



Original sponsor: House Special Committee  
on State Loans

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 302 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state housing loan and state  
7 alternative technology loan programs; and providing  
8 for an effective date."

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

10 \* Section 1. AS 18.56.096(1) is amended to read:

11 (1) a first mortgage loan under this chapter for a duplex,  
12 triplex, or four-plex that exceeds the limitations on first mortgage  
13 loans for similar housing purchased by the Federal National Mortgage  
14 Association as to principal amount and loan-to-value ratio; [OR]

15 \* Sec. 2. AS 18.56.096(2) is amended to read:

16 (2) a second mortgage loan for a duplex, triplex, or four-  
17 plex the amount of which, when combined with the principal balance of  
18 a first mortgage loan on the property, exceeds the limitation on the  
19 amount set out in (1) of this section or ~~that~~ has a loan-to-value  
20 ratio, when considered with the principal balance of the first mort-  
21 gage loan, that exceeds 90 percent; [.]

22 \* Sec. 3. AS 18.56.096 is amended by adding new paragraphs to read:

23 (4) a first mortgage loan for a single-family residence  
24 that exceeds the limitations on first mortgage loans for similar  
25 housing purchased by the Federal National Mortgage Association as to  
26 principal amount by more than 10 percent, or has a loan-to-value ratio  
27 that exceeds 95 percent, or a second mortgage loan for a single-family  
28 residence, the amount of which, when combined with the principal  
29 balance of a first mortgage loan on the property, exceeds the

1 limitations on loans for similar housing purchased by the Federal  
2 National Mortgage Association as to principal amount by more than 10  
3 percent, or has a loan-to-value ratio, when considered with the prin-  
4 cipal balance of the first mortgage loan, that exceeds 90 percent; or

5 (5) a first or second mortgage loan for rental housing  
6 unless the borrower agrees not to discriminate against tenants or  
7 prospective tenants because of sex, marital status, changes in marital  
8 status, pregnancy, parenthood, race, religion, color, national origin,  
9 or status as a student.

10 \* Sec. 4. AS 18.56.098(g)(1) is amended to read:

11 (1) The interest rate on the first \$90,000 of a mortgage  
12 loan purchased with the proceeds of an [THE FIRST] issue of taxable  
13 bonds of the corporation is three percent less than [10 PERCENT OR]  
14 the cost of funds of that issue, except that

15 (A) if the cost of funds of that issue is less than 10  
16 percent, the interest rate is equal to the cost of funds; and

17 (B) if the cost of funds of that issue is more than 10  
18 percent, the interest rate may not be less than 10 percent [,  
19 WHICHEVER IS LESS].

20 \* Sec. 5. AS 18.56.098(g)(5) is amended to read:

21 (5) The interest rate on the first \$90,000 of a mortgage  
22 loan purchased with [FROM] money that is not the proceeds of either  
23 taxable or tax-exempt bonds [APPROPRIATED TO THE CORPORATION] is the  
24 rate the corporation determines is appropriate by application of the  
25 provisions of (1) [- (4)] of this subsection. [THE RATE MAY BE BASED  
26 ON AN ESTIMATE OF THE COST OF FUNDS OF A PROPOSED ISSUE OR ISSUES OF  
27 BONDS.]

28 \* Sec. 6. AS 18.56.101 is amended to read:

29 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The

1 following persons are eligible veterans for the purposes of AS 18.56.-  
2 098(g) and (h):

3 (1) a person who served in the armed forces of the United  
4 States for 90 days or more, or whose service was for less than 90 days  
5 because of injury or disability incurred in the line of duty, after  
6 April 6, 1917,

7 [(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS  
8 A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR  
9 NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO  
10 RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER DIS-  
11 CHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE  
12 TERRITORY OR STATE; OR.

13 (B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE TERRI-  
14 TORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAS BEEN A  
15 RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR AT THE  
16 TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO THE  
17 TERRITORY OR STATE FOR AT LEAST FIVE YEARS; AND

18 (C)] whose discharge was under honorable conditions;

19 (2) the widow or widower of a member of the armed forces or  
20 an eligible veteran if

21 [(A) THE MEMBER OR VETERAN WAS A RESIDENT OF THE TERRI-  
22 TORY OR STATE FOR ONE YEAR BEFORE INDUCTION INTO THE SERVICE;

23 (B)] the member or veteran served in the armed forces  
24 for at least 90 days after April 6, 1917 [;] and

25 [(C)] the veteran's [HIS] discharge was under honorable  
26 conditions;

27 (3) a person who has served for not less than five years in  
28 the Alaska Army National Guard, the Alaska Air National Guard, [OR]  
29 the Alaska Naval Militia, or [WHO HAS SERVED IN] a reserve unit of the

1 United States armed forces [IN ALASKA] if the reserve unit required,  
2 as a minimum, one weekend each month of duty and 15 consecutive days  
3 of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and  
4 whose discharge was under honorable conditions.

5 \* Sec. 7. AS 18.56.115 is amended to read:

6 Sec. 18.56.115. INDEPENDENT FINANCIAL ADVISOR. In negotiating  
7 the private sale of bonds or bond anticipation notes to an under-  
8 writer, the corporation may [SHALL] retain a financial advisor. A  
9 financial advisor retained under this section must be [WHO IS] inde-  
10 pendent from the underwriter.

11 \* Sec. 8. AS 18.56 is amended by adding a new section to read:

12 Sec. 18.56.205. RESIDENTIAL MORTGAGE ASSISTANCE FOR MEMBERS OF  
13 THE ALASKA DELEGATION TO CONGRESS. The corporation may extend the  
14 special mortgage loan purchase program (AS 18.56.098) to purchase a  
15 mortgage loan made for the purchase or rehabilitation of a residence  
16 located in the District of Columbia or within 50 miles of the District  
17 of Columbia to a member of the United States Congress from Alaska if  
18 the member is otherwise qualified for assistance under the special  
19 mortgage loan purchase program.

20 \* Sec. 9. AS 44.47.380 is amended to read:

21 Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created  
22 in the Department of Community and Regional Affairs, as a revolving  
23 loan fund, the housing assistance loan fund consisting of money appro-  
24 priated to it by the legislature and repayments of principal of loans  
25 made or purchased from the assets of the fund. Interest on loans made  
26 or purchased from the assets of the fund must be transferred to the  
27 Department of Revenue for deposit in the general fund. The director  
28 shall administer the housing assistance loan fund in accordance with  
29 AS 44.47.360 - 44.47.560 and shall use the money in the housing

1 assistance loan fund to originate, purchase, or participate in the  
2 purchase of

3 (1) nonconforming and rural housing mortgage loans;

4 (2) loans made for building materials for nonconforming and  
5 rural housing;

6 (3) loans made for renovations or improvements to noncon-  
7 forming and rural housing;

8 (4) loans made for the construction of owner-occupied  
9 nonconforming and rural housing other than loans to builders or con-  
10 tractors or loans that compensate an owner for the owner's labor or  
11 services in constructing the owner's own housing.

12 \* Sec. 10. AS 44.47 is amended by adding a new section to read:

13 Sec. 44.47.382. HOME OWNERSHIP ASSISTANCE FUND. (a) There is  
14 created in the Department of Community and Regional Affairs, the home  
15 ownership assistance fund consisting of money appropriated to it by  
16 the legislature. Money in the fund shall be used solely to assist  
17 persons of lower and moderate income to purchase or construct single-  
18 family homes financed under AS 44.47.360 - 44.47.560 by providing a  
19 subsidy to those persons.

20 (b) The subsidy provided by this section may not exceed the  
21 amount that is necessary to reduce the annual interest rate paid on  
22 the mortgage loan to six percent.

23 (c) A mortgage loan that is subsidized from the home ownership  
24 assistance fund may not exceed \$120,000.

25 (d) The division shall adopt regulations that establish maximum  
26 income-to-loan payment ratios for persons who apply for a subsidy  
27 under this section.

28 (e) In this section, "persons of lower and moderate income"  
29 means individuals considered by the division to require assistance

1 under this section because of inadequate income or other limited  
2 personal financial resources, taking into consideration

3 (1) the amount of total income available for housing needs;

4 (2) the size of the family;

5 (3) the cost and condition of available housing;

6 (4) standards established in various federal programs for  
7 determining eligibility based on income;

8 (5) the ability to enter the private housing market and to  
9 pay market amounts for decent, safe, and sanitary housing; and

10 (6) other factors considered relevant by the division.

11 \* Sec. 11. AS 44.47.390(4) is amended to read:

12 (4) originate a direct loan for nonconforming or rural  
13 housing or purchase or participate in the purchase of a nonconforming  
14 or rural housing mortgage loan, other than a loan for the repair,  
15 remodeling, rehabilitation, or expansion of an existing owner-occupied  
16 residence, if the borrower has an outstanding housing loan made under  
17 a state loan program, other than a loan for nonowner-occupied housing  
18 under AS 44.47.520, that bears interest at a rate that was less than  
19 the prevailing market interest rate for similar housing loans at the  
20 time the loan was made.

21 \* Sec. 12. AS 44.47.390 is amended by adding a new paragraph to read:

22 (5) originate a direct mortgage loan or purchase or partic-  
23 ipate in the purchase of a mortgage loan for rental housing unless the  
24 borrower agrees not to discriminate against tenants or prospective  
25 tenants because of sex, marital status, changes in marital status,  
26 pregnancy, parenthood, race, religion, color, national origin, or  
27 status as a student.

28 \* Sec. 13. AS 44.47.410 is amended to read:

29 .Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a

1 mortgage loan originated or purchased in whole or in part under  
2 AS 44.47.380 for nonconforming housing that is not rural housing is  
3 one-quarter percent more than [EQUAL TO] the interest rate, as deter-  
4 mined under AS 18.56.098(g)(1) - (4), on a mortgage loan purchased  
5 under AS 18.56.098(a) from the proceeds of the most recent applicable  
6 issue of taxable bonds before the origination or purchase of the  
7 mortgage loan originated or purchased under AS 44.47.380.

8 (b) The interest rate on a mortgage loan originated or purchased  
9 in whole or in part under AS 44.47.380 for rural housing is one per-  
10 cent less than the interest rate, as determined under AS 18.56.098-  
11 (g)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a) from  
12 the proceeds of the most recent applicable issue of taxable bonds  
13 before the origination or purchase of the mortgage loan originated or  
14 purchased under AS 44.47.380 [10-1/2 PERCENT].

15 \* Sec. 14. AS 44.47.560(5) is repealed and reenacted to read:

16 (5) "rural" means of or relating to a community in the  
17 state with a population of 4,500 or less, as determined by the depart-  
18 ment under AS 29.88.015, that

19 (A) is not connected by road or rail to Anchorage; or

20 (B) is connected by road or rail to Anchorage, but is  
21 more than 50 air miles from Anchorage;

22 \* Sec. 15. AS 45.88.500(2) is amended by adding a new subparagraph to  
23 read:

24 (E) a steam, hot water, or ducted hot air central  
25 heating system that uses wood or coal for fuel;

26 \* Sec. 16. AS 18.56.098(g)(2) and AS 44.47.385 are repealed.

27 \* Sec. 17. Section 10 of this Act takes effect January 1, 1984.

28 \* Sec. 18. Sections 1 - 9, and 11 - 16 of this Act take effect immedi-  
29 ately in accordance with AS 01.10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 302 (Fin)  
Title State Housing Loans  
Requested by House Finance Date 5/17/83

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs  
Program Category Affected Development  
BRU, Program, Or Subprogram(s) Affected Housing Assistance  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES		141	193	205	217	230
200 TRAVEL		41	44	46.1	48.9	51.8
300 CONTRACTUAL		12	13	13.5	14.3	15.2
400 COMMODITIES		29	31	32	33	34
500 EQUIPMENT		2	3.1	3.3	3.5	3.7
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		225	284.1	299.9	316.7	334.7

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Program Receipts		226	284.1	299.9	316.7	334.7

POSITIONS

FULL TIME		5	5	5	5	5
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This appropriation will fund the increased costs of operating the home ownership assistance program created in this bill. It is the only appropriation, in addition to the funding provided in CSHB 315 (Finance), which is necessary to provide these low interest loans. These costs will be funded with program receipts. See the attachment for details on the funding provided through this fiscal note.

IV. DATE 5/17/83 PREPARED BY Al Adams, Chairman  
AGENCY House Finance Committee  
Original: Legislative Finance PHONE 465.3706  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/82)

Home Ownership Assistance Fund (HOAF) Assumptions for Fiscal Note

Expenditures

OPERATING:

Personal Services

\$141,000

<u>Position</u>	<u>Salary &amp; Benefits</u>
Loan Examiner I	\$ 41,867 (12 months)
Clerk Typist III	20,335 (9 months)
Accountant III	25,883 (6 months)
Accounting Clerk III	22,890 (9 months)
Documents Processing Clerk III	<u>30,519 (12 months)</u>
	\$141,000 (rounded down)

All salaries are based on GGU Salary Schedule for A ranges Effective 1/1/83 for number of months requested.

Benefits were calculated at .0613 of gross salaries.

Supplemental benefits were calculated at DCRA FY'84 variable rate of .1537.

Fixed benefits were calculated at gross salary x 240.

FY'84 impacts for new positions varied between 12 and 6 months. FY'85 projections assume all positions at 12 month plus 6% salary inflation costs. Subsequent years assume only annual inflation rate of 6%.

Travel

\$ 41,000

Travel is assumed to reflect both direct and indirect lending services of the division. FY'84 travel reflects the following specific assumptions:

Loan Examiner I to hearings in six field locations	\$ 2,500
Accountant, 6 trips to Juneau ..	3,600
Central office to bring field staff for training on new program	5,000
6 field offices @ 5,000 each for increased direct services and program outreach	<u>30,000</u>
	\$41,000

HOAF Assumptions for Fiscal Note  
Page 2

Contractual \$ 12,000

Contractual assumptions were as follows

- New Regulations	\$ 8,500
- Computer programming	3,500
	<u>\$12,000</u>

Commodities \$ 29,000

Commodities assumptions were based on present cost of equipment for desks, chairs, files, WANG stations and data processing equipment.

Equipment \$ 3,000

Equipment is assumed at \$500 per new position plus \$500 for extra supplies to field.

Annual projections carry a 6% inflation calculation.

Total Fiscal Note Request \$226,000

Additional Personal Services data is provided on the attached FY'84 Budget Forms. Please note the justification section on each form for a needs assessment of each position requested.

1.	POSITION TITLE LOAN EXAMINER I				RANGE/STEP 15-A	BARC. UNIT G	FORM 12 PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEC.		
3.	CONTINUATION LEVEL		ADDITION		JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1			2		3				
	PERSONAL SERVICES									
5.	Salary 2398 x 12			28,776						
6.	Benefits			1,763						
7.	Supplemental Benefits			4,422						
8.	Fixed Benefits			6,906						
9.	TOTAL PERSONAL SERVICES			01	41,867					
10.	Travel			02	2,500					
11.	Contractual			03	-0-					
12.	Commodities			04	6,500					
13.	Equipment			05	500					
14.	Other				-0-					
15.	TOTAL COST				52,767					
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004		52,767						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY 4A KEY NUMBER _____										

1. This position is calculated for twelve months to absorb extra underwriting duties expected from renewal of rural interest rates reduced from urban ratchet rate. Other duties will include establishment of eligibility criteria forms for HOAF program, drafting of regulations to administer program, development of rural outreach and training projects for the division and underwriting of all HOAF loans. First year estimated activity is 176 HOAF loans averaging \$85,000 each for a total underwriting responsibility of \$15,000,000.

2. Travel includes public hearing schedule for rural HOAF loan program in all regional office locations.

3. Commodities reflect office equipment, word and data processing equipment for this position.

**13** REQUEST FOR  
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM \_\_\_\_\_

BRU HOUSING ASSISTANCE DIVISION

COMPONENT \_\_\_\_\_

**FY 84**

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Revised Date \_\_\_\_\_

1.	POSITION TITLE CLERK TYPIST III				RANGE/STEP 08-A	ORG. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 9	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.		
3.	CONTINUATION LEVEL	ADDITION	X	JUSTIFICATION						
4.	TYPE OF EXPENDITURE			AMOUNT						
	1	2	3							
	PERSONAL SERVICES									
5.	Salary	1553 x 9	13,977							
6.	Benefits		856							
7.	Supplemental Benefits		2,148							
8.	Fixed Benefits		3,354							
9.	TOTAL PERSONAL SERVICES		01	20,335	1. This clerical position will support an FY'84 increase in professional staff and assume all clerical duties for certification and recertification of HOAF clients.					
10.	Travel		02	-0-	2. Commodities are assumed to cover office and data processing equipment for this position.					
11.	Contractual		03	-0-						
12.	Commodities		04	4,500						
13.	Equipment		05	500						
14.	Other									
15.	TOTAL COST			25,335						
RECEIPT CODE      FUNDING SOURCE										
16.		Federal Receipts		1002						
17.		G.F. Match		1003						
18.		General Funds		1004	25,335					
19.		I-A Receipts		1005						
20.		Program Receipts		1028						
21.		Other								
FOR B&M USE ONLY 4A KEY NUMBER _____										

**13** REQUEST FOR  
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM \_\_\_\_\_

BRU HOUSING ASSISTANCE DIVISION

COMPONENT \_\_\_\_\_

**FY 84**

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1.	POSITION TITLE ACCOUNTANT III				RANGE/STEP 18-A	DARG. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 6	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.		
3.	CONTINUATION LEVEL				ADDITION	X	JUSTIFICATION			
4.	TYPE OF EXPENDITURE				AMOUNT					
	1		2		3					
	PERSONAL SERVICES									
5.	Salary	2965 x 6	17,790							
6.	Benefits		1,090							
7.	Supplemental Benefits		2,734							
8.	Fixed Benefits		4,269							
9.	TOTAL PERSONAL SERVICES		01	25,883						
10.	Travel		02	3,600						
11.	Contractual		03	2,000						
12.	Commodities		04	4,500						
13.	Equipment		05	500						
14.	Other									
15.	TOTAL COST			36,483						
	RECEIPT CODE				FUNDING SOURCE					
16.				Federal Receipts 1002						
17.				G.F. Match 1003						
18.				General Funds 1004		36,483				
19.				I-A Receipts 1005						
20.				Program Receipts 1028						
21.				Other						
FOR B&M USE ONLY										
4A KEY NUMBER _____										

- This position will oversee all accounting staff of the division (3) and will monitor all revolving loan fund accounts, subsidy accounts, operating loss reserve account and title loss reserve account.
- This position will be responsible for reconciliation with PBA for an estimated \$155 million in loan funds and \$55 million in construction grant funds by the end of FY'84.
- This position will be the final department authority on low income eligibility for loan or grant programs on direct services.
- This position will be the final department authority for reconciliation with all seller/servicers on indirect services.
- This position will maintain an ongoing portfolio analysis of expenditures and advise management on expenditure patterns per statute for each program.
- This position is based on 6 months only for FY'84 and assumes 6 trips to Juneau @ \$600 each annually.
- Contractual costs are assumed for special computer programming services.
- Commodities reflect office equipment and data processing equipment.

**13** REQUEST FOR  
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM \_\_\_\_\_

BRU HOUSING ASSISTANCE DIVISION

COMPONENT \_\_\_\_\_

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1.	POSITION TITLE ACCOUNTING CLERK III				RANGE, STEP 10-A	BARG. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 9	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1	2	3							
	PERSONAL SERVICES'									
5.	Salary	1748 x 9	15,732							
6.	Benefits		964							
7.	Supplemental Benefits		2,418							
8.	Fixed Benefits		3,776							
9.	TOTAL PERSONAL SERVICES		01	22,890						
10.	Travel		02	-0-						
11.	Contractual		03	-0-						
12.	Commodities		04	6,500						
13.	Equipment		05	500						
14.	Other									
15.	TOTAL COST				31,890					
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		C.F. Match 1003								
18.		General Funds 1004		31,890						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY 4A KEY NUMBER _____										

1. This position is calculated at 9 months only. It will accommodate increased accounting responsibilities as a result of interest rate reductions in rural Alaska.
2. This position will assist accounting technician staff in posting PITI figures for an estimated 1150 loans prior to assumption of new loan program for low income borrowers in rural Alaska.
3. Accounting unit currently has no clerical support. More correspondence with PBA regarding low income and existing program borrowers is anticipated.
4. Weight of data processing conversions and file maintenance for accounting unit will be borne by accounting unit clerical staff person.
5. Commodities include office equipment, word and data processing equipment for this position.

**13** REQUEST FOR  
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS  
PROGRAM \_\_\_\_\_  
BRU HOUSING ASSISTANCE DIVISION  
COMPONENT \_\_\_\_\_

**FY 84**

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1.	POSITION TITLE DOCUMENTS PROCESSING CLERK III				RANGE/STEP 10-A	BARG. UNIT G	FORM 12	PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PPT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7		LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION						
4.	TYPE OF EXPENDITURE										
	1		2		3						
	PERSONAL SERVICES*										
5.	Salary	1748 X 12	20,976								
6.	Benefits		1,285								
7.	Supplemental Benefits		3,224								
8.	Fixed Benefits		5,034								
9.	TOTAL PERSONAL SERVICES		01	30,519							
10.	Travel		02	-0-							
11.	Contractual		03	1,500							
12.	Commodities		04	6,500							
13.	Equipment		05	500							
14.	Other			-0-							
15.	TOTAL COST			39,019							
	RECEIPT CODE	FUNDING SOURCE									
16.		Federal Receipts 1002									
17.		G.F. Match 1003									
18.		General Funds 1004		39,019							
19.		I-A Receipts 1005									
20.		Program Receipts 1028									
21.		Other									
FOR B&M USE ONLY											
4A KEY NUMBER _____											

1. This position will be responsible for all loan file transfers between six field offices and the central office and between the central office and all seller/servicers
2. This position receives all files logged in and will enter them into data processing, review them for completeness, distribute to underwriters, accountants or loan closers for action.
3. This position receives all completed files from IAD staff and transmits to seller/servicers all executed documents of file.
4. This position is responsible for maintaining all logs, tracking and filing systems for the division.
5. Contractual services are calculated to assume additional data processing programming for new programs and present programs experiencing interest rate adjustments.
6. Commodities are estimated to include office equipment word and data processing equipment for this position.

**13** REQUEST FOR  
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM \_\_\_\_\_

BRU HOUSING ASSISTANCE DIVISION

COMPONENT \_\_\_\_\_

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Revised Date \_\_\_\_\_

**FY 84**

The following individuals are expected to testify on CS HB 302 (Loans) and CS HB 315 (Loans):

Rick Uehling, Chair, House Loans Committee

Michael Lynch, Director, Alaska Housing Finance Corporation

Barbara Morse Quinn, Director, Division of Housing, Department of Community & Regional Affairs

Paul Arnoldt, Director, Division of Investments, Department of Commerce and Economic Development

Sharon Barton, Special Assistant, Department of Natural Resources

Kerry Romesburg, Director, Postsecondary Education Commission

STATE OF ALASKA  
FISCAL NOTE

REC-10 6/18/83  
Revision Date 6/15, 1983

I. REQUEST

BILL/Resolution No: SCSCSHB 302 (L&C)  
Title: State housing loans & alternate technology loan programs.  
Sponsor: H. Spec. Comm. State Loans  
Requestor: Senate Finance

II. FISCAL DETAIL

Agency Affected: Revenue  
Program Category Affected: Econ. Dev.  
BRU, Program of Subprogram(s) Affected: Alaska Housing Finance Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-0-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

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

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Michael S. Lynch  
Division: Alaska Housing Finance Corporation

Phone: 276-5599  
Date: 6/15/83

Approved by Commissioner:   
Department: Revenue

Date: 6/18/83

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STATE OF ALASKA  
FISCAL NOTE

Revision Date 4/29, 1983

I. REQUEST No. 1 Page 1 of 311. FISCAL DETAIL  
 Bill/Resolution No.: CS for HB 302 (Loans) Agency Affected: Comm. & Reg. Affairs  
 Title: State Housing Loans Program Category Affected: Development  
 Sponsor: House Special Commte./Loans BRU, Program of Subprogram(s) Affected:  
 Requestor: Hse. Spec. Cmte./Loans Housing Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		141	193	205	217	230
200 TRAVEL		41	44	46.1	48.9	51.8
300 CONTRACTUAL		12	13	13.5	14.3	15.2
400 COMMODITIES		29	31	32	33	34
500 EQUIPMENT		3	3.1	3.3	3.5	3.7
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		226	284.1	299.9	316.7	334.7
ANNUAL SUBSIDY		650	1,000	1,200	1,350	1,700
CAPITAL		15,650	31,650	37,850	44,200	50,700
SUBSIDY (Cumulative)		650	1,650	2,850	4,200	5,700
REVENUE		350	2,150	4,250	6,650	8,350
REVENUE (Annual)		350	1,800	2,100	2,400	2,700

FUNDING: (Thousands of Dollars)

GENERAL FUND		15,650	31,650	37,850	44,200	50,700
FEDERAL FUNDS						
OTHER (Specify Source)						
Program Receipts		226	284.1	299.9	316.7	334.7

POSITIONS:

FULL-TIME		5	5	5	5	5
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Unused AIDA Certificates of Deposit: SLA 1982, CH 114 CCSSB 322  
 (See 9. Assumptions for Fiscal Note)

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: B. Morese-Quinn/R. Price Phone: 272-4585  
 Division: Housing Assistance Division Date: 4/15/83

Approved by Commissioner: *Robert H. Kelleher* Date: 4/15/83  
 Department: Community & Regional Affairs

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3/8/83

Home Ownership Assistance Fund (HOAF) Assumptions for Fiscal Note

1. AHFC made 381 HOF loans in FY'81 for \$24.7 million with an average loan amount of \$64,829.00. AHFC made 903 HOF loans in FY'82 for \$58.1 million with an average loan amount of \$64,341.00. HAD's average loan amount is \$87,500.00 HAD projects a FY'84 HOAF program of 176 loans at \$85,000.00 each for a total of \$15 million in loans made.

2. HAD projects a HOAF Program based on rural Alaskan needs as follows:

a. Dwelling Price Maximums

1 or 2 member family	\$100,000
3 member family	105,000
4 member family	110,000
5 or more member family	120,000

b. Income Maximums

Adult family members	30,000
1st child	5,000
Each additional child	1,500
to program maximum of	39,000

c. Asset Maximums

3 times income for all borrowers

3. Subsidies are calculated for payments of 1 adult and 2 children in rural Alaska to be subsidized from ratchet rate of 10% to HOAF rate of 6%. Average salary is computed at \$2,835 per month with subsidy of \$236.30 per month.

4. Capital projections assume accumulated subsidy projections. Annual subsidy rates are noted.

5. Revenue projections assume accumulated interest of 6% returning to the General Fund. Annual interest earnings are noted. Principal repayment is assumed to revolve back to the fund and is not calculated as revenue.

6. Position requests assume a specialization of duties and can absorb the year round program levels projected with no increased staff.

7. Travel is assumed to reflect both direct and indirect lending services of the division. FY'84 travel reflects the following specific assumptions:

2,500	Loan Examiner I to hearings in six field locations
3,600	Accountant, 6 trips to Juneau
5,000	Central office to bring field staff for training on new program
30,000	6 field offices @ 5,000 each for increased direct services and program outreach

8. Contractual assumptions were as follows:  
8,500 New regulations - HOAF  
3,500 Computer programming
9. Commodities assumptions were based on present cost of equipment for desks, chairs, files, WANG stations and data processing equipment.
10. Equipment is assumed at \$500 per new position plus \$500 for extra supplies to field.
11. Annual projections carry a 6% inflation calculation.

Notes for Form 13 Calculations

1. All salaries are based on GGU Salary Schedule for A ranges effective 1/1/83 for number of months requested.
2. Benefits were calculated at .0613 of gross salaries.
3. Supplemental benefits were calculated at DCRA FY'84 variable rate of .1537.
4. Fixed benefits were calculated at gross salary x 240.

Notes for Personal Services Category Projections

1. FY'84 impacts for new positions varied between 12 and 6 months. FY'85 projections assume all positions at 12 month plus 6% salary inflation costs. Subsequent years assume only annual inflation rate of 6%.

Notes for Revenue Projections

1. Monthly distribution of capital funds and, therefore, monthly interest calculations due on payments of first year operations cannot be accurately projected until program becomes operational. These figures are division's best estimates.

STATE OF ALASKA  
FISCAL NOTE

Revision Date 5/6, 1983

I. REQUEST

Bill/Resolution No: CSHB 302 (Loans)  
 Title: AHFC - Semi rural loans  
 Sponsor: Special Committee on Loans  
 Requestor: Housing Finance

II. FISCAL DETAIL

Agency Affected: Revenue  
 Program Category Affected: Econ. Dev.  
 BRU, Program of Subprogram(s) Affected: Alaska Housing Finance Corporation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	12.5M	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	12.5M	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-
-	-	-	-	-	-	-

POSITIONS:

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

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Michael S. Lynch  
 Division: Alaska Housing Finance Corporation

Phone: 276-5599  
 Date: 5/6/83

Approved by Commissioner: Robert D. Heath  
 Department: Revenue

Date: 5/6/83

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IV. ANALYSIS:

The change to a maximum subsidized loan from \$90,000 to \$100,000 will require 12.5M more in subsidy funds.

The \$76,000 required for section 11 of this bill is covered in the 12.5M request.

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

I. REQUEST

Bill/Resolution No.: CSHR 302 (Loans)  
 Title: Relating to housing Loans & State  
 Sponsor: House Spec. Committee on Loans  
 Requestor: \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Develop.  
 Program Category Affected: Development  
 BRU, Program of Subprogram(s) Affected: Alt  
 Fund) Accounting & Collections

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		32.3	35.6	37.4	39.2	41.2
200 TRAVEL						
300 CONTRACTUAL		2.5	2.8	2.9	3.1	3.2
400 COMMODITIES		1.4	.4	.4	.4	.5
500 EQUIPMENT		2.2	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		38.4	38.8	40.7	42.7	44.9
CAPITAL		0	0	0	0	0
REVENUE		0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND		38.4	38.8	40.7	42.7	44.9
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		0	0	0	0	0
PART-TIME		2	2	2	2	2
TEMPORARY						
STAFF MONTHS		12	12	12	12	12

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Margaret I. Hamley, Director *M. Hamley* Phone: 465-2510  
 Division: Accounting & Collections Date: 5-4-83  
 Approved by Commissioner: Richard A. Lyon *R. Lyon* Date: 5/7/83  
 Department: Commerce & Economic Development

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3/8/83

As a result of the split of the Division of Loans and Veterans' Affairs into the Division of Investments and the Division of Accounting & Collections, we anticipate being able to increase our operating efficiency sufficiently to be able to correct the present problems that have been noted in recent audits, and to eliminate the need for the excessive overtime presently required. To add 350 loans per year to our current loan servicing volume would presently require additional part-time staffing as described below.

FY '84

PERSONAL SERVICES

	<u>Location</u>	<u>Months</u>	<u>Monthly</u>	<u>Annual</u>
1 Accounting Tech. I	AWA	6	1,889	\$11,334
1 Accounting Tech. II	AWA	6	2,145	<u>12,870</u>
				24,204
SBS @ .0613				1,484
Variable benefits @ .1550				3,752
Fixed benefits @ \$240 x 12				<u>2,880</u>
Total Personal Services				<u>\$32,320</u>

CONTRACTUAL

Data processing costs @ \$.60 per month per loan \$ 2,520

COMMODITIES

2 calculators @ \$331	\$ 662
2 chairs @ \$169	338
Setup costs @ \$40/person	80
Supplies @ \$150/person per year	<u>300</u>
	<u>\$ 1,380</u>

EQUIPMENT

1 Technical workstation \$ 2,178

STATE OF ALASKA  
FISCAL NOTE

Revision Date \_\_\_\_\_, 1983

I. REQUEST

Bill/Resolution No.: CSHB 302 (Loans)  
 Title: Relating to housing loans & State  
 Sponsor: House Spc. Comm. on Loans Alt.  
 Requestor: \_\_\_\_\_ Funds

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Develop.  
 Program Category Affected: Development  
 BRU, Program of Subprogram(s) Affected: Investments

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<b>OPERATING</b>						
100 PERSONAL SERVICES		41.4	43.5	45.7	48.0	50.4
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES		.8	.1	.1	.1	.1
500 EQUIPMENT		3.5	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
<b>TOTAL OPERATING</b>		45.7	43.6	45.8	48.1	50.5
<b>CAPITAL</b>		0	0	0	0	0
<b>REVENUE</b>		0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND		45.7	43.6	45.8	48.1	50.5
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						
<b>STAFF MONTHS</b>		12	12	12	12	12

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Paul B. Arnoldt, Director *Paul B. Arnoldt* Phone: 465-2510  
 Division: Investments Date: 5/6/83  
 Approved by Commissioner: Richard A. Lyon *R* Date: 5/9/83  
 Department: Commerce and Economic Development

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3/8/83

## CSHB 302 (Loans)

## FISCAL NOTE ANALYSIS

As a result of the split of the Division of Loans and Veterans' Affairs into the Division of Investment and the Division of Accounting & Collections, we anticipate an increase in our operating efficiency sufficient to be able to absorb a portion of the 350 additional loans that Section 17 of this bill will generate. This demand for 350 loans is based on an additional \$3.5 million being appropriated to the Alternative Technology and Energy Revolving Loan Fund in addition to the original FY '84 budget request.

FY '84

PERSONAL SERVICES

	<u>Location</u>	<u>Range</u>	<u>Months</u>	<u>Monthly</u>	<u>Annual</u>
1 Loan Examiner I-II	AWA	17	12	\$2,639.00	\$31,668.00
SBS @ .0613					1,941.00
Variable Benefits @ .1550					4,908.00
Fixed Benefits @ \$240 x 12					2,880.00
Total Personal Services					<u>\$41,397.00</u>

COMMODITIES

1 calculator					331.51
1 chair					247.47
Setup costs					40.00
Supplies					100.00
Total Commodities					<u>\$ 718.98</u>

EQUIPMENT

1 Support work station					\$ 3,536.50
------------------------	--	--	--	--	-------------

P.O.  
5-19-83  
Rec'd 5-20-83

STATE OF ALASKA  
FISCAL NOTE

Revision Date 6/16 , 1983

I. REQUEST

Bill/Resolution No.: CS for HB 302  
 Title: State Housing Loans  
 Sponsor: House Special Commte./Loans  
 Requestor: Senate Finance

II. FISCAL DETAIL

Agency Affected: Comm. & Reg. Affairs  
 Program Category Affected: Development  
 BRU, Program of Subprogram(s) Affected: Housing Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		141	193	205	217	230
200 TRAVEL		41	44	46.1	48.9	51.8
300 CONTRACTUAL		12	13	13.5	14.3	15.2
400 COMMODITIES		29	31	32	33	34
500 EQUIPMENT		3	3.1	3.3	3.5	3.7
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		226	284.1	299.9	316.7	334.7
Annual Subsidy		650	1,000	1,200	1,350	1,700
CAPITAL		15,650	31,650	37,850	44,200	50,700
Subsidy (Cumulative)		650	1,650	2,850	4,200	5,700
REVENUE		350	2,150	4,250	6,650	9,350
Revenue (Annual)		350	1,800	2,100	2,400	2,700

FUNDING: (Thousands of Dollars)

GENERAL FUND		15,650	31,650	37,850	44,200	50,700
FEDERAL FUNDS						
OTHER (Specify Source)						
Program Receipts		226	284.1	299.9	316.7	334.7

POSITIONS:

FULL-TIME		5	5	5	5	5
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: B. Morse-Quinn/R. Price  
 Division: Housing Assistance Division  
 Approved by Commissioner: [Signature]  
 Department: Community & Regional Affairs

Phone: 272-45-4585  
 Date: 6/16/83  
 Date: 6/16/83

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A Report on Housing Financing  
and Related Issues, Phase I  
for  
Governor William Sheffield

STATE OF ALASKA  
TASK FORCE ON HOUSING

A Report on Housing Financing  
and Related Issues, Phase I  
for  
Governor William Sheffield

December 1982 - January 1983

This copy provided  
courtesy of  
HOUSE SPECIAL COMMITTEE ON STATE LOANS  
Rep. Rick Uehling  
Chairman

January 14, 1983

The Honorable William J. Sheffield  
Governor  
State of Alaska  
Pouch A  
Juneau, Alaska 99811

Dear Governor Sheffield:

It is my pleasure to present to you the following report of the Task Force on Housing. We have evaluated the issues and problem areas of providing affordable housing to Alaskans. The enclosed report represents Phase I of the Task Force's recommendations. A Phase II report which will include an investigation of low and/or special incomes, elderly and disabled handicapped programs will be forwarded when further research is concluded.

We are hopeful you will find the Task Force policy recommendations useful to develop a sound housing program. The Task Force is committed to the need to enact legislation to create a housing revolving loan fund. We are also in favor of the Permanent Fund becoming a major source of funds for the revolving fund. Many other specific recommendations have been made, but the above two issues were unanimously supported by Task Force members as being a key to establishing a long term solution to the problems in financing homes for Alaskans.

The work of the Task Force has been challenging, educational and complex, but ultimately a rewarding opportunity to explore solutions to the housing needs throughout the state of Alaska for people of every economic and sociological status.

It is our hope that you will find this report of the Task Force and its policy recommendations useful in promulgating a "Housing Plan" to serve all Alaskans.

Governor William Sheffield  
January 14, 1983  
Page 2

We, on the Task Force, wish to thank you for the opportunity to serve you and the citizens of the State. It has been a satisfying experience.

Sincerely yours,

A handwritten signature in cursive script that reads "Rob Gamel".

Rob Gamel  
Chairman  
Task Force on Housing

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TASK FORCE MEMBERSHIP

GOVERNOR'S TASK FORCE ON HOUSING

December 1982 - January 1983

Mr. Rob Gamel, Chairman  
Alaska State Association of Home Builders  
Anchorage, Alaska

Mr. Jess L. Hall

Mr. Dave Ribacchi

Ms. Laurie Terrall

Mr. Charles Homan

Mr. Richard Hall

Mr. Andy Edge

Mr. Jess Arrington

Mr. Dave Rose

Acting Commissioner Joe Donahoe

Commissioner Mark Lewis

Mr. Clark Gruening

Commissioner Dick Lyon

Mr. Frank Roppel

Ms. Lennie Boston, Liaison

Task Force Staff:

Ms. Barbara Morse-Quinn

Mr. Joel Diganghi

Assisting Staff:

Mr. Harry Goldbar

Mr. Eric Wohlforth

Ms. Denna Cline

Mr. Ray Price

Assisting Staff (Continued):

Mr. Mark Cameron

Mr. Dick Pryor

Mr. Leroy Rothe

Mrs. Lucille Steitz

Mr. Pete Bushre

Mr. Jim Kelly

INTRODUCTION

GOVERNOR'S CHARGE

## INTRODUCTION

### GOVERNOR'S CHARGE

Governor Sheffield created a Task Force to consider housing in the State of Alaska.

On December 21, 1982 the Governor met with the Task Force and charged them with development of a "sound housing program." In elaboration Governor Sheffield directed that the Task Force consider all forms of housing to include rental, single family, special needs and programs that would reach more Alaskans, rural and urban. Special concern was to be given to providing stable and predictable programs that would promote long-term well being, opportunity and benefit the populace. The Governor directed the Housing Task Force to consider interest rates, costs, use of the Permanent Fund, public access to agencies and corporations providing for housing and the methods by which loans are made.

The Task Force accepted the charge and committed itself to finding workable solutions to provide Alaskans with affordable housing, to benefit the economy in general and to provide for real social concerns.

SUMMARY OF RECOMMENDATIONS

## SUMMARY OF RECOMMENDATIONS

The following statements represent summarized recommendations of the Task Force on Housing as discussed in this report. They are offered only as a capsule of comprehensive issues presented in later sections and should be reviewed only in context of those discussions.

1. The Governor and the Legislature should create a revolving loan fund entitled the Alaska Housing Finance Fund (AHFF). This fund should be administered by the Department of Revenue.

2. The Governor should appoint an Alaska Housing Finance Fund Policy Board to be comprised of five to seven members representing all existing State housing agencies and the Alaska Permanent Fund.

3. The Governor shall direct the purpose of the Alaska Housing Finance Fund to make loans for all State housing loan programs. This fund will finance programs currently being administered by AHFC, CRA/HAD, AIDA, ASHA, Commerce or any other vehicle delivering housing loan services for the State.

4. The funding sources for creation of the Alaska Housing Finance Fund are recommended to be principal repayment and interest earned from:

- (a.) Annual General Fund appropriations;
- (b.) Mortgage bond sales;
- (c.) Blended portfolio income from existing State housing agencies;
- (d.) Federal housing loan funds dedicated to Alaska; and
- (e.) Alaska Permanent Fund investments.

5. The Task Force recommends meeting an FY'84 funding demand of \$1.3 billion for statewide housing programs and presumes no absorption of currently funded federal programs. A further recommendation is to institute an 18 month funding cycle for all housing loan programs.

6. The Governor should direct the AHFF to annually determine and publish the rates of interest to be charged on housing loan programs administered by any state agency. The Legislature shall have the power to adjust rates and vary features of the various loan programs administered by each agency through fund appropriations. The Task Force recommends an irrevocable rate schedule for all programs be published annually for the following calendar year. Further, the Task Force recommends the FY'84 Legislature seek maximum rates on the first \$90,000 at 10% for Conventional Financing, 9% for Veteran's Preference Financing. A 6% rate for HOF Programs, and 5% rate for energy renovation programs is also recommended. In the event the Legislature does not see fit to establish a fixed rate annually, then the interest rate spread between the cost of funds and the mortgage rate made available to borrowers should be increased to 4% to reduce the impact of accelerating interest rates.

