jointly applied. ※ Visit the JHF website or JHF office for details of the loan interest rate.
Repayment method	<ul style="list-style-type: none"> ● Equal monthly instalments of the principal and interest or equal monthly instalments of the principal.
Collateral	<ul style="list-style-type: none"> ● JHF holds a first-lien mortgage on the house and its land to which the loan is provided. ※ If the title to the land is ordinary leasehold, general fixed-term leasehold, fixed-term leasehold for business or leasehold with special agreement for building transfer, JHF holds a first-lien pledge on the registered leasehold. ※ If the title to the land is surface right, JHF holds a first-lien mortgage on the registered surface right. ※ Another collateral may be required in addition to the building and its land subject to the loan according to the evaluation of the land and the building and underwriting of planned of income and expense and others. ※ Fees for registering the mortgage (registration license tax, compensation for judicial scrivener, etc.) shall be paid by the borrower.
Guarantor	<ul style="list-style-type: none"> ● The borrower must obtain an individual (limited to the operator of the corporation when the applicant is a corporation) or corporation having sufficient guarantee capacity as a joint guarantor ※ The applied joint guarantor may be rejected after the underwriting of JHF. ※ If a corporation is the joint guarantor, guarantee from guarantee agencies approved by JHF at the time of application can be applied in addition to guarantee by a corporation. (A guarantee fee is required separately to use a guarantee agency. The guarantee agency may decline the request after its underwriting. See the reference attached to the end of the Guide to Loans for Rental Housing for the names of the guarantee agencies approved by JHF.) ※ No joint guarantor is required in the case of use of loans to construct serviced rental housing for the elderly (communal facility type).
Fire insurance	<ul style="list-style-type: none"> ● Customers must have fire insurance provided by nonlife insurance company or mutual aid fire insurance stipulated by laws, until the end of repayment of the loan. ※ Fire insurance premiums shall be paid at the customer's expense.
Property inspection	<ul style="list-style-type: none"> ● The building needs to have design and completion site inspections by a conformance certifying agency. ※ The property inspection fees shall be paid by the borrower. (The fees differ between the conformance certifying agencies.)
Handling charges	<ul style="list-style-type: none"> ● Loan fees, fees to change repayment method, and fees for advanced repayment are not required.
Advance repayment restriction system	<ul style="list-style-type: none"> ● If the borrower chooses to apply restricted repayment method and repays all or part of the loan within 10 years from the execution date of the contract, the borrower is required to pay "5% of the repayment amount" in addition to interest, as an advanced repayment penalty.
Receiving the monies	<ul style="list-style-type: none"> ● Intermediate monies can be received upon construction commencement^{*1} (up to 30% of the total loan amount^{*2}), completion of roof work (up to 30% of the total loan amount, while the cumulative total adds up to 60%^{*2}), and completion (up to 30% of the total loan amount, where the cumulative total adds up to 90%^{*3}). ※1 For urban development loans (funding for long-term construction), commencement of removal work will be deemed as the start of construction. ※2 The amount of intermediate loans at the construction commencement and completion of roof work may be limited to the land value determined by JHF. ※3 Applicable if the guarantee agency is applied. If guarantee agency is not applicable, the amount will be must be 20% of the total loan amount, while the cumulative total adds up to 80%. ※4 If a guarantee by a guarantee agency is applicable, the guarantee fee will be deducted at the time of receipt of the first intermediate monies. If the intermediate monies are not drawn down, the guarantee fee will be deducted at the time of the receipt of funds after the conclusion of the loan and mortgage establishment agreement. ※5 Accrued interest beginning from the draw down of the previous intermediate monies will be deducted from the loan amount when receiving 2nd intermediate loan and thereafter. ※6 The monies cannot be drawn down for loans to construct serviced housing for the elderly until the housing is registered as such pursuant to Article 5.1 of the Act to Secure a Stable Supply of Elderly Persons' Housing (Law No. 26 of 2001, hereinafter referred to as the "Act on Elderly Housing").
Compliance of beginning of construction	<ul style="list-style-type: none"> ● The loan commitment may be canceled if the construction does not start by the scheduled construction start year and month, and if JHF finds no rational reason for the delay.
Registration of serviced housing for the elderly	<ul style="list-style-type: none"> ● All of the units of houses related to the business of serviced housing for the elderly must be registered under "registration of serviced housing for the elderly" as such pursuant to Article 5.1 of the Act on Elderly Housing, if the loan is applied. ※ Registration must be completed before procedures to receive monies (or before procedures to receive the first intermediate monies, if intermediate monies are requested), and a document confirming completion of registration must be submitted to JHF. ※ Throughout the loan period (until completion of repayment), registration needs to be renewed every five years under the Act on Elderly Housing and a document confirming completion of the renewal must be submitted to JHF's offices located in the sales area.
Contract with residents of serviced housing for the elderly	<ul style="list-style-type: none"> ● Contracts required for residency within units of rental housing eligible for loans applicable to the business of serviced housing for the elderly must be in the form of building lease contracts.
Submission of income-tax returns	<ul style="list-style-type: none"> ● Applicants (including hereinafter the cosigners) for loans must submit the following document to JHF every year following a request from JHF (including hereinafter the third parties commissioned by JHF); the documents required will be under the name of the "applicant" and the "corporations he/she operates" if the applicant is an individual; and, the documents required will be under the name of the "applicant" and "representative of the applicant" and "corporations operated by the applicant's representative" if the applicant is a corporation. If JHF requests a report or conduct an inspection on the following matters, an immediate response is required. · Copy of corporate financial statements (set of balance sheet, profit-and-loss statement, and statement of account items and others) · Copy of income-tax returns or corporate-tax returns with receipt seal of the taxation office · Copy of repayment schedule for any loans other than JHF loans · Inspection report on the operation of the building for which the loan is provided · Other documents designated by JHF <p>The above documents must be submitted to JHF also by the business operator that leases the entire building or service provider.</p>

