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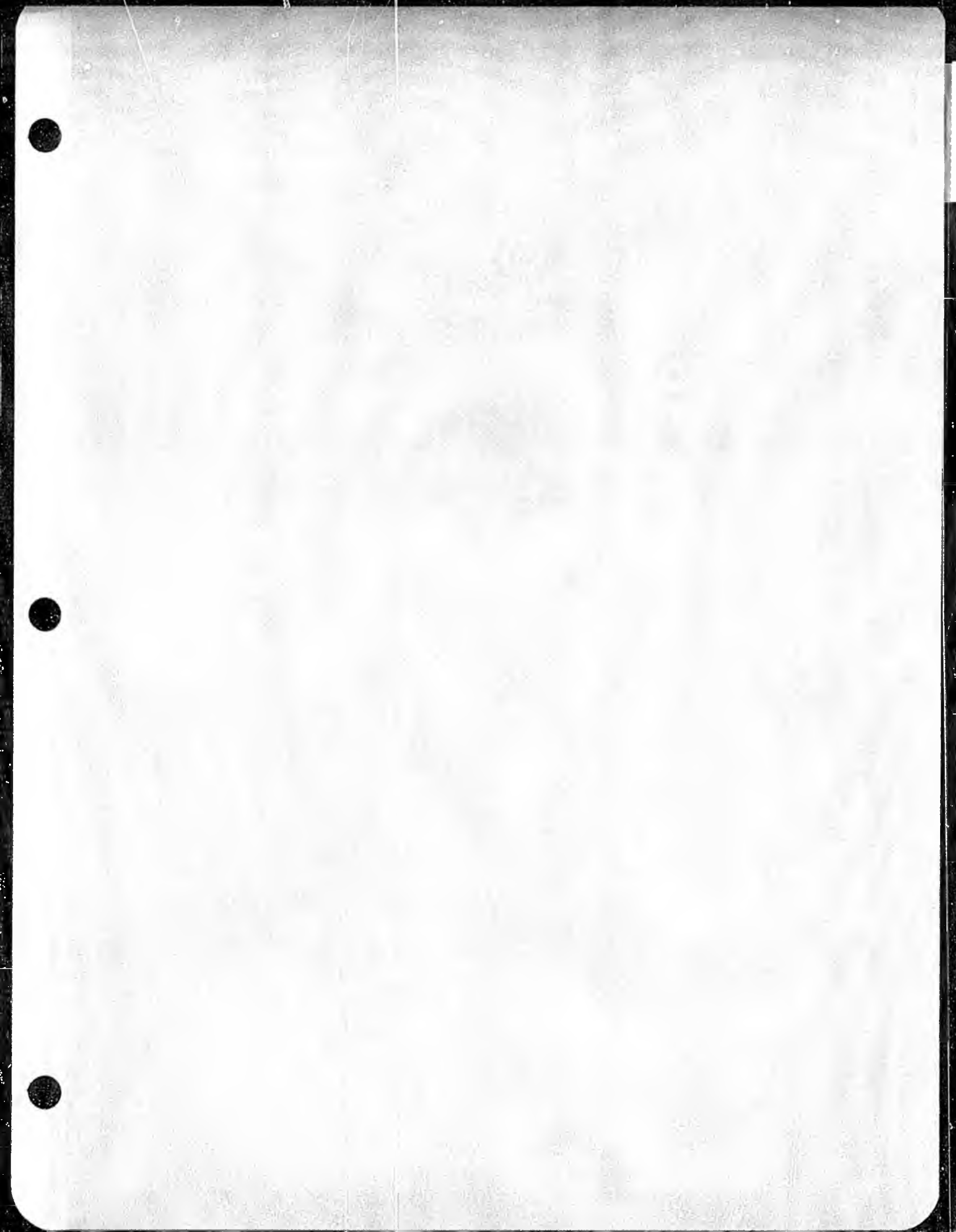
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HB 302

by the

HOUSE SPECIAL COMMITTEE ON STATE LOANS



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HOUSE SPECIAL COMMITTEE  
ON STATE LOANS

VICE-CHAIRMAN

HOUSE RESOURCES COMMITTEE  
HOUSE LABOR AND COMMERCE COMMITTEE

MEMBER

JOINT GAS PIPELINE COMMITTEE  
HOUSE FINANCE SUBCOMMITTEE ON  
ADMINISTRATION, REVENUE  
AND THE GOVERNOR'S OFFICE

Alaska State Legislature



House of Representatives

Representative  
RICK UEHLING

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MEMORANDUM

TO: Members of the Special Committee on State Loans  
Members of the Community and Regional Affairs Committee

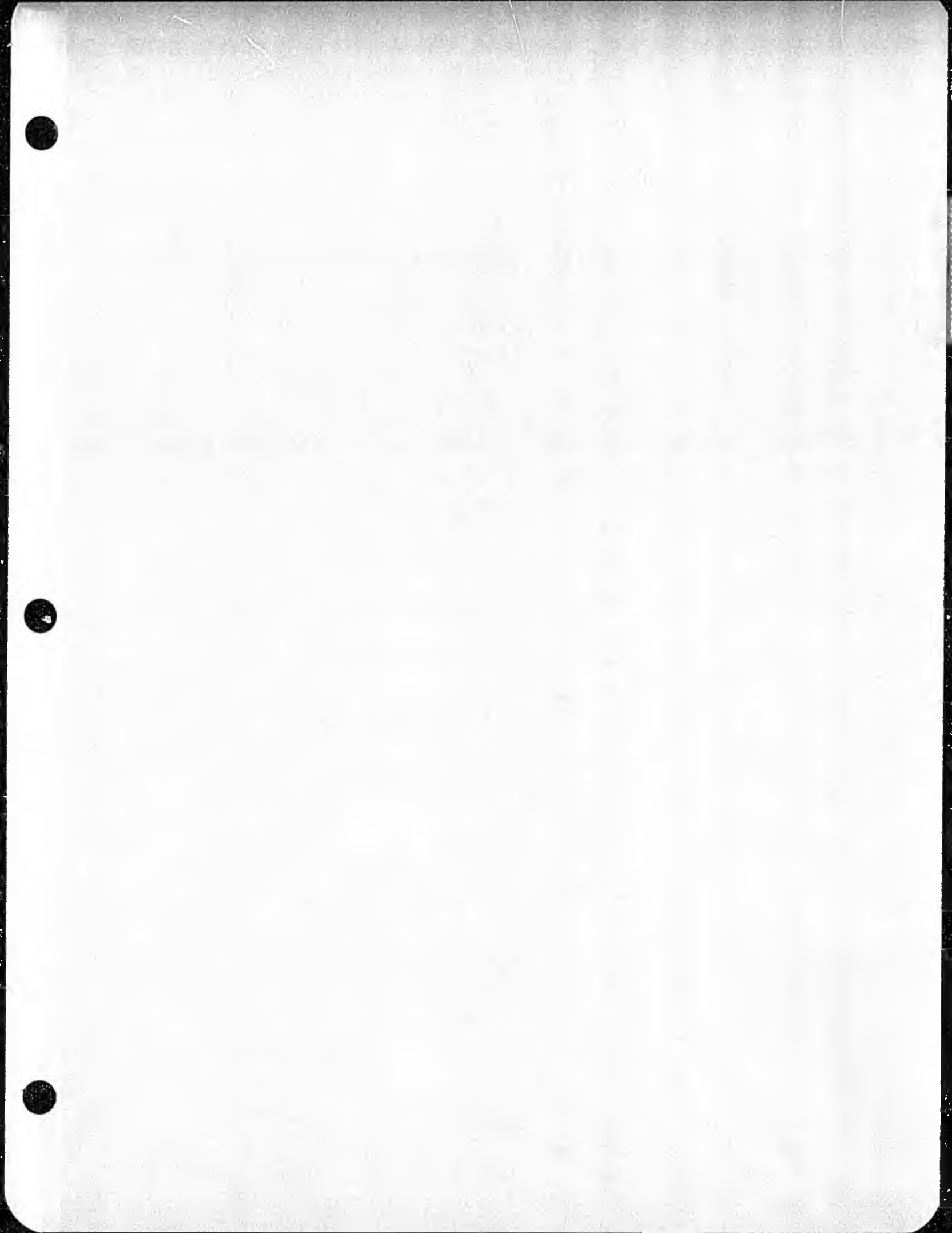
FROM: Representative Rick Uehling *RAU*

DATE: April 7, 1983

RE: House Bill 302

For your convenience, I have prepared this packet of information on House Bill 302, "An Act relating to Alaska Housing Finance Corporation; relating to rural and nonconforming housing loans; and providing for an effective date."

SECTION I.....House Bill 302  
SECTION II.....Sectional Analysis of HB 302  
SECTION III.....Alaska Statutes directing Alaska Housing Finance Corporation  
SECTION IV.....Statistical Information regarding AHFC  
SECTION V.....Fiscal notes from AHFC and Department of C&RA  
SECTION VI.....Remarks by Representative Rick Uehling on Behalf of House Bill 302  
SECTION VII.....AS 44.47.385 (Repealed in HB 302)



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.

*Definition of MORT to be included*

- 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 AS 01.-
- 3 10.070(c).



STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 29, 1983

SUBJECT: AHFC and housing assistance loans  
(HB 302, Work Order No. 13-1140)

TO: Representative Rick Uehling

FROM: *EHA* Linn H. Asper  
Legislative Counsel

You have asked for a sectional analysis of HB 302, relating to the Alaska Housing Finance Corporation and housing assistance loans administered by the Department of Community and Regional Affairs.

Section 1 deletes the provision that now ties the maximum amount of AHFC loans to Federal National Mortgage Association limits.

Section 2 makes the same deletion with regard to second mortgages that Sec. 1 makes for first mortgages.

Section 3 establishes a new limit of \$250,000 for first mortgages purchased by AHFC, and a limit of \$250,000 for second mortgages when combined with the outstanding balance of the first mortgage.

Section 4, in combination with the repeal of AS 18.-- 56.098(g)(2) made in Sec. 9 of the bill, eliminates the "Rogers ratchet" method of determining interest rates on AHFC loans. Instead, a flat four percent subsidy is enacted so that the interest rate on an AHFC loan will be four percent less than the cost of funds for that loan, with two exceptions:

(1) if the cost of funds is less than 10 percent, the interest rate equals the cost of funds; and

(2) if the cost of funds is more than 10 percent the interest rate may not be less than 10 percent.

Representative Rick Uehling  
Page 2  
March 29, 1983

Section 5 makes technical changes to AS 18.56.098(g)(5) to conform that paragraph with the changes made elsewhere in the section.

Section 6 changes the definition of "eligible veteran" for the purposes of the increased veteran's subsidy for AHFC loans, by deleting questionable residency requirements and by changing the national guard and reserve service requirements.

Section 7 makes the retention of a financial advisor by the AHFC for the negotiation of private sales of bonds optional instead of mandatory.

Section 8 is a transitional provision that ties the changes in the method used to compute AHFC interest rates to bond sales that take place after the effective date of the Act.

Section 9 repeals AS 18.56.098(g)(2), referred to above in connection with Sec. 4, and repeals AS 44.47.385, which established an allocation formula, based on population, for nonconforming housing loan money administered by the division of housing assistance in the Department of Community and Regional Affairs.

Section 10 provides an immediate effective date for the Act.

LHA:ljb  
12/029



ALASKA HOUSING FINANCE  
CORPORATION LAW  
1980



Alaska Housing Finance Corporation

235 East Eighth Avenue  
Anchorage, Alaska

P. O. Box 1020  
Anchorage, Alaska 99510

Telephone (907) 276-5599

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Reprinted from Alaska Statutes

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SESSION LAWS OF ALASKA 1980

Chapter 106

Section  
10. Findings and Intent relating  
to the Alaska Housing Finance  
Corporation

Section  
11. Priorities in the purchase of  
mortgage loans by the Alaska  
Housing Finance Corporation

Sec. 10. Findings and intent relating to the Alaska Housing Finance Corporation. The legislature finds that

- (1) there exists in the State a serious shortage of capital to finance residential housing; interest rates are often far above levels which are affordable to persons of most income levels; these conditions are inimical to the stability, prosperity and economic welfare of the residents of the State and to the sound growth of urban and rural communities in the state;
- (2) private enterprise has not been able to provide, without assistance adequate residential housing to meet the basic housing and shelter needs of most Alaskans, or to consistently provide, without assistance, capital for these purposes at rates of interest which people of most income levels can afford; existing State and Federal programs are inadequate to meet the housing needs of most Alaskans; it is imperative that housing at a reasonable price be made available to promote stable economic growth and that coordination and cooperation among private enterprise, State government and local government be encouraged to finance residential housing for all Alaskans;
- (3) the continuance of the Alaska Housing Finance Corporation with the powers granted to it by this Act is essential to assist private enterprise in the financing of residential housing at a reasonable cost for all Alaskans and serves a public purpose in benefiting the people of the State; in this Act, the Alaska Housing Finance Corporation is empowered to act on behalf of the State and its people in serving this public purpose for the benefit of the general public.