7. Permanent Fund contributions to the AHFF should begin immediately with an FY'84 investment of not less than 3% of the body of the Fund, up to the current allowable maximum for real estate mortgages of 15%. The Task Force further recommends new legislation and/or a constitutional amendment be originated by the Governor to allow for real estate investment by the Permanent Fund of up to 25% of the corpus.

8. The Task Force recommends legislation be introduced to create a Home Ownership Fund (HOF) Program within Community and Regional Affairs, Housing Assistance Division, for specific application in rural communities. Other legislation should be introduced to remove rural or urban distinctions from Nonconforming Loan Funds for FY'82 and thereafter as administered through this agency.

9. The Task Force encourages the Alaska Housing Finance Corporation to consider a program of delegated underwriting as described in a staff paper submitted to the Task Force. A recommendation is offered for the AHFC Board to prepare such a program after receiving suggestions from mortgage bankers, home builders, and other affected members of the public.

10. The Task Force recommends regional housing information offices be opened in Fairbanks and Juneau as well as maintenance of rural field offices in Bethel, Nome, Kotzebue, and Dillingham within Community and Regional Affairs, Housing Assistance Division.

11. The Task Force has identified the following housing related issues for further consideration and in need of in-depth investigation by another group charged with more specific responsibilities: forward commitments; reservation system for funding; shared appreciation mortgages; third party programs for participation, bridging sales and interest rate buy-downs; discount points; conventional and uniform underwriting standards; clear and concise lending and approval procedures; apportionment and restructuring of the various housing related boards; development of a housing interagency liason; masterplan for rental, low-income and special needs housing; develop incentive programs for low-income housing projects.

12. The Task Force recommends publication and distribution of existing housing programs information in all public agency locations in Alaska.

13. The Task Force concludes that a comprehensive report on housing issues must include an investigation of low and/or special incomes, elderly and disabled handicapped programs. It was also concluded that further investigation of these complex subjects was necessary. A special committee charged with publication of a Phase II Report has been created by the Task Force to accomplish this further investigation.

14. The Task Force recommends extension of the sunset provision on tax exempt revenue housing bonds known as the Ullman Act. The Governor and the Legislature are asked to convey this recommendation to our Congressional Delegation in Washington, D.C.

RECOMMENDATIONS AND NARRATIVE STATEMENTS

## ALASKA HOUSING FINANCE FUND

Recommendation #1: The Governor and the Legislature should create a revolving loan fund entitled the Alaska Housing Finance Fund (AHFF). This fund should be administered by the Department of Revenue.

Narrative: The Task Force has concurred in recommending the establishment of Alaska Housing Finance Fund, a revolving loan fund to be established within the confines of the Department of Revenue. It is our recommendation that Alaska Housing Finance Fund (AHFF) be the source of funding for all housing programs including those of Alaska Housing Finance Corporation, Alaska Industrial Development Authority, Housing Assistance Division of Community and Regional Affairs, Alaska State Housing Authority, Division of Business Loans of the Department of Commerce and such other appropriate agencies. We believe the most effective use of the funds for housing could be obtained by having AHFF established as the central source and depository for funding of all of the housing programs in the state of Alaska.

Administration of AHFF would be by the Department of Revenue under the direction of the Commissioners of Revenue, Community and Regional Affairs, and Commerce, together with the Directors of the various agencies directly involved in the funding of housing plus appropriate public members. This policy board would meet on a regular basis to establish the priorities for investment of housing funds by AHFF. Hands-on management would be accomplished by the Department of Revenue.

AHFF would be a revolving fund to receive mortgage principal repayments, mortgage interest and other receipts not pledged to pay bond debt service of all the above agencies. Money so received and held by the Fund could be spent for any of its authorized purposes including, of course, the making of additional mortgage loans. All appropriations for the financing of housing would be deposited with the Fund and the Fund would reserve any excess subsidy appropriations not spent in a particular fiscal year which might otherwise lapse.

The Fund would be authorized to borrow, pledge its assets, issue bonds, notes of indebtedness, collect funds, invest monies and do whatever else is necessary to enhance the growth and development of the Fund. Its purpose would be simply to provide a vehicle for

furnishing monies necessary for each finance agency on an on-going basis. It is contemplated the fund would be authorized by statute to borrow from or receive monies directly from the Permanent Fund.

Questions of constitutionality of a revolving loan fund receiving and retaining all earnings from its assets have been raised. The Task Force recommends steps be immediately taken to clarify the status of earnings of such a Fund and if it is determined such action may be unconstitutional, then the necessary legal steps be taken to place the matter before the voters to change the State's constitution. It is paramount that the principal and interest payments remain in the AHFF if it is ever to become self-perpetuating.

AHFF could be the vehicle with adequate state appropriations, investment from the Permanent Fund and by reinvesting mortgage prepayments and interest to effectively develop a self-perpetuating, revolving loan fund that would free the state housing industry from the vagaries of world money markets.

## AHFF POLICY BOARD

Recommendation #2: The Governor should appoint an Alaska Housing Finance Fund Policy Board to be comprised of five to seven members representing all existing State housing agencies and the Alaska Permanent Fund.

Narrative: The agencies that presently participate in housing programs may or may not currently benefit from unified policy making. Many of them have their own governing bodies or oversight committee. An Alaska Housing Finance Fund Policy Board could serve to reduce the number of like panels while promoting a consistent policy throughout each agency.

AIDA, ASIHA, CRA, AHFC, Commerce, and the Alaska Permanent Fund could each be represented along with public members. Financial policy and administrative policy would originate, be controlled and evaluated from the same board. The Policy Board could also be the single point of contact for legislative and administrative action.

Our present system may not be subject to recomposition. The Permanent Fund Trustees have a different charter than the governing bodies of ASIHA or AHFC. However, the special nature of each housing agency is not a defense for independence and the absence of common goals. Managerial tasks will provide independence under a common policy established by the Board.

A Policy Board could contribute to better definition of housing programs in the public's perception. One clearly defined source of information would certainly provide for better understanding of public policy.

Legislative funding and clarity in the budget process are other benefits. The Policy Board might receive and disburse the funds designated for the separate entities. The Policy Board then becomes the clearing house for the state housing agencies. Existing boards would then be reduced and a simplified, more efficient system evolve.

This Policy Board proposal does not create a panacea. It does, however, provide for an immediate improvement in the achievement of the housing program goal. In its simplest form it would insure that all state housing programs would be coordinated, clear in their missions and with suitable interagency distinctions to provide attainment of objectives.

## PURPOSE OF AHFF

Recommendation #3: The Governor shall direct the purpose of the Alaska Housing Finance Fund to make loans for all State housing loan programs. This fund will finance programs currently being administered by AHFC, CRA/HAD, AIDA, ASHA, Commerce or any other vehicle delivering housing loan services for the State.

Narrative: The Alaska Housing Finance Fund is recommended as an oversight fund for delivery of all housing services in Alaska. While like item agency requests would be maintained, appropriations (exclusive of grant funds) to meet those requests would go into the AHFF for annual allocation to each agency and program. Annual agency performance would be evaluated by AHFF managers and incorporate review of all state housing loan programs. Further, all new requests would be reviewed by AHFF. No direct appropriations to any individual, group or community for housing or housing related development should be funded without concurrence of AHFF managers. Finally, Fund managers are encouraged to contact any state agency currently providing employee housing and bring all future employee housing development under its review.

## FUNDING SOURCES

Recommendation #4: The funding sources for creation of the Alaska Housing Finance Fund are recommended to be principal repayment and interest earned from:

- a. Annual General Fund appropriations;
- b. Mortgage bond sales;
- c. Blended portfolio income from existing State housing agencies;
- d. Federal housing loan funds dedicated to Alaska; and
- e. Alaska Permanent Fund investments.

Narrative: The table below outlines current housing loan programs available in Alaska. Funding sources for FY'84 are presumed to be a continuation of the FY'83 levels described in this table. It should be noted that existing grant programs for housing are not included in financing of the AHFF in this report. It would be desirable, however, to have all housing grant funding reviewed by the AHFF Policy Board to avoid duplication of service for any one location or to any particular interest group.

HOUSING PROGRAMS

Service Agency	General Statement of Purpose	Program Titles Descriptions	1983 Appropriations/ Leverage (Millions of \$)	Current Interest Rates	No. of Units W/ FY '83 Funds	Comments
Alaska Housing Finance Corporation (AHFC)	<p>Provides secondary mortgage financing for large portion of residential financing done in state.</p> <p>Programs limited to owner-occupied single-family, duplex, triplex or four-plex residences or mobile homes.</p> <p>Funds generated through sale of taxable and tax-exempt bonds in addition to legislative appropriations.</p> <p>As of Nov. 30, 1982, the Corporation has 32,102 loans with a balance of \$2.3 billion.</p>	<p><u>TAXABLE BOND</u> No income limits, first \$90,000 subsidized to within 3% of cost of funds. \$160,500-Single-family \$205,000-Duplex</p>	<p>\$116      \$407</p>	<p>9.125 - 10.125 13.18 over \$90,000</p>	<p>4,500 Average Loan - \$91,200</p>	
		<p><u>TAX-EXEMPT (1)</u> Limited to first time homebuyers, purchase price limitations established. \$104,986-Existing Single-family \$128,143-Newly constructed \$122,029-Existing duplex</p>	<p>\$ 47      \$322</p>	<p>9.0 - 10.0 11.22 over \$90,000</p>	<p>4,276 Average Loan - \$75,300</p>	<p>(1) Program ends 31, 1983 as a result of Fed legislation.</p>
		<p><u>MOBILE HOME</u> Maximum Loan - \$72,500 95% LTV 20 year mortgage</p>	<p>\$ 45      \$ 45</p>	<p>9.125 - 10.125</p>	<p>1,737 Average Note - \$25,900</p>	
		<p><u>HOME OWNERSHIP ASSISTANCE FUND</u>  Provides monthly subsidies to qualified low-to-moderate income borrowers.</p>	<p>\$45 for HOF program used to purchase mobile home mortgages.</p>		<p>\$45 million appropriation could support 1,039 loans at a subsidy of \$3,250/year.</p>	<p>(2) Income limits purchase price limitations will be revised in mid-January.</p>
<p><u>STATE GUARANTEED VETERAN'S BOND PROGRAM (3)</u></p>	<p>\$ 14      \$110</p>	<p>N/A</p>	<p>N/A</p>	<p>(3) Program will be implemented in February, 1983.</p>		

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Service Agency	General Statement of Purpose	Program Titles Descriptions	1983 Appropriations/ Leverage (Millions of \$)	Current Interest Rates	No. of Units W/ FY '83 Funds	Comments
1. Housing Assistance Division; Community & Regional Affairs (HAD/DCRA)	<u>Loans:</u> Provides secondary market for mortgage loans in rural Alaska and all nonconforming properties statewide.	Loans are made from the Housing Assistance Fund (HALF) into three programs:  (a) Rural Owner - Occupied Housing Loans (ROO), 95% LTV, FNMA maximums.  (b) Rural Nonowner - Occupied Housing Loans (RNO), 80% LTV, 2-16 units, \$1.25M maximums.  (c) Nonconforming Loans (NC) - Urban & Rural, 95% LTV, FNMA maximums.	TOTAL HALF <u>\$44.5</u>  ROO \$29  RNO \$ 7  NC \$ 8.5	10.5 (annual fixed rate)  10.5 (annual fixed rate)  9.125-10.125 on first \$90,000 with balance at cost (per latest bond sale of AHFC)	322  75  18	60 new units also available in FY '82 carry over
	<u>Grants:</u> (a) Provides state grants to 12 regional housing authorities to supplement HUD funded projects.  (b) Provides state grants for the development of senior citizen housing.	(a) Supplemental Housing Development Fund (SHDF) - Leverages up to 20% total HUD project cost for water/sewer <ul style="list-style-type: none"> <li>• on-site electrical</li> <li>• on-site roads on-site</li> </ul> (b) Senior Citizen Housing Development Fund (SCHDF) - \$10,000 per unit total project cost inclusive of all funding sources	\$ 7.3M - \$36M (state) (HUD)  \$10M/Leveraged amounts decided on a project-by-project basis.	N/A  N/A	419  114	913 units '82 for total of 1,332 units  Since 1974 total of \$11M will consist of 7,000 units of senior housing.

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Service Agency	General Statement of Purpose	Program Titles Descriptions	1983 Appropriations/ Leverage (Millions of \$)	Current Interest Rates	No. of Units W/ FY '83 Funds	Comment
HUD	Low Income housing loans for Indian and low income public housing.	Mutual Help Home Ownership	\$20 (1)	5% - 8% (2)	343 (3)	(1) FY '82 funding FY '83 appropriation this time. (2) 5% (at construction); 8% term financing. (3) FY '76-'81 total is 3.
BIA	Under the BIA Housing Improvement Grant Program, many houses are replaced with new units. This is done if unit is in bad shape or has burned down. Data includes only housing replacement to new units.	Housing Improvement Program	\$1.6 Million FY '82 funding	N/A	49 (1)	(1) From Fiscal 1976 - 1981 \$10.06 million funded 592

Service Agency	General Statement of Purpose	Program Titles Descriptions	1983 Appropriations/ Leverage (Millions of \$)	Current Interest Rates	No. of Units W/ FY '83 Funds	Comments
Alaska Industrial Development Authority (AIDA)	AIDA provides funds for multi-family housing through sale of tax-exempt bonds. (1)	<u>Multi-Family</u>  75% LTV 5 units or more 20% of units available to persons of low-to- moderate income. Restrictions on condo conversions.	\$2M will support \$75M in multi-family construction.	11%	2,000 units (2)	(1) Program on Dec. 31, 1983 as a result of legislative action.  (2) These will rental units.
Alaska State Housing Authority (ASHA)	Finance, construct, and manage low-to-moderate income housing projects and programs in conjunction with federal Dept. of Housing and Urban Development (HUD), and to a limited degree, the state.	<u>Conventional Low Rent</u>  Tenants live in ASHA owned dwellings, pay maximum of 30% of monthly income for rent, subject to income limits.	\$5.5M	N/A Average Rent = \$159/month	1,095 (3)	(3) Rental units.

Service Agency	General Statement of Purpose	Program Titles Descriptions	1983 Appropriations/ Leverage (Millions of \$)	Current Interest Rates	No. of Units W/ FY '83 Funds	Comments
Alaska State Housing Authority (ASHA)	ASHA has four more programs providing 375 units. They are not programs with growth potential, so are not discussed here.	<p><u>Section 8 New** Construction</u></p> <p>ASHA finances development and management costs, HUD will pay rent subsidy.</p> <p><u>Section 8 Existing (4)</u></p> <p>Eligible participants find housing units in private market. ASHA pays rent subsidy.</p>	<p>\$1.7 State Grant (1)</p> <p>\$2.3 Federal Dollars (2)</p> <p>\$5.4 Federal 1982 funds</p>	<p>N/A</p> <p>N/A</p> <p>\$171 average rent paid</p>	<p>285 (3)</p> <p>78 in construction phase for elderly.</p> <p>1,355 rental units</p>	<p>(1) These figures 1976 - 1979.</p> <p>(2) 1982 amount HUD.</p> <p>(3) Rental units</p> <p>** This program could be used by the state for construction with state money and then use HUD money for subsidy.</p> <p>(4) This program being phased by HUD.</p>

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Service Agency	General Statement of Purpose	Program Titles Descriptions	1983 Appropriations/ Leverage (Millions of \$)	Current Interest Rates	No. of Units W/ FY '83 Funds	Comments
Regional Housing Authorities (RHAs)  14 agencies involved	Develop and operate home ownership projects and rental primarily for the benefit of natives, finan- cing them through sale of tax-exempt obligations.  Work with HUD and receive Federal and State Funds	Native Public Housing  For Ownership Program see HUD		N/A	416 (1)	(1) Rental unit.
Farmers Home Administration (FHA)	Provides adequate housing for persons of low-to- moderate income in rural area.	<u>Section 502 Program</u>  Provides direct loans for low-to-moderate income rural home buyers.  <u>Rural Rental Housing</u>  Provides loans for multiple family dwellings.	\$12.3 Federal funds FY 1982          \$2.4	1% - 3%          1%	176 Single-family          60 Rental units in three projects	

FUNDING DEMAND

Recommendation #5: The Task Force recommends meeting an FY'84 funding demand of \$1.244 billion for statewide housing programs and presumes no absorption of currently funded federal programs. A further recommendation is to institute a 18 month funding cycle for all housing loan programs.

Narrative: The Task Force reviewed projected FY'84 departmental budgets for the five state agencies involved with housing programs. The chart below outlines the total projected demand and the current budget request of each agency. The chart also identifies where additional funds will be needed, as labeled in the column titled "Unappropriated Balance"

<u>FY84 (In Millions)</u>		
<u>Projected Demand</u>	<u>Projected General Fund Appropriations</u>	<u>Unappropriated Balance</u>
AHFC	\$1,100	\$250
CRA/HAD	50	50
Commerce/Energy Loans	11	11
AIDA	75	-0-
ASHA	<u>8</u>	<u>8</u>
	\$1,244	\$319
		\$850 (2)

(1) AIDA operates in the tax exempt bond markets and passes 100% of the costs of its funds to its borrowers. In 1982 the Legislature appropriated \$21 million to AIDA in order to be pledged as reserves for tax exempt bond sales. Therefore, AIDA will not request an additional general fund appropriation for FY84 to sell a projected \$75 million in bonds.

(2) The unappropriated balance of \$850 million for AHFC can be funded by the following means:

Unappropriated Balance (in millions)		\$850
General Obligation Bonds (Veterans) projected	\$300	
Tax exempt bonds projected	100	
Other earnings projected	<u>50</u>	<u>(450)</u>
Subtotal		\$400
Amount funded through taxable bond sales and/or Permanent Fund investments		(400) (3)
Total Unfunded		-0-

(3) Most likely due to leveraging the general fund appropriation, the amount of additional borrowings will be close to \$500 million.

The Task Force recommends as further explained in recommendation #7 that the Permanent Fund be utilized as an investment vehicle to supply as much as \$500 million to the AHFF in FY84. This could save the AHFF millions of dollars of costs associated with marketing, advertising and underwriting massive bond sales as well as to bring home a portion of the Permanent Fund to Alaskans.

Further, the Task Force recommends a one time eighteen month appropriation to the AHFF. Subsequent sessions of the Legislature will only need to make a normal twelve month appropriation.

This will help create stability in the AHFF by eliminating the uncertainty that the public faces every spring. In recent years the capital budget has not been passed by the Legislature and signed by the Governor until May or June. This has caused considerable concern to the public by the fact that the entire existence of the various programs are up for renewed funding and possible restructuring, or even elimination by the Legislature or Governor.

## INTEREST RATES

Recommendation #6: The Governor should direct the AHFF to annually determine and publish the rates of interest to be charged on housing loan programs administered by any state agency. The Legislature shall have the power to adjust rates and vary features of the various loan programs administered by each agency through fund appropriations. The Task Force recommends an irrevocable rate schedule for all programs be published annually for the following calendar year. Further, the Task Force recommends the FY'84 Legislature seek maximum rates on the first \$90,000 at 10% for Conventional Financing, 9% for Veteran's Preference Financing. A 6% rate for HOF Programs and 5% rate for energy renovation programs is also recommended. In the event the Legislature does not see fit to establish a fixed rate annually, then the interest rate spread between the cost of funds and the mortgage rate made available to borrowers should be increased to 4% to reduce the impact of accelerating interest rates.

Narrative: The Task Force wrestled with the problem of establishing interest rates on the various loan programs administered or funded by state agencies. The obvious problem faced in this matter is the adverse affect on both the economy and the ability to acquire needed shelter by citizens of this state when rates accelerate or remain at high levels for a long period of time. High interest rates contributed significantly to the depressed housing conditions existing in the late 1970's and early 1980's. The Legislature adopted a means of controlling the amount of subsidy dollars that would be required in any given fiscal year by establishing a maximum spread of 3% between the cost of funds and the actual rate paid by the borrowers. This effectively assured that the required appropriations for covering the cost differential of interest could be controlled when using bonds to fund Alaska Housing Finance Corporation, but the effect on many individuals within the State of Alaska both home buyers and builders was disastrous when rates were moving upward. The Task Force was of the opinion that steps have to be taken to avoid the horrendous results of substantial increases in the mortgage interest rates during the middle of the construction season, particularly when it is impossible to obtain forward commitments for a sufficient time to protect the builder and the home buyer. In the last critical situation, the party most affected was the owner/builder who often was not able to qualify after the interest rate increase for the home he had built for his own occupancy. It is the position of the Task Force that the Governor should direct AHFF to annually determine and publish the rates of interest to be charged on housing loan programs administered by any

state agency. Appropriately, the Legislature shall have the power to adjust rates and vary features of the various loan programs on a fiscal basis. It is the position of the Task Force that steps should be taken to ascertain in advance the needs for mortgage financing and acquire those funds from whatever source at a cost that will meet the objectives and goals of the Legislature and provide housing to the home buyers at the lowest possible cost.

Further, the Task Force recommends that the fiscal year '84 legislature set maximum rates on the first \$90,000 at 10% for conventional financing and 9% for veterans financing wherein taxable bond funds must be used. It is recommended that the rate established for the homeowners fund (HOF) loans be set at a minimum of 6% and escalated in accordance with the prescribed methods of establishing rates under the existing Alaska Housing Finance Corporation program. The Task Force also recommends the continuance of the 5% energy renovation loan programs as being beneficial to citizens throughout the state.

Administration of the interest rates is a critical question and represents one of the most important reasons why the State of Alaska is involved in funding of loans. Certainly, the only other factor more important than the interest rate is the availability of funds for housing. Obviously, in times of tight money and high interest rates, to obtain a compatible situation may be impossible without a tremendous expense to the State of Alaska. If the legislature is unable to reach an agreement based upon the fixed rates, then we would recommend that the spread be increased from the above mentioned 3% to 4% for funds obtained through the sale of bonds. This would reduce the impact of accelerating interest rates and still give a measure of protection to our citizens.

In addition, it is our position that the policy board of AHFF be given authority to reduce interest rates on loans made by the revolving loan fund from time to time should the situation require.

There are many other programs wherein funds are provided by the Federal Government to assist in providing shelter for low to moderate income peoples. The State of Alaska should continue through its various agencies to make use of all such programs that will effectively reduce the required participation by the State of Alaska in funding subsidies for home finance.

## PERMANENT FUND

Recommendation #7: Permanent Fund contributions to the AHFF should begin immediately with an FY'84 investment of not less than 3% of the body of the Fund, up to the current allowable maximum for real estate mortgages of 15%. The Task Force further recommends new legislation and/or a constitutional amendment be originated by the Governor to allow for real estate mortgage investment by the Permanent Fund of up to 25% of the corpus.

Narrative: The Task Force recommends that the Governor instruct the trustees of the Permanent Fund and the Alaska Housing Finance Fund to develop a plan whereby a portion of the principal of the Permanent Fund can be invested in mortgages or securities of AHFF. Initially, mortgages and/or securities of AHFC would probably represent the most marketable investments for the Permanent Fund. It is also possible that the AHFF could provide securities of AIDA for investment by the Permanent Fund.

The Permanent Fund is currently authorized to invest up to 15% of its principal in mortgages which, by regulation, are limited to variable rate mortgages. The Fund is, however, authorized to invest up to 50% in corporate stocks and debt securities under Alaska Statute 37.13.120 (g), (8). Alaska Statute 37.13.120 (g), (8) permits the investment of the Permanent Fund in "corporate debt securities which are rated AA or better by a national recognized rating service". AHFC is presently issuing bonds which receive an AA rating. In theory, the Permanent Fund could invest up to 50% of its assets in these marketable securities.

It is the recommendation of the Task Force that steps be taken immediately for the Permanent Fund to invest in mortgage originations of AHFC not less than 3% of its assets. It would be contemplated that in not more than 5 years, 15% of the assets of the Permanent Fund would be invested in mortgages in the state of Alaska.

In addition, it is the position of the Task Force that steps should be taken to introduce legislation to allow the Permanent Fund a much larger investment in Alaskan loans. We believe it is totally compatible with the purpose of the Permanent Fund to invest up to 25% of its assets in housing finance in Alaska.

In compliance with the desire of the majority of the Alaskan people to see the Permanent Fund invested in Alaska in home mortgages, it would be reasonable that these funds be invested at less than market rates if the circumstances so dictate. Initially, it would be

appropriate in order to encourage the immediate investment in Alaskan mortgages by the Permanent Fund that appropriations be made to AHFF to subsidize any differential between established market rates and those of the loans purchased through AHFF and originated by AHFC.

Finally, in view of declining oil revenues, it is apparent that the only means of establishing an on-going revolving loan fund within the state of Alaska to bring stability to the housing finance industry and thereby provide adequate, affordable housing for all Alaskans, is the involvement of the Permanent Fund in the purchase of Alaskan mortgages. The Permanent Fund must become an investor in AHFF if the revolving loan fund is to be an assured success.

## DCRA HOF PROGRAM

Recommendation #8: The Task Force recommends legislation be introduced to create a Home Ownership Fund (HOF) Program within Community and Regional Affairs, Housing Assistance Division, for specific application in rural communities. Other legislation should be introduced to remove rural or urban distinctions from Nonconforming Loan Funds for FY'82 and thereafter as administered through this agency.

Narrative: The existing Home Ownership Fund Program administered by AHFC is not reaching into rural locations as extensively as it could. A parallel program should be created to be administered within DCRA/HAD. This deep subsidy program fills a large gap in reaching first time homebuyers. Many borrowers can meet monthly payments if they are not significantly increased from rental payments or mobile home mortgages. Meeting payments and accruing mortgage equity under the HOF program allows a homeowner to either achieve permanent ownership or finance more substantial investments at a later date. The Legislature should give authority to DCRA/HAD to adjust income criteria and maximum home values as required by circumstances.

The creation of this program should be done only in the context of an interest rate review for all housing programs. Currently, DCRA rates on rural programs for conventional financing are fixed by the Legislature. There does not exist a rural, veterans' preference rate. AHFC rates are currently tied to the most recent bond sale. Parity, therefore, does not exist and, depending upon the most recent market, rates may be weighted in favor of either rural or urban Alaska and may shift back and forth frequently during any given period of 90 days or more.

The Task Force recommends the Governor direct management of the AHFF, the Legislature and others involved in this discussion to affix reasonable rates of interest on all housing programs so as to achieve parity wherever housing services may be delivered in the State.

## DELEGATED UNDERWRITING

Recommendation #9: The Task Force encourages the Alaska Housing Finance Corporation to consider a program of delegated underwriting as described in a staff paper submitted to the Task Force. A recommendation is offered for the AHFC Board to prepare such a program after receiving suggestions from mortgage bankers, home builders, and other affected members of the public.

Narrative: The Task Force agreed that AHFC acting as a secondary mortgage market for mortgage lenders should immediately take steps to adopt regulations implementing delegated underwriting. The lending institutions making mortgage loans would then make the sole determination as to whether the borrower and property meet sound underwriting standards and the requirements of AHFC loan programs under which they will be ultimately funded. It was the position of the Task Force that this would be a very positive benefit by enabling the loan applicant to receive a commitment directly from the lending institution and allow for closing of the loan immediately, subsequent to approval. AHFC would not underwrite on a case-by-case basis, but would spot check loan originations by the mortgage lender. If non-compliance were found and the violation sufficiently flagrant, the mortgage lender would then be prohibited to continue to sell loans to AHFC. Any loans wherein fraud or serious malfeasance was evident would be repurchased by the mortgage lender.

It is understood that not all lending institutions would want to participate in this system and that AHFC must continue to underwrite loans for those institutions not able or willing to assume responsibility for their underwriting function. Further, from time to time, it will be necessary on a case-by-case basis to submit loans to AHFC for review and this should be permitted under the system of delegated underwriting adopted.

It is evident that a good system of delegated underwriting would not reduce the quality of loans ultimately sold to AHFC, but should reduce the dual expense of operating two underwriting offices, that of the lender and Alaska Housing Finance Corporation. Overall, it should be a much more efficient system, benefiting not only AHFC but also the mortgage lender and the public.

## REGIONAL INFORMATION OFFICES

Recommendation #10: The Task Force recommends regional housing information offices be opened in Fairbanks and Juneau as well as maintenance of rural field offices in Bethel, Nome, Kotzebue, and Dillingham within Community and Regional Affairs, Housing Assistance Division.

Narrative: Regional field offices can offer potential fund users located in or near that region more personalized service in distribution of housing information. Staff of AHFC to be located in field situations could disseminate information, track delayed applications or provide other housing services as instructed by the AHFC Board of Directors. DCRA staff in field services would continue to offer application processing and loan closing activities in addition to general information and education services whenever requested. Staffing in all locations by personnel completely familiar with loan processing procedures would be desirable.

The public can best be served by a regionalized office placed in visible street front locations in core areas of any given community. Community and Regional Affairs currently maintains regional offices in Anchorage, Fairbanks, Bethel, Dillingham, Kotzebue, and Nome.

The Fairbanks office serves the North Slope Borough, upper Yukon, and the Alaska highway system to Tok and Cantwell. It also offers service to McGrath and Fairbanks and vicinity. This office could be placed in close proximity to an AHFC Fairbanks office and relinquish its urban functions to AHFC staff while continuing to emphasize its primarily rural focus. Establishment of services to Southeast Alaska have long been contemplated by the Community and Regional Affairs Housing Assistance Division.

A minimal southeast office with one and a half positions for \$77,300 in Juneau is requested in the FY'84 operating budget of DCRA/HAD. Again, a consolidated housing information office with AHFC staff could be achieved and may be desirable.

Maintenance of the existing rural field offices in DCRA/HAD is recommended.

## TASK FORCE COMMENTS

Recommendation #11: The Task Force has identified the following housing related issues for further consideration and in need of in-depth investigation by another group charged with more specific responsibilities: forward commitments; reservation system for funding; shared appreciation mortgages; third party programs for participation, bridging sales and interest rate buy-downs; discount points; conventional and uniform underwriting standards; clear and concise lending and approval procedures; apportionment and restructuring of the various housing related boards; development of a housing interagency liason; masterplan for rental, low-income and special needs housing; develop incentive programs for low-income housing projects.

Narrative: When considering the primary issues of a housing program, participants were frequently reminded of numerous specific issues directly involved or closely related to public perceptions of housing.

Some of these "issue items" are mechanical. Some are administrative, and many others are conceptual. These items should be explored in detail and when found realistic and of public benefit be incorporated in the body of the housing program.

Employment of forward commitments and use of a Fund Reservation System are mechanical and during times of interest instability can be of benefit to consumers.

Third party participation vehicles also can benefit consumers in that more private investments can be attracted to worthwhile projects or in the case of guaranteed sales, equities be freed from existing homes to permit the purchase of new homes and, again, the burden is to private investment while the benefit is to the consumer.

Reintroduction of discount points may provide an optional method of avoiding interest rate increases and still provide for the consumers' ability to purchase or the developers' ability to initiate a multi-family project.

Use of conventional underwriting standards will permit a coherent lending policy that employs the same standards for rural or urban housing purchase. Buyers are evaluated on the basis of credit worthiness, commitment and ability to repay. The property is then evaluated as is common to the area.

Additional public benefit will also occur when present approval methods for multi-unit projects are standardized, and if the prerequisites are available to developers in clear, concise and consistent form.

Consistent with in-depth development of master plans for rental programs, low income and special needs categories is the creation of an Interagency Liaison. The very complex web of interrelated jurisdictions makes achievement of a housing plan difficult unless the various Federal, State, and local government units are working toward the same ends with mutual commitment.

Incentives for greater public-private cooperation can be devised to open the way for better housing development and redevelopment.

All of these "special" items and many others will enhance our ability to deliver a housing program. Each possesses a degree of complexity that requires in-depth, further investigation, and the Task Force recommends continuing the effort.

## PUBLICATIONS

Recommendation #12: The Task Force recommends publication and distribution of existing housing programs information in all public agency locations in Alaska.

Narrative: The publication and information distribution efforts of state housing agencies are found to be inadequate. Present materials may be located in various financial houses or agencies themselves, but do not appear to reach a large number of potential buyers, sellers, investors, or other fund users. Certain publications require more explanation than the reader may possess and should be more clearly marked with telephone numbers and addresses to assist the reader in obtaining further information. Outdated materials should be replaced at all distribution points as often as necessary. Mass mailings or distribution through targeted periodicals should occur at least once a year to inform the public of current interest rates, available terms and locations in their vicinity from which loan applications may be originated. This public information outreach effort should attempt to coordinate information on all existing housing programs and should be administered by the Department of Revenue on behalf of each housing agency.

Rural publications should be printed in languages indigenous to the region as well as in English. Desirable texts to be developed are those which are concise and simply stated. Industry jargon should be used only as necessary and the need for glossary development per publication should be reviewed.

## FURTHER INVESTIGATIONS

Recommendation #13: The Task Force concludes that a comprehensive report on housing issues must include an investigation of low and/or special incomes, elderly and disabled handicapped programs. It was also concluded that further investigation of these complex subjects was necessary. A special committee charged with publication of a Phase II Report has been created by the Task Force to accomplish this further investigation.

Narrative: In the charge to the Task Force, the Governor emphasized that the housing program should reach more of the population. Governor Sheffield went on to include that low income, elderly, handicapped and other special needs be considered and that the consideration reach rental as well as owned homes.

The Task Force recognizes that there are very complex underlying issues including some that would represent a departure from conventional development and funding practice. In spite of the complexities, the Task Force recommends that immediate steps be initiated to adopt these recommendations and to devise more creative forms of private investment participation in all special programs. Specific proposals include: a demonstration program to construct as many as 300 living units for low income and special needs citizens; a fund provided specifically to meet the needs of handicapped citizens of any income level. Too frequently handicapped citizens are restricted to their homes when simple adaptations could be retrofitted into their homes allowing greater mobility. Likewise, in the construction of new buildings in many respects this program would be similar to the energy conservation program now in effect. Several other provisions are also considered. They deal principally with the use and administration of funds as well as allowing a wider range of participants to compete for funding to develop the programs.

Public and private tax-exempt, nonprofit corporations might be more productive and recognizing non-traditional approaches to problem solving, they should be encouraged to participate.

An excellent model for this involvement is the Neighborhood Housing Service (NHS). NHS is a local arm of the Neighborhood Re-investment Corporation, a federally supported corporation. NHS pursues renovation of old or decaying housing, redevelopment of neighborhoods through new construction and a comprehensive use of various funds from a variety of public and private sources.

Another series of points is that low interest loans or incentive participation for investors be encouraged to provide rental housing. Traditionally, the vehicle is for low interest loans.

While the loan vehicle is most understood, incentive plans, third party investors and equity exchange programs might reduce reliance on government money and provide for expanded benefit while producing the housing stock. Whenever possible, the programs should be self-sustaining requiring a form of payback even if interest free. It is possible and practical that with specific executive direction and Legislative support that many innovative programs can be developed and operating in an immediate time frame.

The resources of the municipalities, private and public non-profit groups, the Regional Corporations, and private investors can be channeled to overcome many of the obstacles and permit the attainment of this very ideal goal.

## SUNSET PROVISIONS

Recommendation #14: The Task Force recommends extension of the sunset provision on tax-exempt revenue housing bonds known as the Uhlmann Act. The Governor and the Legislature are asked to convey this recommendation to our Congressional Delegation in Washington, D.C..

Narrative: The Task Force unanimously request that the Governor, by executive order, and the Legislature, by resolution, request that our congressional delegation immediately take steps to introduce legislation which will preempt the Sunset Provisions of the commonly referred to Uhlman Act which provides that tax-exempt revenue housing bonds may not be issued after December 31, 1983. It is critical for the future of AHFF to be able to issue tax-exempt revenue bonds for enhancement of housing finance and reduction of subsidies required by the State of Alaska.

SPECIFIC COMMENTS BY TASK FORCE MEMBERS

## SPECIFIC COMMENTS BY TASK FORCE MEMBERS

The Task Force members were polled as to their opinions of this report. The members approved the report generally as written with minor language modifications in certain areas. When points were voiced by members regarding specific concerns of theirs which were not necessarily those of the Task Force as a whole we agreed to summarize them below.

Comments by Andy Edge: Mr. Edge's main concern was that rural areas be provided with a lower interest rate for their programs within CRA/HAD than for comparable AHFC programs. The reasoning he gave was because construction costs are higher in rural areas, and the average income is lower.

Comments by Laurie Terrall: Ms. Terrall's main concern was that something should be done for those individuals who have an income slightly above the 6% HOF program limitations, and yet cannot afford to purchase a home at the substantially higher interest rates of other AHFC programs. Also, she wanted to see more stability within the HOF program. Apparently, new buyers are told that the program is subject to a 30 day notice of termination.

Comments by Frank Roppell: Mr. Roppell was in basic agreement with the Task Force recommendations. He did believe that the AHFF should be administered by and under the control of AHFC.

Comments by Commissioner Heath: Commissioner Heath was appointed after the Task Force had begun replacing Task Force member, Acting Commissioner of Revenue Joe Donahoe. Commissioner Heath did not have enough time to make a thorough review of this report. However, he had no major objections.

Comments by Richard Hall: Mr. Hall stated that "now is the time to establish a revolving loan fund." Mr. Hall believes the amount of dollars available will have to be prioritized into areas where the most need occurs, such as elderly and low income. Mr. Hall further stated, "AHFC already is in the process of providing \$450 million<sup>1</sup> in loans at less than market rates. If that is not enough, then an appropriation to a revolving fund or a subsidy concept for leverage purposes could be made."

<sup>1</sup>Apparently Mr. Hall was referring to the Congressionally legislated subsidy from the Federal Treasury of tax exempt bond sales of \$100 million for first time pruchasers and \$300 million estimated for veterans. Also, AHFC expects a cash flow of approximately \$50 million from prior mortgage investments.

Comments by Dave Rose: Written comments were received by Mr. Rose, Executive Director of the Alaska Permanent Fund Corporation, offering his opinions to the Task Force's recommendations. Mr. Rose restated that as presently legislated, the Permanent Fund cannot make investments at less than market rates. However, he said, the "simultaneous sale of AHFC paper on the market and sale to the Fund of the same paper at the same price and time can save the management fee associated with the sale of bonds." This could result in a savings of one-half percent. He further stated that the Permanent Fund "should not duplicate or replace AHFC" and that "the Permanent Fund can be a purchaser of securities backed by mortgages, not mortgages themselves." Mr. Rose was also concerned that we not recommend the abolishment of the well recognized and highly regarded AHFC in favor of a new and unknown debt issuer, namely, the AHFF. Also, Mr. Rose did not concur and stated he "would not recommend to the Trustees that the fund invest up to 25 percent of its assets in housing mortgages."

Comments by Commissioner Lewis, Department of Community and Regional Affairs: Commissioner Lewis' main concern was that unless the AHFF was administered under the Department of Revenue as recommended in this report, that the portion of the revolving fund relating to rural loans be administered under CRA.

INTERESTED PARTICIPANTS

INTERESTED PARTICIPANTS

Those individuals listed below attended one or more of the meetings held by this Task Force or its subcommittees. The Task Force would like to thank them for their verbal and written contributions to the discussion of issues and for their interest in our work.

Mrs. Mary Afcan

Mr. Willie Ratcliff

Mr. Clay McDowell

Rev. Howard Bess

Mr. Larry Dickerson

APPENDIX A

WORKING PAPERS AND MINUTES

ALASKA PERMANENT FUND CORPORATION

PO BOX 88 - UPRCAU ALASKA 99511  
 TELEPHONE 907-465-2321

BOARD OF TRUSTEES:

GEORGE W. ROGERS, F.R.D. - CHAIRMAN  
 THOMAS K. WILLIAMS - VICE CHAIRMAN  
 VERNON I. CONDON  
 ARTHUR G. FLETCHER  
 BYRON I. MALLOTT  
 PETER R. MCCONNELL

MEMORANDUM ADDRESS

MEMORANDUM

TO: Housing Task Force  
 Office of the Governor

DATE: December 27, 1982

FROM: David A. Rose  
 Executive Director  
 Alaska Permanent Fund Corporation

SUBJECT: Housing

The following investment categories are permissible under current statutory law. Each of them could be used to finance housing within the state to some extent. There are two major concerns: the availability of money and the cost of money. This memorandum addresses the availability of money.

The Permanent Fund is required by statutory law to obtain nationally competitive market rates of return on its investments, and these categories cannot therefore address the cost of money.

1. Residential Mortgages. The Alaska Permanent Fund Corporation may purchase first lien residential mortgages which include owner occupied one-to-four unit dwellings, if they carry private mortgage insurance and the loan to value ratios do not exceed 90 percent. Minimum insurance coverage is computed as follows:

Loan to Value Ratio

0 - 59	None
70 - 89	10%
90	20%

By regulation the Fund is limited to adjustable rate residential mortgages only. Terms and conditions are identical to FIMA program #8.

2. Commercial Mortgages. The Alaska Permanent Fund Corporation may purchase first lien commercial mortgages, including multi-family dwellings in excess of four units, if they carry private mortgage insurance and the loan to value ratio does not exceed 75 percent. Minimum coverage is computed as follows:

Loan to Value Ratio

0 - 49	None
50 - 60	10%
61 - 75	15%

The Permanent Fund Corporation is not limited to adjustable rate mortgages and may purchase fixed rate commercial mortgages.

3. Corporate Debt. The Alaska Permanent Fund Corporation may purchase mortgage-backed debt securities which are rated "AA" by Moody's and S & P. This provision theoretically includes:
  - a) AHFC bonds.
  - b) privately insured pool certificates issued by MGIC or similar institutions.
  
4. Federally Guaranteed Debt. The Alaska Permanent Fund Corporation may purchase the guaranteed portion of debt issued by the following agencies of the federal government:
  - a) SBA,
  - b) VA,
  - c) FmHA.
  
5. Equity Real Estate. The Alaska Permanent Fund Corporation may participate in the direct ownership of income-producing real estate, including apartment buildings, as long as:
  - a) the participation does not exceed 40 percent of the total equity, and
  - b) the manager has at least five years institutional real estate experience.

ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY  
MULTI-FAMILY HOUSING PROGRAM

The 1982 session of the Legislature enacted Chapter 113 which authorizes the Authority to provide financing for Multi-Family Housing. Funding for the program is provided by selling bonds and using the proceeds to purchase participations in qualifying projects from private lending institutions. The Legislature also appropriated \$29 million to the Authority as security, should any projects default. The \$29 million was reduced to \$21 million based upon an opinion from the Attorney General's office.

The enabling legislation was drafted in such a manner that the Authority receives none of the principal, interest or any access to the security fund unless there is secondary debt on the project and the project defaults. The Authority has assumed this is a drafting error and has proceeded to implement a Multi-Family Program while simultaneously preparing remedial legislation for consideration.

The Authority has implemented a Multi-Family Program which will be effective until December 31, 1983. As of December 15, 1982, \$37,994,150 of pre-applications for 1015 units have been approved. The number of pre-applications which will become actual multi-family units is impossible to determine but 50% could be a reasonable estimate. Geographically the units are spread as follows:

Anchorage	886 units	\$33,536,300
Juneau	76 units	2,435,000
Homer	22 units	595,000
Ketchikan	5 units	360,000
Nome	14 units	607,500
Wasilla	6 units	190,350
Palmer	6 units	220,000

The Authority has issued commitments on 262 units totaling \$3,775,000. These projects are currently in various stages of construction. The units for which commitments have been issued are geographically spread as follows:

Anchorage	252 units	\$3,505,000
Homer	10 units	270,000

Synopsis of Multi-Family Program

- A. Maximum allowable loan is 75% of appraised value.
- B. Interest rate is 11% (set by Board, effective through 12/31/82). Should the bond rate exceed 11% the differential will be made up by increasing the loan payment beginning in year 2. Staff will recommend to the Board that the 11% be continued for 1983.
- C. The full faith and credit of the Authority are pledged to the bond issue.

- D. The Authority pays the capital reserve fund contribution.
- E. Five units or more.
- F. 20% of units must be made available to persons of lower or moderate income.
- G. Restrictions on condo conversion.
- H. The Authority purchases 90% of loan, originating financial institution retains 10% of loan.
- I. U.S. Treasury regulations on tax-exempt bonds apply.

ALASKA HOUSING FINANCE CORPORATION  
Branch Office Analysis

Estimated Annual Operating Expenses

	<u>Fairbanks</u>	<u>Ketchikan</u>	<u>Juneau</u>	<u>Total</u>
<u>Personal Costs</u>				
Salaries (Note A)				
Assistant loan officer (17)	\$ 35,292			
Assistant public information officer(14)	28,548	\$ 25,740	\$ 25,740	
Secretary/receptionist(10)	21,984		20,076	
	<u>85,824</u>	<u>25,740</u>	<u>45,816</u>	
Benefits (29% of salary)	24,889	7,465	13,287	
	<u>110,713</u>	<u>33,205</u>	<u>59,103</u>	\$203,021
<u>Travel</u>				
One trip/month/office to Anchorage for each office	2,280	6,600	5,568	
Local travel	1,000	1,000	1,000	
	<u>3,280</u>	<u>7,600</u>	<u>6,568</u>	17,448
<u>Contractual</u>				
Telephone	7,200	7,200	7,200	
Office rent	19,200	17,000	20,400	
Equipment maintenance	600	600	600	
Courier service (daily to Anchorage)	2,600	2,600	2,600	
Other	1,000	1,000	1,000	
	<u>30,600</u>	<u>28,400</u>	<u>31,800</u>	90,800
Commodities	2,500	2,500	2,500	7,500
	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>7,500</u>
Total Annual Operating Expenses	<u>5147,093</u>	<u>571,705</u>	<u>599,971</u>	<u>5318,759</u>

NOTE A: Assumes individual hired at indicated pay range and step A.

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ALASKA HOUSING FINANCE CORPORATION  
Estimated Start-Up Costs

<u>Furniture and Equipment</u>	<u>Fairbanks</u>	<u>Ketchikan</u>	<u>Juneau</u>	<u>Total</u>
Desks	\$ 2,400	\$ 800	\$ 1,600	\$ 4,800
Fireproof legal file cabinets	1,200	1,200	1,200	3,600
Non-fireproof legal file cabinets	500	500	500	1,500
Typewriter--Memory	3,900	3,900	3,900	11,700
Credenzas	1,950	650	1,300	3,900
Supply Cabinet	250	250	250	750
Bookcase	200	200	200	600
Conference Tabel & Chairs	700	700	700	2,100
Reception area couch	700	700	700	2,100
Six guest chairs	1,200	1,200	1,200	3,600
Computer Terminal	5,000	5,000	5,000	15,000
Copier	3,000	3,000	3,000	9,000
Miscellaneous office supplies	500	500	500	1,500
	<u>21,500</u>	<u>18,600</u>	<u>20,050</u>	<u>60,150</u>
 <u>Travel</u>				
Two 2-day trips (interviewing)	920	1,100	928	2,948
One 2-day trip (office selection)	280	550	464	1,294
Training in Anchorage	1,100	790	704	2,594
	<u>2,300</u>	<u>2,440</u>	<u>2,096</u>	<u>6,836</u>
 <u>Data Processing Modifications (1)</u>				
Software modifications to allow remote access	1,666	1,667	1,667	5,000
Additional computer core	6,667	6,667	6,666	20,000
	<u>8,333</u>	<u>8,334</u>	<u>8,333</u>	<u>25,000</u>
TOTAL	<u>\$32,133</u>	<u>\$29,374</u>	<u>\$30,479</u>	<u>\$91,986</u>

(1) Costs incurred to upgrade computer system to handle remote terminals. Total costs will be incurred if any branch offices are established.

## MINUTES OF THE GOVERNOR'S TASK FORCE

December 21, 1982  
3601 C Street, Room 758  
Anchorage, Alaska 99503

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The first meeting of the Governor's Housing Task Force convened shortly after 1:30 p.m. on December 21, 1982 at the Governor's Office, Frontier Building, in Anchorage.

An introduction was made by CHAIRMAN ROB GAIEL. Members of the task force, guests and observers then introduced themselves. Those present were:

MR. ROB GAIEL	MR. PETE SPIVEY
MR. JESS HALL	MS. LENNIE BOSTON
MR. CLARK GRUENING	MR. RAY PRICE
MR. RICHARD T. HALL	MR. JIM KELLY
MR. ANDY EDGE	MS. MARY AFCAN
MR. JESSIE ARRINGTON	MS. BARBARA HORSE-QUINN
MS. LAURIE TERRALL	MR. HARRY GOLDBAR
MR. DAVE RIBACCHI	MR. JOEL DIGANGHI
COMMISSIONER DICK LYON	MR. MARK CAMERON
COMMISSIONER JOE DONAHOE	MS. LUCILLE STEITZ

A short discussion of general purpose preceded GOVERNOR SHEFFIELD'S entrance. The Governor thanked those present for their participation and charged them with assisting him in the creation of a sound housing program, inclusive of new construction, multi-family and rental unit development. Other desirable criteria for a housing program mentioned by the Governor were self-perpetuity of funds and availability of housing for first time homebuyers on limited incomes. The group was asked to suggest ways to prevent costly, duplicative efforts of the public and private sectors, and to review outreach efforts, particularly in the Fairbanks region. GOVERNOR SHEFFIELD concluded his remarks and departed the meeting.

Extensive conversations as to the focus and purpose of the task force followed the Governor's remarks. This informal dialogue resulted in the creation of two subcommittees of the task force, which were:

The Subcommittee on Socio/Economic Considerations of Housing Policies; and  
The Subcommittee on Administration and Finance.

A core group was appointed to each subcommittee with others invited to participate in the group of their choice.

Further discussion then ensued regarding uses of the Permanent Fund, subsidies, bonding costs and a general review of the Governor's "Blueprint For Building Affordability Into Alaska's Housing Picture".

A general timetable was discussed with the conclusions that the January 3, 1983 deadline for a report could only bring a preliminary document to the Governor. February 1, 1983 was suggested as a more realistic goal for a final report.

A date for the next meeting was set for December 28, 1982 at 1:30 p.m. (AST) in the same location. Teleconfering with Juneau, Bethel and Fairbanks participants was suggested.

CHAIRMAN GNIEL adjourned the meeting at approximately 3:45 p.m. with each subcommittee convening immediately thereafter. Subcommittee chairmen were selected by each group with IIR. DAVE RIBACCHI chairing the Subcommittee on Socio/Economics and IIR. DICK HALL chairing the Subcommittee on Administration and Finance.

Respectfully submitted,

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Rob Gamel  
Chairman

MINUTES OF THE GOVERNOR'S TASK FORCE ON HOUSING

January 3, 1983  
AHFC Board Room  
Anchorage, AK 99503

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Present in Anchorage for the teleconference meeting were the following task force members:

MR. ROB GAIEL, CHAIRMAN  
MR. JESS HALL  
MR. CHARLES HOVAN

MR. DAVE RIBACCHI  
MS. LAURIE TERRALL  
MR. DICK HALL

In Bethel: MR. ANDY EDGE

In Fairbanks: MR. JESS ARRINGTON

In Juneau:

MR. DAVE ROSE  
COMMISSIONER MARK LEWIS

MR. JOE DONAHUE

Anchorage task force and administration staff present:

MS. BARBARA MORSE-QUINN  
MR. ERIC MOHLFORTH  
MR. JOEL DIGANGHI

MR. HARRY GOLDBAR  
MR. RAY PRICE

Juneau administration staff members present:

MR. PETE BUSHRE

MR. JIM KELLY

The following members of the public also participated in this meeting: MS. LUCILLE STIETZ, MS. MARY AFCAN, MR. CLAY MCDOWELL and MR. WILLIE RATCLIFFE.

With MR. ROB GAIEL chairing, the minutes from the previous meeting were read, and the two subcommittees reported. (MR. EDGE in Bethel and MR. ARRINGTON in Fairbanks both eventually dropped out of the teleconference due to poor audio. Notes were to be forwarded to them for their comments.)

The Subcommittee on Administration and Finance presented their findings:

Item 1. It was unanimously agreed that AHFC be authorized to develop a system of forward commitments for owners and builders.

Item 2. The task force recommended AHFC consider a program of delegated underwriting as described in a staff paper submitted to the Task Force. A recommendation is offered for the AHFC Board to prepare such a program after receiving suggestions from mortgage bankers, home builders, and other affected members of the public.

Item 3. The subcommittee recommended a revolving AHFF Fund and, if required, an amendment to the constitution authorizing the statute. MR. DONAHOE reported that MR. RON LORENSEN, the Deputy Attorney General, has a draft opinion stating the use of interest in this case is likely unconstitutional but it is defensible. MR. GAHEL suggested adopting this suggestion with MR. HALL pointing out that the Legislators may want the option of allocating the interest. The Task Force adopted the subcommittee recommendations.

Item 4. The subcommittee recommends a revised FY84 18 month appropriation for subsidy purposes paid into the AHFC Fund. A long discussion ensued on this point, but no concurrence was reached. It was decided to table and redraft this point and submit it to the committee again. Four sub-points are to be considered:

1. 18 month appropriation
2. Appropriate to revolving and subsidy.
3. Interest rate question.
4. Prioritization.

MR. WILLIE RADCLIFFE spoke up to say he would like to see fee simple loans, the use of church groups to reach people currently unable to afford a home, and cutting out the heavy financing fees now being charged.

Item 5. The Task Force tabled any action on the subcommittees recommendation on prioritization.

Item 6. The Task Force agreed with this recommendation. It was recommended that the Trustees of the Permanent Fund and the Board of Alaska Housing Finance Corporation develop a plan whereby up to 15% of the principal of the Permanent Fund be invested in a combination of mortgages or securities of the Corporation. Currently, the Fund is authorized to invest up to 15% of its principal in variable rate mortgages. However, the Fund is authorized to invest up to 50% in corporate debt securities which are rated "AA" or better by a nationally recognized rating service. It was further recommended that the 15% investment of the Permanent Fund be accomplished over five years and that not less than three percent of the Permanent Fund be so invested during the first year.

Item 7. This item pertains to revolving funds for the Housing Assistance Division and eliminates the distinction between urban and rural from the Housing Assistance Fund Program. It also establishes A Home Ownership Fund (HOF) Program within the Housing Assistance Division. HIS MORSE-QUINN recommended that the third line be changed to eliminate rural and urban from the "nonconforming HAD loan fund and that the the HOF be under this division. In debate over this particular point, it was agreed that parity should be addressed, though it was pointed out that legislation had been aimed at making up for the higher construction costs in rural Alaska. MR. GAIEL suggested they explore this further at a later time. However, he felt the committee should take a stand in support of extending the sunset provision for tax exempt bonds (Ulman Act). MR. HALL supported this and recommended having the Governor send letters to get a resolution passed in our state legislatures. The Task Force agreed.

MR. RIBACCHI provided his first preliminary report for the Subcommittee on Socio/Economics.

Item 1. He pointed out that housing is a social/economic issue. A commonality of language doesn't exist and snags will result because of this. There are three types of housing: conventional, rental, and low income or special income. The subcommittee developed three time frames for action: immediate, intermediate (within ten months), and long-range (two or three to five years).

Item 2. The Subcommittee Report suggested that conventional loans be dealt with first because a commonality of language already exists and that the others be studied further. MR. RIBACCHI also suggested announcing AHFC meetings, teleconferences and follow-up. He also suggested information centers for the public with a variety of possibilities. For instance, there are many agencies in scattered towns throughout the state which could provide information to people without the expense of a staff for just this purpose. Item 3. The key problem is that it isn't clear what is to be dealt with or what's available in other programs. It was suggested that appointments and reappointments to AHFC executive staff be accomplished as soon as possible.

The Subcommittee Report suggested the following for intermediate action:

- A. Delegated underwriting was agreed upon by everyone.
- B. As a political issue, the AHFC restructuring should be defined and taken care of ASAP.
- C. There should be an intergovernment liaison thru existing departments.
- D. Planning and effecting a consolidation of state housing is suggested breaking it into more applicable programs.

Items 4 and 5. MR. CLAY MCDOWELL was introduced by subcommittee member, Laurie Terrall, and pointed out that a crisis need for shelter exists for the handicapped. It was suggested that these items be given immediate action. The Phase I report of the Alaska Statewide Housing Needs Study is available and should be reviewed by Task Force members seeking further information on these subjects.

A subcommittee consisting of MS. BARBARA MORSE-QUINN, MR. ROB GAMEL, MR. DICK HALL, Mr. Chuck Homan, and MR. DAVE RIBACCHI was appointed to draft a preliminary report to the Governor outlining the work thus far accomplished and identifying areas needing further research. (Phase I Report.)

An additional subcommittee was established to research and define goals for the low or special incomes, disabled and/or senior citizen needs. MS. TERRALL, MR. RIBACCHI, MR. DICK PRYOR and an AHFC representative will form this subcommittee. (Phase II Report.)

The meeting was adjourned at approximately 3:45 p.m. AST.

Respectfully Submitted,

\_\_\_\_\_  
Rob Gamel  
Chairman

# Alaska State Legislature

POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4821



REPRESENTATIVE RICK UEHLING  
CHAIRMAN  
REPRESENTATIVE WALT FURNACE  
REPRESENTATIVE NILO KOPONEN  
REPRESENTATIVE JERRY WARD  
REPRESENTATIVE RON WENDTE

## House Special Committee on State Loans

### MEMORANDUM

TO: Representative Al Adams, Chairman, <sup>PAC</sup> House Finance Committee  
FROM: Representative Rick Uehling  
DATE: May 9, 1983  
  
RE: House Bill 302

The House Special Committee on State Loans has passed out CSHB 302 (Loans), "An Act relating to state housing loan and state alternative technology loan programs; and providing for an effective date," a copy of which is attached. As you are aware, House Finance is the bill's next committee of referral.

I request your and the Finance Committee's support for this important legislation.

Having won the support of the Department of Community and Regional Affairs Housing Assistance Division, the Alaska Housing Finance Corporation, and the Department of Commerce and Economic Development Division of Investments, the Loans Committee Substitute for HB 302 represents a series of major improvements to the state's largest housing loans programs and to a subsidiary program. These improvements are described below.

(1) Section 13 of CSHB 302 (Loans) creates a Home Ownership Assistance Fund in the Housing Assistance Division of the Department of Community and Regional Affairs for low and moderate income Alaskans. While this program would provide qualified borrowers with a valuable subsidy (resulting in an effective interest rate as low as 6% in some cases), the Loans CS is careful to ensure that the new program is targeted at those who need the assistance most.

(2) Sections 4, 5, 6, 7, and 8 of the Loans CS raise the maximum subsidized portion of AHFC mortgage loans from \$90,000 to \$100,000. Expert testimony supports the Loans Committee contention that this increased subsidy will provide some additional incentive to the state's housing construction industry and will make it possible for moderate income Alaskans to secure a somewhat more attractive blended rate on first mortgages. Actually, it is perhaps most important to remember that the \$90,000 limit was imposed in 1980

and that inflation alone justifies raising this subsidy level to \$100,000.

(3) Section 3 of CSHB 302 (Loans) allows AHFC to make first mortgage loans for single-family residences that exceed the limitations on first mortgages for similar housing purchased by the Federal National Mortgage Association as to principal amount by up to 10%. With the FNMA running at \$160,000, this provision will allow AHFC to lend up to \$176,000 on first mortgages. This increase reflects the higher housing costs in Alaska as compared to other states.

(4) Sections 1 and 2 of the CS make it clear that the increase described in (3) above applies to AHFC loans for single-family residences only. This provision specifically excludes duplexes, triplexes, and four-plexes.

(5) Section 14 allows the C&RA Housing Assistance Division to make rural and non-conforming housing mortgage loans to persons with one outstanding nonowner-occupied housing loan. This section eliminates a clear discrimination against rural borrowers.

(6) Section 15 of CSHB 302 requires that the interest rate on urban nonconforming housing loans is ¼% more than the interest rate on AHFC mortgages and that the interest rate on rural housing loans is 1% less than AHFC mortgages. The effect of this provision is two-fold -- it eliminates an inflexible 10¼% interest rate for rural housing loans and it provides a ¼% disincentive for urban nonconforming housing loans.

(7) Section 16 of the Loans CS establishes a rational, consistent definition of rural as it applies to rural housing loans under the Department of Community and Regional Affairs. Similar to the definition offered by the Governor, the definition of rural offered in CSHB 302 (Loans) is supported by C&RA.

(8) Section 18 of the CS repeals AS 44.47.385, known as the 80/20 split. The repeal of this law will free C&RA to use appropriated money fairly and according to need.

(9) Section 17 of the bill amends extant law to allow the Department of Commerce to make loans for multi-fuel heating systems.

(10) Section 11 of the bill allows AHFC to make mortgage loans to members of the Alaska Congressional delegation to purchase houses in or near the District of Columbia, providing the applicant

Page three  
CSHB 302 (Loans)  
May 9, 1983

otherwise qualifies.

In addition to these policy changes, CSHB 302 (Loans) also makes certain administrative and technical corrections:

Section 4 eliminates the out-dated "Rogers' Ratchet" and replaces it with similar, but more concise and workable language.

Section 7, among other things that are described earlier in this memo, clarifies the method of determining the effective interest rate for mortgages purchased by AHFC with funds which were produced by interest or fees.

Section 9 cleans up references to the veterans' interest rate on some AHFC home loans and eliminates a one-year residency requirement to receive the veterans' rate; this section also deletes the potentially unconstitutional provision that widows and widowers of veterans are only eligible for veterans' preferential interest rates if the veteran had been an Alaskan resident for one year before induction into the service.

Section 10 makes the AHFC financial advisor an optional office, as opposed to a statutorily requisite one.

Section 12 makes the Housing Assistance Loan Fund a revolving loan fund, and therefore more self-sustaining.

As you can see, the bill makes several relatively minor changes in the Alaska Housing Finance Corporation, but adds a whole new program to the Department of Community and Regional Affairs for low and moderate income Alaskans in rural areas. This new program adds approximately \$15 million onto the C&RA capital funding request, which is reflected in CSHB 315 (Loans), also pending before Finance.

I hope this information is valuable as you and the other members of the Finance Committee consider CSHB 302 (Loans). I would be glad to offer my assistance in your deliberations.

RAU/wtl  
Attachment



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

Pouch Y, State Capitol  
Juneau, Alaska 99811  
(907) 465-3991

May 3, 1983

MEMORANDUM

TO: Representative Rick Uehling  
FROM: Leslie Longenbaugh, <sup>LL</sup> Research Staff  
RE: Housing Loans: Background Information  
Research Request 83-160

Bill Lovell asked that we provide the following:

1. a copy of the administrative regulations of the Alaska Housing Finance Corporation (AHFC);
  2. a book of amortization tables;
  3. the year in which the legislature set a limit of \$90,000 for the subsidized portion of loans financed through AHFC's Special Mortgage Loan Purchase Program;
  4. the median household income in rural Alaska;
  5. the mean amount of AHFC's Home Ownership Assistance mortgages, and the mean household income of borrowers; and
  6. the maximum monthly mortgage payments and maximum allowable mortgages for borrowers with annual household incomes from \$5,000 to \$50,000 in multiples of 5,000.
1. I have enclosed a copy of AHFC's regulations, taken from the Alaska Administrative Code, revised 1982. AHFC has promulgated additional regulations since the code was revised, but these new regulations have not yet been engrossed formally.
  2. Capital Office Supply expects to have books of amortization tables available by Wednesday at the earliest; Yukon Office Supply does not stock the books and Baranof Bookstore carries a book that covers interest rates only from 15 percent to 25 percent.
  3. In 1980, when it first enacted the Special Mortgage Loan Purchase Program, the legislature declared that "the interest rate on the first \$90,000 of a mortgage loan purchased with the proceeds of a second or subsequent issue of taxable bonds of the corporation..." would be set at the cost of the funds (AS 18.56.098 (g)(2)).

4. The most recent figures available for median income in rural Alaska are from 1979, and are published by the U.S. Bureau of the Census.<sup>1</sup> The bureau offers median income data for two units, the household and the family. The census bureau defines "household" to include "all the persons who occupy a housing unit"; a "family" "consists of a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption."<sup>2</sup>

According to my information, banks tend to make housing loans based on an assessment of the family's income rather than on the income of the household. I have included both in the table below.

In calculating the figures that appear in Table 1, I used the definition of rural that is presently used by the Division of Housing Assistance in awarding loans through the Rural Owner-Occupied and Rural Non-Owner-Occupied Housing Loan Programs. This definition includes all places that have fewer than 4,500 population and are outside access to Fairbanks or Anchorage by road or rail if within the second, third or fourth judicial districts (AS 44.47.560).

TABLE 1  
Median Annual Income in Rural and Urban Alaska, 1979

Unit	Rural	Urban	Statewide
Household	\$15,451	\$27,650	\$25,421
Family	\$17,341	\$31,214	\$28,406

House Research Agency 5/3/83

Source: U.S. Bureau of the Census (1980)

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<sup>1</sup> Neither the U.S. Department of Housing and Urban Development in Anchorage (271-4170) nor the Alaska Department of Labor, Division of Research and Analysis (465-4500), has more recent data.

<sup>2</sup> U.S. Department of Commerce, Bureau of the Census, 1980 Census of Population and Housing, Report PHC80-3-3, Summary Characteristics for Governmental Units and Standard Metro-politan Statistical Areas: Alaska, pages B-1 and B-2.

5. Attached is a summary sheet prepared by the staff at AHFC for the March 1983 edition of the corporation's monthly report, Selected Corporation and Program Information. You will note that the average amount of Home Ownership Assistance mortgages made between July 1982 and February 1983 is \$69,410. This compares to a average of \$90,833 for all first mortgages purchased by AHFC during this period.

The average monthly income, \$1,987 (or \$23,844 annually), for borrowers who received Home Ownership Assistance between July 1982 and February 1983 compares to an average monthly income of \$4,066 (\$48,792 annually) for all first-time homeowners who borrowed from AHFC during those months.

6. Table 2 illustrates the maximum monthly payments, calculated at 25 percent of gross earnings, and the maximum note amount over a 30-year term at these monthly payments on a loan bearing interest of 6 percent. The third column is the maximum purchase price, assuming a down payment of 5 percent.

TABLE 2  
Maximum Mortgages at Selected Levels of Annual Income

Annual Income (Gross)	Maximum Monthly Payment (25% of Income)	Maximum Loan Amount (30 years at 6%)	Maximum Purchase Price
\$ 5,000	\$ 104.17	\$ 17,374.68	\$ 18,243.41
10,000	208.34	34,747.70	<u>36,485.09</u>
15,000	312.50	52,122.38	<u>54,728.50</u>
20,000	416.66	69,495.39	<u>72,970.16</u>
25,000	520.83	86,870.08	<u>91,213.58</u>
30,000	625.00	104,244.76	<u>109,456.99</u>
35,000	729.17	121,619.44	127,700.41
40,000	833.33	138,992.46	145,942.08
45,000	937.50	156,367.14	164,185.40
50,000	1,041.67	173,741.82	182,428.91

House Research Agency, 5/3/83

If you have any questions or further needs for research, please call.

Attachments

SENIOR CITIZENS HOUSING DEVELOPMENT FUND

FUND STATUS

FY'82-83 APPROPRIATIONS	\$26,000,000
COMMITTED TO PROJECTS	<u>\$22,696,676</u>
AVAILABLE TO COMMIT	\$ 3,303,324

The \$22,696,676 is committed to the following projects:

ANCHORAGE	\$ 7,836,000
ANGOON	\$ 30,000
CHUGIAK/EAGLE RIVER	\$ 2,500,000
FAIRBANKS	\$ 4,052,176
HOMER	\$ 2,400,000
KENAI	\$ 1,066,000
KLAWOCK	\$ 30,000
KODIAK	\$ 52,500
NINILCHIK	\$ 500,000
PETERSBURG	\$ 50,000
SITKA	\$ 50,000
ST. PAUL	\$ 30,000
VALDEZ	\$ 1,500,000
WASILLA	\$ 1,600,000
WRANGELL	\$ 1,000,000
 TOTAL	 \$22,696,676

Projects in the planning and grant application process:

ANGOON	\$1,200,000
BARROW	\$1,600,000
DILLINGHAM	\$ 30,000
KLAWOCK	\$1,000,000
METLAKATLA	\$1,500,000
SITKA	\$1,800,000
ST. PAUL	\$1,400,000
ST. MARYS	<u>\$ 300,000</u>
 TOTAL	 <u>\$9,330,000</u>

If all these projects currently in the grant application process successfully complete their grant applications and require the full \$100,000/unit funding we will have a \$6,026,676 fund shortfall:

GRANT APPLICATIONS PENDING	\$9,330,000
FUNDS AVAILABLE	\$3,303,324
 FUNDS SHORTFALL	 \$6,026,676

SENIOR CITIZENS HOUSING DEVELOPMENT FUND  
APRIL 21, 1983  
PAGE 2 OF 2

If we receive the 2.5 million dollars requested in the FY'84 budget we could still have a \$3,526,676 shortfall.

CURRENT SHORTFALL	\$6,026,676
FY84 BUDGET REQUEST	-\$2,500,000
POSSIBLE SHORTFALL	\$3,526,676

We anticipate that all of the projects being planned may not successfully complete the grant application process and some may receive HUD funding thereby reducing the amount of state funding required. We therefore expect to have adequate funding to meet the needs of these projects.

# STATE OF ALASKA

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

OFFICE OF THE COMMISSIONER

May 11, 1983

BILL SHEFFIELD, GOVERNOR

POUCH B  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4790

225 CORDOVA STREET - BLDG B  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 264-2294

The Honorable Albert P. Adams  
Representative  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

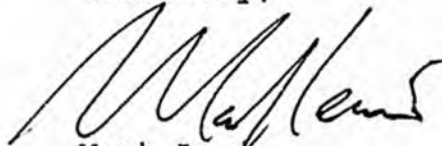
Dear Representative Adams:

RE: SUPPLEMENTAL HOUSING DEVELOPMENT FUND

Attached is the information requested by Louann Cutler of your staff in a telephone conversation with Barbara Morse-Quinn, Director, Housing Assistance Division on May 10, 1983.

I hope this information meets your needs. If you have further questions or require additional information, please call us.

Sincerely,



Mark Lewis  
Commissioner

Enclosures

## SUPPLEMENTAL HOUSING DEVELOPMENT FUND

Attached is a listing of all currently approved HUD housing projects for which supplemental funding is required in accordance with AS.18.55.998.

The report indicates that \$9,810,756 is required to fund the projects that will be going under construction this year. We currently have available in the Supplemental Housing Development Fund \$6,009,332.

In addition to the projects on this listing, HUD has recently received an allocation of an additional 170 units of housing for Alaska. They are in the process of allocating these units to projects that have been submitted by the Regional Housing Authorities. It is anticipated that supplemental funding for these projects over the next two years will be approximately \$3,000,000.

REPORT # 0010-SU  
DATE: 05/01/83

PAGE 1 OF 1

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS  
HOUSING ASSISTANCE DIVISIONMASTER LIST - SUPPLEMENTAL HOUSING DEVELOPMENT PROGRAM  
FY '82 & FY '83 APPROPRIATIONS

<u>PROJECT LOCATION</u> <u>HUD NO.</u>	<u># OF</u> <u>UNITS</u>	<u>HOUSING</u> <u>AUTHORITY</u>	<u>AMOUNT</u> <u>ANTICIPATED</u>	<u>AMOUNT</u> <u>REQUESTED</u>	<u>AMOUNT</u> <u>COMMITTED</u>	<u>REMARKS</u>	<u>DISBURSEMENTS</u>
<u>ARIACHAK</u> AR06-B009-042	15	AVCP	260,000				
<u>ARIACHAK</u> AR05-B009-024	09	AVCP	165,960				
<u>ARIAK</u> AR02-B009-025	20	AVCP		352,000	352,000		
<u>ARUTAN</u> AR06-07	18	ALEUT		293,760	293,760		264,384
<u>ALEKNAGIK</u> AR10-05	09	BB		165,960	165,960		
<u>ATKA</u> AR02-B016-009	18	ALEUT		331,912	331,912		298,721
<u>BUCKLAND</u> AR01-B006-015 AR02-B006-020	22	NANA		405,000	405,000		
<u>CANTARELL</u> AR11-1	12	CRB	20,000				
<u>CHALKYTTSIK</u> AR02-B007-014	15	IR	276,600				
<u>CHEFORNAK</u> AR02-B009-026 AR06-B009-054	30	AVCP	320,000				
<u>CIENEGA</u> AR06-B015-007	21	NPR	387,240				
<u>CHEVAK</u> AR02-B009-030 AR06-B009-047	49	AVCP	106,000				
<u>COPPER CENTER</u> AR02-B011-005	40	CRB	737,600				
<u>DILLINGHAM</u> AR02-P010-011	20	BB		45,000	190,000		36,746
<u>EGEGIK</u> AR10-10	07	BB		122,000	122,000		109,800

EMMONAK

AK06-B009-046	17	AVCP	376,176			
<u>ENGLISH BAY</u> AK15-03	20	NPR		199,000	199,000	179,100
<u>EYAK</u> AK02-B015-006	26	NPR	479,440	479,440	479,440	
<u>FAIRBANKS</u> AK02-B007-019	50	IR				
<u>GRAYLING</u> AK02-B007-015	14	IR		258,160	258,160	232,344
<u>HOLY CROSS</u> AK02-B007-017	20	IR		368,800	368,800	
<u>HOOPER BAY</u> AK06-B009-044	23	AVCP	24,120			
<u>IGIGIGIG</u> AK	05	BB	92,200			
<u>ILIAMNA</u> AK02-B010-013	62	BB		885,120	885,120	
<u>KALTAG</u> AK02-B007-001	16	IR		295,040	295,040	
<u>KIANA</u> AK02-B006-028	14	NANA		30,000	30,000	27,000
<u>KING COVE</u> AK06-B016-012	30	ALEUT	553,200			
<u>KODIAK</u> AK02-P013-011	48	KI		869,762	869,762	782,786
<u>KOKHANUK</u> AK02-B010-015	12	BB	221,280			
<u>KOTLICK</u> AK02-B009-023 AK02-B009-041	29	AVCP	200,000			
<u>KOTZEBUE</u> AK02-P006-017	44	NANA		350,900	350,900	315,810
<u>KOTZEBUE</u> AK06-B006-027	20	NANA	368,800			
<u>KWETHLUK</u> AK-02-B009-020	11	AVCP	202,840			
<u>KWIGILLINGOK</u> AK02-B009-21	11	AVCP	66,000			
<u>LARSON BAY</u> AK06-B013-013	13	KI	239,720			
<u>LEVELOCK</u> AK10-07	15	BB		276,600	276,600	276,600
<u>LOWER KALSKAG</u> AK02-B009-011	26	AVCP		479,440	479,440	

<u>MENTASTA</u> AR11-02	10	CRB		184,000	184,000	165,600
<u>METLARATLA</u> AK02-B002-005	24	METLA		442,560	442,560	398,304
<u>METLAKAITA</u> AK02-B002-007	20	METLA	368,800			
<u>MINTO</u> AK02-B007-018	30	IR	560,208	560,208		
<u>MINTO-BARTLETT</u> AK02-B007-005	19	IR	343,352	343,352		
<u>MOUNTAIN VILLAGE</u> AK-B007-014 & 039	74	AVCP		1,364,560	1,364,560	1,228,104
<u>NEWHALEN</u> AK02-B010-016	10	BB	184,400			
<u>NEWICK</u> AK02-B009-028	09	AVCP	96,500			
<u>NIKOLSKI</u> AK16-06/AK16-08	17	ALEUT		87,622	87,622	87,622
<u>NONDALTON</u> AK02-B010-017	14	BB	258,160			
<u>NORHWAY</u> AK07-09	20	IR		368,800	278,500	250,650
<u>NULATO</u> AK07-08 AK02-B007-010	40	IR	400,000			
<u>OUZINKIE</u> AK02-B013-010	10	KI		144,000	144,000	144,000
<u>PILOT STATION</u> AK02-B009-022 AK02-B009-039	51	AVCP		940,440	940,440	846,396
<u>PORT GRAHAM</u> AK15-04	31	NPR		187,625	187,625	168,862
<u>PORT HEIDEN</u> AK02-B010-012	14	BB		258,160	258,160	232,344
<u>PORT LYONS</u> AK13-08/AK13-09	35	KI		645,400	645,400	645,400
<u>QUINEBAGAK</u> AK06-B009-056	06	AVCP	110,640			
<u>SCAMMON BAY</u> AK02-B009-031 AK06-B009-045	39	AVCP	719,160			
<u>SEWARD</u> AK02-P015-008	24	NPR	442,560	442,560	442,560	
<u>SHUNGNAK</u> AK02-B006-011	18	NANA		214,360	214,360	192,924

<u>SOUTH NAKNEK</u>	15	BB		181,000	181,000	162,900
<u>ST. PAUL</u> AK06-B016-013	20	ALEUT	368,800			
<u>TAIENNA</u> AR07-07	25	IR		450,000	450,000	157,500
<u>TATITLER</u> AR02-B015-005	18	NPR		331,920	331,920	298,728
<u>TOUSOOK BAY</u> AR02-B009-017	25	AVCP		461,000	461,000	
<u>TUNTUTULLAK</u> AR02-B009-029	25	AVCP	461,000			
<u>UPPER KALOWAG</u> AR02-B009-043	13	AVCP		239,720	239,720	
<u>UNALASKA</u> AK-16-5	20	ALEUT		28,473	28,473	25,626
<b>TOTALS:</b>	<b>1,507</b>		<b>\$9,810,756</b>	<b>\$14,083,654</b>	<b>\$13,234,794</b>	<b>\$7,528,251</b>

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

April 21, 1983

POUCH B  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4700

225 CORDOVA STREET - BLDG B  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 264-2294

The Honorable Rick Uehling  
Representative  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Representative Uehling:

Per your request, the following report provides background materials to justify the \$45,000,000 loan fund appropriation found in HB 315 for the Housing Assistance Division. Specific information in this report includes current delinquency/default data; general description of the Division's existing portfolio, including the number of loans, geographical distribution, and average amount currently loaned; and how much money has been carried forward at the end of each fiscal year.

I. Background

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

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

The Nonconforming Loan Fund was renamed the Housing Assistance Loan Fund during the 1982 Legislature (Chapter 113, SLA 1982). This fund combined the Nonconforming Loan Program with the Rural Mortgage

Purchase Programs for both owner occupied and non owner-occupied loans that were originally administered by Alaska Housing Finance Corporation (AHFC). FY-82 appropriation to the newly combined Housing Assistance Loan Fund was in the amount of \$45 million bringing total appropriations to date to \$94.5 million.

## II. Programs

The Housing Assistance Division (HAD) offers four loan programs; the Rural Owner Occupied, Rural Non Owner-Occupied, the Nonconforming Housing Program, and the Housing Rehabilitation Program. The following is a brief summary of these programs.

Rural Owner-Occupied Program - Provides financing to qualified borrowers for the construction and purchase of single family and duplex housing for owner occupancy. The interest rate for this program is 10.5%. The maximum dollar amount a borrower may receive is \$162,450 for single units and \$207,750 for duplexes.

Rural Non Owner-Occupied Program - Provides financing to qualified borrowers for the construction purchase or rehabilitation of non owner-occupied rental housing units. The interest rate for this program is 10.5% with a maximum loan term of 30 years. The project may involve two to sixteen units in a single community or specific area. The principal amount of the loan or loans for non owner-occupied housing from the Division must not exceed \$1,250,000. Also, the loan must not exceed 80% of the appraised value or 80% of the purchase price, whichever is less. The borrower may not reside in the housing financed.

Nonconforming Housing Loan Program - Provides both rural and urban areas with financing for the construction or purchase of housing which exhibits one or more characteristics, with respect to design, construction practices, materials, foundation systems, utilities and minimum space requirements, which are not common to the community in which the property is located and which would ordinarily preclude financing by private financial institutions. Such non-conforming characteristics could include unconventional utilities

such as private electric power, no electric power, shallow wells, cisterns, surface water collection systems, water holding tanks, water haul systems, sewage haul systems, graywater systems, or outhouses. The maximum dollar amount a borrower may receive is \$162,450 for single units and \$207,750 for duplexes.

Housing Rehabilitation Program - Provides financing to qualified borrowers for the repair, remodeling or rehabilitation of existing single family and duplex housing. In addition, the Division may provide first or second deeds of trust financing.

For first deeds of trust the amount financed may not exceed the lesser of 85% of the appraised value of the property, or \$138,000 for single families and \$176,500 for duplexes. For second deeds of trust, the Division may finance up to \$45,000.

Under the Rehabilitation Program, the amount financed may include costs for contracted labor/services. The maximum term of the loan is 30 years. In the event a borrower requires financing for building materials only (no labor), the Division may provide rehab financing up to 80% of the appraised value of the subject property or \$45,000, whichever is less, and the maximum term is 15 years. This program does not apply to Rural Non-owner Occupied loans.

Rural interest rates are set by the Legislature at 10.5%. Nonconforming rates in urban Alaska are tied to the AHFC bond sale rates (Rogers Ratchet) and are currently at 9% for veterans and 10% for non veterans on the first \$90,000 with the balance at cost.

### III. Attachments

The attached bar chart (Attachment A) illustrates loan activity of the Housing Assistance Loan Fund. The chart covers loan fund activity for FY81, FY82, and FY83 to date.

The attached loan data (Attachments B - C) provides a general overview of loan commitments made during FY81,

The Honorable Rick Uehling  
April 21, 1983  
Page 4

FY82, and FY83 to date; average loan amounts for the same period; commitment projections for the remainder of FY83; and a breakdown of previous appropriations. Additional data includes available funds by program; status of FY-82 carryforward funds; and loan fund distribution by location.

IV. Conclusions

1) The Housing Assistance Division continues to provided mortgage loans to an ever increasing user group. This is evident by the annual increase in rural activity and in the total amount of funds committed each year.

2) Projections for FY-83 Loan Fund closeout indicates a volume of \$52 million in loans will be made for the fiscal year ending 6-30-83. This figure exceeds the current year's appropriation of \$44.5 million by \$7.5 million. The FY-83 shortfall will be absorbed by available funds from a prior year appropriation (FY-82 Non-conforming Rural).

3) The FY-84 appropriation request of \$45 million is expected to provide 82% of the \$55 million in loan commitments the division expects to commit in FY-84. As in previous years a portion of a prior year's appropriation will be used to supplement FY-84 funds.

*Raise in Loan Amount*

I appreciate the opportunity to provide your office with information relating to the Housing Assistance Loan Fund. If I can be of further assistance, please advise.