Product Outline of Loans for Renovating Common Areas of Condominiums [for Condominium Associations (in the case of Condominium Management Center Guarantee*)]

*To apply for this loan, guarantee is required JHF approved.
(Visit the JHF website for details)
As of April 1, 2018

Purpose	● Monies for condominium associations to conduct renovation of common area of condominium ※ This loan is unapplicable for refinance.
Amount of the loan	● The lower amount of either "80% or less of construction cost" or "¥1.5 million (or ¥5 million for earthquake resistant improvement work) × the number of housing units" (in units of ¥0.1 million. ¥1 million is the minimum (less than ¥0.1 million is rounded off)). ※ If the borrower receives subsidies, the loan amount will be the lower of either the amount stated above or the construction cost less the subsidies. ※ Monthly repayment amount should be 80% or less of the amount of monthly contribution to reserve fund for renovation. This may lower the amount stated above. In addition, if the borrower is using other loans, the total repayment amount including the other loans must be 80% or less of the amount of monthly contribution to reserve fund for renovation.
Loan term	● Between 1 year and 10 years (increment: 1 year)
Loan interest rate	● Fixed-rate (fully fixed until the maturity) ※ Interest rate on the application date is applied. Visit the JHF website for details.
Amortization	● Monthly principal and interest equal repayment or monthly principal equal payment.
Collateral	● Not required.
Guarantor	● Guarantee institution approved by JHF (Condominium Management Center) ※ Guarantee fees shall be paid at borrower's expense.
Fire insurance	● Insurance and pledge on the claim right are not required.
Submission of completion report	● Required to submit to JHF the renovation of common area of condominium completion report after the completion of the construction work.
Receiving the monies	● 1 to 1.5 months after conclusion of loan agreement and after the completion of the construction work.
Loan application fee	● Not required.
Prepayment penalty fee	● Not required.