Sec. 11. Priorities in purchase of mortgage loans by the Alaska Housing Finance Corporation. In purchasing mortgage loans under the special mortgage purchase program established under AS 18.56.098, enacted in Sec. 27 of this Act, the Alaska Housing Finance Corporation shall give the highest priority to the purchase of mortgage loans totaling \$24,554,000 for applicants under the Department of Revenue emergency

home mortgage loan program of February 28, 1980, who submitted their applications to the Department of Revenue before the close of the Department of Revenue emergency home mortgage loan program of February 28, 1980, but who did not receive a loan because of the exhaustion of the \$105,000,000 in the Department of Revenue emergency home mortgage loan program of February 28, 1980. The Alaska Housing Finance Corporation shall give the next highest priority to the purchase of a mortgage loan made to an applicant who has vacated his home because it was sold under the Department of Revenue emergency home mortgage loan program of February 28, 1980, and who now cannot close on the purchase of a new home because of the exhaustion of the \$105,000,000 in the Department of Revenue emergency home mortgage loan program of February 28, 1980. The Alaska Housing Finance Corporation shall give the next highest priority, on the basis of the immediacy with which the applicant will have to vacate his present home, to the purchase of a mortgage loan made to an applicant who has failed to close on the purchase of a new home because of the exhaustion of the \$105,000,000 in the Department of Revenue emergency home mortgage loan program of February 28, 1980. The priorities established under this section shall be observed to the extent the Alaska Housing Finance Corporation determines that it is reasonable to do so on the basis of evidence of the circumstances giving rise to the priority.

## TITLE 18. HEALTH AND SAFETY

### Chapter 56. Alaska Housing Finance Corporation

Section	Section
10. Findings and purpose	99. Powers of Corporation to deal in mortgage loans
20. Alaska Housing Finance Corporation	100. Housing development fund
30. Corporation governing body	101. Eligibility for veterans' interest rates
40. Meetings of Board	103. Federal taxation of interest on bonds and bond anticipation notes
45. Minutes of meetings	104. Allocation of tax-exempt bonds
50. Administration of affairs	105. Allocation of lending activities
52. Executive Director	107. Loan origination and servicing fees for rural areas
55. Legal advisor	110. Bonds and notes
60. Employment of Personnel	115. Independent financial advisor
70. Personnel exempt from State Personnel Act	120. Validity of any pledge
80. Interdepartmental cooperation	125. Capital reserve fund
84. International borrowing	130. Remedies
88. Administrative procedure	140. Negotiable instruments
89. Executive Budget Act	150. Obligations eligible for investment
90. General powers	160. Refunding instruments
91. Homeownership fund	170. Credit of state not pledged
93. Insurance	180. Officers not liable
95. Mortgage insurance	190. Tax exemption
96. Limitations on powers to make or purchase mortgage loans	200. Annual report
97. Collateral for loans	210. Definitions
98. Special mortgage loan purchase program	

Sec. 18.56.010. Findings and purposes. (a) There exists within the state a serious shortage of decent, safe and sanitary residential housing available at low or moderate prices or rentals to persons of lower and moderate income. There also exist within the state remote, underdeveloped or blighted areas where the development of decent, safe and sanitary housing is necessary to economic growth. These conditions are inimical to the safety, health, welfare and prosperity of the residents to the state and to the sound growth of urban and rural communities.

(b) The legislature finds and declares that private enterprise has not been able to provide, without assistance, an adequate supply of safe and sanitary homes at prices or rents which persons of lower or moderate income can afford, or to achieve rehabilitation of much of the present housing for persons of lower and moderate income, or to provide without assistance the housing necessary to promote the economic growth of remote, underdeveloped or blighted areas, and that existing state and federal programs are inadequate to meet housing needs of persons of lower and moderate income or of remote, underdeveloped or blighted areas. It is imperative that the supply of housing for persons of lower and moderate income and the housing necessary to promote the economic growth of remote, underdeveloped or blighted areas be increased and that coordination and cooperation among private enterprise, state and local government be encouraged to sponsor, build and rehabilitate residential housing for these persons.

(c) The legislature finds and declares further that, in accomplishing this purpose, the creation of the Alaska Housing Finance Corporation is essential to assist in the acquisition and development of land and the construction, rehabilitation, financing, management, maintenance, sale and rental of dwelling units for persons of lower and moderate income or persons in remote, underdeveloped or blighted area and that these activities serve a public purpose in benefiting the people of the state. The Alaska Housing Finance Corporation is empowered to act on behalf of the state and its people in serving this public purpose for the benefit of the general public.

(d) The program of making loans for residential housing to veterans in accordance with AS 26.15 has increased and improved the supply of adequate housing in the state, and the continuation of the program is essential to the economic growth of the state and the expansion of the supply of adequate residential housing in the state. Participation by the Alaska Housing Finance Corporation in the program of purchasing and insuring state veterans' loans as provided in this chapter will be of material aid in insuring the continuance of the program of making loans for residential housing to veterans in accordance with AS 26.15.

(e) Expansion of the program of the Alaska Housing Finance Corporation of purchasing insured and uninsured mortgage loans is essential to the economic growth of the state and the supply of adequate residential housing in the state.

(f) The legislature finds that enabling the Alaska Housing Finance Corporation to assist in financing the program of veterans' loans for residential housing in accordance with AS 26.15 and to expand its program of purchasing other mortgage loans serves a public purpose in benefiting the people of the state. The Alaska Housing Finance Corporation is empowered to act on behalf of the state and its people in serving this public purpose for the benefit of the general public.

Legislative committee reports. - For report on ch 81, SLA 1972 (CSHB 547), see 1972 House Journal, p 859. For report on ch 151, SLA 1975 (HCS CSSB 289 am H), see 1975 Senate Journal, p 769; 1975 House Journal p 1275

Sec. 18.56.020. Alaska Housing Finance Corporation. The Alaska Housing Finance Corporation is a public corporation and government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the state. The corporation may not be terminated as long as it has bonds, notes or other obligations outstanding. Upon termination of the corporation, its rights and property pass to the state.

(§ 1 ch 107 SLA 1971; am § 78 ch 218 SLA 1976; am § 12 ch 106 SLA 1980)

Sec. 18.56.030. Corporation governing body. (a) The corporation shall be governed by a board of directors consisting of

- (1) the commissioner of revenue, and the commissioner of commerce and economic development;
- (2) one other member who is the head of a principal department of the executive branch of state government appointed by the governor; and
- (3) two public members appointed by the governor.

(b) If a member described in (a)(1) or (2) of this section is unable to attend a meeting of the board, he may by an instrument in writing filed with the board, designate his deputy or assistant to act in his place as a member at the meeting. For all purposes of this chapter, the designee is a member of the board at the meeting.

(c) The board members described in (a)(2) and (3) of this section serve two-year terms. However, the initial appointment of one member described in (a)(3) of this section shall be for a one-year term.

(d) If a vacancy occurs on the board, the governor shall make an appointment, effective immediately, for the unexpired portion of the term.

(e) The members of the board described in (a)(3) of this section receive \$100 compensation for each day spent on official business of the corporation and may be reimbursed by the corporation for actual and necessary expenses at the same rate paid to members of state boards under AS 39.20.180.

Section 14, ch 106, SLA 1980 purported to add a subsection (f); it was effective, however, on the effective date of the amendment to the Alaska

Constitution proposed in 1980 Legislative Resolve No. 43, which was defeated at the general election held in November, 1980.

Sec. 18.56.040. Meetings of board. (a) The board shall elect a Chairman from among its membership at its annual meeting in each year. A majority of the members constitute a quorum for organizing the board, conducting its business and exercising the powers of the corporation. The board shall meet at the call of its chairman. The board shall meet not less than once each three months.

(b) The board may meet and transact business by electronic media if

- (1) public notice of the time and locations where the meeting will be held by electronic media has been given in the same manner as if the meeting were held in a single location;
- (2) participants and members of the public in attendance can hear and have the same right to participate in the meeting as if the meeting were conducted in person; and
- (3) copies of pertinent reference materials, statutes, regulations and audio-visual materials are reasonably available to participants and to the public.

(c) A meeting by electronic media as provided in this section has the same legal effect as a meeting in person. (§ 1 ch 107 SLA 1971; am § a ch 115 SLA 1981)

(d) For the purposes of this chapter public notice of 24 hours or more is adequate notice of a meeting of the board at which the issuance of corporation bonds is authorized. (§ 15 ch 113 SLA 1982)

Sec. 18.56.045. Minutes of meetings. The board shall keep minutes of each meeting and send a certified copy to the governor and to the Legislative Budget and Audit Committee. (§ 1 ch 107 SLA 1971; am § 2 ch 115 SLA 1981)

Sec. 18.56.050. Administration of affairs. The board shall manage the assets and business of the corporation and may prescribe, amend and repeal bylaws and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised. The board shall delegate supervision of the administration of the corporation to the executive director, appointed in accordance with AS 18.56.052. (§ 1 ch 107 SLA 1971; am § 2 ch 167 SLA 1978; am § 15 ch 106 SLA 1980)

Sec. 18.56.052. Executive director. The corporation shall employ an executive director, who may not be a member of the board. The executive director shall be appointed by the board of directors and serves at the pleasure of the board. (§ 3 ch 167 SLA 1978)

Sec. 18.56.055. Legal advisor. The attorney general is the legal counsel for the corporation. He shall advise the corporation in legal matters and represent it in suits. (§ 1 ch 107 SLA 1971)

Sec. 18.56.060. Employment of personnel. The board may appoint other officers and engage professional and technical advisors as independent contractors. The executive director may hire employees of the corporation and, subject to the approval of the board, engage professional and technical advisors under contract with the corporation. The board shall prescribe the duties and compensation of corporation personnel, including the executive director. (§ 4 ch 167 SLA 1978; am § 16 ch 106 SLA 1980)

Sec. 18.56.070. Personnel exempt from State Personnel Act. The personnel of the corporation are exempt from AS 39.25. (§ 1 ch 107 SLA 1971; am § 17 ch 106 SLA 1980)

Sec. 18.56.080. Interdepartmental cooperation. All departments, agencies and public corporations of the state may provide information, services, facilities and loans to the corporation upon its request. The corporation shall, upon request, reimburse departments, agencies and public corporations of the state for services or facilities provided, loans advanced or expenses incurred on the corporation's behalf at the request of the corporation. (§ 1 ch 107 SLA 1971; am § 18 ch 106 SLA 1980)

Sec. 18.56.084. International borrowing. For the purpose of obtaining access to international capital markets to borrow money for the special mortgage loan purchase program (AS 18.56.098), as an addition to the powers of the corporation under AS 18.56.090, the corporation may

- (1) establish or cause to be established, subsidiary corporations incorporated in the state or in another state, or under the laws of a foreign jurisdiction;

- (2) invest in corporations established under this section;
- (3) issue bonds and borrow money for investments in corporations established under this section;
- (4) borrow from corporations established under this section;
- (5) guarantee the obligations of corporations established under this section; or
- (6) enter into agreements with corporations established under this section or with other persons. In exercising a power under this section, the corporation may not subject its assets to risk of loss through foreign currency exchange. A guarantee under this section constitutes a bond of the corporation as defined in AS 18.56.210(13). (§ 16 ch 113 SLA 1982)

Sec. 18.56.088. Administrative procedure. (a) Except for AS 44.62.310 and 44.62.312, regarding public meetings, and AS 44.62.320(a) regarding legislative review of regulations, the Administrative Procedures Act (AS 44.62) does not apply to this chapter. The corporation shall make available to members of the public copies of the regulations adopted under (b)-(e) of the section. Within 45 days after adoption, the chairman of the board shall submit a regulation adopted under (b)-(e) of this section to the chairman of the Administration Regulation Review Committee under AS 24.20.400-24.20.460. The provisions of AS 44.62.320(a) apply to regulations adopted under (b)-(e) of this section.

(b) The board may adopt regulations by motion or by resolution or in any other manner permitted by its bylaws.

(c) The board may adopt regulations to carry out the purposes of this chapter, and shall adopt regulations necessary for the following purposes:

- (1) determination of borrower eligibility including, but not limited to, income limitations and the determination of remote, underdeveloped or blighted areas of the state;
- (2) loan guidelines and terms including but not limited to maximum loan amounts and required loan-to-value ratios, but excluding mortgage loan interest rates;
- (3) characteristics of housing eligible for loans or purchase of loans; and
- (4) the qualifications of loan originators and servicers and the method of allocating amounts available for the purchase of loans.

- (5) establishment of a procedure, including a fee schedule, for the commitment for one year or less of money for the purchase of an individual mortgage loan at a specific interest rate. (§ 16 ch 113 SLA 1982)

(d) Except as provided in (e) of this section, at least 15 days before the adoption, amendment, or repeal of a regulation on a subject specified in (c)(1)-(4) of this section, the board shall give public notice of the proposed action by publishing the notice in at least three newspapers of general circulation in the state and by mailing a copy of the notice to every person who has filed a request for notice of proposed regulations with the board or the corporation. The public notice must include a statement of the time, place, and nature of the proceedings for the adoption, amendment, or repeal of the regulation and must include an informative summary of the proposed subject of the regulation. On the date and at the time and place designated in the notice, the board shall give each interested person or his authorized representative, or both, the opportunity to present statements, arguments, or contentions in writing, and shall give members of the public an opportunity to present oral statements, arguments, or contentions for a total period of at least one hour. The board shall consider all relevant matter presented to it before adopting, amending, or repealing a regulation. At a hearing under this subsection, the board may continue or postpone the hearing to a time and place which it determines. A regulation which is adopted, or its amendment or repeal, may vary in content from the informative summary specified in this subsection if the subject matter of the regulation, or its amendment or repeal, remains the same and the original notice was written so as to assure that members of the public are reasonably notified of the proposed subject of the board's action in order for them to determine whether their interests could be affected by the board's action on that subject.

(e) A regulation or order of repeal on a subject specified in (c) of this section may be adopted as an emergency regulation or order of repeal if the board makes a finding in its order of adoption or repeal, including a statement of the facts which constitute the emergency, that the adoption of the regulation or order of repeal is necessary for the immediate preservation of the orderly operation of the corporation's loan and bonding programs. The requirements of (d) of this section do not apply to the initial adoption of an emergency regulation covering a subject specified in (c)(1)-(4) of this section; however, upon adoption of an emergency regulation, the board shall, within 10 days after adoption, give notice of the adoption in accordance with (d) of this section. No emergency regulation adopted under this subsection remains in effect more than 120 days unless the board complies with (d) of this section during the 120-day period.