Sincerely,

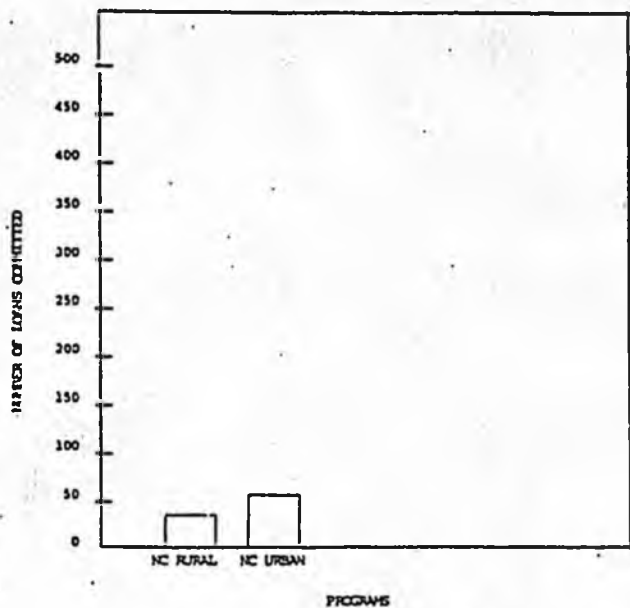
Mark Lewis  
Commissioner

Attachments

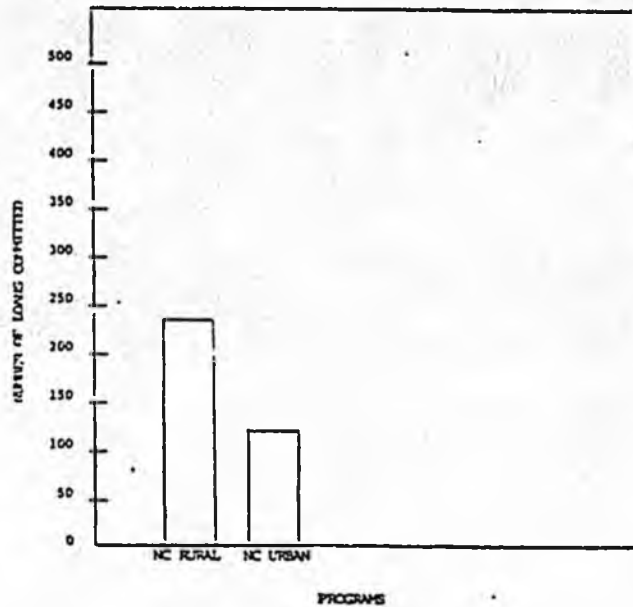
ATTACHMENT A

HOUSING ASSISTANCE LOAN FUND ACTIVITY

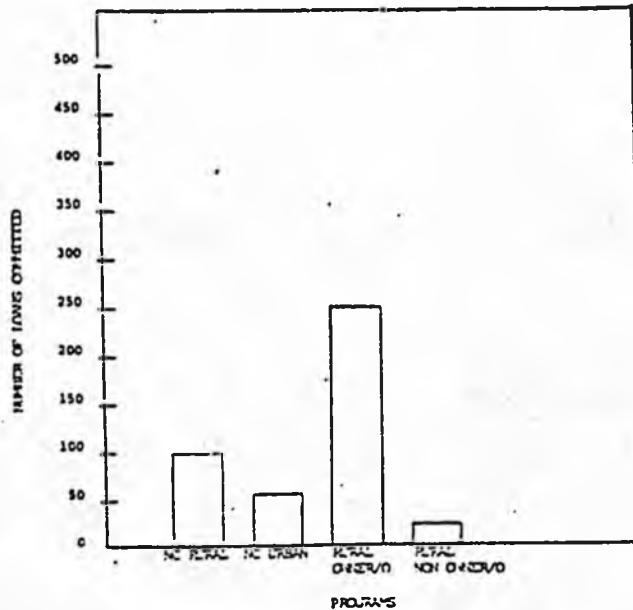
FY-81 Loan Fund Activity



FY-82 Loan Fund Activity



FY-83 Loan Fund Activity



①

ATTACHMENT B  
HOUSING ASSISTANCE LOAN FUND  
FISCAL YEAR ACTIVITY  
(Loan Commitment Totals)

I. FY-81

<u>Program</u>	<u>Total No. Loans</u>	<u>Total Amount</u>	<u>Average Loan</u>
Nonconforming Rural	41	\$ 2,938,350	\$ 71,675
Nonconforming Urban	+ 54	+ 3,069,100	56,850
Totals	95	\$ 6,007,450	63,250

II. FY-82

<u>Program</u>	<u>Total No. Loans</u>	<u>Total Amount</u>	<u>Average Loan</u>
Nonconforming Rural	240	\$ 17,278,652	\$ 72,000
Nonconforming Urban	+ 125	+ 8,139,992	65,125
Totals	365	\$ 25,418,644	69,650

III. FY-83

<u>Program</u>	<u>Total No. Loans</u>	<u>Total Amount</u>	<u>Average Loan</u>
Nonconforming Rural	101	\$ 5,706,625	\$ 56,500
Nonconforming Urban	+ 55	+ 3,986,950	72,500
Subtotals	156	9,693,575	62,150
Rural Owner-occupied	251	22,320,950	88,925
Rural Non Owner-occupied	+ 22	+ 6,544,500	297,475
Totals	429	\$ 36,583,325	85,275
Projections for Remainder of FY-83	+ 170	+ 14,514,881	85,000
Totals for FY-83 (including projections)	599	\$ 52,053,706	86,901

IV. PROJECTIONS FOR REMAINDER OF FY-83 BY PROGRAM

Nonconforming		
Rural		\$ 6,961,799
Urban		3,147,957
Rural Owner-occupied		3,449,625
Rural Non Owner-occupied	+	<u>955,500</u>
Total		\$ 14,514,881

V. OVERVIEW (Activity and Projections)

	<u>Commitments</u>		
	<u>Total No. Loans</u>	<u>Total Amount</u>	<u>Average Loan</u>
FY-81 Commitments	95	\$ 6,007,450	\$ 63,250
FY-82 Commitments	365	25,418,614	69,650
FY-83 Commitments	+ <u>429</u>	+ <u>36,583,325</u>	85,275
Totals	889	\$ 69,985,119	78,725

<u>Year</u>	<u>Amount</u>	<u>Historical Carryover</u>
FY-81	\$ 10,000,000	\$ 3,992,550
FY-82	40,000,000	19,000,000
FY-83	+ <u>44,500,000</u>	7,916,675
Totals to date	94,500,000	
Total Committed to date	- <u>69,985,119</u>	
Available Funds	24,514,881	
Projections for remainder of FY-83	- <u>14,514,881</u>	
Projected carry forward to FY-84	\$ 10,000,000	

HOUSING ASSISTANCE LOAN FUND

VI. PORTFOLIO SUMMARY

	<u>No. Loans</u>	<u>Total Amount</u>	<u>Average Loan</u>
Total Committed	889	\$ 69,985,119	\$ 78,725
Total Closed	- <u>718</u>	- <u>54,119,617</u>	75,375
Total to be Closed	171	\$ 15,865,500	

FY-83 Activity to Date

	<u>No. Loans</u>	<u>Total Amount</u>
Total Committed to Date	429	\$ 36,583,325
Projections for remainder of FY-83	+ <u>170</u>	+ <u>14,514,881</u>
Projections for FY-83 closeout	599	\$ 52,053,706

REMAINING BALANCES BY PROGRAM

<u>Program</u>	<u>Amount</u>
Nonconforming Program	
Rural	\$ 16,961,799
Urban	3,147,957
Rural Owner-occupied	3,449,625
Rural Non Owner-occupied	+ <u>955,500</u>
Total remaining balances	\$ 24,514,881
Projections for remainder of FY-83	- <u>14,514,881</u>
Projected carryover for FY-83	\$ 10,000,000

(4)

FY-82 APPROPRIATION  
CARRY FORWARD FUND TO FY-83

	<u>Amount</u>
FY-82 carry forward amount (Non conforming rural allocation)	\$ 19,000,000
FY-83 allocation (Non conforming rural)	+ 6,800,000
Total amount available 7/1/82	<u>25,800,000</u>
FY-83 commitments	- 1,838,202
Subtotal	<u>23,961,798</u>
Transferred to non-conforming urban	- 4,000,000
Subtotal	<u>19,961,798</u>
Transfer to rural owner occupied	- 3,000,000
Balance to date	<u>16,961,798</u>
Proposed transfer to rural non-owner occupied	- 1,500,000
Subtotal	<u>15,461,798</u>
Projected activity for remainder of FY-83	- 5,461,798
Projected carry forward amount	\$ <u>10,000,000</u>

AVERAGE LOAN AMOUNTS (Closed Loans)

<u>Total No. Loans</u>	<u>Total Amount</u>	<u>Average Loan</u>
718	\$ 54,119,619	\$ 75,375

RURAL/URBAN DISTRIBUTION (Closed Loans)

<u>Location</u>	<u>Number of Loans</u>	<u>Amount of Loans</u>	<u>Percentage of Portfolio</u>
Rural	499	\$ 40,103,919	74%
Urban	+ 219	+ 14,015,698	<u>26%</u>
Totals	718	\$ 54,119,619	100%

DELINQUENT LOANS

6 Delinquencies \$7,791.16 (45-60 days)  
\$344.28 (61-90 days)

Delinquency ratio .01%

## ATTACHMENT C

HOUSING ASSISTANCE LOAN FUND  
GEOGRAPHICAL DISTRIBUTION

<u>1st JUDICIAL DISTRICT</u>	<u>NO. LOANS</u>	<u>AMOUNT</u>
Craig	15	\$1,034,100
Haines	13	724,894
Hoonah	3	163,400
Juneau	27	2,275,544
Ketchikan	17	1,163,700
Klawock	1	94,500
Kupreanof	1	55,000
Pelican	1	52,250
Petersburg	21	1,584,400
Sitka	14	1,033,450
Skagway	8	599,400
Wrangell	11	758,600
Yakutat	<u>1</u>	<u>80,000</u>
TOTAL	133	\$9,619,238

HOUSING ASSISTANCE LOAN FUND  
GEOGRAPHICAL DISTRIBUTION

<u>2nd JUDICIAL DISTRICT</u>	<u>NO. LOANS</u>	<u>AMOUNT</u>
Barrow	1	80,750
Kiana	2	196,400
Kotzebue	20	2,012,050
Nome	74	7,328,200
Selawik	1	70,000
Unalakleet	<u>2</u>	<u>392,150</u>
TOTAL	100	\$10,079,550

HOUSING ASSISTANCE LOAN FUND  
GEOGRAPHICAL DISTRIBUTION

<u>3rd JUDICIAL DISTRICT</u>	<u>NO. LOANS</u>	<u>AMOUNT</u>
Anchorage	61	4,462,900
Beluga	2	196,500
Big Lake	3	177,250
Chitna	1	43,750
Chugiak	7	519,850
Cooper Landing	4	203,450
Copper Center	1	51,450
Copperville	1	31,500
Cordova	15	1,365,650
Dillingham	21	1,974,150
Eagle River	4	219,200
Gakona	1	48,900
Girdwood	1	67,900
Glennallen	1	58,500
Halibut Cove	1	49,950
Homer	4	240,450
Iliamna	2	220,000
Indian	3	185,000
Kenai	3	163,450
Kenny Lake	1	58,950
King Salmon	6	1,806,150
Kodiak	35	3,434,700
Lake Louise	1	52,250
Manokotak	2	59,650
Naknek	2	205,000
Newhalen	1	57,000
Niskishka	1	75,000
Palmer	8	328,200
Peters Creek	3	285,000
Seward	3	160,550
Slana	1	33,250
Soldotna	1	47,500
Stariski	1	61,750
Sterling	2	132,050
Trappers Creek	1	36,100
Unalaska	7	845,700
Wasilla	11	727,350
Willow	<u>2</u>	<u>58,000</u>
 TOTAL	 225	 \$18,743,950

HOUSING ASSISTANCE LOAN FUND  
GEOGRAPHICAL DISTRIBUTION

<u>4th JUDICIAL DISTRICT</u>	<u>NO. LOANS</u>	<u>AMOUNT</u>
Anderson	3	135,300
Aniak	2	142,000
Bethel	47	4,475,100
Central	1	68,000
Chevak	1	28,500
Delta Junction	4	180,600
Eagle	1	30,000
Ester	1	40,300
Fairbanks	167	8,498,406
Fort Yukon	6	187,875
Fox	1	63,650
Galena	4	482,000
Healy	2	153,200
Kasigluk	2	125,000
McGrath	5	386,650
McKinley	1	62,050
Mekoryuk	2	95,000
Nenana	3	234,550
North Pole	4	171,850
Ruby	1	25,000
Tanana	1	40,000
Tok	<u>1</u>	<u>51,750</u>
 TOTAL	 260	 \$15,676,881

GEOGRAPHICAL DISTRIBUTION SUMMARY

<u>JUDICIAL DISTRICT</u>	<u># OF LOANS</u>	<u>AMOUNT OF LOANS</u>
01	133	\$ 9,619,238
02	100	\$10,079,550
03	225	\$18,743,950
04	<u>260</u>	<u>\$15,676,881</u>
GRAND TOTALS	718	\$54,119,619

*Alaska* HOUSING FINANCE CORPORATION



May 4, 1983

The Honorable Rick Uehling  
Chairman, House Special  
Committee on Loans  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Chairman Uehling:

Re: Reduction in AHFC's capital budget

The recent reduction in AHFC's capital budget request for the Special Mortgage Loan Purchase Program (the "Program") from \$67.5 million to \$7 million is the result of a determination by the Corporation that the General Obligation Fund ("the Fund") is no longer necessary and its assets should be reallocated to be used to subsidize loans purchased under the Program. A concern had been expressed by the bond rating agency Standard & Poors regarding the Board's policy of upgrading the Corporation's unrestricted assets to meet any potential deficiency in funds available to meet debt service requirements. This question arose in connection with this rating of State Assisted Mortgage Bonds Series, B & C during August, 1981. The previous issue, Series A, had been rated "A" to the surprise of the Corporation. Continued access to the taxable bond market at reasonable rates was felt to be possible only if "AA" ratings were obtained. The Corporation responded by creating the Fund by Resolution adopted October 21, 1981.

The Fund was to consist of certain assets which would become available upon expiration of their pledge to two 1980 tax-exempt bond issues. This lapse occurred in January, 1983. The latest published financial statements were dated December 31, 1982. Consequently, the Fund has not appeared as such in any financials. The assets transferred to the Fund, however, were included in the State Assisted Mortgage Fund and reflected in the statements.

The initial source of the assets designated by the Board to go into the Fund was a 1980 appropriation of mortgage loans. A portion of the \$236 million of mortgage loans transferred were originated and serviced

The Honorable Rick Uehling  
Page 2  
May 4, 1983

by the State of Alaska Division of Veterans Affairs. The Board's Resolution transferred the balance of such loans on that date to the Fund effective upon their release from pledge.

Subsequent to the release, the Corporation renewed discussions with its financial advisor, John Nuveen & Co. and senior managing underwriter, Solomon Brothers Inc. regarding the need for utilizing these assets to increase its unrestricted asset base. Both felt the Corporation had met the rating agency's concerns through specific security enhancements to its bonds including mortgage pool insurance and hazard insurance covering earthquake risk. A decision was also made to put the servicing of the loans out for proposal to private lending institutions to decrease the cost and enhance the ability to utilize the mortgage as collateral.

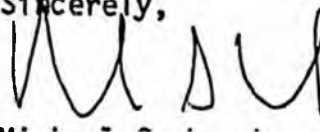
As a result of the above, the Corporation now feels it can utilize the Fund assets to subsidize its mortgage programs without impairing the ratings on its bonds. The FY 84 capital budget has been reduced to reflect this reallocation.

The attached Exhibit A details the revised budget request and reflects the reduced capital budget request for the Special Mortgage Loan Purchase Program based upon the existing statutes of the Corporation.

As set forth in the fiscal notes submitted relative to HB 302, the increase in the subsidized portion of mortgage loans from \$90,000 to \$100,000 will require an additional \$12.5 million appropriation to the Program for FY 84.

If you should have any question regarding the above or require any additional information do not hesitate to contact me.

Sincerely,



Michael S. Lynch  
Executive Director

MSL:MKC:jas

Enclosure

EXCERPT of the transcript of the AHFC Board Meeting  
held October 21, 1981.

PARRISH: We may have to modify the documents because if we contract with the borrower for something that's maybe not quite legal under the statute, I mean, if the statute requires owner-occupancy, at least that's our interpretation of the statute and yet we've contracted in a manner that doesn't require owner-occupancy and we have no right to default.

KENNEDY: There is some precedence in that Farmers Home Administration, for example, requires continued occupancy as a term of the, as term condition and lack of occupancy constitutes a default.

PARRISH: I know in the past in the Appeals Committee on some particular loans, we've made it very clear that if the owner-occupancy is violated that the Corporation will foreclose. I mean we just stated it as a condition of approval. But I think that there should be no doubt that the documents provide for them.

ROPPEL: So we don't have, we don't need any resolutions..

GOLDBAR: No, I think the policy is very clear.

---

ROPPEL: We'll move on. The next item is, Harry, deals with pertaining to loans appropriated for the Department of Affairs as a general asset. (inaudible) There's no agenda item for that.

GOLDBAR: I wanted to bring this to the Board's attention and see if we can get a positive Board approval on this. We have about \$85,000,000 worth of loans that were transferred from the Veterans Administration, the State VA Program that are not of a quality, nor of an interest rate structure, mortgage rate structure, that would make them desirable necessarily as loans that we would want to appropriate through a particular mortgage pool to back a bond sale. We've looked very hard at

GOLDBAR:  
(Con't.)

those loans as a potential source of upgrading our ability to meet a general obligation kind of liability in the event of taxability of a mortgage subsidy bond, for example, or in the event of a major earthquake, or other problem, a major depression that would cause an enormous amount of defaults on loans. In order to get a double A rating, one of the processes that we have to satisfy for Standard & Poors was to show them that our general obligation was substantially insulated from the potential of an imposition of an enormous liability on (inaudible) General obligation cannot meet an enormous liability. At one point S & P was considering downgrading previous issues to a B rating because of their concern about our ability to meet a general obligation liability. Because we've put our general obligation up for every bond sale throughout the years that AHFC has undertaken. One of their very pointed questions was what is the Board's policy on upgrading the general assets of the Corporation in order to meet a general obligation liability in the event that it ever arises. So we searched around for areas from which we could avail ourselves of actual assets to dedicate to our general assets in order to meet the potential liability on our general obligation. This \$85,000,000, approximately \$85,000,000 pool of State VA loans works like a very good source for that, to dedicate principal and income to our general assets in order to meet general obligations if need arises.

ROPPEL:

Where are they now? ✓

GOLDBAR:

They are in the SAM fund now. They're SAM fund mortgages. And the reversion on those is not relinquished yet. As far as their, I shouldn't say reversion, I should say their dedication to the potential mandatory redemption which will never occur now. But, which we have to live with, until 1983. The reversion on those

GOLDBAR: mortgages was removed by the last legislative session.  
(Con't.) Originally they were intended to revert back to the State of Alaska in the event that they did not have to be used for mandatory redemption.

ROPPEL: Can't we just do that? ✓

GOLDBAR: We haven't had the lawyers take a look at it yet, but ✓ my proposal is that if there are no legal impediments that we be allowed to dedicate those mortgages through our general asset base, to further satisfy Standard and Poor's that we can respond to a liability that might arise against our general obligation.

ROPPEL: There's no affect on the homeowner at all? Absolutely ✓ no affect...

GOLDBAR: On the person who has the, who holds the mortgage, the mortgagor under the program? No. Absolutely not. All we're looking for is an additional source of general asset, as a security device for a general obligation.

PARRISH: Mr. Chairman? These are a general asset and if something were to happen right now, they would be available. We just have not dedicated them solely for that purpose, is that what you're saying?

GOLDBAR: Exactly, we would like to say that.

PARRISH: So if we wanted to use them in the future right now instead of getting a letter of credit, or instead of getting a zero coupon CD, we could use them for those purposes?

GOLDBAR: Well, they would probably, what we're really looking at is more than using them as alternative to that device. Simply insuring the rating agencies and the bondholders

GOLDBAR:  
(Con't.)

that we do have an asset that is dedicated to the proposition that will meet the general obligation that we've put forth to the point where it's essentially diluted--essentially a non-general obligation anymore, because it's been used as a security device for every bond sale AHFC has undertaken.

PARRISH:

There would be no restriction on the revenues from these bonds, is that correct?

GOLDBAR:

On the revenues from the mortgages?

PARRISH:

Oh, excuse me. The revenues from the mortgages, right. And as they come in, we could take the revenue each year and dedicate as we see fit, or you know, just take all the revenue and hold it. You can take the revenue put it into a mortgage and then put that mortgage into a particular fund, is that correct?

GOLDBAR:

Sure, that could be done. Yes, my idea certainly wasn't to lock up all the revenues, but to dedicate both the principal and the revenues. I mean, not to maintain them as a pristine fund, but to dedicate both the principal of these mortgages and the revenues to our ability to meet a general obligation liability and what I'm really saying is that the revenues can be used to purchase additional mortgages which will remain in that pool.

PARRISH:

Okay, well that's my question. If a particular one of these loans was to prepay and we used that money to fund a new loan, where would that new loan go? Could we use that new loan in the same manner that we use appropriated subsidy to secure a future bond sale or would that revenue, that loan then remain in this dedicated fund to secure the general obligation?

GOLDBAR:

I would propose that the loan remain in the dedicated

GOLDBAR: fund. Otherwise, we have a declining balance fund  
(Con't.) while we're increasing our potential liability under  
the general obligation.

WILLIAMS: But the fact that it remained a general asset, in the  
general asset fund or whatever, wouldn't prevent it  
from being invested mortgage?

PARRISH: Right.

WILLIAMS: It's just that it would not be used, I mean the subsidy  
appropriation and the mortgages that are made with  
that are a wasting asset of the Corporation. They  
ultimately go to the holders of the bonds, because it  
makes up the difference. This would not be a wasting  
asset. It could be dedicated to the same purpose and  
on comparable terms, it simply would not flow back to  
the Corporation instead of ultimately going to the  
bondholders, unless there was a default, in which case  
there was a call.

PARRISH: But it would require a larger appropriation from the  
Legislature. I mean, if now we're taking those funds  
and using them as subsidy, the prepays and the interest  
and using them as subsidy, when we make the new loan,  
then the Legislature is going to have to come up with  
more money to replace at least what we've estimated we  
could use. Right?

WILLIAMS: Mr. Chairman? They will have to come up with money  
regardless because at some point we're not going to be  
able to sell bonds with the rating that we want to  
sell bonds at unless we have general assets that are  
providing security for us.

GOLDBAR: The alternative would be, to ask....

ROPPEL: Excuse me, Harry..Plus, these particular, this particular group is not of the quality that can be...

PARRISH: I'm not, I don't have any question about this group, but what I have question about is, once we eliminate one of these groups by prepay or whatever, then we make a new good mortgage that could be used to back a bond. You know, one that we would make, as opposed to one that someone would make.

GOLDBAR: Yeah, well, my proposal is that we reinvest the income in mortgages but not necessarily that would be then dedicated as appropriated funds toward our SAM Bond Sale.

PARRISH: So you're talking about a whole separate fund here.

GOLDBAR: I'm talking about a separate fund.

ROPPEL: Yes. (inaudible)

GOLDBAR: It is a general asset. The wording isn't that accurate. What I'm asking the Board for, is dedication of that asset for this purpose.

ROPPEL: Do we need a resolution?

GOLDBAR: Yes, and I apologize for not having one prepared.

ROPPEL: We're going to have another Board Meeting, why don't you prepare, or even if you want to take a break and prepare a resolution.

GOLDBAR: I was going to say...

ROPPEL: Okay, let's see, what else do we have here...warehousing.

WILLIAMS: Mr. Chairman? Do we anticipate an extended discussion on the budget?

ROPPEL: I don't anticipate one.

WILLIAMS: We have resolutions that are prepared for that. Why don't we go through those and then come back to E & F and go to G and take those out, and that will give them more time for typing up of whatever it is, but we should probably take a break now.

ROPPEL: Okay, let's take a fifteen minute recess, and we'll meet back here at 10:30 a.m. and that will give us time to start that resolution.

GOLDBAR: Sure.

ROPPEL: While we're waiting on other items, the resolution can be typed, okay.

\* \* \* \* \*

RECESS

\* \* \* \* \*

ROPPEL: Okay, let's resume. Harry will be back shortly. Don, they're preparing those resolutions. What we would like to do is start with Item G, which is Corporation Budgets. And could you join us here, while we go through those, please?

PARRISH: What's the next resolution, 287?

SHINN: Yes, 287.

ROPPEL: We'll be working on approval of the Corporation's budgets that are prepared and submitted as part of the fact that the items G and this is the first year that the Corporation is required to be under the Executive Budget Act, as dictated by the Legislature. Our staff has not had a lot of, well we haven't had any prior experience of it, and from my understanding, it looks

PARRISH: If it is \$125 and that is a make or break on the loan, then maybe we shouldn't be making the loan in the first place.

ROPPEL: What we would like to have you do here, Harry, is have you go ahead and identify and come up with some proposals that might solve the problem and will take care of it self-supporting.

GOLDBAR: Mr. Chairman, I had anticipated having AMBA's position on this by today or I wouldn't have included it.

ROPPEL: That's too bad, but that's okay. Anyhow we were asked, The Corporation was asked to take a look at it by ABA and certain individuals in the banking community that felt that it was a bum deal and I told them that we would take a look at it and Harry had done the same thing and I think that's fair. And if we decide to make a policy change or deal with it in some other fashion, it will be policy matter and the Board can deal with that.

PARRISH: Okay.

\*\*\*End of Tape 4\*\*\*

ROPPEL: I need that resolution.

GOLDBAR: Yes, I passed out a copy to everyone, Mr. Chairman.

ROPPEL: Okay, the next item will be the resolution establishing the General Obligation Fund and Dedicating Certain Veterans Affairs Mortgages and Revenues to Said Fund. We need a motion and a resolution number for that.

WILLIAMS: Mr. Chairman?

ROPPEL: Yes sir?

WILLIAMS: I move that we adopt Resolution No. 291, resolution adopting, I'm sorry, resolution establishing the general obligation fund dedicating certain veterans affairs mortgages and revenues to said fund.

ROPPEL: Second?

PARRISH: I'll second it.

ROPPEL: Mr. Parrish seconded it.

WILLIAMS: Mr. Chairman?

ROPPEL: Yes sir.

WILLIAMS: I request a very brief recess for an opportunity to confer with bond counsel over a possible amendment to the resolution.

ROPPEL: Okay, let's take ten minutes.

WILLIAMS: I only need five.

ROPPEL: Five? Okay.

\* \* \* \* \*

RECESS

\* \* \* \* \*

ROPPEL: Now we have Resolution 291 that has been moved and seconded. Now there is an amendment to 291? ✓

WILLIAMS: Mr. Chairman?

ROPPEL: Yes sir.

WILLIAMS: I would like to move the following amendment to be

WILLIAMS: ✓ inserted into Section 1 of Resolution 291. The amendment has been typed and distributed, but I'll read it for the record. ✓ Assets may be transferred from the general obligation fund by a resolution of the Board of Directors of the Corporation or upon the presentation of a claim against the Corporation's general obligation by a bond trustee with respect to bonds issued by the Corporation. It seemed to me that this was in order because we talked about how money goes into it, but we don't talk about how funds ever go out of it.

ROPPEL: Okay, are you ready for the question on the amendment?

PARRISH: Second.

ROPPEL: It's been moved and seconded by Mr. Parrish. Are you ready for the question on the amendment? Okay, all in favor of the amendment, I guess we better do this by roll call, say aye.

SHINN: Jack Smodey?

SMODEY: Aye.

SHINN: Commissioner Williams?

WILLIAMS: Aye.

SHINN: Lance Parrish?

PARRISH: Aye.

SHINN: Frank Roppel?

ROPPEL: Aye. Okay...

WILLIAMS: Mr. Chairman?

ROPPEL: Yes sir?

WILLIAMS: I offer, I don't know, I think this is just a, not, doesn't rise to the level of an amendment, but there is a typographical error in Section 2 of the third line. I think divisions should be division.

ROPPEL: Okay, are there any other corrections on this?

WILLIAMS: That's the only correction. I have one other amendment.

ROPPEL: Okay.

WILLIAMS: Right now, Mr. Chairman, Section 3 suspends the creation of the general obligation fund until the release of the veterans mortgage loans from the state-assisted mortgage fund, and I would suggest an amendment saying, to Section 3, saying "Section 2 of this resolution shall take effect upon the release of the veterans mortgage loans from the state-assisted mortgage fund." That means that the general obligation fund will spring into existence with the adoption of this resolution. There will be nothing in it, but it will exist and then the transfer will be accomplished as soon as the assets can be released from their present use.

PARRISH: Second.

ROPPEL: Do you have any problem with that?

GOLDBAR: No, that's fine. Bob, does that give you any problems?

FLINT: That's fine.

WILLIAMS: That was amendment 2, Mr. Chairman.

ROPPEL: Okay, let's do this by amendment then. There is amendments to 291 to change Section 3 and correct a typo in Section 2 has been moved by Commissioner Williams.

WILLIAMS: Correct.

PARRISH: And seconded.

ROPPEL: And Mr. Parrish has seconded it.

PARRISH: Both of them, or one, whichever.

ROPPEL: The change to the original Resolution 291. All in favor by roll call say aye.

SHINN: Jack Smodey?

SMODEY: Aye.

SHINN: Commissioner Williams?

WILLIAMS: Aye.

SHINN: Lance Parrish?

PARRISH: Aye.

SHINN: Frank Roppel?

ROPPEL: Aye. Okay, now we're ready for...

PARRISH: One question, Mr. Chairman. Is the title part of the resolution? Because the title says certain veterans mortgages and the body says all veterans mortgages and all are certain with respect to all the mortgages we have, but if it's not, if the title is not, in judging from the discussion we had earlier, I was under the impression that only certain mortgages were going to be transferred, but apparently, all mortgages which are from the Division of Veterans Affairs are going to be transferred to this fund.

FLINT: Well, only those being held in the SAM Fund. Under the special mandatory redemption. Now, all of those mortgages, I understood, were to be transferred and if there are other Veterans mortgages outside that SAM Fund, then they wouldn't be, and I don't know whether there are or not.

ROPPEL: Okay, so...

PARRISH: There are.

FLINT: So the title would be certain mortgages, but the other one would be all mortgages in the SAM fund.

PARRISH: Okay.

ROPPEL: Any more questions? Ready for the question? All in favor of Resolution 291 by roll call, say aye.

SHINN: Jack Smodey?

SMODEY: Aye.

SHINN: Commissioner Williams?

WILLIAMS: Aye.

SHINN: Lance Parrish?

PARRISH: Aye.

SHINN: Frank Roppel?

ROPPEL: Aye. 291 with the two amendments is now passed. Now ✓ the last remaining business in our packet is the Nuveen letter requiring the authority to negotiate bond issues within certain guidelines. And it is my understanding that as desirable as this is, there are some additional

ANALYSIS OF STATE LOAN AND GRANT PROGRAM FUNDING  
Prepared by the House Special Committee on State Loans

PLEASE NOTE INTERIOR PAGES CORRESPOND WITH BILL SECTION NUMBERS. SEE APPROPRIATE PAGE FOR MORE DETAIL.

Bill Sec	Program	Amount requested in CSHB 315 (Loans)	Amount requested last year*	Amount requested in Gov's Capital Budget (1-11-83)
01	AHFC Special Mortgage Loan Purchase	\$19,500,000	\$105,000,000	\$100,000,000
02	AHFC Home Ownership Assistance	\$50,000,000	\$45,000,000	\$50,000,000
03	C&RA Senior Citizens Housing Development	\$19,530,000	\$10,000,000	\$2,500,000
04	C&RA Housing Assistance Loan Fund (for existing programs)	\$45,000,000	\$45,000,000	\$45,000,000
05	C&RA Housing Assistance Loan Fund (for implementation of HOAF; see HB 302, section 13)	\$15,000,000	n/a	n/a
06	C&RA Home Ownership Assistance Fund (for capitalization of new program; see HB 302, section 13)	\$650,000	n/a	n/a
07	C&RA (for new program operating costs; see HB 302, section 13)	\$226,000	n/a	n/a
08	C&ED Division of Investments	\$24,083,900	\$51,800,000	\$28,508,900
09	DNR Agricultural Loan	\$10,000,000	\$10,000,000	\$10,000,000
10	Scholarship Loan	\$65,000,000	\$52,000,000	\$50,000,000
11	Scholarship Loan (federal receipts)	\$850,000	\$986,100	\$850,000
12	APA Rural Electrification Loan	\$1,000,000	Ø	\$1,000,000

\* Amounts taken from CCSSB 322, Appropriation to various state loan and grant programs, (1982)

ANALYSIS OF STATE LOAN AND GRANT PROGRAM FUNDING  
Prepared by the House Special Committee on State Loans

Bill Sec	Program	Amount requested in CSHB 315 (Loans)	Amount requested last year*	Amount requested in Gov's Capital Budget (1-11-83)
01	AHFC Special Mortgage Loan Purchase	\$19,500,000	\$105,000,000	\$100,000,000

Supervisory/Administrative Agency: Department of Revenue

Statutory Authority: AS 18.56.010 - AS 18.56.210      Reference: page 81, State Loan Programs

Program Description: The Special Mortgage Loan Purchase Program is intended to assist in the acquisition and development of land and in the construction, rehabilitation, and refinancing of housing for people of lower income, as well as for all Alaskans. The Special Mortgage Loan Purchase Program is AHFC's principal financing program, accounting for approximately 90 percent of the agency's lending activities.

Funding breakdown:

Continuation funding.....	7,000,000
Additional funding to.....	12,500,000
compensate for certain	
provisions of CSHB 302	
(Loans)	
	19,500,000

Comments:

\* Amounts taken from CCSSB 322, Appropriation for various state loan and grant programs (1982)

ANALYSIS OF STATE LOAN AND GRANT PROGRAM FUNDING  
 Prepared by the House Special Committee on State Loans

Bill Sec	Program	Amount requested in CSHB 315 (Loans)	Amount requested last year*	Amount requested in Gov's Capital Budget (1-11-83)
02	AHFC Home Ownership Assistance	\$50,000,000	\$45,000,000	\$50,000,000

Supervisory/Administrative Agency: Department of Revenue

Statutory Authority: AS 18.56.091                      Reference: page 65, State Loan Programs

Program Description: The Home Ownership Assistance Program is intended to provide mortgage subsidies to people of low and moderate income. By a corporation funding mechanism, the appropriation to the Home Ownership Assistance Program is invested in Alaskan mobile home loans purchased under the mobile home loan purchase program; the subsequent interest income stream is then used to subsidize actual HOAP loans.

Funding breakdown:

Continuation funding.....	50,000,000
	50,000,000

Comments:

\* Amounts taken from CCSSB 322, Appropriation for various state loan and grant programs (1982)

ANALYSIS OF STATE LOAN AND GRANT PROGRAM FUNDING  
Prepared by the House Special Committee on State Loans

Bill Sec	Program	Amount requested in CSHB 315 (Loans)	Amount requested last year*	Amount requested in Gov's Capital Budget (1-11-83)
03	C&RA Senior Citizens Housing Development	\$19,530,000	\$10,000,000	\$2,500,000

Supervisory/Administrative Agency: Department of Community and Regional Affairs, Housing Assistance Div.

Statutory Authority: AS 44.47.610 - AS 44.47.620

Reference: Letter from C&RA

Program Description: The Senior Citizens Housing Development Fund is intended to alleviate the shortage of decent, safe, and sanitary residential housing available at low or moderate prices or rentals to persons 60 years of age or older.

Funding breakdown:

Continuation funding.....	2,500,000
Additional funding to.....	17,030,000
meet projected shortfall	
	19,530,000

Comments:

\* Amounts taken from CCSSB 322, Appropriation for various state loan and grant programs (1982)

ANALYSIS OF STATE LOAN AND GRANT PROGRAM FUNDING  
 Prepared by the House Special Committee on State Loans

Bill Sec	Program	Amount requested in CSHB 315 (Loans)	Amount requested last year*	Amount requested in Gov's Capital Budget (1-11-83)
04	C&RA Housing Assistance Loan Fund (for existing programs)	\$45,000,000	\$45,000,000	\$45,000,000

Supervisory/Administrative Agency: Department of Community and Regional Affairs, Housing Assistance Div.

Statutory Authority: AS 44.47.380 - AS 44.57.560                      Reference: page 87, State Loan Programs

Program Description: The Housing Assistance Loan Fund is intended to provide funding for mortgages, building materials, renovations, and improvements for nonconforming and rural housing.

Funding breakdown:

Continuation funding.....	45,000,000
	45,000,000

Comments:

\* Amounts taken from CCSSB 322, Appropriation for various state loan and grant programs (1982)

ANALYSIS OF STATE LOAN AND GRANT PROGRAM FUNDING  
 Prepared by the House Special Committee on State Loans

Bill Sec	Program	Amount requested in CSHB 315 (Loans)	Amount requested last year*	Amount requested in Gov's Capital Budget (1-11-83)
05	C&RA Housing Assistance Loan Fund (for implementation of HOAF; see below)	\$15,000,000	n/a	n/a

Supervisory/Administrative Agency: Department of Community and Regional Affairs, Housing Assistance Div.

Statutory Authority: (HALF) AS 44.47.380 - AS 44.47.560      Reference: Section 13, HB 302 also

Program Description: The proposed Home Ownership Assistance Fund is intended to subsidize mortgage loans for people with low or moderate income, subject to the definitions and restrictions in section 13 of House Bill 302. C&RA projects that the new subsidy program will result in substantially higher demand.

Funding breakdown:

Funding for increased.....	15,000,000
demand due to new loan program, Home Ownership Assistance Fund, in HB 302 (see bill for details)	
	15,000,000

Comments:

\* Amounts taken from CCSSB 322, Appropriation for various state loan and grant programs (1982)

ANALYSIS OF STATE LOAN AND GRANT PROGRAM FUNDING  
 Prepared by the House Special Committee on State Loans

Bill Sec	Program	Amount requested in CSHB 315 (Loans)	Amount requested last year*	Amount requested in Gov's Capital Budget (1-11-83)
06	C&RA Home Ownership Assistance Fund (for capitalization of new program; see below)	\$650,000	n/a	n/a

Supervisory/Administrative Agency: Department of Community and Regional Affairs, Housing Assistance Div.

Statutory Authority: n/a, see Section 13, HB 302

Reference: Section 13, HB 302

Program Description: The proposed Home Ownership Assistance Fund is intended to subsidize mortgage loans for people with low or moderate income, subject to the definitions and restrictions in section 13 of House Bill 302.

Funding breakdown:

Funding for new loan.....	650,000
program, Home Ownership	
Assistance Fund, in HB	
302 (see bill for	
details)	
	650,000

Comments:

\* Amounts taken from CCSSB 322, Appropriation for various state loan and grant programs (1982)

ANALYSIS OF STATE LOAN AND GRANT PROGRAM FUNDING  
Prepared by the House Special Committee on State Loans

Bill Sec	Program	Amount requested in CSHB 315 (Loans)	Amount requested last year*	Amount requested in Gov's Capital Budget (1-11-83)
07	C&RA (for new program operating costs; see HB 302, section 13)	\$226,000	n/a	n/a

Supervisory/Administrative Agency: Department of Community and Regional Affairs, Housing Assistance Div.

Statutory Authority: n/a, see Section 13, HB 302

Reference: Section 13, HB 302

Program Description: The proposed Home Ownership Assistance Fund is intended to subsidize mortgage loans for people with low or moderate income, subject to the definitions and restrictions in section 13 of House Bill 302.

Funding breakdown:

Funding for operation of.....	226,000
new loan program, Home Ownership Assistance Fund, in HB 302 (see bill for details)	
	<u>226,000</u>

Comments:

\* Amounts taken from CCSSB 322, Appropriation for various state loan and grant programs (1982)

ANALYSIS OF STATE LOAN AND GRANT PROGRAM FUNDING;  
Prepared by the House Special Committee on State Loans

Bill Sec	Program	Amount requested in CSHB 315 (Loans)	Amount requested last year*	Amount requested in Gov's Capital Budget (1-11-83)
08	C&ED Division of Investments	\$24,083,900	\$51,800,000	\$28,508,900

Supervisory/Administrative Agency: Department of Commerce and Economic Development, Div. of Investments

Statutory Authority: see specific programs below

Reference: see specific programs below

Program Descriptions:	<u>Loan Program</u>	<u>Statute</u>	<u>Allocation</u>	<u>Reference</u>
	alternative technology and energy loans	AS 45.88	4,000,000	p.57
	commercial fishing loans	AS 16.10.300- AS 16.10.370	9,091,000	p.29
	child care facility loans	AS 44.30.240	869,500	p.97
	historical district loans	AS 45.98	500,000	p.113
	fisheries enhancement loans	AS 16.10.500	6,500,000	p.33
	residential energy conservation loans	AS 45.89	3,123,400	p.59

Funding breakdown:

See above for individual programs

Comments:

\* Amounts taken from CCSSB 322, Appropriation for various state loan and grant programs (1982)

ANALYSIS OF STATE LOAN AND GRANT PROGRAM FUNDING  
 Prepared by the House Special Committee on State Loans

Bill Sec	Program	Amount requested in CSHB 315 (Loans)	Amount requested last year*	Amount requested in Gov's Capital Budget (1-11-83)
09	DNR Agricultural Loan	\$10,000,000	\$10,000,000	\$10,000,000

Supervisory/Administrative Agency: Department of Natural Resources

Statutory Authority: AS 03.10.020 - AS 03.10.060      Reference: page 13, State Loan Programs

Program Description: The Agricultural Revolving Loan Fund is intended to promote the more rapid and effective development of agriculture as an industry throughout the state through long term, low interest loans.

Funding breakdown:

Continuation funding.....	10,000,000
	10,000,000

Comments:

\* Amounts taken from CCSSB 322, Appropriation for various state loan and grant programs (1982)

ANALYSIS OF STATE LOAN AND GRANT PROGRAM FUNDING  
 Prepared by the House Special Committee on State Loans

Bill Sec	Program	Amount requested in CSHB 315 (Loans)	Amount requested last year*	Amount requested in Gov's Capital Budget (1-11-83)
10	Scholarship Loan	\$65,000,000	\$52,000,000	\$60,000,000

Supervisory/Administrative Agency: Commission on Postsecondary Education

Statutory Authority: AS 14.43.090 - AS 14.43.160      Reference: page 45, State Loan Programs

Program Description: The Scholarship Revolving Loan Fund is intended to provide educational loans at a low cost to Alaskan students enrolled in undergraduate, graduate, or career degree programs.