※ Although the above-stated conditions are met at the time of application, JHF may decline the loan or reduce the requested amount of loan due to result of underwriting by JHF or a guarantee agency and if repayment is deemed unsure.
 ※ Loans cannot be provided to a management association that has a relationship with anti-social forces.
 (including the case if a member of the management association is an anti-social force, or the case if a residence is used for offices of anti-social forces.)
 ※ Once the application is submitted, re-submission of application (re-submission due to withdrawal of previous application) is not allowed until the end of the month in which six months elapsed from the previous application submission date.

About JHF

Activities of JHF

Corporate Governance

Details of JHF Business

Appendix

Corporate Data

History of Former GHLC and JHF

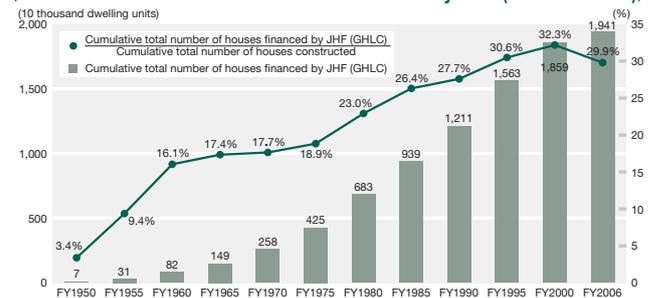
Year	Historical matter	Year	Historical matter
June 1950	• Establishment of the GHLC	November 2011	• Launch of a loan program for serviced rental housing for the elderly.
March 2001	• Launch of MBS (Mortgage-backed Securities) issuance.	December 2011	• Expansion of interest-rate reduction for the first 5 years for housing with high energy-saving performance concerning "Flat 35S" ($\Delta 0.3\% \rightarrow \Delta 0.7\%$ ($\Delta 1.0\%$ for the disaster-affected area) (until the end of October 2012, as a provisional measure)
October 2003	• Launch of securitization business (Purchase Program) (the current "Flat 35 (Purchase Program)").	April 2012	• Commencement of the second period for the medium-term objectives (5 years until March 2017).
October 2004	• Launch of Securitization business (Guarantee Program)(the current "Flat 35 (Guarantee Program)")	February 2015	• Expansion of interest-rate reduction for the first 5 years for housing (the first 10 years for long-life quality housings) concerning "Flat 35S" ($\Delta 0.3\% \Delta 0.6\%$) (until the end of January 2016, as a provisional measure)
June 2005	• Launch of support scheme to facilitate for acquiring high-quality housing through the securitization business (Purchase Program) (the current "Flat 35S (Purchased Program)").	October 2016	• Launch of Flat 35 Renovation (housing capability improvement renovation promotion model project) (interest rate reduction is 0.6% off for the first 5 years or 10 years)
July 2005	• Promulgation of JHF Law	April 2017	• The third period for the medium-term objectives (four years up to March 2021) starts.
September 2006	• Launch of SB (General Collateral Bonds) issuance	October 2017	• Flat 35 Childrearing Support Type and Regional Vitalization Type starts. (interest rate reduction is 0.25% off for the first 5 years)
April 2007	• Abolition of GHLC. • Establishment of JHF	October 2017	• Launch of a new JHF Group Credit Life Insurance System for "Flat 35".
June 2009	• Commencement of the first period for the medium-term objectives (5 years until March 2012)	October 2017	• Launch of rental claim guarantee insurance in rental housings for people who require consideration in securing housing.
June 2009	• Launch of "Flat 35S" 20-year interest rate reduction (the service is currently terminated).	April 2018	• Addition of vacant house countermeasures to the lending criteria of "Flat 35" Regional Revitalization Type.
February 2010	• Expansion of interest rate reduction in "Flat 35S" for the 10 years ($\Delta 0.3\% \rightarrow \Delta 1.0\%$) until the end of September 2011, as a provisional measure).		
May 2011	• Expansion of loans for recovery from disasters and loan modification for the people affected by the Great East Japan Earthquake (e.g. 0% of interest-rate for the first 5 years, a grace period for repayment, etc.)		