(f) A regulation adopted under (b)-(e) of this section becomes effective immediately upon its adoption by the board, unless otherwise specifically provided by the order of adoption.

(g) The provisions of (b)-(e) of this section do not apply to regulations governing interest rates on the corporation's mortgage loan program.

(h) The board shall adopt regulations in accordance with (a)-(f) of this section which establish a procedure by which a seller of mortgage loans may appeal a decision of the corporation not to purchase mortgage loans offered by the seller. (§ 5 ch 167 SLA 1978; am § 19 ch 106 SLA 1980)

Sec. 18.56.089. Executive Budget Act. The operating budget of the corporation is subject to the Executive Budget Act (AS 37.07) for fiscal years beginning after June 30, 1981. (§ 20 ch 106 SLA 1980)

Sec. 18.56.090. General powers. In addition to other powers granted in this chapter, the corporation may, for the purpose of providing housing for persons of lower and moderate income or persons located in remote, underdeveloped or blighted areas of the state and for its other corporate purposes.

- (1) Repealed by § 51 ch 115 SLA 1981.
- (2) make or participate in the making of mortgage loans to sponsors, developers, builders and purchasers of residential housing, if the corporation determines that mortgage loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions;
- (3) purchase or participate in the purchase of mortgage loans made to sponsors, developers, builders, owners and purchasers of residential housing, if the corporation
  - A. has given approval before the initial making of the loan and has determined that mortgage loans were, at the time the approval was given, not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions, or
  - B. has determined that the purchase or participation will result in additional residential housing, taking into account without limitation such factors as reinvestment of the proceeds of the sale in additional mortgage loans, increased availability of mortgage loans insured by the federal government, its agencies or departments, the reduction, if any, of interest payments to be made with respect to mortgage loans, or such other factors as will tend to increase or improve the supply of residential housing within the state;

- (4) make partial rental payments and mortgage interest payments under a contract with any housing owner if the payments will be applied to decrease rental or mortgage interest charges of persons of lower and moderate income or owners or purchasers of residential housing in remote, underdeveloped or blighted areas of the state;
- (5) make loans from the housing development fund;
- (6) collect and pay reasonable fees and charges in connection with making, purchasing and servicing its mortgages, loans, notes, bonds, certificates, commitments and other evidences of indebtedness;
- (7) acquire real property, or any interest in real property, in its own name, by purchase, transfer or foreclosure, when the acquisition is necessary or appropriate to protect any loan in which the corporation has an interest; sell transfer and convey any such property to a buyer; and, if the sale, transfer or conveyance cannot be effected with reasonable promptness or at a reasonable price, rent or lease the property to a tenant pending the sale, transfer or conveyance;
- (8) sell, at public or private sale, to any purchaser, including the Federal National Mortgage Association, all or any part of a mortgage or other development or document securing a construction, land development, mortgage or temporary loan of any type permitted by this chapter;
- (9) purchase, in order to meet the requirements of the sale of its mortgages to the Federal National Mortgage Association, stock of the Federal National Mortgage Association;
- (10) procure insurance against any loss in connection with its operation;
- (11) consent to the modification of the rate of interest, time of payment of any installment of principal or interest, or any other terms of the mortgage loan, mortgage loan commitment, construction loan, temporary loan, contract or agreement of any kind to which the corporation is a party;
- (12) borrow money as provided in this chapter to carry out and effectuate its corporate purposes; and issue its obligations as evidence of any such borrowing;
- (13) include in any borrowing the amounts necessary to pay financing charges, interest on the obligations;
- (14) under AS 18.56.088, adopt and publish regulations respecting its lending programs and such other regulations as are necessary to effectuate its purposes;

- (15) provide technical and advisory services to sponsors, builders and developers of residential housing and to residents of it;
- (16) promote research and development in scientific methods of constructing low-cost and energy-efficient residential housing of high durability;
- (17) make and execute agreements, contracts and other instruments necessary or convenient in the exercise of the powers and functions of the corporation under this chapter, including contracts with any person, firm, corporation, governmental agency or other entity;
- (18) receive, administer and comply with the conditions and requirements respecting any appropriation or gift, grant or donation of property or money;
- (19) sue and be sued in its own name;
- (20) adopt an official seal;
- (21) adopt bylaws for the regulation of its affairs and the conduct of its business and prescribe rules, regulations and policies in connection with the performance of its functions and duties;
- (22) employ fiscal consultants, engineers, attorneys, real estate counselors, appraisers and such other consultants and employees as may be required in the judgment of the corporation, and fix and pay their compensation from funds available to the corporation;
- (23) do all acts and things necessary, convenient or desirable to carry out the powers expressly granted or necessarily implied in this chapter;
- (24) invest or reinvest, subject to its contracts with noteholders and bondholders, any money or funds held by the corporation in any obligations or other securities or investments in which banks or trust companies in the state may legally invest funds held in reserves or sinking funds or any funds not required for immediate disbursement, and in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the state or the United States of America.  
(§1 ch 107 SLA 1971; am § 3 ch 81 SLA 1972; am § 17 ch 167 SLA 1978; am § 14 ch 72 SLA 1979; am § 21 ch 106 SLA 1980)

Sec. 18.56.091. Home Ownership Fund. There is established in the corporation the home ownership fund, consisting of money appropriated to it by the legislature. Money in the fund shall be used solely to assist persons of lower and moderate income to purchase homes financed under the special mortgage purchase program by providing a subsidy to the persons in an amount not greater than the difference between:

- (1) the amount annually required to pay interest and principal on that person's loan and real property taxes and insurance for the home purchased with the loan; and
- (2) 25 percent of that person's annual gross income. (§ 22 ch 106 SLA 1980)

Sec. 18.56.093. Insurance.

(2) There is established in the corporation the housing insurance fund, the rural housing hazard insurance fund and the rural housing title insurance fund. The funds shall be completely segregated from all other funds of the corporation, and are trust funds for the uses and purposes of this section. The corporation may adopt regulations under AS 18.56.088 and enter into agreements with respect to the exercise of any power relating to the funds under this section, including, without limitations, agreements as to the use of the money in the funds, agreements with respect to the terms and conditions upon which payments from the funds must be made to the corporation with respect to mortgage loans insured under this section, agreements as to accounts or subaccounts in the funds for different categories of loans, and agreements regarding the payment of and security for bonds of the corporation. The corporation may pledge, assign, or grant other interests in the funds as may be necessary or appropriate in connection with the insurance of mortgage loans and to provide for the payment of and security for bonds of the corporation.

(b) In addition to any other fees and charges which the corporation may charge on mortgage loans, the corporation may collect, or cause to be collected, insurance commitment fees and insurance premiums on mortgage loans insured by a fund under this section.

(c) A mortgage loan purchased by the corporation as part of its special mortgage loan purchase program may be insured by the housing insurance fund, and a mortgage loan on a mobile home or residence located in a remote, underdeveloped, blighted or rural area of the state may also be insured (1) against hazard loss by the rural housing hazard insurance fund when hazard insurance from the other sources satisfactory to private mortgage lenders is not, in the opinion of the corporation, available on reasonable terms, and (2) against title defect by the rural housing title insurance fund when title insurance from other sources satisfactory to private mortgage lenders is not, in the opinion of the corporation, available on reasonable terms. The endorsement of the corporation on the mortgage that it is insured by any fund under this section at the time of purchase or acquisition of the mortgage loan is conclusive evidence that the mortgage loan is insured under the provisions of this section by the fund.

(d) Mortgage loans may be insured by a fund or an account in a fund under this section only when the amount in the fund or in the account as a percentage of the sum of all mortgage loans to be insured and all unpaid principal on mortgage loans to be insured by the fund or the account equals or exceeds the fund requirement. The fund requirement for each fund or account shall be calculated as the percentage which the corporation determines is actuarially sound for operation of the fund or account.

(e) When the corporation determines what is actuarially sound with respect to the operation of each fund or account in a fund, it shall consider means of providing sufficient revenues for the operation of the fund or account, without regard to amounts which may have been or may, after the date of determination of actuarial soundness, be appropriated under (f) of this section and it shall consider factors which must include, without limitation:

- (1) as to the mortgages insured by the housing insurance fund, or an account of the housing insurance fund, estimates of future defaults and losses on mortgage loans insured under this section based on actual default and loss experience on those mortgage loans or on similar mortgage loans in Alaska or elsewhere, estimates of recoveries on defaulted or foreclosed mortgage loans based on that experience, the terms and conditions of the mortgage loans insured under this section, estimates of earnings and income of amounts on deposit in the fund, and any other appropriate factors.
- (2) as to mortgages insured by the rural housing title insurance fund, estimates of defaults and losses by reason of title defects which are otherwise uninsured, estimates of earnings and income of amounts on deposit in the fund or the account, and any other appropriate factors; and
- (3) as to mortgages insured by the rural housing hazard insurance fund, or an account of the rural housing hazard insurance fund, estimates of default by reason of hazard losses which are otherwise uninsured, estimates of earnings and income of amounts on deposit in the fund or the account, and any other appropriate factors.

(f) On December 1, of each year the corporation shall ascertain the amount on deposit in each fund. If the amount in any fund or account is less than the fund requirement, for the fund or account, the corporation shall, no later than January 2 of the following year, certify in writing to the governor and to the legislature, the amount, if any, required to restore that fund or account to the fund requirement. The legislature may appropriate the amount and the corporation shall deposit in the fund or account all amounts appropriated during the then current state fiscal year. Nothing in this subsection creates a debt or liability of the state. (§22 ch 106 SLA 1980)

Sec. 18.56.095. Mortgage Insurance. (a) There is another special fund of the state to be known as the "state mortgage insurance fund" (called the "mortgage insurance fund") which shall be completely segregated and set apart from all other funds of the state, and which is a trust fund for the uses and purposes of this section and into and from which money shall be paid as provided in this section. The mortgage insurance fund shall be held by the commissioner of revenue, subject to the power of the commissioner of commerce to enter into and perform agreements with respect to the use of money in the mortgage insurance fund and to pledge, assign or grant interests in the mortgage insurance fund as provided in this section. The commissioner of commerce may enter into agreements with the corporation with respect to the exercise of any power or approval relating to the mortgage insurance fund under this section, including, without limitation, agreements as to the use of money in the mortgage insurance fund, agreements with respect to the terms and conditions upon which payments from the mortgage insurance fund shall be made to the corporation with respect to mortgage loans insured under this section, and agreements regarding the payment of and security for mortgage insurance bonds, and in connection with these agreements the commissioner of commerce may pledge, assign or grant other interests in the mortgage insurance fund to the corporation as may be necessary or appropriate in connection with the insurance of mortgage loans and to provide for the payment of and security for mortgage insurance bonds. Any such agreement or any of the rights of the corporation under the agreement and payment received or to be received under the agreement may be pledged or assigned by the corporation for the benefit of the holders of mortgage insurance bonds.

(b) In addition to any other fees and charges which the corporation may charge on mortgage loans, it may collect or cause to be collected on all mortgage loans made or purchased with the proceeds of the sale of mortgage insurance bonds, either or both a special mortgage loan insurance commitment fee or a mortgage loan insurance premium. The special mortgage loan insurance commitment fees and special mortgage loan insurance premiums when received shall be deposited in the mortgage insurance fund by the corporation, or by any mortgage loan servicer, trustee, or agent designated by the corporation to receive them, and shall be held, invested and, together with all investment income derived from them, reinvested by the commissioner of revenue in investments authorized under AS 37.10.070(a), subject to any agreement with the corporation under (a) of this section.

(c) If, at any time after receipt by the corporation of a payment from the mortgage insurance fund with respect to a mortgage loan or any portion of the principal and interest and other amounts payable on a mortgage loan, the corporation recovers an amount on the mortgage loan or portion of it from any source other than the mortgage insurance fund, it shall apply the amount recovered in the following order: first to repay the general fund of the state to the extent of appropriations made pursuant to requests made under (f) of this section, and second, to repay the mortgage insurance fund.

(d) A mortgage loan may be insured if the loan to value ratio at the time of the insurance loan does not exceed 80 percent or, if the loan to value ratio does exceed that percentage, if it is federally insured or guaranteed or insured by a

qualified mortgage insurance company to the extent of the excess. The endorsement of the corporation on the mortgage at the time of purchase or acquisition of the mortgage loan is conclusive evidence that the mortgage loan is insured under the provisions of this section. The insurance is payable solely from the mortgage insurance fund.

(e) Mortgage loans may only be insured when the amount in the mortgage insurance fund as a percentage of the sum of all mortgage loans to be insured and all unpaid principal on mortgage loans insured by the corporation, equals or exceeds the fund requirement. As used in this section, the "fund requirement" is calculated as follows as to the following mortgage loans insured by the corporation:

- (1) in the case of federally insured or guaranteed mortgage loans, or mortgage loans insured by a qualified mortgage insurance company or, if not so insured or guaranteed, with a loan to value ratio at the time of the mortgage insurance application less than 80 percent, the greater of (A) two percent of the unpaid principal amount of those mortgage loans, or (B) a percentage which the corporation with the approval of the commissioner of commerce and economic development determines is actuarially sound for operation of the mortgage insurance fund.

(f) On December 1, of each year the commissioner of commerce and economic development shall determine the amount on deposit in the mortgage insurance fund. If the amount in the fund is less than the fund requirement, the commissioner of commerce and economic development shall request the corporation to transfer from any available funds the amount necessary to restore the mortgage insurance fund to the fund requirement and the corporation shall promptly comply with the request from any funds available subject to agreements with holders of any of its obligations. If sufficient funds are not provided as the result of such requests, the commissioner of commerce and economic development shall, no later than January 2 of the following year, make and deliver to the governor and to the chairmen of the house and senate finance committees his certificate stating the sum required to restore the fund to the fund requirement and the sum so certified may be appropriated and paid to the fund during the then current state fiscal year. Nothing in this subsection creates a debt or liability of the state.