Funding breakdown:

Continuation funding.....	60,000,000
Additional funding based.....	5,000,000
on commission projections	
	65,000,000

Comments:

\* Amounts taken from CCSSB 322, Appropriation for various state loan and grant programs (1982)

ANALYSIS OF STATE LOAN AND GRANT PROGRAM FUNDING  
 Prepared by the House Special Committee on State Loans

Bill Sec	Program	Amount requested in CSHB 315 (Loans)	Amount requested last year*	Amount requested in Gov's Capital Budget (1-11-83)
11	Scholarship Loan (federal receipts)	\$850,000	\$986,100	\$850,000

Supervisory/Administrative Agency: Commission on Postsecondary Education

Statutory Authority: AS 14.43.090 - AS 14.43.160      Reference: page 45, State Loan Programs

Program Description: The Scholarship Revolving Loan Fund is intended to provide educational loans at a low cost to Alaskan students enrolled in undergraduate, graduate, or career degree programs.

Funding breakdown:

Continuation funding.....	850,000
	850,000

Comments:

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\* Amounts taken from CCSSB 322, Appropriation for various state loan and grant programs (1982)

ANALYSIS OF STATE LOAN AND GRANT PROGRAM FUNDING  
 Prepared by the House Special Committee on State Loans

Bill Sec	Program	Amount requested in CSHB 315 (Loans)	Amount requested last year*	Amount requested in Gov's Capital Budget (1-11-83)
12	APA Rural Electrification Loan	\$1,000,000	Ø	\$1,000,000

Supervisory/Administrative Agency: Alaska Power Authority

Statutory Authority: AS 45.88.010 - AS 45.88.040      Reference: page 59, State Loan Programs

Program Description: The Rural Electrification Revolving Loan Fund is intended to make loans to electric utilities to extend electric service into rural areas of the state.

Funding breakdown:

Continuation funding.....	1,000,000
	1,000,000

Comments:

\* Amounts taken from CCSSB 322, Appropriation for various state loan and grant programs (1982)

STATE OF ALASKA  
THE LEGISLATURE

POUCHY - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 10, 1983

SUBJECT: Comparison of HB 302, CSHB 302 (C&RA) and  
CSHB 302 (Loans)

TO: Representative Albert P. Adams  
Chairman, House Finance Committee

FROM: *LHA* Linn H. Asper  
Legislative Counsel

You have requested a sectional analysis that compares  
HB 302, CSHB 302 (C&RA) and CSHB 302 (Loans) (state housing  
loan programs).

Provisions that are the same in all three versions of the  
bill:

Section 6 of HB 302, concerning eligibility for veterans  
interest rates on AHFC loans (AS 18.50.101), is the  
same as Sec. 1 of CSHB 302 (C&RA) and Sec. 9 of  
CSHB 302 (Loans).

Section 7 of HB 302, concerning retention of a finan-  
cial advisor for AHFC bond sales, is substantially the  
same as Sec. 2 of CSHB 302 (C&RA) and Sec. 10 of  
CSHB 302 (Loans).

The portion of Sec. 9 of HB 302, that repeals  
AS 44.47.385, is the same as Sec. 5 of CSHB 302 (C&RA)  
and Sec. 18 of CSHB 302 (Loans).

Section 10 of HB 302 (immediate effective date) is  
essentially the same as Sec. 6 of CSHB 302 (C&RA) and  
Sec. 20 of CSHB 302 (Loans).

Provisions that are the same or similar in HB 302 and  
CSHB 302 (Loans):

Sections 1 - 3 in both HB 302 and CSHB 302 (Loans)  
increase the amount that may be loaned under the

special mortgage loan purchase program (AS 18.56.098) for a single family residence. HB 302 would increase the loan limit to \$250,000. CSHB 302 (Loans) would increase the limit to 10 percent above the FNMA loan limits.

Section 4 of HB 302, changing the method of calculating the interest rate under AS 18.56.098(g), is the same as Sec. 4 of CSHB 302 (Loans) except that HB 302 provides for a maximum state loan subsidy of four percent and CSHB 302 (Loans) limits the subsidy to three percent. Also, CSHB 302 (Loans) raises the subsidized portion of a loan from \$90,000 to \$100,000, while HB 302 does not.

Section 5 of HB 302, making technical changes in the interest calculation mechanism under AS 18.56.098(g) is the same as Sec. 7 in CSHB 302 (Loans) except that CSHB 302 (Loans) raises the subsidized portion of a loan from \$90,000 to \$100,000, while HB 302 does not.

The portion of Sec. 9 of HB 302 that repeals AS 18.-56.098(g)(2) is the same as the similar portion of Sec. 18 in CSHB 302 (Loans).

Provisions that are the same or similar in CSHB 302 (C&RA) and CSHB 302 (Loans):

Section 3 of CSHB 302 (C&RA), making the housing assistance fund in the Department of Community and Regional Affairs a revolving fund, is the same as Sec. 12 in CSHB 302 (Loans).

Section 4 of CSHB 302 (C&RA), establishing a home ownership assistance fund in the Department of Community and Regional Affairs is substantially the same as Sec. 13 in CSHB 302 (Loans), except that the Loans version is more specific as to restrictions on use of the home ownership subsidy for people of low or moderate income.

Provisions that are found only in HB 302:

Section 8 of HB 302 makes some of the changes to the AHFC interest rate calculation apply only to bond sales after the effective date of the Act. This provision was dropped in the Community and Regional Affairs substitute and not picked up again in the Loans substitute.

Provisions that are found only in CSHB 302 (Loans):

Sections 5, 6, and 8 of CSHB 302 (Loans) amend AS 18.-56.098(g) to increase the subsidized portion of an AHFC loan from \$90,000 to \$100,000.

Section 11 allows AHFC to purchase a housing loan for a residence within 50 miles of the District of Columbia for a member of the Alaska delegation to the U.S. Congress.

Section 14 amends existing law so that a person who receives a nonconforming or rural housing loan from the Department of Community and Regional Affairs can also get a loan for nonowner-occupied housing from that department.

Section 15 changes the method of calculating interest for nonconforming and rural housing under the Department of Community and Regional Affairs to tie both loan programs to the interest rate for AHFC loans.

Section 16 changes the current community and regional affairs housing loans definition of "rural" to extend that definition to all communities with fewer than 4,500 people that are either not connected by road or rail to Anchorage, or are connected by road or rail to Anchorage, but are more than 50 air miles from Anchorage.

Section 17 allows alternative technology loans to be made for certain kinds of central heating systems that use solid fuel.

Section 19 delays the effective date of the establishment of the home ownership assistance fund until January 1, 1984.

LHA:ljb  
19/010

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

May 10, 1983

SUBJECT: Comparison of HB 302, CSHB 302 (C&RA) and  
CSHB 302 (Loans)

TO: Representative Albert P. Adams  
Chairman, House Finance Committee

FROM: *LHA* Linn H. Asper  
Legislative Counsel

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STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 10, 1983

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TO: Representative Albert P. Adams  
Chairman, House Finance Committee

FROM: *LHA* Linn H. Asper  
Legislative Counsel

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Section 19 delays the effective date of the establishment of the home ownership assistance fund until January 1, 1984.

CHANGES FROM LOANS CS IN THIS PROPOSED CS HB 302 (FINANCE)

1. All sections raising the subsidized portion of the loan from \$90,000 to \$100,000 have been removed.
2. Two new sections (p. 2, lines 5-9 and p. 6, lines 21-26) have been added to prohibit discrimination in rental housing financed through AHFC or DCRA.
3. Secs. 4 and 5 (p. 2) have been changed by replacing \$100,000 with the \$90,000 currently in statute. Again, this change is made to reflect the subcommittee's decision not to raise the subsidized portion of a loan from \$90,000 to \$100,000.
4. The new rural deep subsidy program is made eligible for purchase or construction of single family homes. (See sec. 10, line 17, p. 5.)
5. The language of section 15 has been changed to reflect the use of wood or coal for fuel, only. Please see the memorandum from Legal Services regarding the appropriateness of adding the phrase: "notwithstanding (3)(A) of this section" and the reason for its omission from this draft of the committee substitute.

STATE OF ALASKA  
THE LEGISLATURE

FOLCH Y. STATE CAPITOL  
JUNEAU, ALASKA 99801  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 19, 1983

SUBJECT: Alternative energy systems  
(CSHB 302 (Finance))

TO: Representative Albert P. Adams  
Chairman, House Finance Committee

FROM: *ehc* Linn H. Asper  
Legislative Counsel

I have prepared a draft of a Finance committee substitute for HB 302. One of your requests was to add language to the proposed amendment to AS 45.88.500(2) that would state that the addition of certain central heating systems to the list of alternative energy systems eligible for loans under AS 45.88 is "notwithstanding (3) (A) of this section". AS 45.88.500(3) (A) excludes wood, coal, or multifuel heating stoves from eligible alternative energy systems.

*\** A "notwithstanding" clause is used to establish priority between two legislative provisions where there is a conflict between them. In this case, however, there is no conflict. Instead, in AS 45.88.500, close distinctions have been made between "wood, coal, or multifuel heating stoves" (45.88.-500(3) (A)), "woodstoves with catalytic converters" (45.88.-500(2) (D)), and the proposed "central heating systems that use wood or coal for fuel" (45.88.500(2) (E)). It is my opinion that the use of a "notwithstanding" clause is not necessary in this situation and will only add confusion to an already complicated statutory provision. Furthermore, if a "notwithstanding" clause is added to the new language, it should also be added to the existing provision dealing with catalytic converters, AS 45.88.500(2) (D).

The underlying problem with this legislation is caused by the legislature's attempt to create distinctions between energy systems that are very similar. To remedy this problem the better approach would be to rework the entire

Representative Albert P. Adams

Page 2

May 19, 1983

section, or to allow the close distinctions to be made by regulations adopted by the department that administers the loan program.

LHA:ljb

20/029

Asper  
5-19-83

Original sponsor: House Special Committee  
on State Loans

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 302 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state housing loan and state  
7 alternative technology loan programs; and providing  
8 for an effective date."

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

0 \* Section 1. AS 18.56.096(1) is amended to read:

1 (1) a first mortgage loan under this chapter for a duplex,  
2 triplex, or four-plex that exceeds the limitations on first mortgage  
3 loans for similar housing purchased by the Federal National Mortgage  
4 Association as to principal amount and loan-to-value ratio; [OR]

5 \* Sec. 2. AS 18.56.096(2) is amended to read:

6 (2) a second mortgage loan for a duplex, triplex, or four-  
7 plex the amount of which, when combined with the principal balance of  
8 a first mortgage loan on the property, exceeds the limitation on the  
9 amount set out in (1) of this section or that has a loan-to-value  
0 ratio, when considered with the principal balance of the first mort-  
1 gage loan, that exceeds 90 percent; [.]

2 \* Sec. 3. AS 18.56.096 is amended by adding new paragraphs to read:

3 (4) a first mortgage loan for a single-family residence  
4 that exceeds the limitations on first mortgage loans for similar  
5 housing purchased by the Federal National Mortgage Association as to  
6 principal amount by more than 10 percent, or has a loan-to-value ratio  
7 that exceeds 95 percent, or a second mortgage loan for a single-family  
8 residence, the amount of which, when combined with the principal  
9 balance of a first mortgage loan on the property, exceeds the

1 limitations on loans for similar housing purchased by the Federal  
2 National Mortgage Association as to principal amount by more than 10  
3 percent, or has a loan-to-value ratio, when considered with the prin-  
4 cipal balance of the first mortgage loan, that exceeds 90 percent; or

5 (5) a first or second mortgage loan for rental housing  
6 unless the borrower agrees not to discriminate against tenants or  
7 prospective tenants because of sex, marital status, changes in marital  
8 status, pregnancy, parenthood, race, religion, color, or national  
9 origin.

10 \* Sec. 4. AS 18.56.098(g)(1) is amended to read:

11 (1) The interest rate on the first \$90,000 of a mortgag  
12 loan purchased with the proceeds of an [THE FIRST] issue of taxable  
13 bonds of the corporation is three percent less than [10 PERCENT OR  
14 the cost of funds of that issue, except that

15 (A) if the cost of funds of that issue is less than 1  
16 percent, the interest rate is equal to the cost of funds; and

17 (B) if the cost of funds of that issue is more than 1  
18 percent, the interest rate may not be less than 10 percent [  
19 WHICHEVER IS LESS].

20 \* Sec. 5. AS 18.56.098(g)(5) is amended to read:

21 (5) The interest rate on the first \$90,000 of a mortgag  
22 loan purchased with [FROM] money that is not the proceeds of eithe  
23 taxable or tax-exempt bonds [APPROPRIATED TO THE CORPORATION] is th  
24 rate the corporation determines is appropriate by application of th  
25 provisions of (1) [- (4)] of this subsection. [THE RATE MAY BE BASE  
26 ON AN ESTIMATE OF THE COST OF FUNDS OF A PROPOSED ISSUE OR ISSUES C  
27 BONDS.]

28 \* Sec. 6. AS 18.56.101 is amended to read:

29 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. TH

1 following persons are eligible veterans for the purposes of AS 18.56.-  
2 098(g) and (h):

3 (1) a person who served in the armed forces of the United  
4 States for 90 days or more, or whose service was for less than 90 days  
5 because of injury or disability incurred in the line of duty, after  
6 April 6, 1917,

7 [(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS  
8 A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR  
9 NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO  
0 RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER DIS-  
1 CHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE  
2 TERRITORY OR STATE; OR

3 (B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE TERRI-  
4 TORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAS BEEN A  
5 RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR AT THE  
6 TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO THE  
7 TERRITORY OR STATE FOR AT LEAST FIVE YEARS; AND

8 (C)] whose discharge was under honorable conditions;

9 (2) the widow or widower of a member of the armed forces or  
10 an eligible veteran if

11 [(A) THE MEMBER OR VETERAN WAS A RESIDENT OF THE TERRI-  
12 TORY OR STATE FOR ONE YEAR BEFORE INDUCTION INTO THE SERVICE;

13 (B)] the member or veteran served in the armed forces  
14 for at least 90 days after April 6, 1917 [;] and

15 [(C)] the veteran's [HIS] discharge was under honorable  
16 conditions;

17 (3) a person who has served for not less than five years in  
18 the Alaska Army National Guard, the Alaska Air National Guard, [OR]  
19 the Alaska Naval Militia, or [WHO HAS SERVED IN] a reserve unit of the

United States armed forces [IN ALASKA] if the reserve unit required, as a minimum, one weekend each month of duty and 15 consecutive days of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and whose discharge was under honorable conditions.

\* Sec. 7. AS 18.56.115 is amended to read:

Sec. 18.56.115. INDEPENDENT FINANCIAL ADVISOR. In negotiating the private sale of bonds or bond anticipation notes to an underwriter, the corporation may [SHALL] retain a financial advisor. A financial advisor retained under this section must be [WHO IS] independent from the underwriter.

\* Sec. 8. AS 18.56 is amended by adding a new section to read:

Sec. 18.56.205. RESIDENTIAL MORTGAGE ASSISTANCE FOR MEMBERS OF THE ALASKA DELEGATION TO CONGRESS. The corporation may extend the special mortgage loan purchase program (AS 18.56.098) to purchase a mortgage loan made for the purchase or rehabilitation of a residence located in the District of Columbia or within 50 miles of the District of Columbia to a member of the United States Congress from Alaska if the member is otherwise qualified for assistance under the special mortgage loan purchase program.

\* Sec. 9. AS 44.47.380 is amended to read:

Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created in the Department of Community and Regional Affairs, as a revolving loan fund, the housing assistance loan fund consisting of money appropriated to it by the legislature and repayments of principal of loans made or purchased from the assets of the fund. Interest on loans made or purchased from the assets of the fund must be transferred to the Department of Revenue for deposit in the general fund. The director shall administer the housing assistance loan fund in accordance with AS 44.47.360 - 44.47.560 and shall use the money in the housing

1 assistance loan fund to originate, purchase, or participate in the  
2 purchase of

3 (1) nonconforming and rural housing mortgage loans;

4 (2) loans made for building materials for nonconforming and  
5 rural housing;

6 (3) loans made for renovations or improvements to noncon-  
7 forming and rural housing;

8 (4) loans made for the construction of owner-occupied  
9 nonconforming and rural housing other than loans to builders or con-  
0 tractors or loans that compensate an owner for the owner's labor or  
1 services in constructing the owner's own housing.

2 \* Sec. 10. AS 44.47 is amended by adding a new section to read:

3 Sec. 44.47.382. HOME OWNERSHIP ASSISTANCE FUND. (a) There is  
4 created in the Department of Community and Regional Affairs, the home  
5 ownership assistance fund consisting of money appropriated to it by  
6 the legislature. Money in the fund shall be used solely to assist  
7 persons of lower and moderate income to purchase or construct single-  
8 family homes financed under AS 44.47.360 - 44.47.560 by providing a  
9 subsidy to those persons.

0 (b) The subsidy provided by this section may not exceed the  
1 amount that is necessary to reduce the annual interest rate paid on  
2 the mortgage loan to six percent.

3 (c) A mortgage loan that is subsidized from the home ownership  
4 assistance fund may not exceed \$120,000.

5 (d) The division shall adopt regulations that establish maximum  
6 income-to-loan payment ratios for persons who apply for a subsidy  
7 under this section.

8 (e) In this section, "persons of lower and moderate income"  
9 means individuals considered by the division to require assistance

under this section because of inadequate income or other limited personal financial resources, taking into consideration

- (1) the amount of total income available for housing needs;
- (2) the size of the family;
- (3) the cost and condition of available housing;
- (4) standards established in various federal programs for determining eligibility based on income;
- (5) the ability to enter the private housing market and to pay market amounts for decent, safe, and sanitary housing; and
- (6) other factors considered relevant by the division.

\* Sec. 11. AS 44.47.390(4) is amended to read:

(4) originate a direct loan for nonconforming or rural housing or purchase or participate in the purchase of a nonconforming or rural housing mortgage loan, other than a loan for the repair, remodeling, rehabilitation, or expansion of an existing owner-occupied residence, if the borrower has an outstanding housing loan made under a state loan program, other than a loan for nonowner-occupied housing under AS 44.47.520, that bears interest at a rate that was less than the prevailing market interest rate for similar housing loans at the time the loan was made.

\* Sec. 12. AS 44.47.390 is amended by adding a new paragraph to read:

*Ven's language*  
(5) originate a direct mortgage loan or purchase or participate in the purchase of a mortgage loan for rental housing unless the borrower agrees not to discriminate against tenants or prospective tenants because of sex, marital status, changes in marital status, pregnancy, parenthood, race, religion, color, or national origin.

\* Sec. 13. AS 44.47.410 is amended to read:

Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a mortgage loan originated or purchased in whole or in part under

AS 44.47.380 for nonconforming housing that is not rural housing is one-quarter percent more than [EQUAL TO] the interest rate, as determined under AS 18.56.098(g)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before the origination or purchase of the mortgage loan originated or purchased under AS 44.47.380.

(b) The interest rate on a mortgage loan originated or purchased in whole or in part under AS 44.47.380 for rural housing is one percent less than the interest rate, as determined under AS 18.56.098-(g)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before the origination or purchase of the mortgage loan originated or purchased under AS 44.47.380 [10-1/2 PERCENT].

\* Sec. 14. AS 44.47.560(5) is repealed and reenacted to read:

(5) "rural" means of or relating to a community in the state with a population of 4,500 or less, as determined by the department under AS 29.88.015, that

(A) is not connected by road or rail to Anchorage; or

(B) is connected by road or rail to Anchorage, but is more than 50 air miles from Anchorage;

\* Sec. 15. AS 45.88.500(2) is amended by adding a new subparagraph to read:

(E) a steam, hot water, or ducted hot air central heating system that uses wood or coal for fuel; *See memo from Asper*

\* Sec. 16. AS 18.56.098(g)(2) and AS 44.47.385 are repealed.

\* Sec. 17. Section 10 of this Act takes effect January 1, 1984.

\* Sec. 18. Sections 1 - 9, and 11 - 16 of this Act take effect immediately in accordance with AS 01.10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHR 302 (Fin)  
 Title State Housing Loans  
 Requested by House Finance Date 5/17/83

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs  
 Program Category Affected Development  
 BRU, Program, Or Subprogram(s) Affected Housing Assistance  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES		141	193	205	217	230
200 TRAVEL		41	44	46.1	48.9	51.8
300 CONTRACTUAL		12	13	13.5	14.3	15.2
400 COMMODITIES		29	31	32	33	34
500 EQUIPMENT		2	3.1	3.3	3.5	3.7
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		226	284.1	299.9	316.7	334.7

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source) Program Receipts		226	284.1	299.9	316.7	334.7

POSITIONS

FULL TIME		5	5	5	5	5
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This appropriation will fund the increased costs of operating the home ownership assistance program created in this bill. It is the only appropriation, in addition to the funding provided in CSHB 315 (Finance), which is necessary to provide these low interest loans. These costs will be funded with program receipts. See the attachment for details on the funding provided through this fiscal note.

IV. DATE 5/17/83 PREPARED BY Al Adams, Chairman *APA*  
 AGENCY House Finance Committee  
 Original: Legislative Finance PHONE 465.3706  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/82)

Home Ownership Assistance Fund (HOAF) Assumptions for Fiscal Note

Expenditures

OPERATING:

Personal Services

\$141,000

<u>Position</u>	<u>Salary &amp; Benefits</u>
Loan Examiner I	\$ 41,867 (12 months)
Clerk Typist III	20,335 (9 months)
Accountant III	25,883 (6 months)
Accounting Clerk III	22,890 (9 months)
Documents Processing Clerk III	<u>30,519 (12 months)</u>
	\$141,000 (rounded down)

All salaries are based on GGU Salary Schedule for A ranges Effective 1/1/83 for number of months requested.

Benefits were calculated at .0613 of gross salaries.

Supplemental benefits were calculated at DCRA FY'84 variable rate of .1537.

Fixed benefits were calculated at gross salary x 240.

FY'84 impacts for new positions varied between 12 and 6 months. FY'85 projections assume all positions at 12 month plus 6% salary inflation costs. Subsequent years assume only annual inflation rate of 6%.

Travel

\$ 41,000

Travel is assumed to reflect both direct and indirect lending services of the division. FY'84 travel reflects the following specific assumptions:

Loan Examiner I to hearings in six field locations	\$ 2,500
Accountant, 6 trips to Juneau ..	<del>3,000</del>
Central office to bring field staff for training on new program	5,000
6 field offices @ 5,000 each for increased direct services and program outreach	<u>30,000</u>
	<u>\$41,000</u>

HOAF Assumptions for Fiscal Note  
Page 2

Contractual \$ 12,000

Contractual assumptions were as follows

- New Regulations	\$ 8,500
- Computer programming	3,500
	<u>\$12,000</u>

Commodities \$ 29,000

Commodities assumptions were based on present cost of equipment for desks, chairs, files, WANG stations and data processing equipment.

Equipment \$ 3,000

Equipment is assumed at \$500 per new position plus \$500 for extra supplies to field.

Annual projections carry a 6% inflation calculation.

Total Fiscal Note Request \$226,000

Additional Personal Services data is provided on the attached FY'84 Budget Forms. Please note the justification section on each form for a needs assessment of each position requested.

1.	POSITION TITLE LOAN EXAMINER I				RANGE/STEP 15-A	BARC. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.		
3.	CONTINUATION LEVEL		ADDITION		JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1	2	3							
	PERSONAL SERVICES									
5.	Salary 2398 x 12	28,776								
6.	Benefits	1,763								
7.	Supplemental Benefits	4,422								
8.	Fixed Benefits	6,906								
9.	TOTAL PERSONAL SERVICES	01	41,867							
10.	Travel	02	2,500							
11.	Contractual	03	-0-							
12.	Commodities	04	6,500							
13.	Equipment	05	500							
14.	Other		-0-							
15.	TOTAL COST		52,767							
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004		52,767						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY										
4A KEY NUMBER _____										

1. This position is calculated for twelve months to absorb extra underwriting duties expected from renewal of rural interest rates reduced from urban ratchet rate. Other duties will include establishment of eligibility criteria forms for HOAF program, drafting of regulations to administer program, development of rural outreach and training projects for the division and underwriting of all HOAF loans. First year estimated activity is 176 HOAF loans averaging \$85,000 each for a total underwriting responsibility of \$15,000,000.

2. Travel includes public hearing schedule for rural HOAF loan program in all regional office locations.

3. Commodities reflect office equipment, word and data processing equipment for this position.

**13** REQUEST FOR  
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM \_\_\_\_\_

BRU HOUSING ASSISTANCE DIVISION

COMPONENT \_\_\_\_\_

**FY 84**

Page \_\_\_\_\_ of \_\_\_\_\_

Revised Date \_\_\_\_\_

1.	POSITION TITLE CLERK TYPIST III				RANGE/STEP 08-A	BARG. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 9	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.		
3.	CONTINUATION LEVEL		ADDITION	X	JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT	<p>1. This clerical position will support an FY'84 increase in professional staff and assume all clerical duties for certification and recertification of HOAF clients.</p> <p>2. Commodities are assumed to cover office and data processing equipment for this position.</p>					
	1	2	3							
	PERSONAL SERVICE									
5.	Salary	1553 x 9	13,977							
6.	Benefits		856							
7.	Supplemental Benefits		2,148							
8.	Fixed Benefits		3,354							
9.	TOTAL PERSONAL SERVICES	01	20,335							
10.	Travel	02	-0-							
11.	Contractual	03	-0-							
12.	Commodities	04	4,500							
13.	Equipment	05	500							
14.	Other									
15.	TOTAL COST		25,335							
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004		25,335						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY										
4A KEY NUMBER _____										

**13** REQUEST FOR  
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM \_\_\_\_\_

BRU HOUSING ASSISTANCE DIVISION

COMPONENT \_\_\_\_\_

**FY 84**

Page \_\_\_\_\_ of \_\_\_\_\_

Revised Date \_\_\_\_\_

1.	POSITION TITLE ACCOUNTANT III				RANGE/STEP 18-A	BARC. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 6	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.		
3.	CONTINUATION LEVEL	ADDITION	X		JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT	<ol style="list-style-type: none"> <li>This position will oversee all accounting staff of the division (3) and will monitor all revolving loan fund accounts, subsidy accounts, operating loss reserve account and title loss reserve account.</li> <li>This position will be responsible for reconciliation with PBA for an estimated \$155 million in loan funds and \$55 million in construction grant funds by the end of FY'84.</li> <li>This position will be the final department authority on low income eligibility for loan or grant programs on direct services.</li> <li>This position will be the final department authority for reconciliation with all seller/servicers on indirect services.</li> <li>This position will maintain an ongoing portfolio analysis of expenditures and advise management on expenditure patterns per statute for each program.</li> <li>This position is based on 6 months only for FY'84 and assumes 6 trips to Juneau @ \$600 each annually.</li> <li>Contractual costs are assumed for special computer programming services.</li> <li>Commodities reflect office equipment and data processing equipment.</li> </ol>					
	1	2	3							
	PERSONAL SERVICES									
5.	Salary	2965 x 6	17,790							
6.	Benefits		1,090							
7.	Supplemental Benefits		2,734							
8.	Fixed Benefits		4,269							
9.	TOTAL PERSONAL SERVICES	01	25,883							
10.	Travel	02	3,600							
11.	Contractual	03	2,000							
12.	Commodities	04	4,500							
13.	Equipment	05	500							
14.	Other									
15.	TOTAL COST		36,483							
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004		36,483						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								

FOR B&M USE ONLY

4A KEY NUMBER \_\_\_\_\_

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM \_\_\_\_\_

BRU HOUSING ASSISTANCE DIVISION

COMPONENT \_\_\_\_\_

**FY 84**

**13** REQUEST FOR  
NEW POSITION

Page \_\_\_\_\_ of \_\_\_\_\_

Revised Date \_\_\_\_\_

1.	POSITION TITLE ACCOUNTING CLERK III				RANGE/STEP 10-A	BARG. UNIT G	FORM 12 PAGE/LINE	COV.	APPRDV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 9	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.		
3.	CONTINUATION LEVEL		ADDITION	X	JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT	<p>1. This position is calculated at 9 months only. It will accomodate increased accounting responsibilities as a result of interest rate reductions in rural Alaska.</p> <p>2. This position will assist accounting technician staff in posting PITI figures for an estimated 1150 loans prior to assumption of new loan program for low income borrowers in rural Alaska.</p> <p>3. Accounting unit currently has no clerical support. More correspondence with PBA regarding low income and existing program borrowers is anticipated.</p> <p>4. Weight of data processing conversions and file maintenance for accounting unit will be borne by accounting unit clerical staff person.</p> <p>5. Commodities include office equipment, word and data processing equipment for this position.</p>					
	1	2	3							
	PERSONAL SERVICES*									
5.	Salary	1748 x 9	15,732							
6.	Benefits		964							
7.	Supplemental Benefits		2,418							
8.	Fixed Benefits		3,776							
9.	TOTAL PERSONAL SERVICES	01	22,890							
10.	Travel	02	-0-							
11.	Contractual	03	-0-							
12.	Commodities	04	6,500							
13.	Equipment	05	500							
14.	Other									
15.	TOTAL COST		31,890							
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004		31,890						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR D&M USE ONLY										
4A KEY NUMBER _____										

**13** REQUEST FOR  
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM \_\_\_\_\_

BRU HOUSING ASSISTANCE DIVISION

COMPONENT \_\_\_\_\_

**FY 84**

Page \_\_\_\_\_ of \_\_\_\_\_  
Revised Date \_\_\_\_\_

1.	POSITION TITLE DOCUMENTS PROCESSING CLERK III			RANGE/STEP 10-A	BARG. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PPT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.	
3.	CONTINUATION LEVEL	ADDITION	X	JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT					
	1	2	3						
	PERSONAL SERVICES*								
5.	Salary 1748 x 12	20,976							
6.	Benefits	1,285							
7.	Supplemental Benefits	3,224							
8.	Fixed Benefits	5,034							
9.	TOTAL PERSONAL SERVICES	01	30,519						
10.	Travel	02	-0-						
11.	Contractual	03	1,500						
12.	Commodities	04	6,500						
13.	Equipment	05	500						
14.	Other		-0-						
15.	TOTAL COST		39,019						
	RECEIPT CODE	FUNDING SOURCE							
16.		Federal Receipts 1002							
17.		G.F. Hatch 1003							
18.		General Funds 1004		39,019					
19.		I-A Receipts 1005							
20.		Program Receipts 1028							
21.		Other							
FOR B&M USE ONLY 4A KEY NUMBER _____									

1. This position will be responsible for all loan file transfers between six field offices and the central office and between the central office and all seller/servicers
2. This position receives all files logged in and will enter them into data processing, review them for completeness, distribute to underwriters, accountants or loan closers for action.
3. This position receives all completed files from HAD staff and transmits to seller/servicers all executed documents of file.
4. This position is responsible for maintaining all logs, tracking and filing systems for the division.
5. Contractual services are calculated to assume additional data processing programming for new programs and present programs experiencing interest rate adjustments.
6. Commodities are estimated to include office equipment word and data processing equipment for this position.

**13** REQUEST FOR  
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM \_\_\_\_\_

BRU HOUSING ASSISTANCE DIVISION

COMPONENT \_\_\_\_\_

**FY 84**

Page \_\_\_\_\_ of \_\_\_\_\_  
Revised Date \_\_\_\_\_

CHANGES FROM LOANS CS IN THIS PROPOSED CS HB 302 (FINANCE)

1. All sections raising the subsidized portion of the loan from \$90,000 to \$100,000 have been removed.
2. Two new sections (p. 2, lines 5-9 and p. 6, lines 21-26) have been added to prohibit discrimination in rental housing financed through AHFC or DCRA.
3. Secs. 4 and 5 (p. 2) have been changed by replacing \$100,000 with the \$90,000 currently in statute. Again, this change is made to reflect the subcommittee's decision not to raise the subsidized portion of a loan from \$90,000 to \$100,000.
4. The new rural deep subsidy program is made eligible for purchase or construction of single family homes. (See sec. 10, line 17, p. 5.)
5. The language of section 15 has been changed to reflect the use of wood or coal for fuel, only. Please see the memorandum from Legal Services regarding the appropriateness of adding the phrase: "notwithstanding (3)(A) of this section" and the reason for its omission from this draft of the committee substitute.

STATE OF ALASKA  
THE LEGISLATURE

FOUCHY - STATE CAPITOL  
JUNEAU, ALASKA 99801  
907-465-3000

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 19, 1983

SUBJECT: Alternative energy systems  
(CSHB 302 (Finance))

TO: Representative Albert P. Adams  
Chairman, House Finance Committee

FROM: *LHA* Linn H. Asper  
Legislative Counsel

I have prepared a draft of a Finance committee substitute for HB 302. One of your requests was to add language to the proposed amendment to AS 45.88.500(2) that would state that the addition of certain central heating systems to the list of alternative energy systems eligible for loans under AS 45.88 is "notwithstanding (3)(A) of this section". AS 45.88.500(3)(A) excludes wood, coal, or multifuel heating stoves from eligible alternative energy systems.

*\** A "notwithstanding" clause is used to establish priority between two legislative provisions where there is a conflict between them. In this case, however, there is no conflict. Instead, in AS 45.88.500, close distinctions have been made between "wood, coal, or multifuel heating stoves" (45.88.-500(3)(A)), "woodstoves with catalytic converters" (45.88.-500(2)(D)), and the proposed "central heating systems that use wood or coal for fuel" (45.88.500(2)(E)). It is my opinion that the use of a "notwithstanding" clause is not necessary in this situation and will only add confusion to an already complicated statutory provision. Furthermore, if a "notwithstanding" clause is added to the new language, it should also be added to the existing provision dealing with catalytic converters, AS 45.88.500(2)(D).

The underlying problem with this legislation is caused by the legislature's attempt to create distinctions between energy systems that are very similar. To remedy this problem the better approach would be to rework the entire

Representative Albert P. Adams

Page 2

May 19, 1983

section, or to allow the close distinctions to be made by regulations adopted by the department that administers the loan program.

LHA:ljb

20/029

Original sponsor: House Special Committee  
on State Loans

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 302 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to state housing loan and state alternative technology loan programs; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

\* Section 1. AS 18.56.096(1) is amended to read:

(1) a first mortgage loan under this chapter for a duplex, triplex, or four-plex that exceeds the limitations on first mortgage loans for similar housing purchased by the Federal National Mortgage Association as to principal amount and loan-to-value ratio; [OR]

\* Sec. 2. AS 18.56.096(2) is amended to read:

(2) a second mortgage loan for a duplex, triplex, or four-plex the amount of which, when combined with the principal balance of a first mortgage loan on the property, exceeds the limitation on the amount set out in (1) of this section or that has a loan-to-value ratio, when considered with the principal balance of the first mortgage loan, that exceeds 90 percent; [.]

\* Sec. 3. AS 18.56.096 is amended by adding new paragraphs to read:

(4) a first mortgage loan for a single-family residence that exceeds the limitations on first mortgage loans for similar housing purchased by the Federal National Mortgage Association as to principal amount by more than 10 percent, or has a loan-to-value ratio that exceeds 95 percent, or a second mortgage loan for a single-family residence, the amount of which, when combined with the principal balance of a first mortgage loan on the property, exceeds the

1 limitations on loans for similar housing purchased by the Federal  
2 National Mortgage Association as to principal amount by more than 10  
3 percent, or has a loan-to-value ratio, when considered with the prin-  
4 cipal balance of the first mortgage loan, that exceeds 90 percent; or

5 (5) a first or second mortgage loan for rental housing  
6 unless the borrower agrees not to discriminate against tenants or  
7 prospective tenants because of sex, marital status, changes in marital  
8 status, pregnancy, parenthood, race, religion, color, or national  
9 origin.

10 \* Sec. 4. AS 18.56.098(g)(1) is amended to read:

11 (1) The interest rate on the first \$90,000 of a mortgage  
12 loan purchased with the proceeds of an [THE FIRST] issue of taxable  
13 bonds of the corporation is three percent less than [10 PERCENT OR]  
14 the cost of funds of that issue, except that

15 (A) if the cost of funds of that issue is less than 10  
16 percent, the interest rate is equal to the cost of funds; and

17 (B) if the cost of funds of that issue is more than 10  
18 percent, the interest rate may not be less than 10 percent [,  
19 WHICHEVER IS LESS].

20 \* Sec. 5. AS 18.56.098(g)(5) is amended to read:

21 (5) The interest rate on the first \$90,000 of a mortgage  
22 loan purchased with [FROM] money that is not the proceeds of either  
23 taxable or tax-exempt bonds [APPROPRIATED TO THE CORPORATION] is the  
24 rate the corporation determines is appropriate by application of the  
25 provisions of (1) [- (4)] of this subsection. [THE RATE MAY BE BASED  
26 ON AN ESTIMATE OF THE COST OF FUNDS OF A PROPOSED ISSUE OR ISSUES OF  
27 BONDS.]

28 \* Sec. 6. AS 18.56.101 is amended to read:

29 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The

1 following persons are eligible veterans for the purposes of AS 18.56.-  
2 098(g) and (h):

3 (1) a person who served in the armed forces of the United  
4 States for 90 days or more, or whose service was for less than 90 days  
5 because of injury or disability incurred in the line of duty, after  
6 April 6, 1917,

7 [(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS  
8 A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR  
9 NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO  
0 RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER DIS-  
1 CHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE  
2 TERRITORY OR STATE; OR

3 (B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE TERRI-  
4 TORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAS BEEN A  
5 RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR AT THE  
6 TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO THE  
7 TERRITORY OR STATE FOR AT LEAST FIVE YEARS; AND

8 (C)] whose discharge was under honorable conditions;

9 (2) the widow or widower of a member of the armed forces or  
0 an eligible veteran if

1 [(A) THE MEMBER OR VETERAN WAS A RESIDENT OF THE TERRI-  
2 TORY OR STATE FOR ONE YEAR BEFORE INDUCTION INTO THE SERVICE;

3 (B)] the member or veteran served in the armed forces  
4 for at least 90 days after April 6, 1917 [;] and

5 [(C)] the veteran's [HIS] discharge was under honorable  
6 conditions;

7 (3) a person who has served for not less than five years in  
8 the Alaska Army National Guard, the Alaska Air National Guard, [OR]  
9 the Alaska Naval Militia, or [WHO HAS SERVED IN] a reserve unit of the

United States armed forces [IN ALASKA] if the reserve unit required, as a minimum, one weekend each month of duty and 15 consecutive days of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and whose discharge was under honorable conditions.

\* Sec. 7. AS 18.56.115 is amended to read:

Sec. 18.56.115. INDEPENDENT FINANCIAL ADVISOR. In negotiating the private sale of bonds or bond anticipation notes to an underwriter, the corporation may [SHALL] retain a financial advisor. A financial advisor retained under this section must be [WHO IS] independent from the underwriter.

\* Sec. 8. AS 18.56 is amended by adding a new section to read:

Sec. 18.56.205. RESIDENTIAL MORTGAGE ASSISTANCE FOR MEMBERS OF THE ALASKA DELEGATION TO CONGRESS. The corporation may extend the special mortgage loan purchase program (AS 18.56.098) to purchase a mortgage loan made for the purchase or rehabilitation of a residence located in the District of Columbia or within 50 miles of the District of Columbia to a member of the United States Congress from Alaska if the member is otherwise qualified for assistance under the special mortgage loan purchase program.

\* Sec. 9. AS 44.47.380 is amended to read:

Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created in the Department of Community and Regional Affairs, as a revolving loan fund, the housing assistance loan fund consisting of money appropriated to it by the legislature and repayments of principal of loans made or purchased from the assets of the fund. Interest on loans made or purchased from the assets of the fund must be transferred to the Department of Revenue for deposit in the general fund. The director shall administer the housing assistance loan fund in accordance with AS 44.47.360 - 44.47.560 and shall use the money in the housing

1 assistance loan fund to originate, purchase, or participate in the  
2 purchase of

3 (1) nonconforming and rural housing mortgage loans;

4 (2) loans made for building materials for nonconforming and  
5 rural housing;

6 (3) loans made for renovations or improvements to noncon-  
7 forming and rural housing;

8 (4) loans made for the construction of owner-occupied  
9 nonconforming and rural housing other than loans to builders or con-  
0 tractors or loans that compensate an owner for the owner's labor or  
1 services in constructing the owner's own housing.

2 \* Sec. 10. AS 44.47 is amended by adding a new section to read:

3 Sec. 44.47.382. HOME OWNERSHIP ASSISTANCE FUND. (a) There is  
4 created in the Department of Community and Regional Affairs, the home  
5 ownership assistance fund consisting of money appropriated to it by  
6 the legislature. Money in the fund shall be used solely to assist  
7 persons of lower and moderate income to purchase or construct single-  
8 family homes financed under AS 44.47.360 - 44.47.560 by providing a  
9 subsidy to those persons.

0 (b) The subsidy provided by this section may not exceed the  
1 amount that is necessary to reduce the annual interest rate paid on  
2 the mortgage loan to six percent.

3 (c) A mortgage loan that is subsidized from the home ownership  
4 assistance fund may not exceed \$120,000.

5 (d) The division shall adopt regulations that establish maximum  
6 income-to-loan payment ratios for persons who apply for a subsidy  
7 under this section.

8 (e) In this section, "persons of lower and moderate income"  
9 means individuals considered by the division to require assistance

under this section because of inadequate income or other limited personal financial resources, taking into consideration

- (1) the amount of total income available for housing needs;
- (2) the size of the family;
- (3) the cost and condition of available housing;
- (4) standards established in various federal programs for determining eligibility based on income;

(5) the ability to enter the private housing market and to pay market amounts for decent, safe, and sanitary housing; and

(6) other factors considered relevant by the division.