(Reference) Roles Former GHLC has Played

Approximately 30% of all houses built after World War II were financed by JHF (formerly Government Housing Loan Corporation; GHLC)

The achievement of former GHLC loans reached 19.41 million dwellings for 57 years from its establishment in 1950 to its closure by the end of FY2006. This accounts for approximately 30% of dwellings built after World War II.

(The accumulated number of houses financed by JHF (Former GHLC))

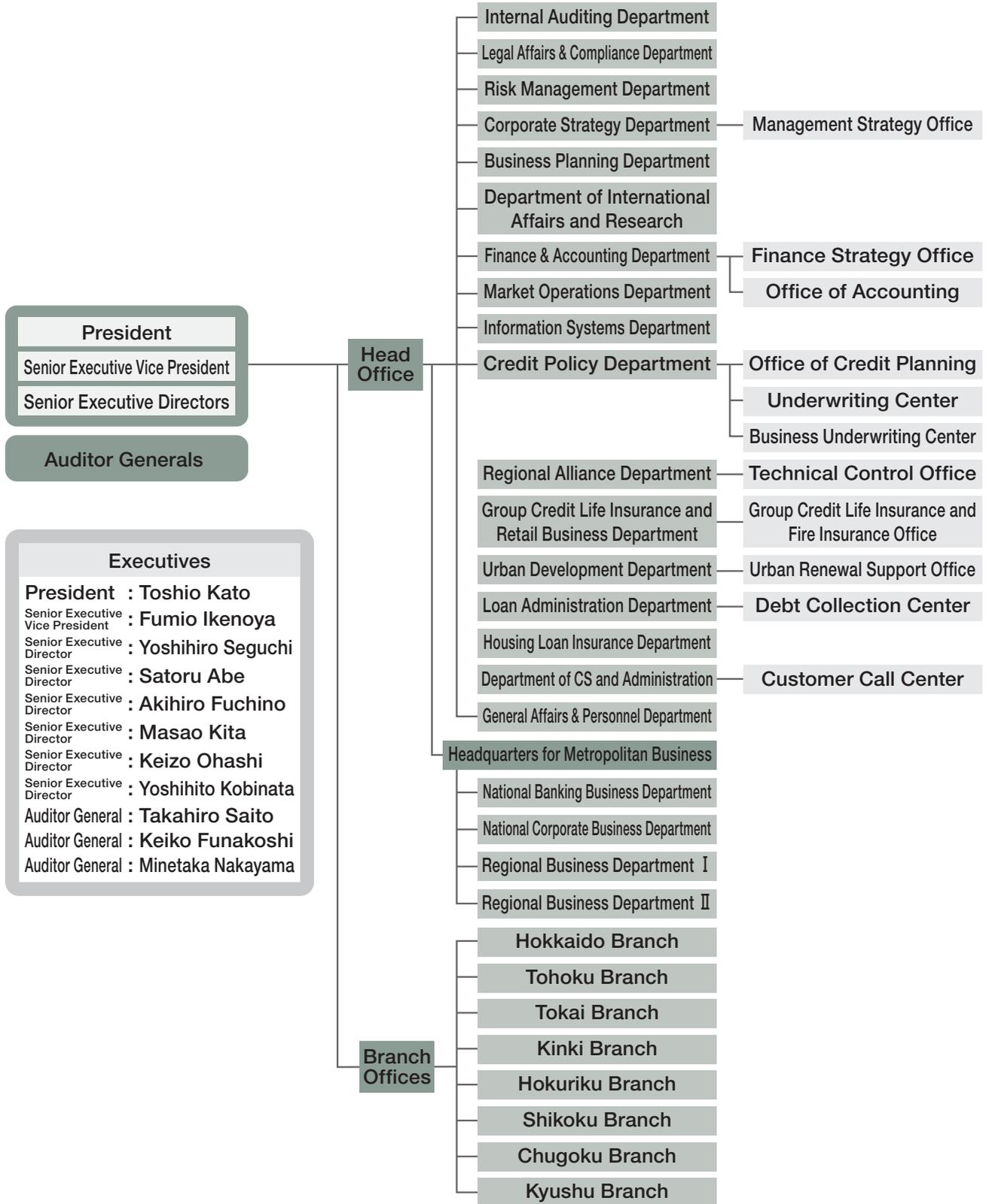


Source: Survey by former GHLC

Related Data

			FY2015	FY2016	FY2017
"Flat 35"	Purchased program	Number of application	123,095 houses	139,541 houses	111,936 houses
		Number of loans under purchased program	85,278 houses	116,190 houses	87,551 houses
		Outstanding Balance of purchased loans	12,832.3 billion yen	13,661.6 billion yen	14,797.9 billion yen
	Guarantee program	Number of application	—	5,428 houses	9,048 houses
		Number of loans with insurance for Guarantee program	—	1,378 houses	4,856 houses
		Outstanding Balance of purchased loans with insurance	141.5 billion yen	158.8 billion yen	279.0 billion yen
"Reverse 60"	Number of applications for insurance	2 cases	39 cases	174 cases	
	Number of loans with insurance	2 cases	16 cases	68 cases	
	Number of handling financial institutions (cumulative total)	12 institutions	23 institutions	38 institutions	
Great East Japan Earthquake related loans for recovery from the disaster and other loans	Number of disbursement	2,088 houses	1,699 houses	1,313 houses	
	Outstanding Balance of loans	210.9 billion yen	228.7 billion yen	235.7 billion yen	

Executives and Organization Chart