(h) As used in this section, unless the context clearly indicates a different meaning:

- (1) "loan-to-value ratio" means the ratio between the principal amount of a mortgage loan and the appraised value, as determined by the corporation, of the residential housing financed by such mortgage loan;
- (2) "mortgage insurance bond" means a bond, note or other obligation of the corporation, the proceeds of which are authorized to be expended to purchase or make a mortgage loan insured under this section;

- (3) "qualified mortgage insurance company" means a mortgage insurance company satisfactory to the corporation;
- (4) "special mortgage loan insurance commitment fee" and "special mortgage loan insurance premium" mean, respectively, a fee of such percent of the principal amount of a mortgage loan to be insured under this section, and an annual insurance premium of such percent of the portion of the unpaid principal amount of a mortgage loan insured under this section which is not federally insured or guaranteed or insured by a private mortgage insurance company, which the corporation with the approval of the commissioner of commerce and economic development determines is actuarially sound for the operation of the mortgage insurance fund;
- (5) Repealed by § 77 ch 106 SLA 1980.
- (6) the determination of what is "actuarially sound" with respect to the operation of the mortgage insurance fund shall be based on a consideration of the factors which will provide sufficient revenues for the operation of the fund, without regard to amounts which may have been or may, after the date of determination of actuarial soundness, be appropriated pursuant to (f) of this section, including, without limitation, estimates of future defaults and losses on mortgage loans insured under this section based on actual default and loss experience on those mortgage loans or on similar mortgage loans in Alaska or elsewhere, estimates of recoveries on defaulted or foreclosed mortgage loans based on that experience, the terms and conditions of the mortgage loans insured under this section, estimates of earnings and income of amounts on deposit in the mortgage insurance fund, and any other appropriate factors.  
(§ 8 ch 151 SLA 1975; am §§ 23, 24, 25, 26 § 77 ch 106 SLA 1980)

Legislative committee reports. - For 289 am H), see 1975 Senate Journal report on ch. 151, SLA 1975 (HCS CSBB p 769; 1975 House Journal p. 1275.

Sec. 18.56.096. Limitations on Powers to Make or Purchase Mortgage Loans. The corporation may not make, participate in the making of, purchase, or participate in the purchase of

- (1) a first mortgage loan under this chapter that exceeds the limitations on first mortgage loans purchased by the Federal National Mortgage Association as to principal amount and loan-to-value ratio; or
- (2) a second mortgage loan 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 mortgage loan, that exceeds 90 percent. (§ 27 ch 106 SLA 1980; ch 115 SLA 1981)

- (3) a mortgage loan to finance the purchase of new housing or for the improvement or rehabilitation of existing housing, unless the construction, improvement, or rehabilitation work has been performed by a contractor who is registered to work as a contractor under AS 08.18; this paragraph does not apply if the construction, improvement, or rehabilitation work
- (A) has been totally or substantially performed by the borrower;
  - (B) has been performed by a borrower who acts as the contractor for the construction, improvement, or rehabilitation work; or
  - (C) has been performed in an area designated by the corporation as exempt from the requirements of this paragraph because of the unavailability of registered contractors in that area. (§ 18 ch 113 SLA 1982)

Sec. 18.56.097. Collateral For Loans. Under procedures established by regulations of the corporation adopted in accordance with AS 18.56.088 a person may pledge as security for the repayment of a loan made, purchased or insured by the corporation under this chapter a preference right he holds to receive title to land he occupies as a primary place of residence, primary place of business, subsistence campsite, or as headquarters for reindeer husbandry. The preference right must be conveyed to the person by the Native corporation to which the land was granted under Section 14 of the Alaska Native Claims Settlement Act (85 Stat. 688, 43 U.S.C. Secs. 1601-1626, as amended by P.L. 94-204) before it may be pledged as security under this section. The Department of Community and Regional Affairs shall prescribe procedures and standard forms for establishing and appraising the value of a preference right held by a person to secure the repayment of a loan made, purchased or insured by the corporation under this chapter.

(§ 27 ch 106 SLA 1980)

Sec. 18.56.098. Special Mortgage Loan Purchase Program. (a) The corporation shall establish a special mortgage loan purchase program. Under the special mortgage loan purchase program, the corporation may purchase first or second mortgage loans, including graduated payment mortgage loans, made for the purchase improvement or rehabilitation of residences. (§ 4 ch 115 SLA 1981)

(b) The corporation shall adopt regulations under AS 18.56.088 to establish minimum construction standards which a residence must meet before the corporation may purchase a mortgage loan on the residence under (a) of this section. The minimum construction standards shall include standard deviations from the minimum construction standards to allow the corporation to purchase mortgage loans on residences which do not meet the minimum construction standards but which are certified by an engineer to be within the standard deviations. The standard deviations shall include, but are not limited to, provisions relating to water holding tanks, on-site water and sewer systems, and foundations.

(c) The corporation may pledge mortgage loans purchased by the corporation under (a) of this section, mortgage loans assigned to the corporation for the special mortgage loan purchase program, and mortgage loans purchased with amounts appropriated to the corporation for the special mortgage loan purchase program to pay the principal, interest, and redemption premium, if any, on bonds or bond anticipation notes issued by the corporation for the special mortgage loan purchase program and may expend amounts appropriated to the special mortgage loan purchase program for mortgage loan subsidies or other purposes of the program as necessary to cause the interest rate on mortgage loans purchased under the special mortgage loan purchase program and retained by the corporation or sold under AS 18.56.099 to equal the rates specified in this section. (§ 5 ch 115 SLA 1981)

(d) Repealed by § 51 ch 115 SLA 1981.

(e) The corporation shall establish regulations in accordance with AS 18.56.088 to implement the special mortgage loan purchase program. The regulations shall include provisions allowing, prohibiting, or restricting the right to assume or the right to provide for the payment of mortgage loans purchased under (a) of this section by a person other than the mortgagor. A provision in a mortgage loan purchased by the Corporation after June 30, 1981, that prohibits or restricts the right to assume or the right to provide for the payment of mortgage loans is enforceable. The corporation shall enforce the regulations adopted under this subsection. (§ 6 ch 115 SLA 1981)

(f) In this section and in AS 18.56.099,

- (1) "graduated payment mortgage loan" means a mortgage loan the terms of which provide for monthly principal and interest payments which
  - (A) during the first year of the mortgage loan are lower than the monthly principal and interest payments that would be required under the terms of a level payment mortgage loan made at the same interest rate; and
  - (B) during subsequent years of the mortgage loan are graduated to provide for the same return over the term of the loan that would have been provided by a level payment mortgage loan made at the same interest rate;
- (2) "mortgage loan" includes a beneficial interest or participation in a mortgage loan;
- (3) Repealed by § 51 ch 115 SLA 1981.
- (4) "residence" means an owner-occupied, single-family residence, including a mobile home, or an owner-occupied duplex, triplex or four-plex. (§ 19 ch 113 SLA 1982)

(g) The corporation shall establish the interest rate on a first mortgage loan purchased under (a) of this section in accordance with the following:

(1) The interest rate on the first \$90,000 of a mortgage loan purchased with the proceeds of the first issue of taxable bonds of the corporation is 10 percent or the cost of funds, whichever is less.

(2) 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 shall be determined as follows:

(A) If the cost of funds of an issue of taxable bonds is more than the cost of funds of the preceding issue of taxable bonds, the interest rate shall be increased by an amount equal to the difference between the cost of funds of the two bond issues.

(B) Except as provided in (C) and (D) of this paragraph and (3) of this subsection, the interest rate may not be less than 10 percent and may not be reduced.

(C) If the difference between the cost of funds of an issue of taxable bonds and the interest rate established for a mortgage loan purchased with the proceeds of the previous issue would be equal to or less than three percent, the interest rate on mortgage loans purchased with the proceeds of that taxable bond issue and subsequent taxable bond issues is three percent less than the cost of funds of the taxable bond issue that is used to purchase the mortgage loan.

(D) The interest rate on a mortgage loan purchased with the proceeds of a taxable bond issue may not be less than 10 percent unless the cost of funds of the taxable bond issue is less than 10 percent, in which case the interest on a mortgage loan purchased with the proceeds of a taxable bond issue is equal to the cost of funds.

(E) If the proceeds of a taxable bond issue are to be used only for the purchase of mortgage loans for triplex and four-plex residences, the cost of funds of that bond issue is not considered in determining

the interest rate on the first \$90,000 of a mortgage loan. The interest rate on the first \$90,000 of a mortgage loan that is purchased with the proceeds from a taxable bond issue used solely for the purchase of mortgage loans for triplex and four-plex residences is equal to the interest rate, as determined under this paragraph, on a mortgage loan purchased with the proceeds of the preceding issue of taxable bonds.

( § 20 ch 113 SLA 1982)

- (3) An interest rate determined under this subsection on the first \$90,000 of a mortgage loan that is not purchased from the proceeds of bonds that are qualified veterans' mortgage bonds under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S. C. 103(A)), as amended, shall be reduced by one percentage point if the loan is made to an eligible veteran under am 18.56.101. (§ 21, ch 113 SLA 1982)
- (4) The interest rate for the amount of a mortgage loan purchased under (a) of this section that exceeds \$90,000 is equal to the cost of funds to the corporation attributable to that part of the loan.
- (5) The interest rate on a mortgage loan purchased from money appropriated to the corporation is the rate the corporation determines is appropriate by application of the provisions of (1)-(4) of this subsection. The rate may be based on an estimate of the cost of funds of a proposed issue or issues of bonds.
- (6) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that are exempt from taxation under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103 (A)), as amended, other than bonds that constitute qualified veterans' bonds under (i) of this section, is 10 percent or the cost of the funds, whichever is less. A higher or lower interest rate shall be established on the entire loan amount if required under the Mortgage Subsidy Bond Tax Act. (§ 22 ch 113 SLA 1982)
- (7) In this subsection
  - (A) "cost of funds" means the true interest cost expressed as a rate on bonds of the corporation plus an additional percentage as determined by the corporation to represent the allocable expenses of operation, costs of issuance, and mortgage servicing;

(B) "taxable bonds" means bonds bearing interest that is taxable under the provisions of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) issued to finance the purchase of first mortgage loans.

(h) The corporation shall establish the interest rate on a second mortgage loan purchased under (a) of this section in the manner established for computing the interest rates on a first mortgage loan under (g) of this section except that, in the case of a second mortgage loan, if the first mortgage loan made to the same borrower is held by the corporation and was purchased under the special mortgage loan purchase program, the outstanding principal balance of the existing first mortgage loan is subtracted from \$90,000 to determine the amount of the loan that is eligible for an interest rate on a second mortgage loan determined by reference to (g) of this section. (§ 7 ch 115 SLA 1981; am § 1 ch 35 SLA 1982)

(i) The interest rate on the first \$90,000 of a mortgage loan purchased from the proceeds of bonds that constitute qualified veterans' mortgage bonds under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103 (A)) as amended, is the greater of

- (1) four percent less than the cost of funds or
- (2) the rate for other loans to veterans under AS 18.56.098(g)(3). A higher or lower interest rate shall be established on the entire loan amount if required under the Mortgage Subsidy Bond Tax Act of 1980.

(j) If the money used to purchase a mortgage loan made to a veteran under this section comes from an issue of bonds of the corporation guaranteed by the state, each bond must be issued as part of an issue substantially all of the proceeds of which are used to provide residences for qualifying veterans. In this subsection a qualifying veteran is a person who is a "qualified veteran" as the term is defined or may subsequently be defined under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103(A)), as amended. (§ 23 ch 113 SLA 1982)

(k) The interest rate limitations of AS 45.45.010 do not apply to loans purchased under this section or to loans that the corporation has, in any manner, committed itself to purchase. (§ 24 ch 113 SLA 1982)

Sec. 18.56.099. Powers of Corporation to Deal in Mortgage Loans. The corporation may purchase, sell, hold, or otherwise deal in mortgage loans. In connection with the purchase or sale of a beneficial interest or participation in a mortgage loan, the corporation may enter into a trust agreement providing for the custody, control, and administration of the mortgage loan. The trust agreement may provide that the corporation or a bank or trust company shall act as trustor or trustee under the trust and that title to the mortgage loans subject to the trust shall be considered to have passed as provided in the trust agreement. To the extent provided in the trust agreement, the effect of a sale of a beneficial interest or participation in a mortgage loan is the same as the sale of the mortgage loan subject to the trust. (§ 27 ch 106 SLA 1980)

Sec. 18.56.100. Housing Development Fund. (a) There is created a housing development fund to be administered by the corporation as a trust fund separate and distinct from any other money or funds administered by the corporation. (§ 25 ch 113 SLA 1982)

(b) Consistent with AS 18.56.090, the corporation may make temporary and permanent loans from the housing development fund, at such interest rate or rates as determined by the corporation and with such security for repayment as is necessary and practicable, to purchase, make, or participate in the making of mortgage loans which are not federally insured or guaranteed for residential housing, if the corporation determines that such loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions. (§ 26 ch 113 SLA 1982)

(c) to the credit of the housing development fund shall be deposited

- (1) grants and contributions to the fund; and
- (2) all receipts of the corporation on account of repayment of or sale or other disposition of the security for any loans made under (b) of this section. (§ 27 ch 113 SLA 1982)

(d) The corporation may receive and accept from any source whatever any grants or contributions for the housing development fund.

(e) Repealed by § 72 ch 113 SLA 1982.

(f) Repealed by § 72 ch 113 SLA 1982.

(g) Repealed by § 72 ch 113 SLA 1982.

(h) Repealed by § 72 ch 113 SLA 1982.

(i) Repealed by § 72 ch 113 SLA 1982.