\* Sec. 11. AS 44.47.390(4) is amended to read:

(4) originate a direct loan for nonconforming or rural housing or purchase or participate in the purchase of a nonconforming or rural housing mortgage loan, other than a loan for the repair, remodeling, rehabilitation, or expansion of an existing owner-occupied residence, if the borrower has an outstanding housing loan made under a state loan program, other than a loan for nonowner-occupied housing under AS 44.47.520, that bears interest at a rate that was less than the prevailing market interest rate for similar housing loans at the time the loan was made.

\* Sec. 12. AS 44.47.390 is amended by adding a new paragraph to read:

*Ven's language*

(5) originate a direct mortgage loan or purchase or participate in the purchase of a mortgage loan for rental housing unless the borrower agrees not to discriminate against tenants or prospective tenants because of sex, marital status, changes in marital status, pregnancy, parenthood, race, religion, color, or national origin.

\* Sec. 13. AS 44.47.410 is amended to read:

Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a mortgage loan originated or purchased in whole or in part under

AS 44.47.380 for nonconforming housing that is not rural housing is one-quarter percent more than [EQUAL TO] the interest rate, as determined under AS 18.56.098(g)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before the origination or purchase of the mortgage loan originated or purchased under AS 44.47.380.

(b) The interest rate on a mortgage loan originated or purchased in whole or in part under AS 44.47.380 for rural housing is one percent less than the interest rate, as determined under AS 18.56.098(a)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before the origination or purchase of the mortgage loan originated or purchased under AS 44.47.380 [10-1/2 PERCENT].

\* Sec. 14. AS 44.47.560(5) is repealed and reenacted to read:

(5) "rural" means of or relating to a community in the state with a population of 4,500 or less, as determined by the department under AS 29.88.015, that

(A) is not connected by road or rail to Anchorage; or

(B) is connected by road or rail to Anchorage, but is more than 50 air miles from Anchorage;

\* Sec. 15. AS 45.88.500(2) is amended by adding a new subparagraph to read:

(E) a steam, hot water, or ducted hot air central heating system that uses wood or coal for fuel; *See memo from Aspen*

\* Sec. 16. AS 18.56.098(g)(2) and AS 44.47.385 are repealed.

\* Sec. 17. Section 10 of this Act takes effect January 1, 1984.

\* Sec. 18. Sections 1 - 9, and 11 - 16 of this Act take effect immediately in accordance with AS 01.10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 302 (Fin)  
 Title State Housing Loans  
 Requested by House Finance Date 5/17/83

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs  
 Program Category Affected Development  
 ERU, Program, Or Subprogram(s) Affected Housing Assistance  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES		141	193	205	217	230
200 TRAVEL		41	44	46.1	48.9	51.8
300 CONTRACTUAL		12	13	13.5	14.3	15.2
400 COMMODITIES		29	31	32	33	34
500 EQUIPMENT		3	3.1	3.3	3.5	3.7
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>226</b>	<b>284.1</b>	<b>299.9</b>	<b>316.7</b>	<b>334.7</b>

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
Program Receipts		226	284.1	299.9	316.7	334.7

POSITIONS

FULL TIME		5	5	5	5	5
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This appropriation will fund the increased costs of operating the home ownership assistance program created in this bill. It is the only appropriation, in addition to the funding provided in CSHB 315 (Finance), which is necessary to provide these low interest loans. These costs will be funded with program receipts. See the attachment for details on the funding provided through this fiscal note.

IV. DATE 5/17/83 PREPARED BY Al Adams, Chairman *APA*  
 AGENCY House Finance Committee  
 Original: Legislative Finance PHONE 465.3706  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Home Ownership Assistance Fund (HOAF) Assumptions for Fiscal Note

Expenditures

OPERATING:

Personal Services

\$141,000

<u>Position</u>	<u>Salary &amp; Benefits</u>
Loan Examiner I	\$ 41,867 (12 months)
Clerk Typist III	20,335 (9 months)
Accountant III	25,883 (6 months)
Accounting Clerk III	22,890 (9 months)
Documents Processing Clerk III	<u>30,519 (12 months)</u>
	\$141,000 (rounded down)

All salaries are based on GGU Salary Schedule for A ranges Effective 1/1/83 for number of months requested.

Benefits were calculated at .0613 of gross salaries.

Supplemental benefits were calculated at DCRA FY'84 variable rate of .1537.

Fixed benefits were calculated at gross salary x 240.

FY'84 impacts for new positions varied between 12 and 6 months. FY'85 projections assume all positions at 12 month plus 6% salary inflation costs. Subsequent years assume only annual inflation rate of 6%.

Travel

\$ 41,000

Travel is assumed to reflect both direct and indirect lending services of the division. FY'84 travel reflects the following specific assumptions:

Loan Examiner I to hearings in six field locations	\$ 2,500
Accountant, 6 trips to Juneau	3,600
Central office to bring field staff for training on new program	5,000
6 field offices @ 5,000 each for increased direct services and program outreach	<u>30,000</u>
	\$41,000

HOAF Assumptions for Fiscal Note  
Page 2

Contractual \$ 12,000

Contractual assumptions were as follows

- New Regulations	\$ 8,500
- Computer programming	3,500
	<u>\$12,000</u>

Commodities \$ 29,000

Commodities assumptions were based on present cost of equipment for desks, chairs, files, WANG stations and data processing equipment.

Equipment \$ 3,000

Equipment is assumed at \$500 per new position plus \$500 for extra supplies to field.

Annual projections carry a 6% inflation calculation.

Total Fiscal Note Request \$226,000

Additional Personal Services data is provided on the attached FY'84 Budget Forms. Please note the justification section on each form for a needs assessment of each position requested.

1.	POSITION TITLE LOAN EXAMINER I				RANGE/STEP 15-A	BARC. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE				AMOUNT					
	1		2		3					
	PERSONAL SERVICES									
5.	Salary 2398 x 12		28,776							
6.	Benefits		1,763							
7.	Supplemental Benefits		4,422							
8.	Fixed Benefits		6,906							
9.	TOTAL PERSONAL SERVICES		01		41,867					
10.	Travel		02		2,500					
11.	Contractual		03		-0-					
12.	Commodities		04		5,500					
13.	Equipment		05		500					
14.	Other				-0-					
15.	TOTAL COST				52,767					
	RECEIPT CODE				FUNDING SOURCE					
16.					Federal Receipts 1002					
17.					G.F. Match 1003					
18.					General Funds 1004					
19.					I-A Receipts 1005					
20.					Program Receipts 1028					
21.					Other					
FOR B&M USE ONLY										
4A KEY NUMBER										

1. This position is calculated for twelve months to absorb extra underwriting duties expected from renewal of rural interest rates reduced from urban ratchet rate. Other duties will include establishment of eligibility criteria forms for HOAF program, drafting of regulations to administer program, development of rural outreach and training projects for the division and underwriting of all HOAF loans. First year estimated activity is 176 HOAF loans averaging \$85,000 each for a total underwriting responsibility of \$15,000,000.

2. Travel includes public hearing schedule for rural HOAF loan program in all regional office locations.

3. Commodities reflect office equipment, word and data processing equipment for this position.

**13** REQUEST FOR  
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM \_\_\_\_\_

BRU HOUSING ASSISTANCE DIVISION

COMPONENT \_\_\_\_\_

**FY 84**

Page \_\_\_\_\_ of \_\_\_\_\_

Revised Date \_\_\_\_\_

1.	POSITION TITLE CLERK TYPIST III				RANGE/STEP 08-A	BARC. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 9	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.		
3.	CONTINUATION LEVEL	ADDITION	X		JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT	<p>1. This clerical position will support an FY'84 increase in professional staff and assume all clerical duties for certification and recertification of HOAF clients.</p> <p>2. Commodities are assumed to cover office and data processing equipment for this position.</p>					
	1	2	3							
	PERSONAL SERVICES*									
5.	Salary	1553 x 9	13,977							
6.	Benefits		856							
7.	Supplemental Benefits		2,148							
8.	Fixed Benefits		3,354							
9.	TOTAL PERSONAL SERVICES	01	20,335							
10.	Travel	02	-0-							
11.	Contractual	03	-0-							
12.	Commodities	04	4,500							
13.	Equipment	05	500							
14.	Other									
15.	TOTAL COST		25,335							
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004		25,335						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY 4A KEY NUMBER _____										

**13** REQUEST FOR  
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM \_\_\_\_\_

BRU HOUSING ASSISTANCE DIVISION

COMPONENT \_\_\_\_\_

**FY 84**

Page \_\_\_\_\_ of \_\_\_\_\_  
Revised Date \_\_\_\_\_

1.	POSITION TITLE ACCOUNTANT III				RANGE/STEP 18-A	BARG. UNIT G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 6	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.		
3.	CONTINUATION LEVEL		ADDITION	X	JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT	<p>1. This position will oversee all accounting staff of the division (3) and will monitor all revolving loan fund accounts, subsidy accounts, operating loss reserve account and title loss reserve account.</p> <p>2. This position will be responsible for reconciliation with PBA for an estimated \$155 million in loan funds and \$55 million in construction grant funds by the end of FY'84.</p> <p>3. This position will be the final department authority on low income eligibility for loan or grant programs on direct services.</p> <p>4. This position will be the final department authority for reconciliation with all seller/servicers on indirect services.</p> <p>5. This position will maintain an ongoing portfolio analysis of expenditures and advise management on expenditure patterns per statute for each program.</p> <p>6. This position is based on 6 months only for FY'84 and assumes 6 trips to Juneau @ \$600 each annually.</p> <p>7. Contractual costs are assumed for special computer programming services.</p> <p>8. Commodities reflect office equipment and data processing equipment.</p>					
	PERSONAL SERVICES									
5.	Salary	2965 X 6	17,790							
6.	Benefits		1,090							
7.	Supplemental Benefits		2,734							
8.	Fixed Benefits		4,269							
9.	TOTAL PERSONAL SERVICES		01	25,883						
10.	Travel		02	3,600						
11.	Contractual		03	2,000						
12.	Commodities		04	4,500						
13.	Equipment		05	500						
14.	Other									
15.	TOTAL COST			36,483						
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts	1002							
17.		G.F. Match	1003							
18.		General Funds	1004	36,483						
19.		I-A Receipts	1005							
20.		Program Receipts	1028							
21.		Other								
FOR B&M USE ONLY										
4A KEY NUMBER _____										

**13** REQUEST FOR  
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM \_\_\_\_\_

BRU HOUSING ASSISTANCE DIVISION

COMPONENT \_\_\_\_\_

**FY 84**

Page \_\_\_\_\_ of \_\_\_\_\_

Revised Date \_\_\_\_\_

1.	POSITION TITLE ACCOUNTING CLERK III				RANGE/STEP 10-A	DARG. UNIT G	FORM 12 PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 9	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEC.		
3.	CONTINUATION LEVEL		ADDITION	X	JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1		2		3					
	PERSONAL SERVICES									
5.	Salary	1748 X 9			15,732					
6.	Benefits				964					
7.	Supplemental Benefits				2,418					
8.	Fixed Benefits				3,776					
9.	TOTAL PERSONAL SERVICES		01		22,890					
10.	Travel		02		-0-					
11.	Contractual		03		-0-					
12.	Commodities		04		6,500					
13.	Equipment		05		500					
14.	Other									
15.	TOTAL COST				31,890					
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004			31,890					
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY 4A KEY NUMBER _____										

1. This position is calculated at 9 months only. It will accommodate increased accounting responsibilities as a result of interest rate reductions in rural Alaska.
2. This position will assist accounting technician staff in posting PITI figures for an estimated 1150 loans prior to assumption of new loan program for low income borrowers in rural Alaska.
3. Accounting unit currently has no clerical support. More correspondence with PBA regarding low income and existing program borrowers is anticipated.
4. Weight of data processing conversions and file maintenance for accounting unit will be borne by accounting unit clerical staff person.
5. Commodities include office equipment, word and data processing equipment for this position.

**13** REQUEST FOR  
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM \_\_\_\_\_

BRU HOUSING ASSISTANCE DIVISION

COMPONENT \_\_\_\_\_

**FY 34**

Page \_\_\_\_\_ of \_\_\_\_\_  
Revised Date \_\_\_\_\_

1.	POSITION TITLE DOCUMENTS PROCESSING CLERK III				RANGE/STEP 10-A	DARG. UNIT G	FORM 12 PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PPT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION EBA	ELECTION DISTRICT 7	LEG.		
3.	CONTINUATION LEVEL	ADDITION	X		JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT	<p>1. This position will be responsible for all loan file transfers between six field offices and the central office and between the central office and all seller/servicers</p> <p>2. This position receives all files logged in and will enter them into data processing, review them for completeness, distribute to underwriters, accountants or loan closers for action.</p> <p>3. This position receives all completed files from HAD staff and transmits to seller/servicers all executed documents of file.</p> <p>4. This position is responsible for maintaining all logs, tracking and filing systems for the division.</p> <p>5. Contractual services are calculated to assume additional data processing programming for new programs and present programs experiencing interest rate adjustments.</p> <p>6. Commodities are estimated to include office equipment word and data processing equipment for this position.</p>					
	1	2	3							
	PERSONAL SERVICES*									
5.	Salary	1748 x 12	20,976							
6.	Benefits		1,285							
7.	Supplemental Benefits		3,224							
8.	Fixed Benefits		5,034							
9.	TOTAL PERSONAL SERVICES		01	30,519						
10.	Travel		02	-0-						
11.	Contractual		03	1,500						
12.	Commodities		04	6,500						
13.	Equipment		05	500						
14.	Other			-0-						
15.	TOTAL COST			39,019						
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Hatch 1003								
18.		General Funds 1004		39,019						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY										
4A KEY NUMBER _____										

**13** REQUEST FOR  
NEW POSITION

AGENCY DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

PROGRAM \_\_\_\_\_

BRU HOUSING ASSISTANCE DIVISION

COMPONENT \_\_\_\_\_

**FY 84**

Page \_\_\_\_\_ of \_\_\_\_\_

Revised Date \_\_\_\_\_

0

HOUSE FINANCE BUDGET HEARING  
SCHEDULE OF INFORMATION PRESENTED

\$7 Million Capital Budget Request - Special Mortgage Loan Purchase Program

Introductory Presentation	Exhibit A
Summary of Mortgage Demand and Proposed Bond Financings	Exhibit B
Reasonableness Test for Estimated FY 84 Mortgage Loan Demand	Exhibit C
Housing Units Authorized by Building Permits: Anchorage	Exhibit D
Summary of First Mortgage Applications by Program	Exhibit E
Summary of State Financial Support	Exhibit F
Program Brochures	Exhibit G

\$50 Million Capital Budget Request - Home Ownership Fund/Mobile Home Loan Program

Introductory Presentation	Exhibit H
Program Brochures:	
Home Ownership Assistance Program	Exhibit I
Mobile Home Loan Program	Exhibit J
Summary of Applications - Mobile Home Loan Program	Exhibit K
Loan Summary:	
Home Ownership Assistance Program	Exhibit L
Mobile Home Loan Program	Exhibit M
Summary of Projected Demand and Proposed Sources of Funding Mobile Home Loan Program	Exhibit N

## ALASKA HOUSING FINANCE CORPORATION

FY 84 Capital Budget Request  
Special Mortgage Loan Purchase Loan Program

The Corporation's original FY 84 capital budget request for the Special Mortgage Loan Purchase Program prepared in September 1982, was for \$200 million. The request has been revised several times as the Corporation nears the end of the current fiscal year and can better estimate the amount of subsidy funds available to be carried over into FY 84.

As finally prepared and presented in Exhibit B, the capital budget request stands at \$7 million. This amount, combined with an estimated \$240 million in carry forward funds and \$8 million in FY 84 subsidy funds earnings will enable the Corporation to meet in excess of \$1.3 billion in total mortgage demand.

There are several factors which have resulted in the substantial funds available for carry forward into the next fiscal year including:

- 1) Total mortgage demand for FY 83 will be approximately \$200 million below the level reflected in the FY 83 budget.
- 2) The FY 83 budget assumed a 5.75% level of subsidy for the taxable program. That level has gradually been reduced down to a current 2.11 percent.
- 3) State Veterans G.O. funded activity was estimated at \$82 million but should total close to \$150 million for FY 83 resulting in a substantial reduction in required subsidy.

ALASKA HOUSING FINANCE CORPORATION  
SPECIAL MORTGAGE LOAN PURCHASE PROGRAM  
SUMMARY OF MORTGAGE DEMAND AND PROPOSED BOND FINANCINGS  
Fiscal Year 1984

(In Millions)

	<u>Estimated Carry-Over From FY '83</u>	<u>Program Repayments And Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy</u>	<u>Subsidy Allocation</u>	<u>Estimated Carry-Over To FY '85</u>	<u>Estimated FY '84 Mortgage Demand</u>
<b>Taxable First Mortgage Program</b>								
State Assisted Mortgage Bonds - Single-Family and Duplex Triplex and Four-plex	\$ 80 5	\$ 40 20	\$ 550	\$ (6)	\$ 183	\$ 54	\$ 50 5	\$ 851 20
<b>First Mortgage Veterans' Program -     State Guaranteed Veterans' Bonds</b>	60		200	(5)	22		10	267
<b>Tax-Exempt First Mortgage Program -     Home Mortgage Bonds</b>	30		200	(5)	32	(27)	50	180
<b>Taxable Second Mortgage Program -     Second Mortgage Bonds</b>	12							12
<b>Reserve to Complete Open Series</b>	—	—	—	—	27	(27)	—	—
<b>TOTAL</b>	<u>\$ 187</u>	<u>\$ 60</u>	<u>\$ 950</u>	<u>\$(16)</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 115</u>	<u>\$1,330</u>

April 28, 1983

ALASKA HOUSING FINANCE CORPORATION  
 SCHEDULE OF SUBSIDY FUNDS  
 (in Millions)  
 Assumes General Obligation Fund Asset  
 Transfer to the SAM Fund

Second Half of FY 83

Subsidy funds available 1/1/83		\$ 19.611
Reverted assets to be used for subsidy		
Cash (102.516 plus 11.023)	\$ 113.540	
(1) Mortgages (136.762 plus 50.062)	<u>186.824</u>	<u>300.364</u>
Total		319.975
Subsidy required January 1 through June 30, 1983		<u>70.776</u>
Subsidy funds available for FY 84		<u>\$249.199</u>

Fiscal Year 1984

Estimated Subsidy		\$264.000
Estimated Earnings on SAM Fund (Avg. Bal. of 100m at 8%)		(8.000)
Subsidy Funds Carried Forward from FY 83		<u>(249.199)</u>
Estimated FY 84 Subsidy Requirement		<u>\$ 6.801</u>

	<u>NON-DVA</u>	<u>DVA (GOF)</u>
(1) Mortgages Reverted	\$172.512	\$ 77.562
Utilized to fill outstanding non-ABE bond issues	(17.000)*	
Discount on \$75 million mortgage to an approximate yield of 13.50%	(18.750)	
Discount on \$70 million (DVA) mortgage to an approximate yield of 13.5%		(27.500)
	<u>\$136.762</u>	<u>\$ 50.062</u>

\*Series B & C \$18.5  
 Series D & E 6.5  
 Series 81- 1 (8.0)  
\$17.0

Note: Mortgage loans remaining in the SAM Fund at June 30, 1983 will consist only of those originally appropriated to the Corporation.

April 28, 1983

ALASKA HOUSING FINANCE CORPORATION  
SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

SUMMARY OF MORTGAGE DEMAND AND PROPOSED BOND FINANCINGS  
Fiscal Year 1984  
<Attachment>

Assumptions

- Continued availability of credit facilities enabling the Corporation to issue intermediate term securities
- Level of subsidy for taxable first mortgage program at 3.00 percent. No modification to the ratchet and mortgage rates totally dependent upon the Corporation's cost of funds.
- Tax exempt interest rates not substantially higher than current levels.
- Federal tax exempt mortgage bond authorization terminating December 1983 (other than authorization for qualified veterans bonds which continues indefinitely). The \$200 million in bond sales reflected in the Schedule would be the last issue sold pursuant to the Mortgage Subsidy Bond Tax Act of 1980.
- Mortgage demand maintained at current levels with seasonal adjustments. Allocation between Taxable First Mortgage Program and State Guaranteed Veterans' Program based upon a reduction in Qualifying Veterans activity to the previous levels experienced under the definition of "State Veteran."
- Legislation received in 1983 authorizing a special general state election approving additional State Guaranteed Bonds for the Veterans Mortgage Program.
- Mortgage loans held in the SAM Fund and reverting from a previous pledge sold to yield approximately 13.50%. If possible, a separate mortgage backed bond issue will be utilized as opposed to a whole loan sale.
- Home Improvement Loan Bonds 1982 Series A called on June 1, 1983 releasing approximately \$7 million back to the Special Mortgage Loan Purchase Program.

April 28, 1983

° State Assisted Mortgage Bonds Series G funds "warehoused" during FY 84 and available for mortgage purchases only if the Corporation's cost of funds increase to a level which allows adherence to the legislatively established rate for the issue.

NOTE: Activity in the Mobile Home Loan Purchase Program is not reflected in the schedule as funding is from appropriations to the Home Ownership Fund with the earnings on the loans used to meet obligations of the Corporation under assistance contracts entered into under the Home Ownership Assistance Program. The Corporation's capital budget request for the Home Ownership Fund for FY 84 is \$50 million which will be used to purchase mobile home loans.

April 28, 1983

ALASKA HOUSING FINANCE CORPORATION

SCHEDULE OF PROPOSED FINANCINGS  
(in Millions)

		<u>Bond Issue</u>	<u>Required Subsidy</u>	<u>Mortgage Loan Pool</u>
<u>January through June 30, 1983</u>				
Taxable First Mortgage Bonds				
SAM Series I	1/83	\$ 50,000	\$ 15,175	\$ 62,500
SAM Series J	3/83	50,000	14,410	62,000
SAM Series K	5/83	75,000	21,500	93,000
Sam Series L	6/83	75,000	21,500	93,000
		<u>250,000</u>	<u>72,585</u>	<u>310,500</u>
State Guaranteed Veterans Bonds				
SGB 1983 First Series	1/83	50,000	1,681	50,100
SGB 1983 Second Series	5/83	125,000	3,750	125,000
SGB 1983 Third Series	6/83	75,000	2,250	75,000
		<u>250,000</u>	<u>7,681</u>	<u>250,100</u>
Other Items Effecting Subsidy:				
Subsidy Reversion upon				
HIL Call	6/83		(7,000)	
Interest Earned on SAM Fund			(8,000)	
Reserve for ABI Bond Issues Completed			12,500	12,500
Cash from SAM Mortgage Loan Fund for Series B & C			(7,000)	
		<u>-</u>	<u>(9,500)</u>	<u>12,500</u>
TOTALS 1/1/83 to 6/30/83		<u>\$500,000</u>	<u>\$ 70,766</u>	<u>\$ 573,100</u>
<u>July 1, 1983 through June 30, 1984</u>				
Taxable First Mortgage Bonds		\$550,000	\$183,000	\$ 727,000
Tax-Exempt First Mortgage Bonds		200,000	32,000	227,000
State Guaranteed Veterans Bonds		200,000	22,000	217,000
Reserve to Complete Open Series			27,000	27,000
TOTALS 7/1/83 to 6/30/84		<u>\$950,000</u>	<u>264,000</u>	<u>\$1,198,000</u>

## ALASKA HOUSING FINANCE CORPORATION

Reasonableness Test for Estimated FY '84  
Mortgage Loan Demand

	<u>Non-Seasonally Adjusted</u>	<u>Seasonally Adjusted</u>
<u>All First Mortgages</u>		
Four weeks from 3/07 to 4/01/83	\$ 105,022,050	\$ 105,022,050
Acceptance Rate	<u>90%</u>	<u>90%</u>
	94,519,845	94,519,845
Seasonal Adjustment		-84%*
	<u>94,519,845</u>	<u>112,523,625</u>
	+ 4	+ 4
	x 52	x 52
Annualized Previous Four Week Activity	<u><u>\$1,228,757,985</u></u>	<u><u>\$1,462,807,125</u></u>

\* March 1982 activity was 78 percent of the average monthly activity for FY '82.

Factors Which May Affect FY 84' Mortgage Loan Demand:

May be Even Higher as a Result of:

- 1) Sustained AHFC Mortgage Rates at thier current relatively low levels.
- 2) Fears of future rate increases.
- 3) Even greater demand in the State Veterans Program as individuals take advantage of the building season and construct their homes and access the very attractive rates.

Note: Building permits for the Municipality of Anchorage through March for Calendar Year 1983 were 2,315 compared to 1,064 for the same period in 1982.

May be Lower as a Result of:

- 1) Increasing rental vacancy rates.
- 2) Saturation of the low-end market.
- 3) Overbuilt situation resulting in a buyers market with consumer expectations that home prices will not be rising in the near future so "why buy now."
- 4) Lengthened transaction times in a slower market.
- 5) A slowdown in the employment growth.

## EXHIBIT D

ANCHORAGE AREA  
OFFICEHOUSING UNITS AUTHORIZED BY BUILDING PERMITS  
LOCALITY: ANCHORAGE

20 APRIL 1983

YEAR	SINGLE FAMILY	2-TO-4 FAMILY	5 OR MORE FAMILY	MOBILE HOMES	TOTAL UNITS	CONVERSIONS + DEMOLITIONS
1970	1,400	(- - - - 1,600 - - - -)		NA	3,000	-59
1971	1,385	(- - - - 1,665 - - - -)		NA	3,050	-39
1972	1,445	(- - - - 1,506 - - - -)		NA	2,951	-63
1973	1,402	(- - - - 684 - - - -)		NA	2,086	-54
1974	1,798	(- - - - 1,024 - - - -)		NA	2,822	-41
1975	1,827	(- - - - 2,183 - - - -)		NA	4,010	-12
1976	1,269	(- - - - 2,216 - - - -)		453	3,938	-46
1977	1,955	1,070	1,432	420	4,877	-22
1978	1,492	751	675	371	3,289	-12
1979	588	270	369	232	1,469	10
1980	897	186	115	190	1,397	9
1981	2,100	483	522	315	3,432	12
1982	<u>3,083</u>	<u>992</u>	<u>2,206</u>	<u>392</u>	<u>6,689</u>	<u>16</u>
1ST 3 MTH 1982 TOTAL	347	141	521	55	1,064	0
1ST 3 MTH 1983						
JAN	60	64	48	16	189	1
FEB	192	101	454	26	773	0
MAR	<u>375</u>	<u>346</u>	<u>599</u>	<u>23</u>	<u>1,353</u>	<u>10</u>
1ST 3 MTH 1983 TOTAL	627	511	1,101	65	2,315	11

ALASKA HOUSING FINANCE CORPORATION  
 SUMMARY OF ALL APPLICATIONS - MONTHLY  
 ALL CONVENTIONAL AND FHA/VA FIRST MORTGAGES  
 (EXCLUDING RURAL PROGRAMS)

		Received		Approved			Denied		
		No.	AMT.	No.	AMT.	%	No.	AMT.	%
January	1982	594	51,059,000	446	38,791,500	75.08	148	12,267,500	24.92
February	1982	619	53,993,250	411	36,773,300	66.40	208	17,219,950	33.60
March	1982	700	62,136,400	476	43,885,950	68.00	224	18,250,450	32.00
April	1982	814	71,741,500	585	52,651,550	71.87	229	19,089,950	28.13
May	1982	924	82,224,400	686	62,095,600	74.24	238	20,128,800	25.76
June	1982	885	80,012,300	680	62,354,600	76.84	205	17,657,700	23.16
July	1982	971	86,966,850	743	66,860,650	76.21	228	20,106,200	23.48
August	1982	1,026	92,246,700	843	77,626,050	82.16	182	16,514,250	17.74
September	1982	957	85,572,150	782	70,300,150	81.71	174	15,112,000	18.18
October	1982	976	87,644,500	768	68,641,250	78.69	208	19,003,250	21.31
November	1982	928	83,319,850	770	69,376,600	82.97	158	13,943,250	17.03
December	1982	1,048	98,282,900	856	81,208,750	81.68	192	17,074,150	18.32
January	1983	905	85,809,300	740	70,602,750	81.77	163	15,036,550	18.01
February	1983	886	85,531,450	734	71,186,550	82.84	152	14,344,900	17.16
March	1983	1,169	116,429,350	1,015	102,012,750	86.83	137	12,675,500	11.72
April	1983	565	55,298,750	274	28,031,000	48.50	35	3,234,200	6.19

Month Appl. Rec.	Pending			In Process		
	No.	AMT.	%	No.	AMT.	%
January	2	140,000	.22	-0-		
March	13	1,304,800	1.11	4	436,300	.34
April	50	5,116,350	8.85	206	18,917,200	36.46

ALASKA HOUSING FINANCE CORPORATION  
SUMMARY OF APPLICATIONS - MONTHLY  
FIRST MORTGAGES UNDER THE MORTGAGE BOND SUBSIDY TAX ACT LOAN PROGRAM

		Received		Approved		%	Denied		%
		No.	AMT.	No.	AMT.		No.	AMT.	
January	1982	144	10,779,050	103	7,644,300	71.53	41	3,134,750	28.47
February	1982	173	13,176,800	75	5,667,100	43.35	98	7,509,700	56.65
March	1982	289	22,005,400	151	11,614,500	52.25	138	10,390,900	47.75
April	1982	284	21,424,450	172	13,011,300	60.56	112	8,413,150	39.44
May	1982	349	27,005,050	229	17,408,750	65.56	120	9,596,750	34.38
June	1982	293	23,398,850	210	16,839,400	71.67	83	6,559,450	28.33
July	1982	382	29,809,300	292	22,798,500	76.44	90	7,010,800	23.56
August	1982	406	32,832,600	337	27,243,200	83.00	69	5,589,400	17.00
September	1982	445	35,525,500	369	29,683,050	82.92	76	5,842,450	17.08
October	1982	491	39,236,550	387	31,070,150	78.82	104	8,166,400	21.18
November	1982	506	40,727,350	427	34,279,500	84.39	79	6,368,100	15.61
December	1982	458	37,349,400	351	28,871,200	76.64	107	8,478,200	23.36
January	1983	319	25,998,350	242	19,888,350	75.86	77	5,110,000	24.14
February	1983	248	19,166,600	203	15,759,150	81.85	45	3,407,450	18.15
March	1983	181	13,329,800	143	10,539,900	79.01	37	2,715,800	20.44
April	1983	115	8,548,550	35	2,609,550	30.43	6	374,500	5.22

Month Appl. Rec.	Pending			In Process		
	No.	AMT.	%	No.	AMT.	%
March	1	74,100	.55	-0-		
April	8	618,200	6.96	66	4,946,300	57.39

ALASKA HOUSING FINANCE CORPORATION  
NON-QUALIFIED FIRST MORTGAGES UNDER THE STATE  
ASSISTED MORTGAGE LOAN PROGRAM

	Received		Approved		%	Denied		%
	No.	AMT.	No.	AMT.		No.	AMT.	
January 1982	450	40,279,950	343	31,147,200	76.22	107	9,132,750	23.78
February 1982	446	40,816,450	336	31,106,200	75.34	110	9,710,250	24.66
March 1982	411	40,131,000	325	32,271,450	79.08	86	7,859,550	20.92
April 1982	530	50,317,050	413	39,640,250	77.92	117	10,676,800	22.08
May 1982	575	55,219,350	457	44,687,300	79.48	118	10,532,050	20.52
June 1982	592	56,613,450	470	45,515,200	79.39	122	11,098,250	20.61
July 1982	589	57,157,550	451	44,062,150	75.57	138	13,095,400	23.43
August 1982	620	61,414,100	507	50,489,250	81.77	113	10,924,850	18.23
September 1982	512	50,046,650	414	40,777,100	80.86	98	9,269,550	19.14
October 1982	485	48,417,950	381	37,581,100	76.56	104	10,836,850	21.44
November 1982	422	42,590,900	345	34,871,750	81.75	77	7,719,050	18.25
December 1982	590	60,933,500	505	52,337,550	85.59	85	8,595,950	14.41
January 1983	583	59,433,100	495	50,336,550	84.91	86	8,956,550	14.75
February 1983	420	42,533,150	335	34,039,650	79.76	85	8,493,500	20.24
March 1983	631	63,280,000	548	55,010,950	86.85	73	7,247,400	11.57
April 1983	354	36,067,100	164	17,019,800	46.33	20	1,860,750	5.65

Month Appl. Rec.	Pending			In Process		
	No.	AMT.	%	No.	AMT.	%
January	2	140,000	.34	-0-		
March	7	695,650	1.11	3	326,000	4.75
April	32	3,407,650	9.04	138	13,778,900	38.98

ALASKA HOUSING FINANCE CORPORATION  
SUMMARY OF APPLICATIONS - MONTHLY  
VA GENERAL OBLIGATION

		Received		Approved		%	Denied		%
		No.	AMT.	No.	AMT.		No.	AMT.	
January	1983	3	377,850	3	377,850	100.00	-0-		
February	1983	218	23,831,700	196	21,387,750	89.91	22	2,443,950	10.09
March	1983	357	39,819,550	324	36,461,900	90.76	27	2,712,300	7.56
April	1983	96	10,683,100	75	8,401,650	78.12	9	998,950	9.38

Month Appl. Rec.	Pending			In Process		
	No.	AMT.	%	No.	AMT.	%
March	5	535,050	1.40	1	110,300	.28
April	10	1,090,500	10.42	2	192,000	2.08

## ALASKA HOUSING FINANCE CORPORATION

## SUMMARY OF STATE FINANCIAL SUPPORT

Special Mortgage Loan Purchase Program

FY 81		
	Appropriation	
	Mortgage Loans	\$236,000,000
	Cash	238,000,000
FY 82		222,000,000
FY 83		105,000,000

Mobile Home Loan Purchase Program

See Notes 1 and 2 for additional funds appropriated to purchase loans under this program.

FY 80		
	Loans Through Department of Revenue	(\$10,000,000 at 9.5%)
FY 81	Appropriation	12,500,000

Rural Non-Owner Occupied Mortgage Purchase Program

See Note 1 for additional funds appropriated to purchase loans under this program.

FY 79		
	Loans Through Department of Revenue	(\$2,600,000 at 8.5%)
FY 81	Appropriation	4,500,000

Rural Mortgage Loan Purchase Program

See Note 1 for additional funds appropriated to purchase loans under this program.

FY 79		
	Appropriation - Training Costs	100,000
	Hazard Insurance Fund	250,000
	Title Insurance Fund	250,000
	Mortgage Insurance Account	500,000
FY 80		
	Bond Sale to State of Alaska	(\$5,600,000 at 7 1/2%)
FY 81		
	Bond Sale to State of Alaska	(\$4,400,000 at 7 1/2%)
	Appropriations	
	Mortgage Purchases	6,500,000
	Title Insurance Fund	130,000
	Mortgage Insurance Fund	325,000

ALASKA HOUSING FINANCE CORPORATION

SUMMARY OF STATE FINANCIAL SUPPORT  
(Continued)

Home Ownership Assistance Program ("HOF" Fund)

FY 81		
	Appropriation	
	Mortgage Loans	\$50,000,000
	Cash	2,500,000
FY 82		43,000,000 (1)
FY 83		45,000,000 (2)

State Mortgage Insurance Fund

Prior to FY 80	7,950,000
FY 80	3,000,000*
FY 81	12,500,000 (3)

* Total Appropriation	\$ 6,000,000
Less Amount Unavailable From Veterans Revolving Loan Fund	2,000,000
Less Amount For Mobile Home Insurance Funds Only	1,000,000
	<u>\$ 3,000,000</u>

Other State Loans

Loan For Multi-Family Project	(\$4,420,000 at 3.47%)
Loan For Rural Mortgages	(\$5,250,000 at 6.00%)
Loans To Fund Capital Reserve Requirement For Insured Mortgage Bond Program	(\$12,800,000) (4)

(1) Home Ownership Assistance Program appropriation to be utilized to purchase mortgages as follows:

Mobile Home Loans	\$18,000,000
Rural	20,000,000
Rural Non-Owner Occupied	5,000,000

(2) To be utilized to purchase Mobile Home loans.

(3) An additional \$5,860,000 remains available from the FY 81 appropriation.

(4) Interest rates on loans are equal to the earnings of the investments made with the loans.

# Special Mortgage Loan Purchase Program Conventional Loan



*The largest and most commonly utilized program is AHFC's Conventional or Regular Program.*

## Features

### Maximum Loan Amount

Single-Family Residence . . . . . \$160,500  
Two-Family Residence . \$205,200

Minimum Down Payment . . . . . 5%

### Eligible Property

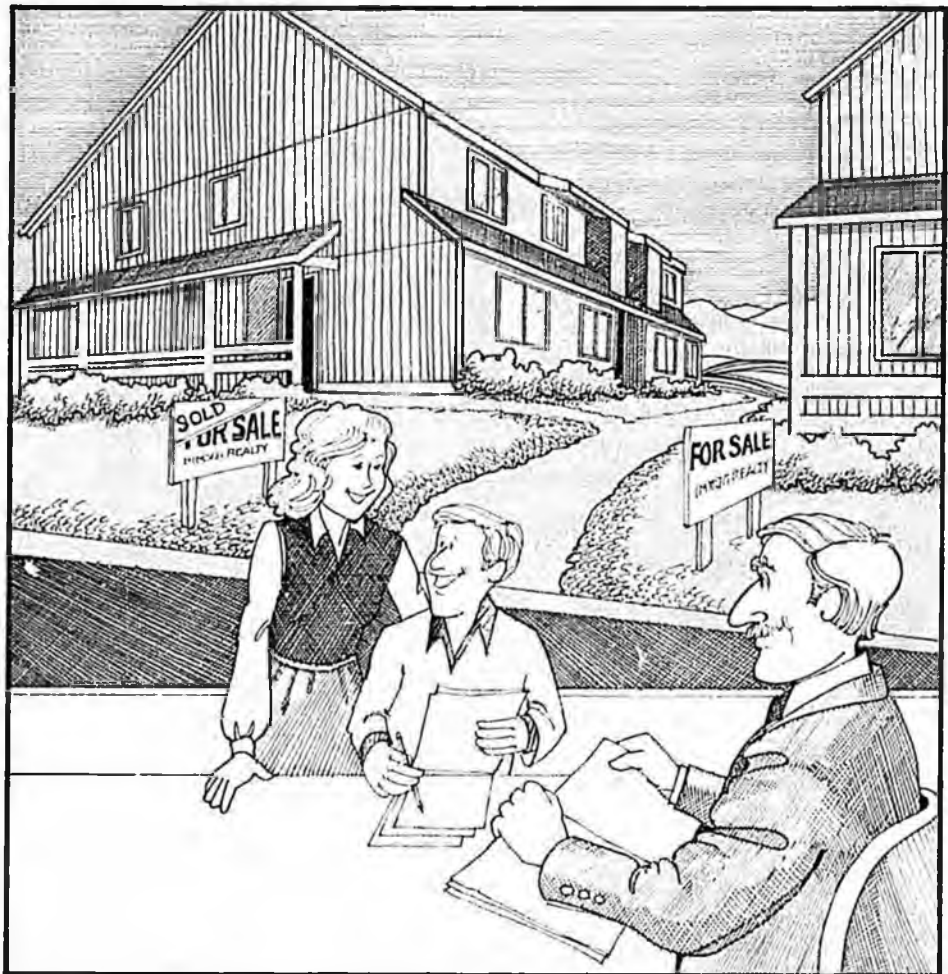
Owner-occupied single-family or duplex dwelling, including owner-occupied condominium units or units in a planned unit development (PUD).

VA guaranteed loans are allowed; however, down payments and maximum loan amounts will vary. The current maximum loan amount is \$135,000. Check with your lender for details.

### Type of Loan

Alaska Housing Finance Corporation utilizes a mortgage loan referred to as the Alaska Building Equity (ABE) Mortgage. There are many positive features to the ABE mortgage. The interest rate remains fixed for the entire life of the mortgage. Although there are moderate increases to the mortgage payment during the years four through nine, the borrower knows exactly what the monthly payments will be for the entire life of the mortgage. Since the interest rate remains fixed, all increases are applied to the principal balance, thus increasing the borrower's equity and repaying the loan within approximately sixteen years.

A detailed description of the ABE mortgage is available in AHFC's pamphlet entitled "Buying A Home In The Future?"



### Interest Rates

Interest rates charged by AHFC have been established by the Legislature and these rates will fluctuate according to the cost AHFC pays to obtain its funds. By law, AHFC is required to provide below market or subsidized rates to eligible borrowers on the first \$90,000 of the mortgage loan. For any portion above \$90,000, the borrower

is required to pay the cost AHFC pays to obtain its funds. Since AHFC interest rates are directly tied to the cost the Corporation must pay to obtain the funds, interest rates are SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. Consult your lender for the current AHFC interest rate for this program.

# Veterans Mortgage Program

*Alaska*  
HOUSING  
FINANCE  
CORPORATION

**To apply under this program, federal regulations require that individuals must be veterans as defined by the United States code.**

## Features

### Maximum Loan Amount

Single-Family Residence	\$160,500
Duplex	205,200
Triplex	247,650
Four-Plex	307,950

### Minimum Down Payment

Single-Family and Duplexes Residences	5%
Triplexes and Four-Plexes Residences	10%

### Eligible Properties

Owner-occupied single-family dwellings (including condominiums and units in a PUD) and multi-family dwellings up to and including four-plexes. If the residence is a multi-family dwelling, then all units must have been occupied as such for at least 5 years. For example, if the dwelling is a four-plex, it must have been occupied as a four-plex for 5 years.

VA guaranteed loans are allowed. However, down payments and maximum loan amounts will vary. Check with your lender for details.

### Type of Loan

The ABE mortgage structure applies to the Veterans Program. Under this type of mortgage, the interest rate is fixed, however, there are moderate increases to the mortgage payment in years four through nine. These increases are applied to the principal balance on the loan. Therefore, the loan is repaid in approximately 18 years. A detailed description of the ABE mortgage is available in AHFC's pamphlet entitled "Buying a Home in the Future?"