For Inquiries

■ Customer Call Center

Hours: 9:00 – 17:00

(Open every day except national holidays and around the New Year period)

- For consultation on Flat 35, JHF loans, and technical criteria:

 **0120-0860-35** (toll-free)

- For consultation on loans for disaster relief, etc.:
Dedicated Support Line for Disaster Victims

 **0120-086-353** (toll-free)

*If you cannot access the above line (international call, etc.),
please call the following number (regular call rate)

TEL: +81-(0)48-615-0420

■ JHF website

<https://www.jhf.go.jp>

Head Office and Regional Offices

(As of July 1, 2018)

JHF Offices	Address	Phone Number
Head Office	1-4-10 Koraku, Bunkyo-ku, Tokyo 112-8570	+81-(0)3-3812-1111 (operator)
Hokkaido Branch	13-3-13 Kita 3-jo Nishi, Chuo-ku, Sapporo-shi 060-0003	+81-(0)11-261-8301 (operator)
Tohoku Branch	1-3-18 Katahira, Aoba-ku, Sendai-shi 980-0812	+81-(0)22-227-5012 (operator)
Tokai Branch	3-20-16 Shinsakae, Chikusa-ku, Nagoya-shi 464-8621	+81-(0)52-263-2934 (operator)
Kinki Branch	4-5-20 Minami-Honmachi, Chuo-ku, Osaka-shi 541-8546	+81-(0)6-6281-9260 (operator)
Hokuriku Branch	2 Flr. Kanazawa Park Bldg., 3-1-1 Hirooka, Kanazawa-shi 920-8637	+81-(0)76-233-4251 (operator)
Shikoku Branch	2 Flr. Kounan-Asset Bancho Bldg., 1-6-6 Ban-cho, Takamatsu-shi 760-0017	+81-(0)87-825-0621 (operator)
Chugoku Branch	8-3 Moto-machi, Naka-ku, Hiroshima-shi 730-0011	+81-(0)82-221-8694 (operator)
Kyushu Branch	6 Flr. Hakataekimae Business Center, 3-25-21 Hakataekimae, Hakata-ku, Fukuoka-shi 812-8735	+81-(0)92-233-1203 (operator)



住宅金融支援機構
Japan Housing Finance Agency

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