(j) Repealed by § 72 ch 113 SLA 1982.

(k) Repealed by § 72 ch 113 SLA 1982.

Sec. 18.56.101. Eligibility for Veterans' Interest Rates. The following persons are eligible veterans for the purposes of AS 18.56.098(g) and (h):

- (1) a person who served in the armed forces of the United States for 90 days or more, or whose service was for less than 90 days because of injury or disability incurred in the line of duty, after April 6, 1917,
  - (A) who at the time of induction into the service was a resident of the territory or state, who had been a resident for not less than one year immediately

before his induction, and who returned to the territory or state within one year after discharge as a resident with the intention of remaining in the territory or state; or

- (B) who, not being a bona fide resident of the territory or state at the time of entry into the service, has been a resident of the territory or state for at least one year at the time of the loan application and has been a resident of the territory or state for at least five years; and
  - (C) whose discharge was under honorable conditions;
- (2) the widow or widower of a member of the armed forces or an eligible veteran if
- (A) the member or veteran was a resident of the territory or state for one year before induction into the service;
  - (B) the member or veteran served in the armed forces for at least 90 days after April 6 1917; and
  - (C) his discharge was under honorable conditions.
- (3) a person who has served in the Alaska Army National Guard, the Alaska Air National Guard, or 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.  
(§ 8 ch 115 SLA 1981)

Sec. 18.56.103. Federal Taxation of Interest on Bonds and Bond Anticipation Notes. If the interest on bonds or bond anticipation notes of the corporation issued after June 1, 1980, becomes taxable under the income tax laws of the United States, the legislature may appropriate an amount sufficient to pay the outstanding principal and interest on the bonds or bond anticipation notes. Nothing in this section creates a debt or liability of the State of Alaska.  
(§ 29 ch 106 SLA 1980)

Sec. 18.56.104. Allocation of Tax-Exempt Bonds. (a) Pursuant to sec. 103A(g)(6) of the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103A) the amount of mortgage revenue bonds that may be issued in the state under sec. 103A(g)(4) of that Act is allocated solely to the corporation. A municipality may not issue mortgage revenue bonds under sec. 103A(g)(4) of the Mortgage

Subsidy Bond Tax Act of 1980 unless permitted to do so by the corporation. The amount of mortgage revenue bonds issued by a municipality under sec. 103A(g)(4) of the Mortgage Subsidy Bond Tax Act of 1980 with the permission of the corporation shall be deducted from the total amount permitted by that Act.

(b) The provisions of this section apply to home rule municipalities. (§ 9 ch 115 SLA 1981)

Sec. 18.56.105. Allocation of Lending Activities. The corporation shall designate regions within the state which in the aggregate, encompass the entire state. In participating in the making or purchasing of loans under AS 18.56.090(1)-(3) or under AS 18.56.100, the corporation shall make its money available through the private financial institutions in the state within each region designated by the corporation under this section. The corporation shall allocate its money among the regions on the basis of recent and future anticipated lending activity as well as the potential need for the loans in each region and may reallocate its money among the regions as it considers appropriate to reflect changes in lending activity or need in the regions. (29 ch 106 SLA 1980)

Sec. 18.56.107. Loan Origination and Servicing Fees for Rural Areas. Loan origination and service fees charged for a loan made or purchased in a rural area with money received by the corporation after July 1, 1981, may be higher than loan origination and service fees charged for other loans made or purchased by the corporation and the corporation may pay a portion of the higher fees. (§ 10 ch 115 SLA 1981)

Sec. 18.56.110. Bonds and Notes. (a) The corporation, by resolution, may issue bonds and bond anticipation notes in order to provide funds to carry out and effectuate its purposes.

(b) The principal and interest on these bonds or notes, except state guaranteed bonds, is payable from corporation funds, excluding funds in the housing development fund. The principal and interest on state guaranteed bonds is payable from corporation funds, excluding funds in the housing development fund, and in accordance with the terms of the state guaranty of principal and interest. Bond anticipation notes may be payable from the proceeds of the sale of bonds or from the proceeds of sale of other bond anticipation notes or, in the event bond or bond anticipation note proceeds are not available, such notes may be paid from other funds or assets of the corporation. Bonds or notes may be additionally secured by a pledge of a grant or contribution from the federal government, or a corporation, association, institution or person, or a pledge of money, income, or revenues of the corporation from any source. The corporation may issue state guaranteed bond anticipation notes in anticipation of the sale of state guaranteed bonds to be issued under this chapter. State guaranteed bond anticipation notes are guaranteed as to principal and interest by the state and secured by the full faith, credit and resources of the state. (§ 28 ch 113 SLA 1982)

(c) Bonds or bond anticipation notes may be issued in one or more series and shall be dated, bear interest at the rate or rates per year or within the maximum rate, be in the denomination, be in the form, either coupon or registered, carry the conversion or registration provisions, have the rank or priority, be executed in the manner and form, be payable from the sources in the medium of payment

and place or places within or outside the state, be subject to authentication by a trustee or fiscal agent, and be subject to the terms of redemption with or without premium, as the resolution of the corporation may provide. Bond anticipation notes shall mature at such time or times as may be determined by the corporation. Bonds shall mature at such time, not exceeding 50 years from their date, as may be determined by the corporation. Before the preparation of definitive bonds or bond anticipation notes, the corporation may issue interim receipts or temporary bonds or bond anticipation notes, with or without coupons, exchangeable for bonds or bond anticipation notes when these definitive bonds or bond anticipation notes have been executed and are available for delivery.

(d) Bonds or bond anticipation notes, except state guaranteed bonds and bond anticipation notes, may be sold in the manner, and on the terms the corporation determines. State guaranteed bonds and bond anticipation notes shall be sold at public sale by the corporation in amounts and at times as may be approved by the state bond committee, on terms fixed under the notice of sale. (§ 29 ch 113 SLA 1982)

(e) If an officer whose signature or a facsimile of whose signature appears on any bonds or notes or coupons attached to them ceases to be an officer before the delivery of the bond, note or coupon, his signature or facsimile is valid the same as if he had remained in office until delivery.

(f) In any resolution of the corporation authorizing or relating to the issuance of bonds or bond anticipation notes, the corporation has power by provisions in the resolution which will constitute covenants of the corporation and contracts with the holders of the bonds or bond anticipation notes

- (1) to pledge to any payment or purpose all or any part of its revenues to which its right then exists or may thereafter come into existence, and the money derived from the revenues, and the proceeds of any bonds or notes;
- (2) to covenant against pledging all or any part of its revenues, or against permitting or suffering a lien on the revenues or its property;
- (3) to covenant as to the use and disposition of any and all payments of principal or interest received by the corporation on mortgage loans, construction loans or other investments held by the corporation;
- (4) to covenant as to establishment of reserves or sinking funds and the making of provision for and the regulation and disposition of the reserves or sinking funds;
- (5) to covenant with respect to or against limitations on a right to sell or otherwise dispose of property of any kind;

- (6) to covenant as to bonds and notes to be issued, and their limitations, terms and conditions, and as to the custody, application and disposition of the proceeds of the bonds and notes;
- (7) to covenant as to the issuance of additional bonds or notes, or as to limitations on the issuance of additional bonds or notes and the incurring of other debts;
- (8) to covenant as to the payment of the principal of or interest on the bonds or notes, as to the sources and methods of the payment, as to the rank or priority of the bonds or notes with respect to a lien or security, or as to the acceleration of the maturity of the bonds or notes;
- (9) to provide for the replacement of lost, stolen, destroyed or mutilated bonds or notes;
- (10) to covenant against extending the time for the payment of bonds or notes or interest on the bonds or notes;
- (11) to covenant as to the redemption of bonds or notes and privileges of their exchange for other bonds or notes of the corporation;
- (12) to covenant to create or authorize the creation of special funds of money to be held in pledge or otherwise for operating expenses, payment or redemption of bonds or notes, reserves or other purposes, and as to the use and disposition of the money held in the funds;
- (13) to establish the procedure, if any, by which the terms of any contract or covenant with or for the benefit of the holders of bonds or notes may be amended or abrogated, the amount of bonds or notes the holders of which must consent to amendment or abrogation, and the manner in which the consent may be given;
- (14) to covenant as to the custody of any of its properties or investments, their safekeeping and insurance, and the use and disposition of insurance money;
- (15) to covenant as to the time or manner of enforcement or restraint from enforcement of any rights of the corporation arising by reason of or with respect to nonpayment of any principal or interest of any mortgage loans or construction loans;
- (16) to provide for the rights and liabilities, powers and duties arising upon the breach of any covenant, condition or obligation, and to prescribe the events of default and the terms and conditions upon which any or all the bonds, notes

or other obligations of the corporation become or may be declared due and payable before maturity and the terms and conditions upon which any such declaration and its consequences may be waived;

- (17) to vest in a trustee or trustees within or outside the state such property, rights, powers and duties in trust as the corporation may determine, which may include any or all of the rights, powers and duties of any trustee appointed by the holders of any bonds or notes, and to limit or abrogate the right of the holders of any bonds or notes of the corporation to appoint a trustee under this chapter or limit the rights, powers and duties of the trustee;
- (18) to pay the costs or expenses incident to the enforcement of the bonds or notes or of the provisions of the resolution or of any covenant or agreement of the corporation with the holders of its bonds or notes;
- (19) to agree with any corporate trustee which may be any trust company or bank having the powers of a trust company within or outside the state as to the pledging or assigning of revenues or funds to which or in which the corporation has any rights or interest; the agreement may further provide for such other rights and remedies exercisable by the trustee as may be proper for the protection of the holders of any bonds or notes of the corporation and not otherwise in violation of law and may provide for the restriction of the rights of an individual holder of bonds or notes of the corporation;
- (20) to appoint and provide for the duties and obligations of any paying agent or paying agents, or such other fiduciaries as the resolution may provide within or outside the state;
- (21) to limit the rights of the holders of any bonds or notes to enforce any pledge or covenant securing bonds or notes;
- (22) to make covenants other than and in addition to the covenants expressly authorized in this section, of like or different character, and to make such covenants to do or refrain from doing such acts and things as may be necessary, or convenient and desirable, in order to better secure bonds or notes or which, in the absolute discretion of the corporation, will tend to make bonds or notes more marketable, notwithstanding that the covenants, acts or things may not be enumerated in this section. (§ 1 ch 107 SLA 1971)

(g) Notwithstanding AS 18.56.090(12) and (a) of this section, the corporation may not issue bonds, other than refunding bonds, in any 12-month period beginning after June 30, 1983, in an amount that exceeds the amount of bonds authorized to be issued during the preceding 12-month period, unless a different amount is authorized by the legislature. (§ 11 ch 115 SLA 1981; am § 2 ch 35 SLA 1982)

Sec. 18.56.115. Independent Financial Advisor. In negotiating the private sale of bonds or bond anticipation notes to an underwriter, the corporation shall retain a financial advisor who is independent from the underwriter. (§ 2 ch 130 SLA 1978)

Sec. 18.56.120. Validity of Any Pledge. The pledge of assets or revenues of the corporation to the payment of the principal or interest on any obligations of the agency is valid and binding from the time the pledge is made and any such assets or revenues are immediately subject to the lien of the pledge without physical delivery or further act. The lien of any pledge is valid and binding against all parties having claims of any kind in tort, contract or otherwise against the corporation, irrespective of whether those parties have notice of the lien of the pledge. Nothing herein prohibits the corporation from selling assets subject to any pledge, except that any sale may be restricted by the trust agreement or resolution providing for the issuance of the obligations. (§ 1 ch 107 SLA 1971)

Sec. 18.56.125. Capital Reserve Fund. (a) For the purpose of any one or more issues of its obligations, the corporation may establish one or more special funds, called "capital reserve funds", and shall pay into those capital reserve funds (1) any money appropriated and made available by the state for the purpose of any of those funds, (2) any proceeds of the sale of its obligations, to the extent provided in the resolution or resolutions of the corporation authorizing their issuance, and (3) any other money which may be made available to the corporation for the purposes of those funds from any other source. All money held in a capital reserve fund, except as provided in this section, shall be used as required, solely for (1) the payment of the principal of obligations or of the sinking fund payments with respect to those obligations; (2) the purchase or redemption of obligations, (3) the payment of interest on obligations, or (4) the payment of any redemption premium required to be paid when those obligations are redeemed before maturity; however, money in any fund, may not be withdrawn from it at any time in an amount which would reduce the amount of that fund to less than the capital reserve requirements set out in (b) of this section, except for the purpose of making, with respect to those obligations, payment, when due, of principal, interest, redemption premiums and the sinking fund payments for the payment of which other money of the corporation is not available. Any income or interest earned by, or increment to, a capital reserve fund, due to the investment of the fund or any other amounts in it, may be transferred by the corporation to other funds or accounts of the corporation to the extent that the transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

(b) If the corporation decides to issue obligations secured by such a capital reserve fund, the obligations may not be issued if the amount in such capital reserve fund is less than such a percent, not exceeding 10 percent of the principal amount of all of those obligations secured by that capital reserve fund then to be issued, and then outstanding in accordance with their terms, as may be established by resolution of the corporation (called the "capital reserve fund requirement"), unless the corporation, at the time of issuance of the obligations, deposits in such capital reserve fund from the proceeds of the obligations to be issued or from other sources, an amount which, together with the amount then in the fund, will not be less than the capital reserve fund requirement.

(c) In computing the amount of a capital reserve fund for the purpose of this section, securities in which all or a portion of the funds are invested shall be valued at par or, if purchased at less than par, at amortized costs as the term is defined by resolution of the corporation authorizing the issue of the obligations, or by some other reasonable method established by the corporation by resolution. Valuation on a particular date shall include the amount of any interest earned or accrued to that date.