### Other Criteria

In November of 1982, the voters passed a constitutional amendment and a



bond proposition that allowed AHFC to issue tax-exempt bonds for the purpose of financing homes for qualified veterans. Since this program is regulated by the U.S. Department of Treasury, IRS, the borrower(s) must meet certain criteria to qualify.

1. The borrower(s) must be a qualified veteran. Temporary regulations of the IRS have implemented the meaning of "veteran" as defined in 38 U.S.C. 101(2). In order to apply under this program, the borrower(s) must submit documentation that they are a veteran under the federal definition.

A Certificate of Eligibility or a letter from the Federal Veterans Administration will be accepted as evidence of meeting this requirement. In some instances, it may take thirty (30) to sixty (60) days to obtain the Certificate of Eligibility. Therefore, if you are planning on applying under this program, you may want to start the process beforehand, as AHFC will not process any applications without the appropriate documentation.

2. Not more than 15% of the dwelling may be used for business or trade

(other than for renting one of the units, if the residence is a multi-family dwelling) and no portion of the property may be specifically designed for commercial use.

3. The borrower must occupy the residence or one unit of the residence as their primary dwelling. In addition, the loan must be paid in full, if you cease to occupy the residence or sell or transfer your ownership interest in the property.

4. Refinancing is prohibited under the Program. The proceeds of the loan must be used for new financing.

5. Excess land may not be financed. The real estate upon which the residence is located must be reasonably required to maintain the basic livability of the residence.

### Interest Rates

Mortgage interest rates are based on the interest rate for AHFC bonds plus the Corporation's operating costs and will vary from time to time. INTEREST RATES ARE SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. Consult your lender for the current AHFC rate on the Veterans Program.

# Mortgage Subsidy Tax Act Tax-Exempt Program



**Loans offered under the Tax-Exempt Program are subject to regulations and guidelines that have been developed by the U.S. Department of Treasury.**

## Features

### Acquisition Cost Limits\*

Single-Family - Existing  
Dwelling . . . . . \$104,986

Single-Family - New  
Construction . . . . . \$128,143

Duplex - Existing  
Dwelling (5 years) . . . \$122,829

**Minimum Down Payment . . . . . 5%**

### Eligible Property

Owner-occupied single-family dwellings, including condominiums and units in a PUD, and duplexes.

VA guaranteed loans are allowed. However, down payments and maximum loan amounts will vary. Check with your lender for details. In addition, a borrower may combine this program with the Pledged Account Mortgage Program (PAM) or the Homeownership Assistance Program (HOF). **IF THE TAX-EXEMPT PROGRAM IS COMBINED WITH EITHER THE PAM OR THE HOF, THE REQUIREMENTS OF BOTH PROGRAMS MUST BE MET.**

*\*Federal regulations require that the purchase price not exceed 110% of the average area purchase price. AHFC conducts studies on a periodic basis to determine the average area purchase prices for Alaska; therefore, the acquisition cost limit is subject to change.*

## Type of Loan

The ABC mortgage payment structure applies to the Tax-Exempt Program. Refer to AHFC's pamphlet entitled "Buying A Home In The Future?" for a detailed description of the ABE mortgage.



## Eligibility Criteria

Since this is a federally regulated program, there are several criteria a borrower must meet in order to qualify:

1. Ninety percent (90%) of the funds under this program will be allocated to borrowers who *have not* owned a home or had an ownership interest in a home, which was used as the borrower's primary residence, for the three years prior to the date of application. Ownership in rental property (as long as the borrower did not reside in the property) or vacation property is permitted.

The remaining 10% of the funds under this program will be allocated to HOF applicants who have previously owned or had an ownership interest in a home within the three years prior to the date of application.

2. Not more than 15% of the dwelling may be used for business or trade and no portion of the property may be specifically designed for commercial use.

3. All improvements, additions or alterations that the borrower(s) plans to make to the residence at the time of ownership, or within one year after the loan closes, must be reported. The cost of those improvements, when added to the original cost of the dwelling, may not exceed the maximum acquisition cost limits above.

4. All borrowers will be required to submit copies of their original tax returns which cover the past three years prior to date of application.

## Interest Rates

Mortgage interest rates are based on the interest rate for AHFC bonds plus the Corporation's operating costs and will vary from time to time. **INTEREST RATES ARE SUBJECT TO CHANGE WITHOUT PRIOR NOTICE.** As of the date of printing of this pamphlet, the interest rate on the first \$90,000 is 10% (9% for eligible state veterans). Consult your lender for the current AHFC rate on the Tax-Exempt Program.

# Triplex/Four-plex Mortgage Loan Purchase Program



**In 1982, the State enacted legislation that gave AHFC the authority to implement a loan purchase program for triplexes and four-plexes.**

## Features

### Maximum Loan Amount

Triplex . . . . . \$247,650  
Four-plex . . . . . \$307,950

Minimum Down Payment . . . . 10%

### Occupancy

The owner must occupy one unit of the mortgaged premises as his/her primary residence.

### Type of Loan

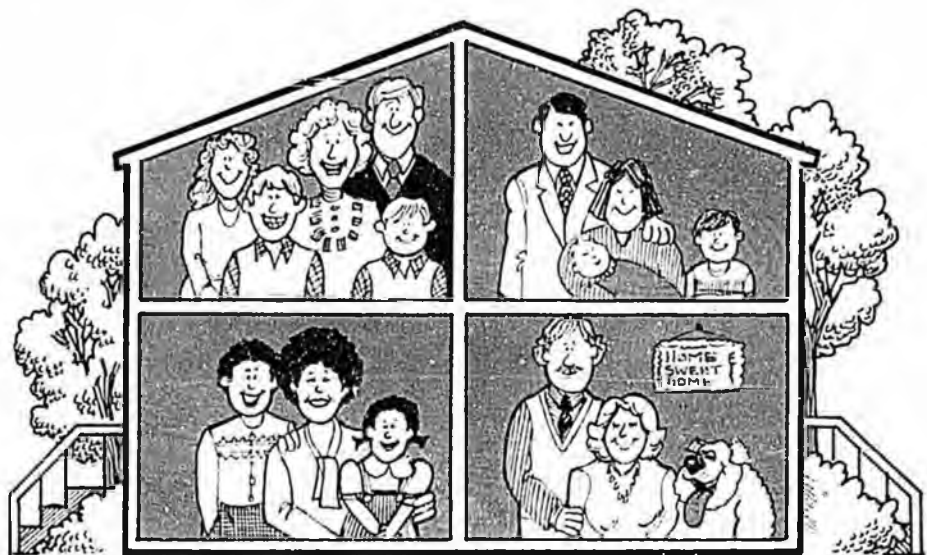
The ABE Mortgage payment structure applies to the triplex and four-plex program. Refer to the AHFC's pamphlet entitled "Buying A Home In The Future?" for further details.

### Qualifying for a Triplex - Four-Plex Mortgage Loan

When determining the individual's ability to pay the mortgage debt, AHFC, as a guideline, uses ratios of 28/36. The total monthly payment generally should not exceed the net monthly operating income plus twenty-eight percent (28%) of the borrower's gross stable monthly income. In addition, the overall debt obligation, which is the total monthly payment plus all other obligations of the borrower should not exceed the net monthly operating income plus thirty-six percent (36%) of the borrower's gross stable monthly income. The example illustrates how the ratios are utilized in determining if the borrower qualifies for the mortgage loan.

### Interest Rates

Mortgage interest rates are based on the cost the Corporation must pay to obtain its funds and will vary at times. Interest rates are SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. Consult your lender for the current AHFC interest rate for this program.



### Loan Characteristics

Total mortgage payment . . .	\$1,800	Monthly net operating income . . . . .	\$1,100
Borrower's monthly income . . . . .	\$3,200	(Rental income less operating expenses)	
Borrower's other obligations . . . . .	\$ 400		

### Borrower's Qualifications

1. 28% of borrower's stable monthly income	$\$3,200 \times 28\%$	=	\$ 896
2. Monthly net operating income		=	\$1,100
3. Total lines 1 and 2		=	\$1,996
4. Proposed mortgage payment		=	\$1,800

Line four (4) should not exceed line three (3).

1. 36% of borrower's stable monthly income	$\$3,200 \times 36\%$	=	\$1,152
2. Monthly net operating income		=	\$1,100
3. Total lines 1 and 2		=	\$2,252
4. Proposed mortgage payment		=	\$1,800
5. Borrower's other obligation		=	\$ 400
6. Total line 4 and 5		=	\$2,200

Line six (6) should not exceed line three (3).

# Pledged Account Mortgage (PAM)



*The Pledged Account Mortgage is designed for those individuals who have ample savings yet their present monthly income does not yet meet the minimum monthly income requirements.*

## Features

### Maximum Loan Amount:

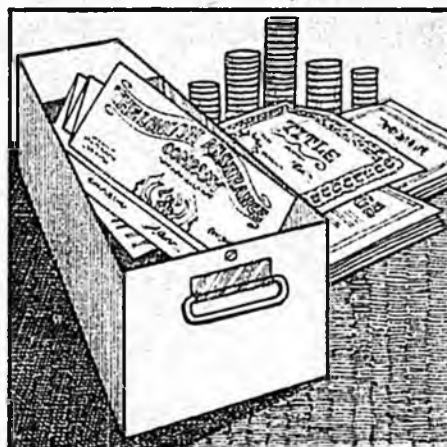
Single-Family Residence . . . . .	\$160,500
Two-Family Residence . . . . .	\$205,200

### Eligible Property:

Owner-occupied single-family dwellings, including condominiums and units in a PUD, and duplexes.

## Type of Loan

The ABE mortgage payment structure applies to the PAM Program. Refer to AHFC's pamphlet entitled "Buying A Home In The Future?" for a detailed description of the ABE Mortgage.



When combined with the Alaska Building Equity (ABE) Mortgage, the PAM offers the benefits of early loan retirement with the additional advantage of lower first year payments. The example demonstrates how the PAM benefits the borrower.

## Interest Rates

Mortgage interest rates are based on the interest rate for AHFC bonds plus the Corporation's operating costs and will vary from time to time. Consult your lender for the current AHFC rate on the Pledged Account Mortgage.

## How Does the PAM Work?

The program allows the borrower to purchase a home based upon potential earnings rather than solely what is earned at present. Generally speaking, it is anticipated that the borrower making application under this program would typically be in a line of employment which demonstrates upward mobility. For some, the PAM means the ability to buy a more expensive home than they would normally qualify for.

The key to the PAM program is the unique use of the borrower's down payment. Rather than using the down payment solely to create equity, a portion is placed into a pledged savings account. Money is drawn out of the pledged account each month for the length of the pledged plan to supplement the out-of-pocket monthly payments. At the same time, the pledged account earns interest at the regular savings rate.

## Loan Characteristics

	PAM	CONVENTIONAL LOAN
Value of Property . . . . .	\$85,000	\$85,000
Mortgage Amount . . . . .	79,850	77,000
Down Payment . . . . .	8,000	8,000
To Equity . . . . .	5,150	8,000
To Pledged Savings . . . . .	2,850	-0-
Interest Rate . . . . .	12.375	12.375

Year	Out-of-Pocket Borrower's Portion	Amount From Pledge Savings	Total Payment	Standard ABE Loan
1	\$ 758.69	85.78	\$ 844.47	\$ 814.35
2	775.12	69.35	844.47	814.35
3	791.91	52.56	844.47	814.35
4	851.29	35.41	886.70	855.07
5	913.14	17.89	931.03	897.82
6	977.58	-0-	977.58	942.71
7	1,026.46	-0-	1,026.46	989.85
8	1,077.78	-0-	1,077.78	1,039.34
9-Life of Mortgage	1,131.67	-0-	1,131.67	1,091.31

With a PAM/ABE Mortgage, the borrower's first year out-of-pocket expense for principal and interest is \$758.69 per month. If the entire \$8,000.00 down payment was applied towards only the equity, the borrower's first year out-of-pocket expense for principal and interest would be \$814.35 per month.

# Second Mortgage Loan Purchase Program



**In 1982, AHFC implemented its Second Mortgage Loan Purchase Program. The program can be divided into three categories:**

- 1) Second Mortgages for the purchase of a residence;**
- 2) Home Improvement Loans (HIL) financed through the sale of tax-exempt bonds; and**
- 3) Home Improvement Loans (HIL) financed through the sale of taxable bonds.**

## 1. Seconds for Purchase

Proceeds of a second mortgage must be used for the purchase of an owner-occupied single-family residence or duplex, where the dwelling is subject to an existing first mortgage.

### Maximum Loan Amount

The total-financing-to-value may not exceed 90% of the market value or sales price—whichever is less—and the sum of the first when combined with the second may not exceed AHFC's current loan maximums of \$160,500 for a single-family dwelling and \$205,200 for a duplex.

### Eligible Property

Owner-occupied single-family dwellings (including condominiums or PUDs) and duplexes. Mobile homes, vacation or rental properties are NOT eligible.

### Loan Terms

Up to \$6,450 . . . . . 5 years  
\$ 6,500 - \$12,450 . . . . . 10 years  
\$12,500 - and up . . . . . 15 years

## 2. Home Improvement Loan Tax-Exempt Program

The HIL tax-exempt program is regulated by the federal government. Guidelines for the program have been developed by the U.S. Department of Treasury.

### Maximum Loan Amount

\$15,000. However, the total-financing-to-value may not exceed 90% of the completed market value and the sum of the first and second may not exceed AHFC's loan maximums of \$160,500

for a single family dwelling and \$205,200 for a duplex.

### Eligible Improvements

Those which improve the basic livability or energy efficiency of the dwelling including modernization and additions. Recreational or entertainment facilities are prohibited.

### Eligible Property

Owner-occupied single-family dwellings (including condominiums or PUDs) and duplexes. Mobile homes, vacation or rental properties are NOT eligible.

### Loan Terms

Up to \$6,450 . . . . . 5 years  
\$ 6,500 - \$12,450 . . . . . 10 years  
\$12,500 - \$15,000 . . . . . 15 years

## 3. Home Improvement Loan Taxable Program

### Maximum Loan Amount

The total-financing-to-value may not exceed 90% of the market value—as completed—and the sum of the first and the second may not exceed AHFC's loan maximums of \$160,500 for a single-family dwelling and \$205,200 for a duplex.

### Eligible Improvements

Those which improve the basic livability or energy efficiency of the dwelling, including completions or additions.

### Eligible Property

Owner-occupied single-family dwellings (including condominiums or PUDs) and duplexes. Mobile homes, vacation or rental properties are NOT eligible.

## Loan Terms

Up to \$6,450 . . . . . 5 years  
\$ 6,500 - \$12,450 . . . . . 10 years  
\$12,500 - and up . . . . . 15 years

## Interest Rates

As with AHFC's first mortgage program, the interest rate is governed by the Legislature and may fluctuate depending on the cost the Corporation must pay to obtain its funds. Interest rates are SUBJECT TO CHANGE WITHOUT PRIOR NOTICE.

By Law, AHFC is allowed to loan up to \$90,000 under the first mortgage program at a subsidized rate. For any portion above \$90,000, the borrower is required to pay an interest rate equal to the cost of funds. The Seconds Program works in the same manner. However, please remember, if the existing first mortgage is a subsidized AHFC loan, the outstanding principal balance of the first mortgage must be subtracted from the \$90,000 to determine the amount of the second that will be eligible for the subsidized rate. This formula applies to all three categories of the Second Mortgage Loan Program

As of the date of printing of this pamphlet, a second mortgage loan under the tax-exempt program could be as low as 10% (9% for eligible State veterans). Under the taxable home improvement loan program and the seconds for purchase program, the lowest possible rate is 12-3/8% (11-3/8% for eligible State veterans). Consult your lender for the current interest rates for these programs.

**Here are some of the most frequently asked questions about the Alaska Building Equity Mortgage.**

- Q.** Why has AHFC changed its present method of mortgage loan financing?
- A.** AHFC receives the majority of its funds by selling bonds in the capital markets. In the past AHFC has sold bonds that mature after a twenty-year period. The ABE program allows AHFC to sell 10-year bonds which have a lower interest cost and broader market acceptance.
- Q.** Does the ABE mortgage change the current eligibility requirements?
- A.** No. The increase in payment does not occur until the fourth year of the loan. AHFC's analysis for eligibility will be based upon current income in relation to the monthly payments to be made in the first year. The first year's payment is the same as if the loan were amortized over a thirty-year period. However, in light of the moderate increases beginning in year four, the analysis will examine the borrower's stability and/or upward mobility of employment.
- Q.** Does the interest rate increase at any time during the life of the mortgage?
- A.** No. The ABE mortgage provides for a fixed interest rate. The increases in payments are strictly for the purpose of reducing the principal balance.
- Q.** Does the ABE structure apply to all AHFC programs?
- A.** Yes. The ABE structure applies to all existing first mortgage programs financed through the sale of bonds. The ABE structure *does not* apply to the Corporation's Second Mortgage Loan Program.
- Q.** Does the ABE program have any effect on my existing AHFC loan?
- A.** No. The ABE program is not retroactive to existing AHFC loans.
- Q.** If I have an existing AHFC 30 year term mortgage may I refinance that loan with the ABE mortgage?
- A.** No. AHFC does not have the authority to refinance a loan whether the loan is held by the Corporation or another investor. AHFC is limited to purchasing newly originated first and second deeds of trust.
- Q.** If I am applying for a Homeownership Assistance Loan (HOF), how will the ABE mortgage effect me?
- A.** Since the ABE structure applies to all AHFC first mortgage programs, individuals under the Homeownership Assistance Program will also be required to increase their payments. It is important to remember, however, that the increases are gradual and moderate and they *do not begin until the 4th year of the loan.*
- Q.** Will my subsidy under the Homeownership Assistance Program increase as my payments increase?
- A.** No. If you are still under the program at the beginning of the fourth year, then the subsidy calculation will take into consideration the increase in payments as well as your increases in salary. However, the amount of subsidy that you receive will not increase.
- Q.** How are the additional increases in payments applied?
- A.** The amount of the increase is applied directly to the principal, thus, increasing your equity and reducing the term of the loan.
- Q.** What happens if I make additional payments on my principal balance during the first year? Do these payments reduce future payments?
- A.** No. The ABE mortgage allows the borrower to make "lump-sum" payments that are applied to the principal. Additional payments reduce the life of the mortgage, however, they do not effect the required monthly payments.
- Q.** How am I notified of the increase in payments each year?
- A.** Your lender will notify you of the date and the amount of any increase.

P.O. Box 1020  
Anchorage, Alaska 99510  
(907) 276-5599



*Alaska* HOUSING FINANCE CORPORATION



# BUYING A HOME IN THE FUTURE?

**Alaska Housing Finance Corporation wants you to know the facts about the Alaska Building Equity (ABE) Mortgage.**

**This pamphlet explains how the ABE mortgage works and how you, the home buyer, will benefit from this financing method.**

## FEATURES

The interest rate remains fixed for the entire life of the mortgage. The initial monthly payments are the same as those which would be required for a 30 year level monthly payment fixed rate mortgage. The monthly payments are increased by 5% for each year at the beginning of years four through nine. Since the interest rate is fixed, the increased portion of the monthly payment is applied to the outstanding principal of the mortgage loan. As a result, the loan is fully repaid within 16 years. Additionally, the amount of total interest paid during the life of the mortgage is approximately half of that paid were the same loan to be repaid over a 30 year period.

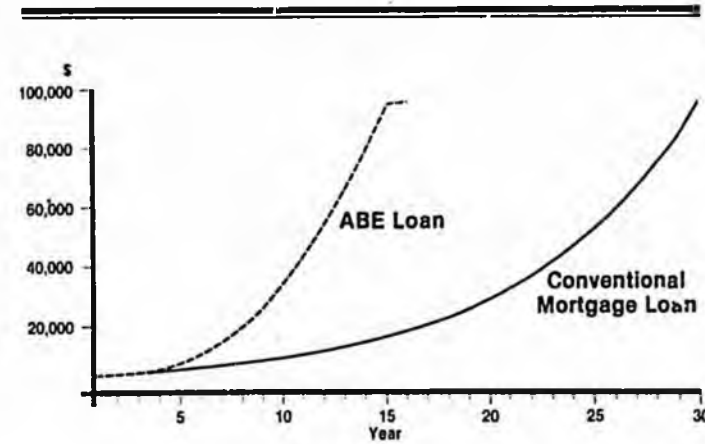
## ADVANTAGES TO THE BORROWER

**LOWER MORTGAGE RATE:** Mortgages in excess of \$90,000 will immediately benefit from the reduction in the borrowing costs of AHFC. When AHFC's costs of funds are reduced to a level within 3% of the interest rate previously in effect for the first \$90,000 of a mortgage loan, all borrowers will benefit from the reduction.

**INCREASED RATE**

**OF EQUITY OWNERSHIP:** Since the increased portion of the monthly payment is applied to principal, the borrower's equity in the residence increases far more quickly than with a conventional mortgage.

**Comparison of Cumulative Equity Balance**



**FIXED PAYMENT SCHEDULE:** Unlike the majority of alternative mortgages currently offered elsewhere, the borrower knows exactly what the monthly payments will be over the life of the mortgage. Even though increases are made to the required monthly payments, they are known well in advance. This allows the borrower the opportunity for accurate financial planning.

**INCREASES ARE**

**GRADUAL AND MODERATE:** There are no increases until the beginning of the 4th year. The required increase of 5% in that year's monthly payments for a \$90,000 loan would amount to \$47.59. Payments are increased only

six times during the life of the mortgage. The maximum increase for a \$90,000 loan will be \$60.74 which will occur at the beginning of the 9th year. No subsequent increases will be required.

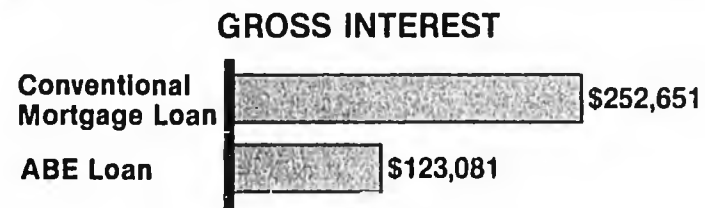
**LOWER MORTGAGE**

**INSURANCE PREMIUM:** Private mortgage insurance is currently required to be carried until the loan-to-value ratio reaches 80%. This same insurance will be necessary for the ABE mortgages. The cost of insurance premium renewals is 1/4 of 1% annually which is paid by the borrower. With an initial loan-to-value ratio of 95%, the ABE loan decreases to the 80% level in approximately half the time required for a 30 year conventional mortgage.

**COMPARISON OF ANNUAL PRINCIPAL AND GROSS INTEREST PAYMENTS:**

**INTEREST PAYMENTS:** On a loan amount of \$90,000, amortized over a 30 year period, the borrower pays four times the original cost of the dwelling with 74% of this amount in interest payments. Because the ABE loan is completely paid off in the 16th year, the borrower will pay approximately one-half the interest costs of the standard 30 year term mortgage.

**Comparison of Annual Principal and Gross Interest Payments**

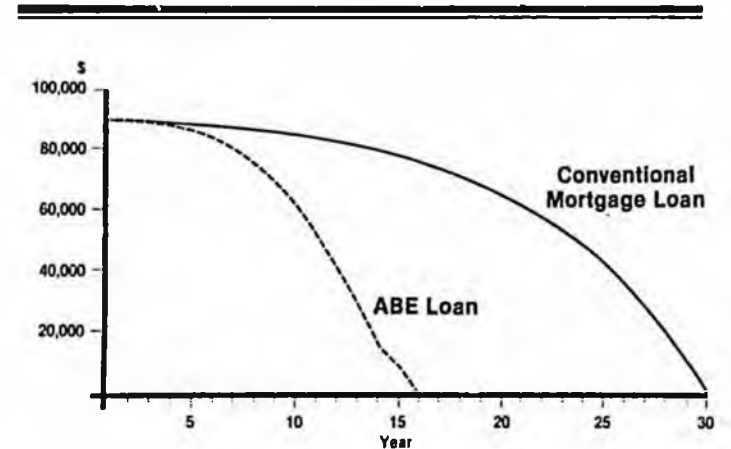


**Analysis of Effect of Increases in Borrower's Income Relative to Increased Monthly Payments Required With An Alaska Building Equity (ABE) Mortgage (5% Increases in Years 4 through 9)**

Year	Principal and Interest Payment	Total Mortgage Payment*	6% Annual Increase		10% Annual Increase	
			Income	Ratio	Income	Ratio
Year 1	\$ 951.81	\$ 1,081.81	\$ 3,864.00	28%	\$ 3,864.00	28%
Year 2	951.81	1,081.81	4,096.00	26%	4,250.00	25%
Year 3	951.81	1,081.81	4,342.00	25%	4,675.00	23%
Year 4	999.40	1,129.40	4,602.00	25%	5,143.00	22%
Year 5	1,049.37	1,179.37	4,878.00	24%	5,657.00	21%
Year 6	1,101.84	1,231.84	5,171.00	24%	6,223.00	20%
Year 7	1,156.93	1,286.93	5,481.00	23%	6,845.00	19%
Year 8	1,214.78	1,344.78	5,810.00	23%	7,530.00	18%
Year 9	1,275.52	1,405.52	6,159.00	23%	8,283.00	17%
Year 10	1,275.52	1,405.52 +	6,528.00	22%	9,111.00	15%

\* Includes \$130 for reserves.  
+ The payment remains unchanged for the duration of the mortgage.  
Figures based on a \$90,000 loan amount with an interest rate of 12.375%.

**Comparison of Annual Outstanding Loan Balance**



**COMPARISON OF ANNUAL OUTSTANDING LOAN BALANCE:**

Because the ABE structure carries a fixed interest rate, the amount of the increases beginning in year four and ending in year nine are applied directly to the principal balance. Thus, the borrower realizes a rapid growth in the equity and complete repayment of the loan during the 16th year.

**ADVANTAGES TO THE STATE OF ALASKA AND AHFC**

**CONTINUED AVAILABILITY OF FUNDS:**

With the more rapid payment and shortened life of the mortgage, AHFC's efforts to access shorter-term capital markets are enhanced. The long-term markets require higher yields, generally reflecting the lack of demand for this type of security by investors. With a shorter-term bond, a larger portion of the initial subsidy AHFC must contribute to a bond issue is returned at a much earlier date. Approximately 40% of the initial assets pledged to a ten-year bond issue would return to AHFC free of any obligation upon repayment of the bonds in the 10th year. The return of these assets will have a positive effect by reducing the amount of funds AHFC must request from the State in the future to keep the program operational.

**LOWER BORROWING COSTS:** AHFC will be able to sell a single-term ten-year bond issue which will result in an approximate 1% savings in interest costs compared to the method of financing currently utilized.

**DECREASED SUBSIDY COST:** Utilizing the shorter-term bond will reduce subsidy costs by more than 25% over that expected to be incurred employing the methods of financing available with 30 year mortgages. Further, because the current bond structure requires such a large amount of State subsidy, continued operation of the programs could be financially restricted.



# The Home Buying Process



*Your home may be the most important investment of your lifetime. So before you decide to purchase, you will want to investigate all possible aspects. This pamphlet is designed to aid you in understanding the steps involved in buying a home.*

## 1. What Can You Afford

Once you have made the decision to buy a home, the first question most people ask is, "What can I afford?" You've probably heard various rules-of-thumb for estimating what you can afford and such rules are useful in arriving at a ballpark figure. When determining the individual's ability to pay the monthly mortgage debt, AHFC, as a guideline, uses ratios of 28/36. This means that the monthly mortgage payment (which includes principal, interest, taxes, insurance, and homeowner association dues) should not exceed 28% of the borrower's gross stable monthly income. The 36% ratio applies to the overall debt obligation: mortgage payment plus all other obligations i.e. charge cards, automobile loan, child support, etc., and should not exceed 36% of the borrower's gross stable monthly income.

Now that you have a general idea of what you can afford on a monthly basis, the next question is "In what price range of homes should I be looking?" Depending on the interest rate, the term of the loan, and how much money you're willing to put down, your monthly house payment can vary greatly. The following chart should, however, give you some indication of your price range. (See Page 2)

With the purchase of a home comes many unexpected expenses. It is wise to remember that in addition to loan payments, your monthly costs will include payments for taxes, insurance, maintenance and utilities. Utilities alone, such as water, sewage, refuse, gas and electricity can increase your



costs substantially. Therefore, before you purchase a home, it is wise to ask the seller to provide you with past monthly statements of these costs. Or, if it is new construction, you may wish to contact the utility companies in the area. Unless you are willing to adhere to a very strict budget, you will probably be more comfortable with a home loan payment that is less than the maximum amount you can afford.

## 2. Cash Needed

Along with determining what your monthly payment will be, you will need to consider the amount required for settlement costs. Settlement costs, in addition to the down payment, include fees charged by the lender, appraiser, title company, etc. for services and can range from several hundred to several

thousand of dollars. The lender is required to send you an estimate of these settlement costs within three days after you have applied for the loan.

Although local custom usually determines who pays for what costs, you or the seller, you may be able to negotiate some of these fees. The results of any negotiations should be included in your written purchase agreement.

For a full explanation of different types of settlement fees, get a copy of the booklet on settlement costs, prepared by U.S. Department of Housing and Urban Development (HUD). This booklet is available free from lenders and HUD offices.

**\*Approximate Monthly Principal Interest**

Loan Amount	9%	10%	11%	12%	13%	14%	15%	16%
\$ 70,000	\$ 563.50	\$ 614.60	\$ 667.10	\$ 720.30	\$ 774.90	\$ 829.50	\$ 885.50	\$ 941.50
80,000	644.00	702.40	762.40	823.20	885.60	948.00	1,012.00	1,076.00
90,000	724.50	790.20	857.70	926.10	996.30	1,066.50	1,138.50	1,210.50
100,000	805.00	878.00	953.00	1,029.00	1,107.00	1,185.00	1,265.00	1,345.00
110,000	885.50	965.80	1,048.30	1,131.90	1,217.70	1,303.50	1,391.50	1,479.50
120,000	966.00	1,053.60	1,143.60	1,234.80	1,328.40	1,422.00	1,518.00	1,614.00
130,000	1,046.50	1,141.40	1,238.90	1,337.70	1,439.10	1,540.50	1,644.50	1,748.50
140,000	1,127.00	1,229.20	1,334.20	1,440.60	1,549.80	1,659.00	1,771.00	1,883.00

\*The amounts shown above are for principal and interest only. They do not include payment for taxes, insurance or homeowner's association dues, if applicable. The monthly principal and interest has been calculated by amortizing the loan over a 30 year period. It is important to remember that AHFC utilizes the ABE mortgage structure and these payments will realize a 5% increase in years four through nine. A detailed description of the ABE mortgage is available in AHFC's pamphlet entitled "Buying A Home In The Future?"

Generally, under all AHFC programs, you will be required to make a down payment of not less than 5% of the sales price or appraised value of the dwelling, whichever is less. Your lender will charge a fee for originating the loan and, in addition, you will be required to pay a commitment fee which is one-half of one percent of the loan amount. Other costs may include such items as: fees for title insurance; the appraisal; the credit report; reimbursement to the seller for pre-paid assessments or taxes; etc. Although it is difficult to estimate, if you plan to put 5% down, your total settlement cost should generally not exceed 10% of the sales price of the dwelling.

**3. How to Find the Right House**

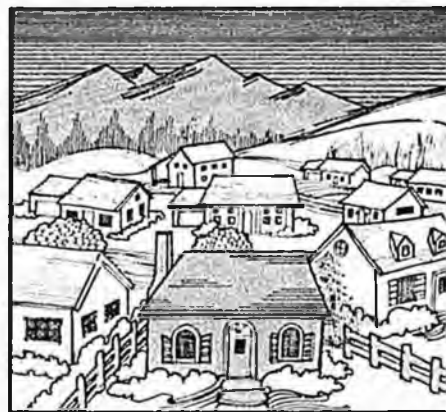
Before you begin looking for the house which best meet your needs, you should consider the various neighborhoods and the types of ownerships.

**Selecting An Area**

Your financial status, as well as your personal happiness, can be greatly affected by your choice of neighborhood. For instance, a neighborhood where there is no road maintenance may not only cause you access problems in the winter, but may also affect resale at a later date.

Distance from your job is also important. Initially, it may sound exciting

to live in a secluded, unpopulated environment. However, you should consider how far you are willing to commute and the cost of commuting each day to your job. Before you buy that home in the woods, drive back and forth during peak traffic hours and determine how long the commute will take.



**Type of Ownership**

Do you want to live in a house, condominium or a planned unit development (PUD) project? Owning either a condominium or a unit in a PUD is significantly different from owning a house. If you buy either of these two dwellings, you will be required to pay monthly dues to the Home Owners Association. These dues cover the cost of maintenance for common areas such as lawn or recreation facilities. In some instances, the dues also include certain utility costs and road

maintenance. Before buying a condominium or a unit in a PUD project, check with the Association and find out exactly how much your monthly fees will be and what services are provided by the Home Owners Association.

**Where To Look**

There are various ways to shop for the house that is right for your family. You can find out about homes for sale by reading the advertisement in the real estate section of the local newspapers; taking a drive through neighborhoods you find attractive; or by consulting a real estate agent in your area. Real estate agents are customarily paid by the seller of the home, so you won't be required to pay the agent directly. However, bear in mind, that the agent's fee might be added to the price of the home.



**4. Making an Offer**

When you have found the home you want to purchase, you must then decide what price to offer the seller. The contract is drawn up, stating the terms of the sale, and is submitted to the seller who either accepts, rejects or amends the offer and sends it back to you. It will go back and forth as many times as necessary to reach agreement. Only when it is satisfactory to each of you, should both of you sign it.

At the time you sign the contract, you will be asked to make a deposit, called the "earnest money." The amount will vary depending on what you are willing to give and the seller is willing to accept. The deposit is usually applied to the down payment or your share of the settlement costs. If the sale falls through, the deposit will either be kept by the seller or returned to you, depending on the terms of your purchase contract.

**5. Arranging Financing**

There are a number of ways to finance the purchase of a home. One, of course, is payment of the whole price in cash. However, most people purchase by making a down payment and then obtaining financing through a mortgage loan. In very simple terms, a mortgage loan is a special loan for purchasing a piece of property. The lender supplies the cash to buy the home. You, the borrower, sign a legal document which obligates you to repay the lender. The house and lot are pledged as security. If the borrower fails to make payments (defaults), the lender has the legal right to take over the property and the borrower may lose any equity he has acquired.

For your convenience a list of the AHFC approved mortgage lenders is provided at the end of this pamphlet.

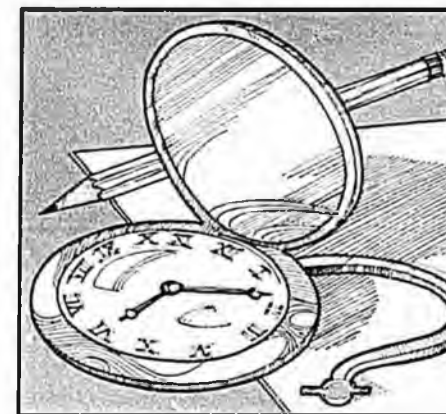
**6. The Application Process**

Once you have found acceptable financing, make an appointment with the lender to formally apply for the loan. During the meeting, you will be asked to provide information regarding: your income, cash and/or assets available to close the loan, job history, terms and amount of other debt obligations, information on the dwelling you plan to purchase, etc. You will also

be asked to sign several documents which will enable the lending institution to verify the statements you have given.

Depending on your particular circumstances or the type of home loan, you may also be asked to provide:

- Tax returns for the past three years
- Divorce Decree
- Child support or alimony settlement
- Two years tax returns and current financial statements (for self-employed)
- Two years tax returns and current year-to-date income figures (professions where income may fluctuate)



**The Time Element**

You can expect the lending institutions to complete your package and have it submitted to AHFC within about three or four weeks. However, if you have held various jobs within the past two years; the majority of your credit references are out-of-state; or there are extenuating circumstances, the process will take longer: up to six or eight weeks.

Once the complete loan package is submitted to AHFC, experience has shown that the "turnaround" time (time it takes AHFC to review the submission and send it back to the lender) can be as many as twenty-one (21) days to as few as three (3) days. The range can be attributed to peak buying periods which normally run from June through November.

A detailed review of the application process, is available in AHFC's booklet entitled "Preparing for Homeownership". This booklet is available free from participating lenders and the AHFC office.

**7. Closing the Deal**

Closing is the final step and concludes the mortgage loan transaction. At this time, you will be required to pay the remaining settlement costs to effect the closing of the mortgage loan. The escrow agent or lender disburses the funds from the mortgage loan to the seller of the property and you sign a note which obligates you to repay the funds. The deed for the property is recorded after the closing and then mailed to you.

**The Time Element**

Depending on the paperwork involved and the volume of loans at your lending institution, you can expect to close on the loan anywhere from three days to three weeks after the loan has been approved.

**Approved Alaska Housing Seller/Service**

- Alaska Bank of Commerce
- Alaska Continental Bank
- Alaska Federal Savings & Loan Association
- Alaska Mutual Bank
- Alaska National Bank of the North
- Alaska Pacific Bank
- Alaska School Employees Federal Credit Union
- Alaska State Bank
- Alaska Teamsters Federal Credit Union
- Alaska USA Federal Credit Union
- Arctic First Federal Savings
- B.M. Behrends Bank
- City Deposit Corporation
- Colonial Mortgage Services Co.
- First Alaska Mortgage & Escrow First Bank
- First Federal Savings & Loan
- First National Bank of Anchorage
- First National Bank of Fairbanks
- Frontier Saving & Loan Association
- General Electric Mortgage Corporation
- Home Savings & Loan Association
- Lomas & Nettleton
- Mt. McKinley Mutual Savings Bank
- National Bank of Alaska
- Peninsula Savings & Loan
- Peoples Bank & Trust
- Rainier Mortgage Company
- Security National Bank
- Security Pacific Mortgage
- Spokane Mortgage Company
- Suburban Mortgage Trust
- United Bank of Alaska

## ALASKA HOUSING FINANCE CORPORATION

FY 84 Capital Budget Request  
Home Ownership Fund/Mobile Home Loan Program

The Corporation's original capital budget submission requested a \$50 million appropriation to the Home Ownership Fund to be invested in mobile home loans. The earnings of the Home Ownership Fund are used to provide mortgage payment assistance under the Home Ownership Assistance Program, which effectively takes a borrowers monthly mortgage payments down as low as that amount which would be required were the loan to have been made at a 6 percent interest rate. The budget submission acknowledged that the existing assets of the Home Ownership Fund would be sufficient to meet anticipated demand for mortgage assistance for FY 84 without additional funding. The Mobile Home Loan Program, however, was determined to require a \$50 million appropriation for FY 84 and the Corporation recommended it technically go to the Home Ownership Fund with a requirement that it be used to originate mobile home loans.

The \$50 million appropriation request for the Mobile Home Loan Program anticipated a total demand of \$60 million with the \$10 million difference made up from net earnings of the HOF Fund and anticipated loan prepayments. The Corporation has reviewed both the estimated demand and required appropriation and recommends no change in the request.

The estimated demand for mobile home loan financing has been revised to \$75 million. This projection is based upon recent activity experienced by the Corporation and anticipated increases for FY 84 resulting from normal appreciation and program growth. As a result of net earnings and loan prepayments, now expected in excess of the levels reflected in the original budget request, the projected \$15 million increase in loan demand can be accommodated by internally generated cash flow.

Mobile Home Loan Program  
FY 84 Projected Demand  
Page 2

The following exhibits are attached as a background information on the Mobile Home Loan Program and its activity:

Summary of Program Criteria	Exhibit A
Summary of Mobile Home Loan Applications	Exhibit B
Loan Summary - Mortgage Purchaed Mobile Home	Exhibit C
Summary of Projected Demand and Proposed Sources of Funding	Exhibit D

# Home Ownership Assistance Program (HOF)

EXHIBIT I



**The Home Ownership Assistance Program was designed specifically to meet the needs of the low to moderate income family.**

## Features

### Maximum Loan Amount

The purchase price and appraised value shall not exceed:

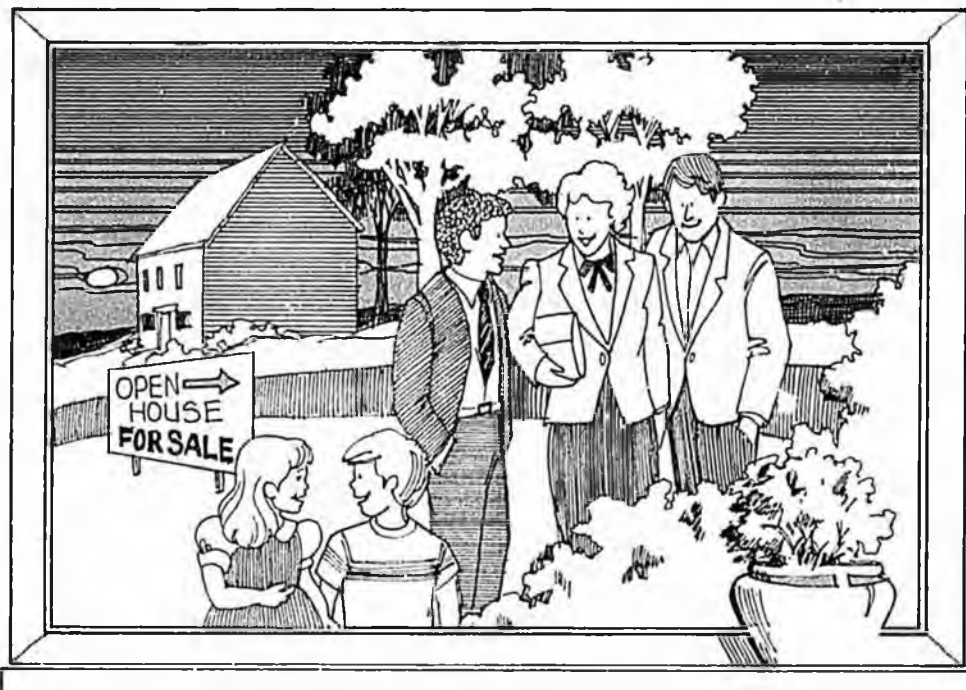
- \$ 80,000 - 1 & 2 member family
- \$ 85,000 - 3 member family
- \$ 90,000 - 4 member family
- \$100,000 - 5 or more member family

Family, for these purposes, is defined as: Any individual executing the note and Deed of Trust, and their dependents who reside in the dwelling on a permanent basis.

