

# Alaska Bankers Association

ELECTRONIC MAIL

February 5, 2024

Senator Jesse Bjorkman, Chair  
Senate Labor & Commerce Committee  
State Capitol  
Juneau, AK 99801

Representative Jesse Sumner, Chair  
House Labor & Commerce Committee  
State Capitol  
Juneau, AK 99801

Re: Support for SB 191 & HB 273, AHFC Loan-to-Value Ratios

Dear Senator Bjorkman and Representative Sumner:

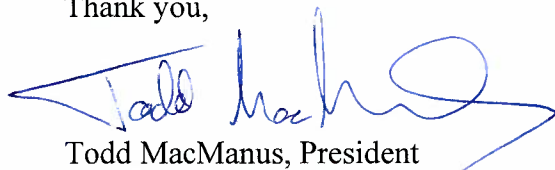
The Alaska Bankers Association (AKBA) appreciates the Governor's introduction of SB 191 and HB 273, giving the Alaska Housing Finance Corporation (AHFC) the ability to modify its residential lending programs to provide additional loan opportunities for Alaskan families.

Granting AHFC flexibility in setting its loan-to-value (LTV) ratio would bring advantages as it competes directly with government sponsored entities like Fannie Mae and Freddie Mac:

- High down payment requirements, often associated with lower LTV ratios, can be a significant barrier to homeownership, particularly for first-time buyers and those with limited savings. Allowing for flexibility in LTV ratios enables borrowers to purchase homes with lower initial cash outlays, making homeownership more attainable.
- Relaxing LTV requirements can stimulate demand for housing, thereby supporting overall market activity. When more individuals can qualify for mortgages with lower down payments, it can lead to increased home sales, construction activity, and related economic growth.
- Flexible LTV ratios allow lenders to serve a broader range of borrowers, including those with less-than-perfect credit histories or irregular income streams. By considering other factors beyond just the size of the down payment, lenders can assess borrowers' overall creditworthiness more holistically, potentially opening up homeownership opportunities for individuals who may not meet traditional lending criteria.

AKBA urges your support for SB 191 and HB 273.

Thank you,



Todd MacManus, President  
Alaska Bankers Association

cc: Members of the Senate Labor & Commerce Committee  
Members of the House Labor & Commerce Committee