(d) To assure the continued operation and solvency of the corporation for the carrying out of its corporate purposes, provision is made in (a) of this section for the accumulation in capital reserve funds of an amount equal to their capital reserve fund requirement.

(e) The chairman of the corporation shall annually, no later than January 2, make and deliver to the governor and chairmen of the house and senate finance committees his certificate stating the sum, if any, required to restore any capital reserve fund to the capital reserve fund requirement. The legislature may appropriate such a sum, and all sums appropriated during the then current fiscal year by the legislature for such restoration shall be deposited by the corporation in the proper capital reserve fund. Nothing in this section creates a debt or liability of the state. (§ 59 ch 151 SLA 1975; am § 77 ch 106 SLA 1980)

Legislative committee reports. - For Journal, p. 769; 1975 House report on ch 151, SLA 1975 (HCS CSSB Journal, p. 125. 289 am H), see 1975 Senate

Sec. 18.56.130. Remedies. A holder of obligations or coupons attached to them issued under the provisions of this chapter, and a trustee under any trust agreement or resolution authorizing the issuance of the obligations, except as restricted by a trust agreement or resolution, either at law or in equity, may enforce all rights granted hereunder or under the trust agreement or resolution, or under any other contract executed by the corporation under this chapter, and may enforce and compel the performance of all duties required by this chapter or by the trust agreement or resolution to be performed by the corporation or by any officer of it. (§ 1 ch 107 SLA 1971)

Sec. 18.56.140. Negotiable Instruments. All obligations and interest coupons attached to them are negotiable instruments under the laws of this state, subject only to any applicable provisions for registration. (§ 1 ch 107 SLA 1971)

Sec. 18.56.150. Obligations Eligible for Investment. Obligations issued under the provisions of this chapter are securities in which all public officers and public bodies of the state and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. These obligations may be deposited with any state or municipal officer of any agency or political subdivision of the state for any purpose for which the deposit of bonds, notes or obligations of the state is authorized by law. (§ 1 ch 107 SLA 1971)

Sec. 18.56.160. Refunding Obligations. (a) The corporation may provide for the issuance of refunding obligations for the purpose of refunding any obligations then outstanding which have been issued under the provisions of this chapter, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the obligations. The issuance of the obligations, the maturities and other details of them, the rights of the holders of them, and the rights, duties and obligations of the corporation in respect of them are governed by the provisions of this chapter which relate to the issuance of obligations, insofar as those provisions may be appropriate therefor.

(b) Refunding obligations may be sold or exchanged for outstanding obligations issued under this chapter and, if sold, the proceeds may be applied, in addition to any other authorized purposes, to the purchase, redemption or payment of the outstanding obligations. Pending the application of the proceeds of any such refunding obligations, with any other available funds, to the payment of the principal, accrued interest and any redemption premium on the obligations being refunded, and, if so provided or permitted in the resolution authorizing the issuance of the refunding obligations or in the trust agreement securing them, to the payment of any interest on the refunding obligations and any expenses in connection with the refunding, the proceeds may be invested in direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America which mature or which will be subject to redemption, at the option of the holders of them, not later than the respective dates when the proceeds, together with the interest accruing on them, will be required for the purposes intended. (§ 1 ch 107 SLA 1971)

Sec. 18.56.170. Credit of State Not Pledged. (a) Obligations issued under the provisions of this chapter other than state guaranteed bonds do not constitute a debt liability or obligation of the state or of any political subdivision of the state or a pledge of the faith and credit of the state or of any such political subdivision but are payable solely from the revenues or assets of the corporation. Each obligation issued under this chapter other than a state guaranteed bond shall contain on its face a statement that the corporation is not obligated to pay it nor the interest on it except from the revenues or assets pledged for it and that neither the faith and credit nor the taxing power of the state or of any political subdivision of the state is pledged to the payment of the principal of or the interest on the obligation. (§ 30 ch 113 SLA 1982)

(b) Expenses incurred by the corporation in carrying out the provisions of this chapter are payable from funds provided under this chapter and no liability may be incurred by the corporation in excess of these funds. (§ 1 ch 107 SLA 1971)

Sec. 18.56.180. Officers Not Liable. No member or other officer of the corporation is subject to personal liability or accountability by reason of his execution of any obligations or the issuance of them. (§ 1 ch 107 SLA 1971)

Sec. 18.56.190. Tax Exemption. (a) The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of the state, for their well-being and prosperity and for the improvement of their social and economic conditions, and the corporation is not required to pay a tax or assessment on any property owned by the corporation under the provisions of this

chapter or upon the income from it, except taxes on real property of which the corporation is fee owner.

(b) All obligations issued under this chapter are hereby declared to be issued by a body corporate and public of the state and for an essential public and governmental purpose, and the obligations, and the interest and income on and from the obligations, and all fees, charges, funds, revenues, income and other money pledged or available to pay or secure the payment of the obligations, or interest on the obligations, are exempt from taxation except for transfer, inheritance and estate taxes. (§ 1 ch 107 SLA 1971)

Sec. 18.56.200. Annual Report. (a) The corporation shall prepare and transmit annually a report accounting to the governor and the legislature for the efficient discharge of all responsibility assigned by law or by directive to the corporation.

(b) By January 10 of each year beginning in 1981, the board shall publish a report of the corporation for distribution to the governor, legislature, and the public. The report shall be written in easily understandable language. The report shall include a financial statement audited by an independent outside auditor, a statement of corporation investments in mortgage loans under this chapter, including an estimate of market value of the mortgage loans, a comparison of the corporation performance with the goals of the corporation, and the levels of bonding and investment activities anticipated in the previous year's report under (c) of this section, and any other information the board believes would be of interest to the governor, the legislature, and the public. The annual income statement and balance sheet of the corporation shall be published in at least one newspaper in each judicial district. The board may also publish other reports it considers desirable to carry out its purposes.

(c) The corporation shall include in its annual report under (b) of this section an estimate of the investment activity of the corporation in mortgage loans under this chapter for the following 12-month period and an estimate of the amount of bonds to be issued for the investments. (§ a ch 107 SLA 1971; am § 30 ch 106 SLA 1981; am § 12 ch 115 SLA 1981)

(d) The corporation shall include in its annual report under (b) of this section a summary of its effort to implement a program to extend the operation of the loan programs authorized under this chapter to rural communities. (§ 13 ch 115 SLA 1981)

Sec. 18.56.210. Definitions. In this chapter, unless the context clearly indicates a different meaning

- (1) "corporation" means the Alaska Housing Finance Corporation created by this chapter;
- (2) "board" means the board of directors of the corporation;
- (3) "development costs" means the costs approved by the corporation as appropriate expenditures which may be incurred by sponsors, builders and developers of residential housing,

before commitment and initial advance of the proceeds of a construction loan or of a mortgage loan, including but not limited to

- (A) payment for options to purchase properties on the proposed residential housing site, deposits on contracts of purchase, or, with prior approval of the corporation, payments for the purchase of the properties;
  - (B) legal and organizational expenses, including payments of attorney fees, project manager, clerical and other staff salaries, office rent and other incidental expenses;
  - (C) payment of fees for preliminary feasibility studies and advances for planning, engineering and architectural work;
  - (D) expenses for tenant surveys and market analyses; and
  - (E) necessary application and other fees;
- (4) "governmental agency" means any department, division, public agency, political subdivision or other public instrumentality of the state or the federal government;
- (5) "housing development fund" means the housing development fund created by sec. 100 of this chapter;
- (6) "construction loan" means a construction loan for land development or residential housing which is secured by a federally insured or guaranteed mortgage or which is insured or guaranteed by the United States or an instrumentality thereof, or for which there is a commitment by the United States or an instrumentality thereof to insure or guarantee such a loan, or a construction loan for land development or residential housing which land development or residential housing will be secured by a mortgage loan;
- (7) "mortgage" or "mortgage loan" means a mortgage loan for residential housing insured or guaranteed by the United States or an instrumentality thereof or for which there is a commitment by the United States or an instrumentality thereof to insure or guarantee such a mortgage, or if not so insured or guaranteed or if there is no such commitment, which the corporation determines meets the conditions described in sec. 100(k) of this chapter or which shall be secured upon such terms and conditions as the corporation considers necessary or practicable to insure all repayments;

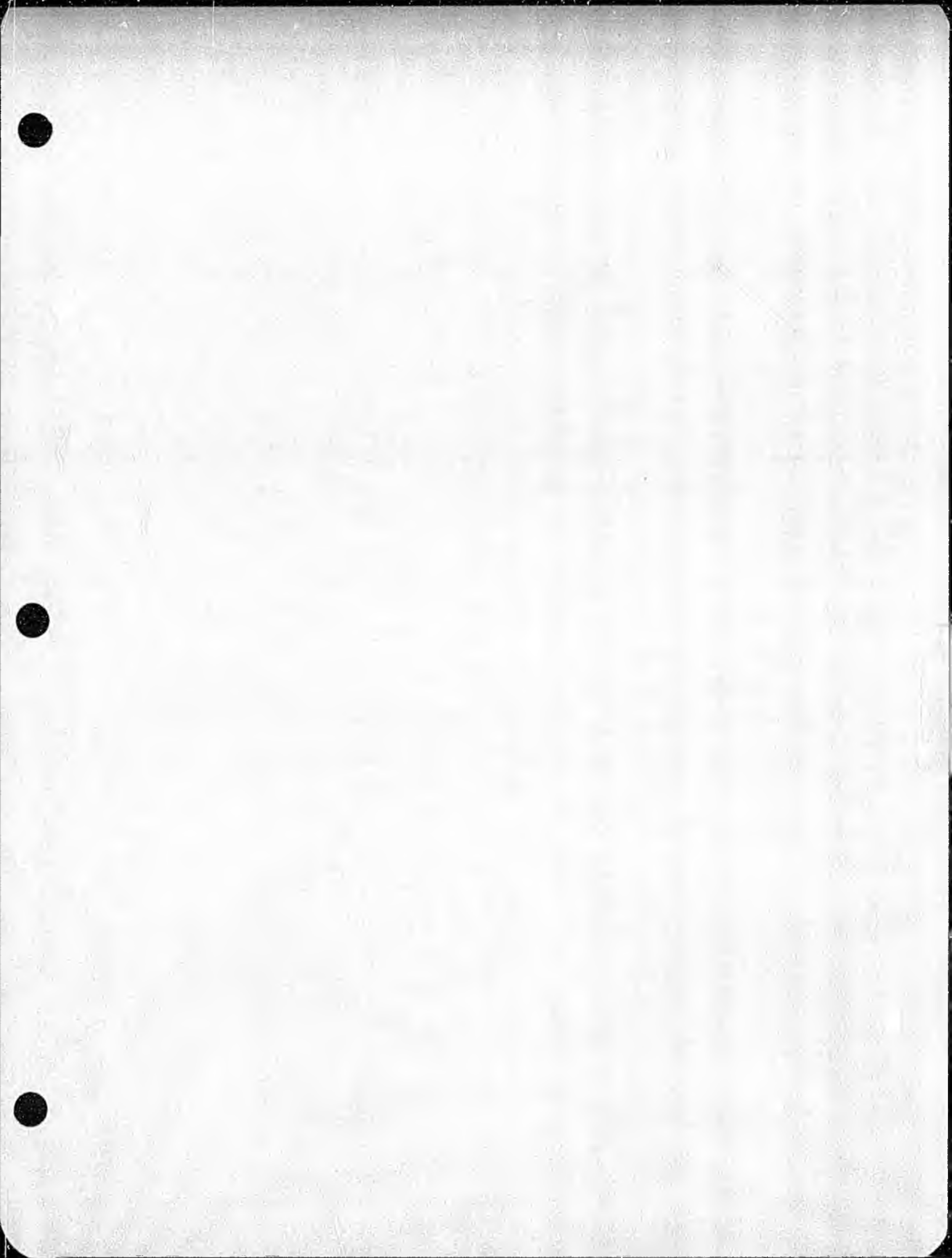
- (8) "land development" means the process of acquiring land primarily for residential housing construction for persons of lower and moderate income and making, installing or constructing nonresidential housing improvements, including water, sewer and other utilities, roads, streets, curbs, gutters, sidewalks, storm drainage facilities and other installations or works, whether on or off the site, which the corporation considers necessary or desirable to prepare the land primarily for residential housing construction;
- (9) "obligations" means any bonds, bond anticipation notes or fund notes authorized to be issued by the agency under the provisions of this chapter;
- (10) "persons of lower and moderate income" means a person or persons considered by the corporation to require assistance available under this chapter on account of insufficient or inadequate personal or family income or otherwise limited personal financial resources, taking into consideration, without limitation, such factors as
- (A) the amount of the total income of the persons available for housing needs;
  - (B) the size of the family;
  - (C) the cost and condition of housing facilities available;
  - (D) standards established for various federal programs determining eligibility based on income of the persons; and
  - (E) the ability of the persons to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing decent, safe and sanitary housing;
- (11) "residential housing" means a specific work or improvement undertaken primarily to provide dwelling accommodations without limitation as to form of lawful occupancy, whether rental, under contract, fee ownership, cooperative housing, condominium or other lawful forms of ownership, including the acquisition, construction or rehabilitation of land, buildings and improvements to them, and such other nonhousing facilities as may be incidental or appurtenant to the land or buildings;

(12) "remote, underdeveloped or blighted areas" means areas considered by the corporation to require assistance available under this chapter on account of insufficient availability of the residential housing necessary to promote, develop or maintain the economic growth or potential of the area, taking into consideration, without limitation, the following:

- (A) the population, resources and environment of the area;
- (B) the present availability and condition of residential housing in and near the area;
- (C) the cost of construction and rehabilitation of residential housing in the area;
- (D) the availability of other federal or state sponsored programs to facilitate the development of residential housing in the area; and
- (E) the ability of residents of the area to finance the purchase of residential housing or to rent or lease such housing at rates comparable to those in effect in other areas of the state. (§ 1 ch 107 SLA 1971; am §§ 5-10 ch 81 SLA 1972; am § 31 ch 106 SLA 1980)

Legislature committee reports. For report on ch 81, SLA 1972 (CSHB 547), see 1972 House Journal, p 859.