Minimum Down Payment 5%

### Eligible Property

Owner-occupied single-family residences. This would include condominiums or units in PUD projects. Mobile homes and multi-family units are not permitted.



## Type of Loan

The ABE mortgage payment structure applies to the HOF Program. Refer to AHFC's pamphlet entitled "Buying A Home In the Future?" for a detailed description of the ABE Mortgage. All applications for the HOF Program must be submitted under the Tax-Exempt Program. For details on the Tax-Exempt Program refer to AHFC's pamphlet entitled "Mortgage Subsidy Tax Act, Tax-Exempt Program."

### Borrower's Requirement

Since the program provides an additional subsidy payment, there are several requirements that an individual must meet.

#### 1. Maximum Annual Income:

Low to moderate borrowers are defined to be persons with gross household

incomes not to exceed the following:

Base Income Limitation	\$26,000
Each Additional Adult	1,000
One Child	5,000
Two Children	7,500
Each Additional Child (over the number 2)	1,000

*Example: The income limitation for a household consisting of two (2) adults and three (3) children is \$35,500:*

Base Limitation	
(1 adult)	\$26,000
Additional Adult	1,000
Two Children	7,500
1 Additional Child	1,000
	<u>\$35,500</u>

Household, for these purposes, is defined as: All persons who occupy

the home on a permanent basis, as a full or part-time resident.

#### 2. Maximum Assets

To be eligible for the HOF program the household may not own assets at the time of application which exceed twice the maximum household income limit. If a borrower is over 65, this amount is raised to three times the maximum income figure.

#### What Constitutes An Asset?

When reviewing a loan application, AHFC will consider the gross value of all assets belonging to the applicant. Therefore, even if you do not own property free and clear, you will be required to report the gross market value of that property regardless of any outstanding loan.

### Calculation of Subsidy

The HOF Program assists the borrower by subsidizing a portion of the monthly payment. The amount of subsidy a borrower receives is based on the lesser of the following:

Formula 1: Principal and interest (P & I) calculated at the current interest rate, less the P & I at 6%.

Formula 2: P & I calculated at the current rate, less 20% of the gross monthly household income.

In addition, the subsidy may not reduce the total monthly payment (P & I plus taxes and insurance) to less than 28% of the gross monthly household income. If the subsidy is less than \$50.00 per month, the borrower may not apply under the HOF Program.

An example of the subsidy calculation is shown below.

### Recertification

Borrowers under the HOF Program are recertified on an annual basis to determine how much assistance they are to receive. The borrower enters into an Assistance Agreement with AHFC in which they agree to furnish information regarding their income so the amount of subsidy can be correctly figured. The agreement expires on December 31 of each year and the borrower must recertify by April 15 of the following year. AHFC will

automatically extend the agreement until the April 15 date.

Using the same calculation as in the example, the new subsidy is determined based on current income. At this point, the subsidy may be decreased, remain the same or eliminated, but at no time will the subsidy be increased. In addition, based on all income received during the past year, AHFC determines if any excess subsidy was paid. Any excess subsidy must be repaid to AHFC. Therefore, while the recertification is only performed annually, you may want to report increases in income immediately to the lender to avoid receiving excess subsidy.

### Frequently Asked Questions

**Q.** Once my income reaches the maximum income limit, do I no longer receive a subsidy?

**A.** No. The income limits only apply when you first enter the program.

**Q.** At what point do I no longer receive the subsidy?

**A.** Other than for the reasons in your Assistance Agreement (i.e., no longer occupying the property), the subsidy ends when:

(a) 20% of your gross monthly household income makes the principal and interest payment; or

(b) 28% of your gross monthly household income makes the principal and interest payment plus pays the taxes and insurance; or

(c) the subsidy is less than \$50.00.

**Q.** Will I be notified when it is time to recertify and what documents will I have to provide?

**A.** Yes, you will be notified by the lender. You must provide a complete copy of your income tax return, sign a verification of employment (so the lender can verify your past and current earnings), and provide any other documents that may be requested regarding your income for such things as child support and unemployment compensation.

**Q.** Can the April 15 date be extended?

**A.** Yes. You must request the extension through your lender in writing and the request must include a copy of the request to extend the filing of your federal tax return.

**Q.** What happens if I don't recertify?

**A.** If you fail to recertify, all subsidy paid by AHFC during the previous year and to-date must be repaid to AHFC.

**Q.** How am I notified about excess subsidy I might owe and how long do I have to repay it?

**A.** You will be notified in writing by the lender. The repayment schedule will be based on the amount you owe. If you disagree with the amount or need additional time to repay the excess subsidy, you have ten (10) days in which to notify the lender in writing.

**Q.** Once I'm no longer receiving a subsidy, can I go back on subsidy if my income decreases?

**A.** No. Once the subsidy has ended, you may not go back on subsidy.

### EXAMPLE:

A. Loan Amount	\$80,750
B. Gross Monthly Income (GMI)	\$ 2,500
C. 28% of GMI	\$700
D. Taxes, Insurance, PMI, Homeowners Association Dues	\$100
1. P&I @ current rate (10%)	\$708.66
2. P&I @ 6%	484.50
3. Formula 1 (1 minus 2)	\$224.16
4. P&I @ current rate (10%)	\$708.66
5. Less 20% GMI	500.00
6. Formula 2 (4 minus 5)	\$208.66
7. Subsidy (lesser of 3 or 6)	\$208.66
8. Borrower's monthly P&I (1 minus 7)	\$500.00
9. Other Housing Expenses (D)	100.00
10. Total Payment	\$600.00

\*11. Ratio (10 divided by B) 24%

\*This figure is less than 28%, thus the subsidy is reduced by \$100 (C minus 10). The amount of subsidy is \$108.66.

## MOBILE HOME PROGRAM

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UNLIKE OTHER PROGRAMS OFFERED BY AHFC, THE MOBILE HOME PROGRAM IS FINANCED DIRECTLY THROUGH APPROPRIATIONS FROM THE STATE OF ALASKA RATHER THAN THE SALE OF BONDS, THEREFORE, THE MOBILE HOME PROGRAM IS NOT INCLUDED IN THE ABE MORTGAGE STRUCTURE.

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FEATURES

Maximum Loan Amount           \$ 72,500

Minimum Down Payment           5%

Maximum Term

The maximum term is 20 years or the remaining economic life of the dwelling, whichever is less.

Eligible Property

Owner-occupied mobile homes containing not less than 600 square feet of gross living area.

VA Guaranteed or FHA insured loans are allowable. However, down payments and maximum loan amounts will vary. Check with your lender for details.

OTHER CRITERIA

1. AHFC will not consider the purchase of a mobile home loan for a borrower who currently owns a residence within the State of Alaska.
2. Personal property (furniture and appliances) that may be included in the sale of the mobile home is limited to \$1,500.00. The mobile home may contain personal property valued at more than \$1,500.00, however, AHFC will

not consider the amount over \$1,500.00 in the value of the mobile home. Other personal property such as lean-tos, wanigans, storage sheds, etc. shall not be a part of the appraised value but will be taken as part of the collateral.

3. The mobile home may be located in a mobile home park that has been approved by AHFC, on leased land or on an individual lot. You should consult your lender for specific details if you plan on placing the mobile home on leased land or on a lot.
4. No secondary financing is permitted.

INTEREST RATES

The interest rate under this program follows those established under the Special Mortgage Loan Purchase Program and will vary from time to time. Interest rates are SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. As of the date of printing of this pamphlet, the interest rate under the Mobile Home Program is 12 3/8% (11 3/8% for eligible State veterans). Consult your lender for the current interest rate for this program.

ALASKA HOUSING FINANCE CORPORATION  
SUMMARY OF APPLICATIONS - MONTHLY  
MOBILE HOMES

		Received		Approved		%	Denied		%
		No.	AMT.	No.	AMT.		No.	AMT.	
January	1982	126	3,318,800	110	2,969,750	87.30	16	349,050	12.70
February	1982	100	2,562,600	85	2,146,500	85.00	15	416,100	15.00
March	1982	132	3,766,900	118	3,244,750	89.39	14	522,150	10.61
April	1982	183	5,401,450	161	4,706,250	87.98	22	695,200	12.02
May	1982	180	5,278,850	150	4,436,650	83.33	30	842,200	16.67
June	1982	216	6,617,800	188	5,752,400	87.04	28	865,400	12.96
July	1982	158	5,027,100	131	4,078,300	82.91	27	948,800	17.09
August	1982	201	5,979,700	163	4,819,250	81.09	38	1,160,450	18.91
September	1982	227	7,290,900	203	6,367,250	89.43	24	923,650	10.57
October	1982	211	6,749,750	192	6,082,700	91.00	19	667,050	9.00
November	1982	190	6,018,850	155	4,747,550	81.58	35	1,271,300	18.42
December	1982	173	5,746,400	157	5,114,600	90.75	16	631,800	9.25
January	1983	133	4,392,350	120	3,965,150	90.23	13	427,200	9.77
February	1983	129	4,527,850	112	3,889,450	86.82	17	638,400	13.18
March	1983	181	5,740,550	167	5,359,200	92.27	14	381,350	7.73
April	1983	74	2,405,200	47	1,554,850	63.52	2	67,900	2.70

Month Appl. Rec.	Pending			In Process		
	No.	AMT.	%	No.	AMT.	%
April	2	56,250	2.70	23	726,200	31.08

## ALASKA HOUSING FINANCE CORPORATION

LOAN SUMMARY - MORTGAGES PURCHASED  
RECEIVING HOME OWNERSHIP SUBSIDY

	<u>FY '81</u>	<u>%</u>	<u>FY '82</u>	<u>%</u>	<u>JULY - MARCH FY '83</u>	<u>%</u>
Sales Price	67,142		68,684		74,217	
Appraised Value	68,318		69,568		75,119	
Note Amount	63,183		64,381		69,671	
Monthly Income	1,905		1,932		1,990	
Age of Borrower	29.6		30.0		29.7	
Size of Household	1.8		1.9		1.9	
Loan to Sales Price Ratio	94.10		93.74		93.87	
Weighted Average Int. Rate	9.98		11.12		10.49	
Monthly P & I Payment			620.18		636.79	
Dwelling Type						
SFR	227	59.58	398	44.08	302	42.00
Condo	141	37.01	487	53.93	412	57.30
PUD	13	3.41	18	1.99	5	.70
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>719</u>	<u>100.00</u>
New/Existing						
New	57	14.96	272	30.12	497	69.12
Existing	324	85.04	631	69.88	222	30.88
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>719</u>	<u>100.00</u>
First Time Homeowner						
Yes	289	75.85	639	70.76	549	76.36
No	92	24.15	264	29.24	170	23.64
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>719</u>	<u>100.00</u>
Insurance Type						
FHA	-	-	-	-	-	-
VA	-	-	-	-	-	-
CONV	381	100.00	903	100.00	719	100.00
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>719</u>	<u>100.00</u>
Eligible State Veteran	7	1.84	11	1.22	54	7.51
Non-Eligible State Veteran	374	98.16	892	98.78	665	92.49
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>719</u>	<u>100.00</u>
Original Balance	24,072,600.00		58,136,000.00		50,093,400.00	

## ALASKA HOUSING FINANCE CORPORATION

LOAN SUMMARY - MORTGAGES PURCHASED  
MOBILE HOMES

	<u>FY '81</u>	<u>%</u>	<u>FY '82</u>	<u>%</u>	<u>JULY - MARCH FY' 83</u>	<u>%</u>
Sales Price	25,971		27,966		34,016	
Appraised Value	26,553		29,160		34,953	
Note Amount	23,558		25,878		31,067	
Monthly Income	2,450		2,710		2,894	
Age of Borrower	32.0		32.9		32.1	
Size of Household	2.5		2.6		2.6	
Loan to Sales Price Ratio	90.71		92.54		91.33	
Weighted Average Int. Rate	10.71		11.34		11.85	
Monthly P & I Payment			285.20		349.42	
Dwelling Type						
Mobile Homes	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>1,426</u>	<u>100.00</u>
New/Existing						
New	36	6.45	132	9.97	331	23.21
Existing	<u>522</u>	<u>93.55</u>	<u>1,192</u>	<u>90.03</u>	<u>1,095</u>	<u>76.79</u>
	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>1,426</u>	<u>100.00</u>
First Time Homeowner						
Yes	364	65.23	840	63.44	941	65.99
No	<u>194</u>	<u>34.77</u>	<u>484</u>	<u>36.56</u>	<u>485</u>	<u>34.01</u>
	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>1,426</u>	<u>100.00</u>
Insurance Type						
FHA	-	-	-	-	-	-
VA	4	.72	74	5.59	176	12.34
CONV	<u>554</u>	<u>99.28</u>	<u>1,250</u>	<u>94.41</u>	<u>1,250</u>	<u>87.66</u>
	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>1,426</u>	<u>100.00</u>
Eligible State Veteran	1	.18	71	5.36	172	12.06
Non-Eligible State Veteran	<u>557</u>	<u>99.82</u>	<u>1,253</u>	<u>94.64</u>	<u>1,254</u>	<u>87.94</u>
	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>1,426</u>	<u>100.00</u>
Original Balance			13,145,460.00		34,263,450.00	
					44,301,200.00	

cf19

## ALASKA HOUSING FINANCE CORPORATION

Summary of Projected Demand and Proposed Sources of Funding  
Mobile Home Loan ProgramSummary of Projected Demand

Mobile home loan approvals April 1, 1982 through March 31, 1983	\$59,318,750
Appreciation and growth adjustment (1)	<u>14,829,688</u>
CALCULATED DEMAND	<u>\$74,148,438</u>
ROUNDED TO	<u>\$75,000,000</u>

Summary of Proposed Sources of Funding

Appropriation Request	\$50,000,000
Estimated amounts in the Home Ownership Fund available for mobile home loan originations:	
As of June 30, 1983 (2)	4,000,000
FY 84 Net earnings (\$8,000,000) and prepayments (\$11,000,000)	19,000,000
Estimated Mortgage repayments in the State Appropriated Loan Fund available for mobile home loan originations:	
Through June 30, 1983 (3)	<u>2,000,000</u>
	<u>\$75,000,000</u>

- (1) Assumes 15 percent appreciation and 5 percent program growth applied to the April 1982 - March 1983 approvals, adjusted to reflect the 3 month period discrepancy.
- (2) Approximately \$16 million of the FY 83 mobile home loan program activity is expected to be financed from the earnings of, and mortgage repayments received in the Home Ownership Fund through June 30, 1983.
- (3) Anticipates consolidation of State Appropriated Loan Fund into the Corporation's Operating Fund with loan prepayments held in short term investments and available for application to debt service requirements applicable to outstanding obligations if necessary.

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

May 13, 1983

BILL SHEFFIELD, GOVERNOR

POUCH B  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4700

225 CORDOVA STREET - BLDG B  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 264-2294

The Honorable Al Adams  
Representative  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Attention: Louann Cutler

Dear Representative Adams:

Per a request by Louann Cutler of your staff, I am providing your office with the Department of Community and Regional Affairs' request for appropriations found in CS HB 315 (Loans).

#### Section 4

The Committee Substitute for H.B. 315, as drafted by the Special Committee on State Loans, provides for a \$45,000,000 appropriation from the General Fund to the Housing Assistance Loan Fund (HALF) in the Department of Community and Regional Affairs for non-conforming, rural, and non-owner occupied housing loans. The appropriation contained therein reflects the Department of Community and Regional Affairs FY-84 capital budget request.

#### Section 5

Section 5 of the aforementioned bill will provide additional loan funds (\$15,000,000) for the HALF. The additional funds will be used to finance the purchase and construction (the word "construction" should be added to line 4, page 6 of the bill) of single family homes for lower and moderate income persons. More specific, the appropriation will provide mortgage funds for non-conforming and rural housing loans that are subsidized from the Home Ownership Assistance Fund.

#### Section 6

This section appropriated \$650,000 from the General Fund to proposed Home Ownership Assistance Fund in the Department of Community and Regional Affairs. The Home Ownership Assistance Fund (HOAF) is proposed in the Committee Substitute HB 302 (Loans).

The Honorable Al Adams  
Representative  
May 13, 1983  
Page 2

The fund will contain "only" those funds directly appropriated to the HOAF and which will be used solely for the purpose of subsidizing monthly mortgage payments of lower and moderate income persons qualifying for the proposed Home Ownership Assistance Program.

Section 7

As drafted in this bill, this section would appropriate \$226,000 from the General Fund to the Department of Community and Regional Affairs for the operation and administration of the proposed Home Ownership Assistance Fund. Contrary to Section 7, as drafted, is the intent of the department to use program receipts from the HALF for operation and administration cost in implementing the HOAF.

The department requests that this section be amended to include language authorizing the department to use program receipts in the amount of \$226,000 for the aforementioned purpose.

Thank you for this opportunity to comment on this bill. The staff of the Housing Assistance Division will be available on Wednesday, May 18th, at the meeting of the House Finance Committee to comment further on this legislation.

Sincerely,



Mark Lewis  
Commissioner

cc: Barbara Morse-Quinn, Director  
Housing Assistance Division

STATE STUDENT LOAN ACTIVITY  
Projected to 1988-89  
(Current Program)

Year	Loan Awards	Loan Volume	Cumulative Total	Average Loan	Loan Collections	Federal Funds	Forgiveness	General Fund
1971-72	1,081	\$ 1,603,158	\$ 1,603,158	\$1,483	\$ -0-	\$ -0-	\$ -0-	\$ 1,603,158
1972-73	1,748	2,870,384	4,473,542	1,642	-0-	-0-	-0-	2,870,384
1973-74	1,665	2,986,176	7,459,718	1,793	-0-	-0-	-0-	2,986,176
1974-75	1,457	2,659,807	10,119,525	1,826	235,476	-0-	703	2,424,331
1975-76	1,719	3,382,997	13,502,522	1,968	465,530	-0-	44,233	2,977,467
1976-77	1,921	3,850,507	17,353,029	2,004	1,141,461	-0-	64,746	2,709,046
1977-78	2,265	4,604,167	21,957,196	2,033	1,191,851	-0-	314,306	3,412,316
1978-79	2,795	6,416,402	28,373,598	2,296	1,391,643	-0-	445,985	5,024,758
1979-80	3,918	9,373,949	37,747,547	2,393	1,603,436	-0-	409,501	7,770,513
1980-81	6,460	15,957,717	53,705,264	2,475	2,225,388	-0-	555,494	13,732,329
1981-82	9,898	40,559,499	94,264,763	4,098	2,779,900	1,000,000	785,769	36,819,599
1982-83*	12,500	56,250,000	150,514,763	4,500	4,604,046	1,200,000	(1,367,555)	54,563,309
1983-84	15,000	73,500,000	224,014,763	4,900	7,591,895	850,000	2,311,210	65,058,105
1984-85	17,741	99,349,600	323,364,363	5,600	11,187,099	675,000	3,458,423	87,487,501
1985-86	19,000	112,100,600	435,464,963	5,900	15,871,653	500,000	4,750,002	95,728,947
1986-87	21,100	124,490,000	559,954,963	5,900	20,742,025	350,000	6,432,819	103,397,975
1987-88	22,489	133,809,550	693,764,513	5,950	24,787,158	225,000	8,113,038	108,797,392
1988-89	24,365	144,971,750	838,736,263	5,950	28,423,931	150,000	10,617,441	116,397,819

\*1982-83 through 1988-89 are projections

Revised 3/3/83

Offered: 4/15/83  
Referred: House Special Committee  
on State Loans and Finance

Original sponsor: The Special Committee  
on State Loans

1 IN THE HOUSE

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2

CS FOR HOUSE BILL NO. 302 (C&RA)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the Alaska Housing Finance Corpo-

7

ration and to rural and nonconforming housing loans;

8

and providing for an effective date."

9

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10

\* Section 1. AS 18.56.101 is amended to read:

11

Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The

12

following persons are eligible veterans for the purposes of AS 18.56.-

13

098(g) and (h):

14

(1) a person who served in the armed forces of the United

15

States for 90 days or more, or whose service was for less than 90 days

16

because of injury or disability incurred in the line of duty, after

17

April 6, 1917,

18

[(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS

19

A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR

20

NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO

21

RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER DIS-

22

CHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE

23

TERRITORY OR STATE; OR

24

(B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE TERRI-

25

TORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAS BEEN A

26

RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR AT THE

27

TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO THE

28

TERRITORY OR STATE FOR AT LEAST FIVE YEARS; AND

29

(C)] whose discharge was under honorable conditions;

1 (2) the widow or widower of a member of the armed forces or  
2 an eligible veteran if

3 [(A) THE MEMBER OR VETERAN WAS A RESIDENT OF THE TERRI-  
4 TORY OR STATE FOR ONE YEAR BEFORE INDUCTION INTO THE SERVICE;

5 (B)] the member or veteran served in the armed forces  
6 for at least 90 days after April 6, 1917 [;] and

7 [(C)] the veteran's [HIS] discharge was under honorable  
8 conditions;

9 (3) a person who has served for not less than five years in  
10 the Alaska Army National Guard, the Alaska Air National Guard, [OR]  
11 the Alaska Naval Militia, or [WHO HAS SERVED IN] a reserve unit of the  
12 United States armed forces [IN ALASKA] if the reserve unit required,  
13 as a minimum, one weekend each month of duty and 15 consecutive days  
14 of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and  
15 whose discharge was under honorable conditions.

16 \* Sec. 2. AS 18.56.115 is amended to read:

17 Sec. 18.56.115. INDEPENDENT FINANCIAL ADVISOR. In negotiating  
18 the private sale of bonds or bond anticipation notes to an under-  
19 writer, the corporation may [SHALL] retain a financial advisor who is  
20 independent from the underwriter.

21 \* Sec. 3. AS 44.47.380 is amended to read:

22 Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created  
23 in the Department of Community and Regional Affairs, as a revolving  
24 loan fund, the housing assistance loan fund consisting of money appro-  
25 priated to it by the legislature and repayments of principal of loans  
26 made or purchased from the assets of the fund. Interest on loans made  
27 or purchased from the assets of the fund must be transferred to the  
28 Department of Revenue for deposit in the general fund. The director  
29 shall administer the housing assistance loan fund in accordance with

1 AS 44.47.360 - 44.47.560 and shall use the money in the housing  
2 assistance loan fund to originate, purchase, or participate in the  
3 purchase of

4 (1) nonconforming and rural housing mortgage loans;

5 (2) loans made for building materials for nonconforming and  
6 rural housing;

7 (3) loans made for renovations or improvements to noncon-  
8 forming and rural housing;

9 (4) loans made for the construction of owner-occupied  
10 nonconforming and rural housing other than loans to builders or con-  
11 tractors or loans that compensate an owner for the owner's labor or  
12 services in constructing the owner's own housing.

13 \* Sec. 4. AS 44.47 is amended by adding a new section to read:

14 Sec. 44.47.382. HOME OWNERSHIP ASSISTANCE FUND. (a) The home  
15 ownership assistance fund is established in the Department of  
16 Community and Regional Affairs, consisting of money appropriated to  
17 the fund by the legislature. Money in the fund shall be used solely  
18 to assist persons of lower and moderate income to purchase  
19 single-family homes financed under AS 44.47.360 - 44.47.560 by  
20 providing a subsidy to those persons in an amount not greater than the  
21 difference between

22 (1) the amount annually required to pay the interest on and  
23 principal of that person's loan and real property taxes and insurance  
24 for the home purchased with the loan; and

25 (2) 25 percent of that person's annual gross income.

26 (b) In this section, "persons of lower and moderate income"  
27 means individuals considered by the division to require assistance  
28 under this section because of inadequate income or other limited  
29 personal financial resources, taking into consideration

- 1 (1) the amount of total income available for housing needs;
- 2 (2) the size of the family;
- 3 (3) the cost and condition of available housing;
- 4 (4) standards established in various federal programs for
- 5 determining eligibility based on income;
- 6 (5) the ability to enter the private housing market and to
- 7 pay market amounts for decent, safe, and sanitary housing; and
- 8 (6) other factors considered relevant by the division.

9 \* Sec. 5. AS 44.47.385 is repealed.

10 \* Sec. 6. This Act takes effect immediately in accordance with AS 01.-  
11 10.070(c).

Introduced: 3/29/83  
Referred: Community & Regional Affairs,  
House Special Committee on State Loans  
and Finance

BY THE HOUSE SPECIAL  
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2 HOUSE BILL NO. 302

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpo-  
7 ration; relating to rural and nonconforming housing  
8 loans; and providing for an effective date."

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

10 \* Section 1. AS 18.56.096(1) is amended to read:

11 (1) a first mortgage loan under this chapter that exceeds  
12 the limitations on first mortgage loans purchased by the Federal  
13 National Mortgage Association as to [PRINCIPAL AMOUNT AND] loan-to-  
14 value ratio; [OR]

15 \* Sec. 2. AS 18.56.096(2) is amended to read:

16 (2) a second mortgage loan [THE AMOUNT OF WHICH, WHEN  
17 COMBINED WITH THE PRINCIPAL BALANCE OF A FIRST MORTGAGE LOAN ON THE  
18 PROPERTY, EXCEEDS THE LIMITATION ON THE AMOUNT SET OUT IN (1) OF THIS  
19 SECTION OR] that has a loan-to-value ratio, when considered with the  
20 principal balance of the first mortgage loan, that exceeds 90 percent;  
21 [.]

22 \* Sec. 3. AS 18.56.096 is amended by adding a new paragraph to read:

23 (4) a first mortgage loan that exceeds \$250,000, or a  
24 second mortgage loan, the amount of which, when combined with the  
25 principal balance of a first mortgage loan on the property, exceeds  
26 \$250,000.

27 \* Sec. 4. AS 18.56.098(g)(1) is amended to read:

28 (1) The interest rate on the first \$90,000 of a mortgage  
29 loan purchased with the proceeds of an [THE FIRST] issue of taxable

1 bonds of the corporation is four percent less than [10 PERCENT OR] the  
2 cost of funds of that issue, except that

3 (A) if the cost of funds of that issue is less than 10  
4 percent, the interest rate is equal to the cost of funds; and

5 (B) if the cost of funds of that issue is more than 10  
6 percent, the interest rate may not be less than 10 percent [,  
7 WHICHEVER IS LESS].

8 \* Sec. 5. AS 18.56.098(g)(5) is amended to read:

9 (5) The interest rate on a mortgage loan purchased with  
10 [FROM] money that is not the proceeds of either taxable or tax-exempt  
11 bonds [APPROPRIATED TO THE CORPORATION] is the rate the corporation  
12 determines is appropriate by application of the provisions of (1) [-  
13 (4)] of this subsection. [THE RATE MAY BE BASED ON AN ESTIMATE OF THE  
14 COST OF FUNDS OF A PROPOSED ISSUE OR ISSUES OF BONDS.]

15 \* Sec. 6. AS 18.56.101 is amended to read:

16 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The  
17 following persons are eligible veterans for the purposes of AS 18.56.-  
18 098(g) and (h):

19 (1) a person who served in the armed forces of the United  
20 States for 90 days or more, or whose service was for less than 90 days  
21 because of injury or disability incurred in the line of duty, after  
22 April 6, 1917,

23 [(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS  
24 A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR  
25 NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO  
26 RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER DIS-  
27 CHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE  
28 TERRITORY OR STATE; OR

29 (B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE

1 TERRITORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAS  
2 BEEN A RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR  
3 AT THE TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO  
4 THE TERRITORY OR STATE FOR AT LEAST FIVE YEARS; AND

5 (C)] whose discharge was under honorable conditions;

6 (2) the widow or widower of a member of the armed forces or  
7 an eligible veteran if

8 [(A) THE MEMBER OR VETERAN WAS A RESIDENT OF THE TERRI-  
9 TORY OR STATE FOR ONE YEAR BEFORE INDUCTION INTO THE SERVICE;

10 (B)] the member or veteran served in the armed forces  
11 for at least 90 days after April 6, 1917 [;] and

12 [(C)] the veteran's [HIS] discharge was under honorable  
13 conditions;

14 (3) a person who has served for not less than five years in  
15 the Alaska Army National Guard, the Alaska Air National Guard, [OR]  
16 the Alaska Naval Militia, or [WHO HAS SERVED IN] a reserve unit of the  
17 United States armed forces [IN ALASKA] if the reserve unit required,  
18 as a minimum, one weekend each month of duty and 15 consecutive days  
19 of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and  
20 whose discharge was under honorable conditions.

21 \* Sec. 7. AS 18.56.115 is amended to read:

22 Sec. 18.56.115. INDEPENDENT FINANCIAL ADVISOR. In negotiating  
23 the private sale of bonds or bond anticipation notes to an under-  
24 writer, the corporation may [SHALL] retain a financial advisor who is  
25 independent from the underwriter.

26 \* Sec. 8. The amendments to AS 18.56.098(g) made by secs. 4 and 5 of  
27 this Act apply only to mortgage loans purchased by the Alaska Housing  
28 Finance Corporation from the proceeds of bonds issued after the effective  
29 date of secs. 4 and 5 of this Act.

- 1     \* Sec. 9. AS 18.56.098(g)(2) and AS 44.47.385 are repealed.
- 2     \* Sec. 10. This Act takes effect immediately in accordance with AG 01.-
- 3 10.070(c).

Offered: 5/5/83  
Referred: Finance

Original sponsor: House Special Committee  
on State Loans

1 IN THE HOUSE

BY THE HOUSE SPECIAL  
COMMITTEE ON STATE LOANS

2

CS FOR HOUSE BILL NO. 302 (Loans)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to state housing loan and state  
7 alternative technology loan programs; and providing  
8 for an effective date."

9

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10

\* Section 1. AS 18.56.096(1) is amended to read:

11

(1) a first mortgage loan under this chapter for a duplex,

12

triplex, or four-plex that exceeds the limitations on first mortgage

13

loans for similar housing purchased by the Federal National Mortgage

14

Association as to principal amount and loan-to-value ratio; [OR]

15

\* Sec. 2. AS 18.56.096(2) is amended to read:

16

(2) a second mortgage loan for a duplex, triplex, or four-

17

plex the amount of which, when combined with the principal balance of

18

a first mortgage loan on the property, exceeds the limitation on the

19

amount set out in (1) of this section or that has a loan-to-value

20

ratio, when considered with the principal balance of the first mort-

21

gage loan, that exceeds 90 percent; [.]

22

\* Sec. 3. AS 18.56.096 is amended by adding a new paragraph to read:

23

(4) a first mortgage loan for a single-family residence

24

that exceeds the limitations on first mortgage loans for similar

25

housing purchased by the Federal National Mortgage Association as to

26

principal amount by more than 10 percent, or has a loan-to-value ratio

27

that exceeds 95 percent, or a second mortgage loan for a single-family

28

residence, the amount of which, when combined with the principal

29

balance of a first mortgage loan on the property, exceeds the

1 limitations on loans for similar housing purchased by the Federal  
2 National Mortgage Association as to principal amount by more than 10  
3 percent, or has a loan-to-value ratio, when considered with the prin-  
4 cipal balance of the first mortgage loan, that exceeds 90 percent.

5 \* Sec. 4. AS 18.56.098(g)(1) is amended to read:

6 (1) The interest rate on the first \$100,000 [\$90,000] of a  
7 mortgage loan purchased with the proceeds of an [THE FIRST] issue of  
8 taxable bonds of the corporation is three percent less than [10 PER-  
9 CENT OR] the cost of funds of that issue, except that

10 (A) if the cost of funds of that issue is less than 10  
11 percent, the interest rate is equal to the cost of funds; and

12 (B) if the cost of funds of that issue is more than 10  
13 percent, the interest rate may not be less than 10 percent [,  
14 WHICHEVER IS LESS].

15 \* Sec. 5. AS 18.56.098(g)(3) is amended to read:

16 (3) An interest rate determined under this subsection on  
17 the first \$100,000 [\$90,000] of a mortgage loan that is not purchased  
18 from the proceeds of bonds that are qualified veterans' mortgage bonds  
19 under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103(A)), as  
20 amended, shall be reduced by one percentage point if the loan is made  
21 to an eligible veteran under AS 18.56.101.

22 \* Sec. 6. AS 18.56.098(g)(4) is amended to read:

23 (4) The interest rate for the amount of a mortgage loan  
24 purchased under (a) of this section that exceeds \$100,000 [\$90,000] is  
25 equal to the cost of funds to the corporation attributable to that  
26 part of the loan.

27 \* Sec. 7. AS 18.56.098(g)(5) is amended to read:

28 (5) The interest rate on the first \$100,000 of a mortgage  
29 loan purchased with [FROM] money that is not the proceeds of either

1        taxable or tax-exempt bonds [APPROPRIATED TO THE CORPORATION] is the  
2        rate the corporation determines is appropriate by application of the  
3        provisions of (1) [- (4)] of this subsection. [THE RATE MAY BE BASED  
4        ON AN ESTIMATE OF THE COST OF FUNDS OF A PROPOSED ISSUE OR ISSUES OF  
5        BONDS.]

6        \* Sec. 8. AS 18.56.098(g)(6) is amended to read:

7                    (6) The interest rate on the first \$100,000 [\$90,000] of a  
8        mortgage loan purchased from the proceeds of bonds that are exempt  
9        from taxation under the Mortgage Subsidy Bond Tax Act of 1980 (26  
10       U.S.C. 103(A)), as amended, other than bonds that constitute qualified  
11       veterans' bonds under (i) of this section, is 10 percent or the cost  
12       of the funds, whichever is less. A higher or lower interest rate shall  
13       be established on the entire loan amount if required under the Mort-  
14       gage Subsidy Bond Tax Act.

15       \* Sec. 9. AS 18.56.101 is amended to read:

16                    Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The  
17       following persons are eligible veterans for the purposes of AS 18.56.-  
18       098(g) and (h):

19                    (1) a person who served in the armed forces of the United  
20       States for 90 days or more, or whose service was for less than 90 days  
21       because of injury or disability incurred in the line of duty, after  
22       April 6, 1917,

23                    [(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS  
24       A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR  
25       NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO  
26       RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER DIS-  
27       CHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE  
28       TERRITORY OR STATE; OR

29                    (B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE

1 TERRITORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAS  
2 BEEN A RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR  
3 AT THE TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO  
4 THE TERRITORY OR STATE FOR AT LEAST FIVE YEARS; AND

5 (C)] whose discharge was under honorable conditions;

6 (2) the widow or widower of a member of the armed forces or  
7 an eligible veteran if

8 [(A) THE MEMBER OR VETERAN WAS A RESIDENT OF THE TERRI-  
9 TORY OR STATE FOR ONE YEAR BEFORE INDUCTION INTO THE SERVICE;

10 (B)] the member or veteran served in the armed forces  
11 for at least 90 days after April 6, 1917 [;] and

12 [(C)] the veteran's [HIS] discharge was under honorable  
13 conditions;

14 (3) a person who has served for not less than five years in  
15 the Alaska Army National Guard, the Alaska Air National Guard, [OR]  
16 the Alaska Naval Militia, or [WHO HAS SERVED IN] a reserve unit of the  
17 United States armed forces [IN ALASKA] if the reserve unit required,  
18 as a minimum, one weekend each month of duty and 15 consecutive days  
19 of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and  
20 whose discharge was under honorable conditions.

21 \* Sec. 10. AS 18.56.115 is amended to read:

22 Sec. 18.56.115. INDEPENDENT FINANCIAL ADVISOR. In negotiating  
23 the private sale of bonds or bond anticipation notes to an under-  
24 writer, the corporation may [SHALL] retain a financial advisor. A  
25 financial advisor retained under this section must be [WHO IS] inde-  
26 pendent from the underwriter.

27 \* Sec. 11. AS 18.56 is amended by adding a new section to read:

28 Sec. 18.56.205. RESIDENTIAL MORTGAGE ASSISTANCE FOR MEMBERS OF  
29 THE ALASKA DELEGATION TO CONGRESS. The corporation may extend the

1 special mortgage loan purchase program (AS 18.56.098) to purchase a  
2 mortgage loan made for the purchase or rehabilitation of a residence  
3 located in the District of Columbia or within 50 miles of the District  
4 of Columbia to a member of the United States Congress from Alaska if  
5 the member is otherwise qualified for assistance under the special  
6 mortgage loan purchase program.

7 \* Sec. 12. AS 44.47.380 is amended to read:

8 Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created  
9 in the Department of Community and Regional Affairs, as a revolving  
10 loan fund, the housing assistance loan fund consisting of money appro-  
11 priated to it by the legislature and repayments of principal of loans  
12 made or purchased from the assets of the fund. Interest on loans made  
13 or purchased from the assets of the fund must be transferred to the  
14 Department of Revenue for deposit in the general fund. The director  
15 shall administer the housing assistance loan fund in accordance with  
16 AS 44.47.360 - 44.47.560 and shall use the money in the housing assis-  
17 tance loan fund to originate, purchase, or participate in the purchase  
18 of

19 (1) nonconforming and rural housing mortgage loans;

20 (2) loans made for building materials for nonconforming and  
21 rural housing;

22 (3) loans made for renovations or improvements to noncon-  
23 forming and rural housing;

24 (4) loans made for the construction of owner-occupied  
25 nonconforming and rural housing other than loans to builders or con-  
26 tractors or loans that compensate an owner for the owner's labor or  
27 services in constructing the owner's own housing.

28 \* Sec. 13. AS 44.47 is amended by adding a new section to read:

29 Sec. 44.47.382. HOME OWNERSHIP ASSISTANCE FUND. (a) There is

1 created in the Department of Community and Regional Affairs, the home  
2 ownership assistance fund consisting of money appropriated to it by  
3 the legislature. Money in the fund shall be used solely to assist  
4 persons of lower and moderate income to purchase single-family homes  
5 financed under AS 44.47.360 - 44.47.560 by providing a subsidy to  
6 those persons.

7 (b) The subsidy provided by this section may not exceed the  
8 amount that is necessary to reduce the annual interest rate paid on  
9 the mortgage loan to six percent.

10 (c) A mortgage loan that is subsidized from the home ownership  
11 assistance fund may not exceed \$120,000.

12 (d) The division shall adopt regulations that establish maximum  
13 income-to-loan payment ratios for persons who apply for a subsidy  
14 under this section.

15 (e) In this section, "persons of lower and moderate income"  
16 means individuals considered by the division to require assistance  
17 under this section because of inadequate income or other limited  
18 personal financial resources, taking into consideration

19 (1) the amount of total income available for housing needs;

20 (2) the size of the family;

21 (3) the cost and condition of available housing;

22 (4) standards established in various federal programs for  
23 determining eligibility based on income;

24 (5) the ability to enter the private housing market and to  
25 pay market amounts for decent, safe, and sanitary housing; and

26 (6) other factors considered relevant by the division.

27 \* Sec. 14. AS 44.47.390(4) is amended to read:

28 (4) originate a direct loan for nonconforming or rural  
29 housing or purchase or participate in the purchase of a nonconforming

1 or rural housing mortgage loan, other than a loan for the repair,  
2 remodeling, rehabilitation, or expansion of an existing owner-occupied  
3 residence, if the borrower has an outstanding housing loan made under  
4 a state loan program, other than a loan for nonowner-occupied housing  
5 under AS 44.47.520, that bears interest at a rate that was less than  
6 the prevailing market interest rate for similar housing loans at the  
7 time the loan was made.

8 \* Sec. 15. AS 44.47.410 is amended to read:

9 Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a  
10 mortgage loan originated or purchased in whole or in part under  
11 AS 44.47.380 for nonconforming housing that is not rural housing is  
12 one-quarter percent more than [EQUAL TO] the interest rate, as deter-  
13 mined under AS 18.56.098(g)(1) - (4), on a mortgage loan purchased  
14 under AS 18.56.098(a) from the proceeds of the most recent applicable  
15 issue of taxable bonds before the origination or purchase of the  
16 mortgage loan originated or purchased under AS 44.47.380.

17 (b) The interest rate on a mortgage loan originated or purchased  
18 in whole or in part under AS 44.47.380 for rural housing is one per-  
19 cent less than the interest rate, as determined under AS 18.56.098-  
20 (g)(1) - (4), on a mortgage loan purchased under AS 18.56.098(a) from  
21 the proceeds of the most recent applicable issue of taxable bonds  
22 before the origination or purchase of the mortgage loan originated or  
23 purchased under AS 44.47.380 [10-1/2 PERCENT].

24 \* Sec. 16. AS 44.47.560(5) is repealed and reenacted to read:

25 (5) "rural" means of or relating to a community in the  
26 state with a population of 4,500 or less, as determined by the depart-  
27 ment under AS 29.88.015, that

28 (A) is not connected by road or rail to Anchorage; or

29 (B) is connected by road or rail to Anchorage, but is

1           more than 50 air miles from Anchorage;

2       \* Sec. 17. AS 45.88.500(2) is amended by adding a new subparagraph to  
3 read:

4                       (E) a steam, hot water, or ducted hot air central  
5 heating system that uses solid fuel;

6       \* Sec. 18. AS 18.56.098(g)(2) and AS 44.47.385 are repealed.

7       \* Sec. 19. Section 13 of this Act takes effect January 1, 1984.

8       \* Sec. 20. Sections 1 - 12, and 14 - 18 of this Act take effect immedi-  
9 ately in accordance with AS 01.10.070(c).