(13) "bond" or "obligation" means a bond or note of the corporation or a mortgage participation certificate issued with respect to mortgages of the corporation.  
(§ 14 ch 115 SLA 1981)



ALASKA HOUSING FINANCE CORPORATION

Summary of Program Information

<u>State Fiscal Year</u>	<u>Bonds Issued</u>	<u>Bond Authorization</u>	<u>Appropriations</u>	<u>Mortgage Commitments (All Programs)</u>	<u>Operating Budget</u>	<u>Full-Time Staff Positions</u>
FY 81	\$614,400,000	N/A	\$562,955,000	\$ 755,258,150	\$1,800,000(1)	31
FY 82	\$802,000,000	\$802,000,000	\$265,000,000	\$ 765,189,300	\$2,276,200	43
FY 83	\$685,000,000 (Estimated)	\$980,000,000	\$150,000,000	\$1,000,000,000 (Estimated)	\$3,441,000	45
FY 84	\$840,000,000 (Estimated)	\$980,000,000	\$150,000,000 (2)	\$1,000,000,000 (Estimated)	\$3,158,700(3)	47

- (1) AHFC was not under the Executive Budget Act for the State's fiscal year. The Corporation's fiscal year did not coincide with that of the State. The \$1.8 million is an estimate based upon actual expenses for the period 7-1-80 through 6-30-81.
- (2) Capital budget originally submitted requesting a total of \$250 million (subsequently adjusted to \$240 million). It was reviewed as of December 1982 and revised to \$150 million, and is scheduled again for consideration of changes at a March 9, 1983 Board of Directors meeting.
- (3) Does not include Trustee fees previously included in operating budget. These fees are estimated at \$725,000 for FY 84.

ALASKA HOUSING FINANCE CORPORATION

Selected Information

	<u>Number</u>	<u>Amount</u>
Mortgages owned at 12/31/82:	32,899	\$2,404,640,085
Outstanding loan commitments at 01/28/83:	2,955	\$ 233,404,650
Bonds outstanding at 01/24/83:		\$2,393,615,000

Delinquency Rates

	<u>AHFC at 12/31/82</u>	<u>U.S. at 9/30/82</u>
30 days	1.74%	2.93%
60 days	.39%	.99%
90 days or more	<u>.30%</u>	<u>.79%</u>
Total	2.43%	5.71%

Budget Information

	<u>Operating</u>	<u>Capital</u>
Actual amounts Fiscal Year 1982	\$2,276,200	\$265,000,000
Approved budget Fiscal Year 1983	3,441,000	150,000,000
Proposed budget Fiscal Year 1984	3,158,700 (1)	150,000,000

(1) Excludes trustee fees which for FY '84 are included in the capital budget.

ALASKA HOUSING FINANCE CORPORATION  
Selected Corporation and Program Information

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## INTRODUCTION

The implementation of the Special Mortgage Loan Purchase Program has had a dramatic and profound effect upon the economy and housing markets of the State of Alaska. Pursuant to the 1980 Legislation, the program offers interest rates below current interest rates offered in the traditional secondary mortgage markets.

Through the varied programs offered by AHFC, a large segment of the population's housing needs are being met. Not only is AHFC providing affordable housing for the citizens of the State of Alaska, the benefits are disbursed to a much larger segment of the population. The tradesmen, suppliers, realtors, builders, appraisers, bankers and retailers benefit either directly or indirectly from AHFC's participation in the mortgage market of the State of Alaska.

Although the Corporation's activities now constitute practically the entire Alaskan mortgage market, AHFC does not lend funds directly. Rather, the Corporation is a secondary market for mortgage loans originated by private lenders. The majority of the funds used to purchase the mortgage loans is generated through the issuance of taxable and tax-exempt bonds. Additionally, the Corporation receives a direct appropriation from the Legislature that has allowed AHFC to purchase mortgages that bear an interest rate far below the national average.

The Corporation estimated a total demand of approximately \$1,062,000,000 in FY '83 and received bond authorization for up to \$980 million. The Capital Budget for FY '83 appropriated \$105 million in cash to the Special Mortgage Loan Purchase Program and \$45 million to the Home Ownership Fund. Total requirements were estimated at \$350 million and the balance over cash appropriations funded from previously appropriated mortgage loans and cash. These previous appropriations were pledged to bond issues sold in 1980 and will release from the pledge in January, 1983.

Through FY '83, AHFC has received a total of \$990,005,000 in appropriations from the State of which \$801,000,000 were for the Special Mortgage Loan Purchase Program. AHFC has also borrowed \$45,070,000 from the State for various purposes. Through September, 1982, the Corporation has issued \$802,000,000 taxable and \$1,338,123,000 tax-exempt bonds. The FY '84 Capital Budget request is \$240 million of which \$190 million is for the Special Mortgage Loan Purchase Program and \$50 million for the Home Ownership Assistance Program to be invested in mobile home loans.

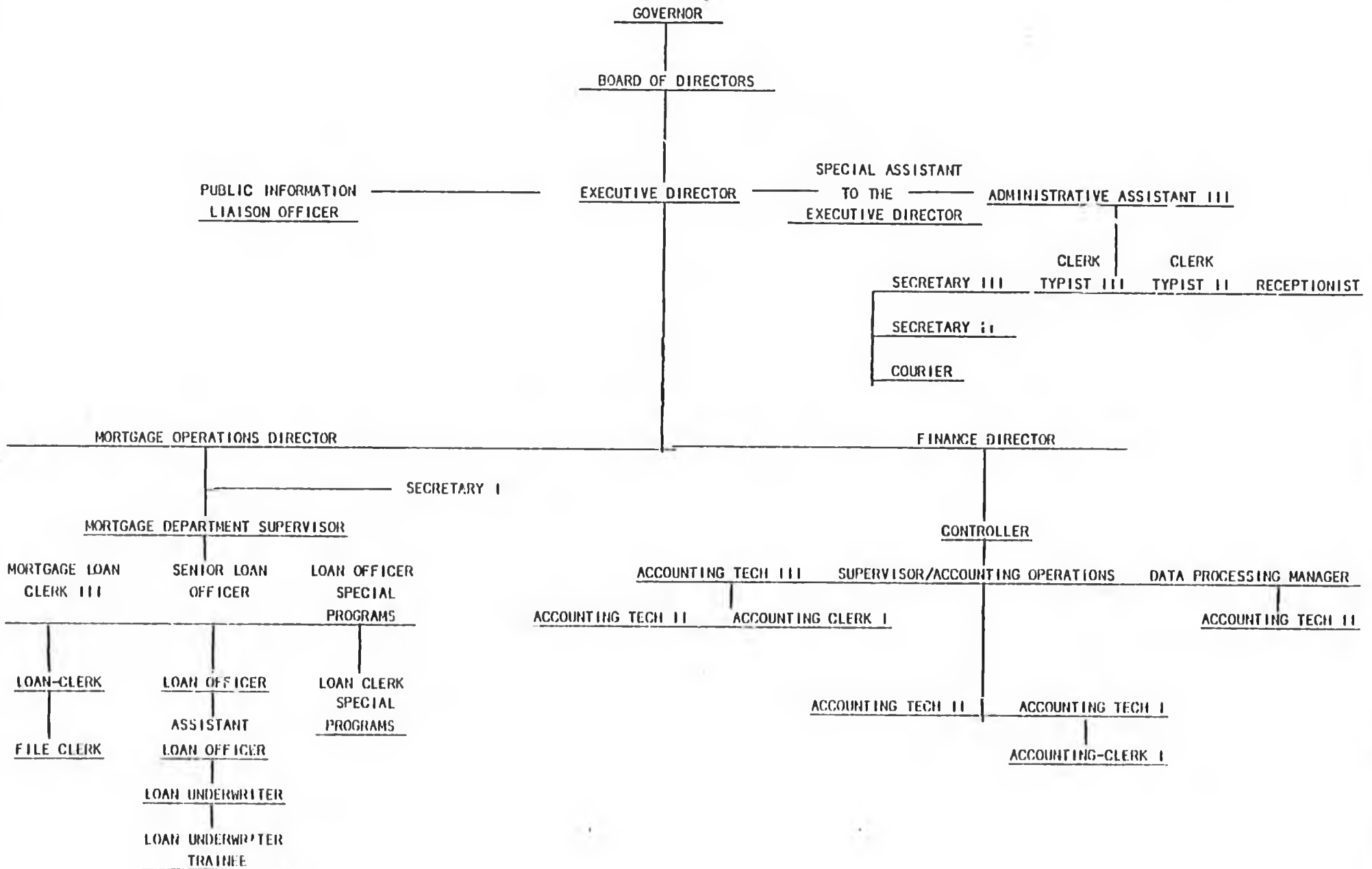
In 1981, legislation was enacted which significantly impacted the method of determining mortgage interest rates. The legislation eliminated the previously "fixed" interest rates of 10 percent on the first \$90,000 of the mortgage loan (9 percent if the loan was made to an eligible State veteran) and replaced it with a "sliding" rate to reflect the increased cost of funds to the Corporation. The "sliding" rate is designed to eventually bring the interest rate on the first \$90,000, the amount subsidized by the State, to within 3 percent of the cost of funds to the Corporation.

Disruption and volatility in the capital markets caused mortgage interest rates to rapidly increase from the previously fixed rate of 10 percent to 12 3/8 percent on the first \$90,000 of the loan. In response to the increasing rates, AHFC implemented the Alaska Building Equity (ABE) Mortgages on June 1, 1982. The ABE Mortgage enhanced the Corporation's ability to access the shorter-term and less expensive capital markets.

The interest rate on an ABE mortgage remains fixed for the entire life of the mortgage, and the monthly payments are amortized on a 30-year level payment basis. However, beginning in years four through nine, the monthly payment is increased by 5 percent each year with the increased portion of the monthly payment applied directly to the outstanding principal of the mortgage loan. As a result, the loan is fully repaid within 16 to 18 years, depending on the interest rate, and the amount of total interest paid during the life of the mortgage is approximately half of that paid if the same loan was repaid over a 30-year period.

The ABE structured mortgage applies to all of the Corporation's programs, with the exception of the Mobile Home Loan Program and the Second Mortgage Loan Program.

Due to AHFC's significant role in providing affordable housing to the citizens of the State of Alaska and AHFC's commitment to keep the public and elected officials informed, we offer this guide as a reference for your use in reviewing AHFC's programs and activities.



## 1982 LEGISLATIVE CHANGES

The following is a brief synopsis of the 1982 Legislative changes made in conjunction with Alaska Housing Finance Corporation.

1. Authorizes the Corporation to set up an owner-occupied triplex and four-plex mortgage loan program. The interest rate on the first \$105,000 for a new triplex and \$140,000 for a new four-plex will be at the subsidized rate, while existing units will receive that rate on the first \$90,000.
2. Expands the ability of the Corporation to make second mortgages by allowing the borrower access to a total of \$90,000 at a subsidized rate, provided the first mortgage is not a subsidized Alaska Housing loan. This recognizes the legislature's intent to give all residents the same opportunity to utilize up to \$90,000 of mortgage money that will be subsidized with State funds.
3. Transfers the Rural Housing Mortgage Program and Non Owner-Occupied Rural Mortgage Purchase Program from AHFC to the Housing Assistance Division (HAD) in the Department of Community and Regional Affairs as of July 1, 1982. The transfer was designed to minimize duplication of programs by two agencies and maximize the use of local offices previously established by HAD.
4. Permits 24 hour public notice a for Board Meeting at which the issuance of Corporation bonds are authorized.
5. Authorizes the Corporation to undertake the necessary steps to access the international capital markets for the SAM program. Because there are times that rates are substantially more advantageous in a Eurobond market than in the domestic market, this alternative will assist the Corporation in borrowing at the lowest effective cost and provide an important alternative source of dollar funds for the SAM program.
6. Amendments were passed that allow for adoption of regulations establishing a procedure for the commitment for one-year or less, of money for the purchase of an individual mortgage loan at a specific interest rate.
7. Requires that a contractor who performs the construction, improvement, or rehabilitation work of a residence financed with a mortgage loan from AHFC must be licensed under AS 08.18 unless the work is done by the borrower.
8. Places the provision to amend the Constitution to allow State general obligation bonding for veterans' housing on the November General Election Ballot. Authorizes the Corporation to set up the program for veterans' housing as permitted under the Mortgage Subsidy Bond Tax Act of 1980 upon passage of the Constitutional amendment.
9. Places a \$400 million bond proposition for veterans' housing on the ballot for the November General Election.

## MORTGAGE PURCHASE AND HOUSING ASSISTANCE PROGRAM

Alaska Housing Finance Corporation operates various programs sharing the common goal of providing financing for residential housing to residents of the State at the lowest possible interest rates to the borrower. As a result of offering lower interest mortgage loans, some individuals are able to afford to purchase a home who would have otherwise been priced out of the market due to high conventional interest rates. Others are able to purchase more of a home for their money as a result of reduced mortgage payments. In operating these programs, the Corporation contributes to the stability, prosperity, and economic welfare of the residents of the State while at the same time promoting the sound growth of communities within the State.

A brief description of the housing finance programs of the Corporation follows:

### SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

The Special Mortgage Loan Purchase Program is the largest financing program of the Corporation. The origin of the program is recent and is a result of innovative thinking and close cooperation between the Corporation, the State Legislature, and State Administration.

In creating and implementing the program, the State statutes under which the Corporation operates were amended substantially during the 1980 session of the Alaska State Legislature requiring certain organizational and procedural changes. The Corporation's purpose was also expanded, allowing permanent mortgage loan financing for owner-occupied single-family and duplex residences without regard to income limitations so long as the loan amount and loan-to-value ratio do not exceed the maximum limits established for Alaska by the Federal National Mortgage Association (FNMA). The FNMA limits for Alaska are currently \$160,500 for single-family mortgage loans with a loan-to-value ratio not to exceed 95 percent. The FNMA limits for mortgage loans for owner-occupied duplexes in Alaska are \$205,200 with a loan-to-value ratio not to exceed 95 percent.

Loans under the program are offered regardless of geographic location through more than 30 lending institutions throughout the State.

### PLEGGED ACCOUNT MORTGAGE PROGRAM

Operating under the existing Special Mortgage Loan Purchase Program, a borrower is able to structure the repayment terms of his mortgage such that the initial required payments will be less than that of a conventional mortgage. Gradually, over several years, the payments will increase to effectively amortize the loan over the specified term. The main advantage to the borrower is that with the lower initial required monthly payment he is able to qualify for a home loan that he may not have been able to qualify for otherwise. Additionally, the reduced monthly payments may qualify a family for a larger home than they may have been able to afford otherwise. A Pledged Savings Account is required.

## MORTGAGE BOND SUBSIDY TAX ACT LOAN PROGRAM

The Mortgage Bond Subsidy Tax Act (the "Tax Act") of 1980, as amended, substantially restricts the use of tax-exempt bonds to finance mortgages for single-family and duplex housing. Under the Tax Act, the Corporation is allowed to issue tax-exempt bonds, in an amount determined appropriate by the U.S. Department of Treasury, through December 31, 1983. That allocation has been set at \$200 million per year.

In order to insure compliance with federal regulations, the Corporation has been required to amend its eligibility standards for individual(s) applying under this program. Restrictions set forth by the Treasury Department include:

- 1) the residence must be the principal residence of the borrower;
- 2) ninety percent (90%) of the new 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 residency, 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 percent of the funds of 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;

- 3) the purchase price may not exceed 110 percent of the average area purchase price; and
- 4) mortgage loans under the program may not be assumed unless requirements or (1), (2) and (3) above are met.

AHFC has conducted a study to determine average area purchase prices which produced figures of \$104,986 for an existing single-family residence; \$128,143 for new construction, and \$122,829 for existing duplexes. Interest rates on mortgage loans under the Tax Act are 9 percent on the first \$90,000 to eligible state veterans and 10 percent on the first \$90,000 to individual(s) other than state veterans. In both instances, the interest rate for the portion of financing above \$90,000 shall equal the cost of the funds to the Corporation.

## HOME OWNERSHIP ASSISTANCE PROGRAM

Funded by appropriations from the State, this program assists persons of lower and moderate income to purchase a home by subsidizing a portion of the borrower's monthly mortgage payment. The subsidy is not paid direct, but rather is discounted from the monthly remittance by the Seller/Service.

## HOME OWNERSHIP ASSISTANCE PROGRAM (Continued)

As this is a special assistance program, income and asset limits as well as a purchase price ceiling have been established. Except as otherwise provided, the same limitations and conditions otherwise applicable to tax-exempt loans shall also apply to mortgage loans where the borrower is eligible for home ownership assistance.

### MOBILE HOME LOAN PURCHASE PROGRAM

The Corporation became the first housing finance agency to implement a mobile home program. The Program enables individuals to purchase either a new or used owner-occupied mobile home throughout the State. The mobile home may be located in an approved AHFC mobile home park, on leased land, or on the borrower's own land. Currently, there are 85 AHFC approved mobile home parks located throughout the State.

The maximum loan amount is \$72,500 and the loan-to-value ratio may not exceed 95 percent. The maximum loan term is twenty (20) years or the remaining economic life of the dwelling, whichever is less.

### TRIPLEX AND FOUR-PLEX MORTGAGE LOAN PROGRAM

The program allows for individuals to purchase owner-occupied triplex and four-plex residences. The loan amount may not exceed the maximum limits established for Alaska by the Federal National Mortgage Association (FNMA). The current AHFC limits are \$247,650 for a triplex residence and \$307,950 for a four-plex residence with loan-to-value ratios not to exceed 90 percent.

All mortgages allow for 5 percent annual increases to the monthly payments from the beginning to the fourth through ninth year. The entire increase is applied directly to outstanding principal thereby paying off the loan in the 16th year.

### SECONDS MORTGAGE LOAN PROGRAM

The Seconds Mortgage Loan Purchase Program can be divided into three categories:

- ° Second mortgages for the purchase of a residence;
- ° Home Improvement Loans (HIL) financed through the sale of tax-exempt bonds; and
- ° Home Improvement Loans (HIL) financed through the sale of taxable bonds.

The Program allows individuals to receive a second mortgage on an owner-occupied single-family or duplex residence. The proceeds from the second mortgage must be used for the purpose of making improvements to an existing dwelling or for the purchase of a residence where the dwelling is subject to an existing first mortgage.

## SECONDS MORTGAGE LOAN PROGRAM (Continued)

The total-financing-to-value ratio may not exceed 90 percent of the appraised value (after completion of the improvements for Home Improvement Loans) or sales price, whichever is less. The balance of the outstanding first mortgage, when combined with the sum of the second mortgage, may not exceed the Corporation's current loan maximums. The current loan maximums are \$160,500 for a single-family residence and \$205,200 for a duplex.

Second mortgage loans offered under the Tax-Exempt (HIL) Program are also subject to regulations that have been established by the U.S. Department of Treasury. In addition to the above limitations, the maximum loan amount is \$15,000, and the proceeds must be used for the purpose of making home improvements which enhance the basic livability or energy efficiency of the dwelling. Improvements that are recreational in nature are prohibited.

As with the first mortgage program, AHFC is allowed to loan up to \$90,000 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. If, however, the 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 mortgage that will be eligible for the subsidized rate. While the interest rate for the Tax-Exempt Home Improvement Loan is slightly lower than the other two second mortgage loans, the formula applies to all three categories of the Seconds Mortgage Loan Program.

## SELECTED LOAN CRITERIA

### SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

#### Basic Criteria For Conventional Loans.

##### I. Single-Family

- A. Maximum Loan Amount: \$160,500
- B. Down Payment Requirement: Minimum down payment of 5%
- C. Maximum Term: ABE structured mortgage
- D. Interest Rate: As advised
- E. Eligible Property: Single-Family, Condominium units and PUD's must be owner-occupied.

##### II. Duplex

- A. Maximum Loan Amount: \$205,200
- B. Down Payment Requirement: Minimum down payment of 5%
- C. Maximum Term: ABE structured mortgage
- D. Interest Rate: As advised
- E. Eligible Property: Duplex, provided one of the units must be owner-occupied.

#### Criteria For VA Guaranty Loans.

##### I. Single-Family

- A. Maximum Loan Amount: \$110,000
- B. Down Payment Requirement: The amount of the VA guaranty plus the down payment must be 25% or more of the value.
- C. Maximum Term: ABE structured mortgage
- D. Interest Rate: As advised
- E. Eligible Property: Single-Family, Condominium units and PUD's must be owner-occupied.

## SELECTED LOAN CRITERIA

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### II Duplex

- A. Maximum Loan Amount: \$110,000
- B. Down Payment Requirement: The amount of the VA guaranty plus the down payment must be 25% or more of the value.
- C. Maximum Term: ABE structured mortgage
- D. Interest Rate: As advised
- E. Eligible Property: Duplex, provided one unit must be owner-occupied.

### MORTGAGE BOND SUBSIDY TAX ACT PROGRAM

#### General Loan Criteria.

##### I. Single-Family

- A. Maximum Acquisition Cost:

Existing	\$104,986
New	\$128,143
- B. Down Payment Requirement: 5% on purchase transactions
- C. Maximum Term: ABE structured mortgage
- D. Interest Rate: As advised
- E. Eligible Property: Single-Family, Condominium units and units in a PUD. All properties must be owner-occupied.
- F. Available Programs: Financing is available for loans under the Pledged Account Mortgage Program, Home Ownership Assistance Program, and the Special Mortgage Purchase Program. Borrower may choose a VA guaranteed loan. Mobile home loans are excluded from the program.

##### II. Duplex

- A. Maximum Acquisition Cost: Existing \$122,829
- B. Down Payment Requirement: 5%

## SELECTED LOAN CRITERIA

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- C. Maximum Term: ABE structured mortgage
- D. Interest Rate: As advised
- E. Eligible Property: Duplex dwelling units of which one must be occupied as the principal residence of the borrower(s). One of the units must have been first occupied as a residence at least five years before the mortgage is executed.
- F. Available Program: Financing is available for loans under the Pledged Account Mortgage Program and the Special Mortgage Purchase Program. Borrower may choose a VA guaranteed loan. Mobile home loans are excluded from the the program.

### III. Other Requirements

- A. Three-Year Requirement: A mortgagor meets the requirement if he has had no ownership interest in a principal residence at any time during the three-year period prior to the date the mortgage is executed, unless he also qualifies for the HOF Program.
- B. Multiple Mortgagors: In the event that there is more than one mortgagor with respect to a particular residence, each of the mortgagors must meet the three-year requirement.
- C. Residence Requirement: The property, the financing of which is provided by the proceeds from a qualified mortgage bond, must be used as the mortgagor's principal residence.
- D. Purchase Price: The acquisition cost of each residence may not exceed 110% of the "average area purchase price" for a residence in such area. AHFC conducts studies on a periodic basis to determine the "average area purchase price."

SELECTED LOAN CRITERIA

- E. Restriction on Assumption: The mortgage loan and residence may not be assumed, sold, or otherwise transferred, unless new financing is obtained or AHFC's permission to assume is granted.

MOBILE HOME LOAN PURCHASE PROGRAM CRITERIA

Basic Criteria For Loans.

- A. Maximum Loan Amount: \$72,500
- B. Down Payment Requirement: 5% on all loans. AHFC will accept VA guaranteed loans in accordance with their down payment requirement. No secondary financing will be permitted.
- C. Maximum Term: 20 years, or the remaining economic life of the home, whichever is the lesser.
- D. Interest Rate: As advised.
- E. Occupancy Requirements: All mobile homes must be owner-occupied.
- F. Eligible Property: Mobile homes of not less than 600 gross square feet.

SECONDS MORTGAGE LOAN PROGRAM

Second Mortgage For Home Purchase  
Financed By Taxable Bond Proceeds.

Basic Criteria

- A. Maximum Loan Amount: The combination of the outstanding balance of the first mortgage and the amount of the second may not exceed \$160,500 (\$205,200 for a duplex).
- B. Down Payment Requirement: 10%
- C. Maximum Term:
- | <u>Loan Amount</u> | <u>Term</u> |
|--------------------|-------------|
| \$ 0 - 6,499       | 5 years     |
| 6,500 - 12,499     | 10 years    |
| 12,500 -           | 15 years    |

SELECTED LOAN CRITERIA

- D. Interest Rate: AHFC is allowed to loan up to \$90,000 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. If, however, the 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 mortgage that will be eligible for the subsidized rate.
- E. Eligible Property: Single-Family, Duplexes, Condominium units, and PUDs, Owner occupancy is required.
- F. Insurance Requirement: When total financing-to-value ratio is in excess of 80%, private mortgage insurance equal to at least 25% of the second, or whatever additional amount is necessary to bring the aggregate insured loan-to-value ratio down to 75% is required.

Second Mortgages For Home Improvement Or  
Rehabilitation  
Financed By Taxable Bond Proceeds.

Basic Criteria

- A. Maximum Loan Amount: The combination of the outstanding balance of the first mortgage and the amount of the second may not exceed \$160,500 (\$205,200 for a duplex).
- B. Total Financing-To-Value Ratio: 90% as calculated by dividing all outstanding loan balances by the estimated market value of the residence 'as complete.'
- C. Maximum Term:
- | <u>Loan Amount</u> | <u>Term</u> |
|--------------------|-------------|
| 0 - 6,499          | 5 years     |
| \$ 6,500 - 12,499  | 10 years    |
| 12,500 -           | 15 years    |

## SELECTED LOAN CRITERIA

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- D. Interest Rate: AHFC is allowed to loan up to \$90,000 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. If, however, the 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 mortgage that will be eligible for the subsidized rate.
- E. Eligible Property: Single-Family, Duplexes, Condominium units, and PUDs, Owner occupancy is required.
- F. Allowed Improvements: Alterations, repairs or improvements which protect, improve or enhance the basic livability or energy efficiency of the property.
- G. Completion Of Improvement: AHFC will provide financing only upon completion of the improvement or rehabilitation. An appraisal will be required and the original appraiser must inspect the property after completion.
- H. Insurance Requirement: When total financing-to-value ratio is in excess of 80%, private mortgage insurance equal to at least 25% of the second, or whatever additional amount is necessary to bring the aggregate insured loan-to-value ratio down to 75% is required.

### Second Mortgage For Home Improvement Or Rehabilitation Financed By Tax-Exempt Bond Proceeds.

#### Basic Criteria

- A. Maximum Loan Amount: The lesser of \$15,000 or an amount which, when combined with the outstanding balance of the first mortgage, does not exceed \$160,500 (\$205,200 for a duplex).

SELECTED LOAN CRITERIA

- B. Total Financing-To-Value Ratio: 90% as calculated by dividing all outstanding loan balances by the estimated market value of the residence 'as complete.'
- C. Maximum Term:
- | <u>Loan Amount</u> | <u>Term</u> |
|--------------------|-------------|
| \$ 0 - 6,499       | 5 years     |
| 6,500 - 12,499     | 10 years    |
| 12,500 -           | 15 years    |
- D. Interest Rate: AHFC is allowed to loan up to \$90,000 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. If, however, the 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 mortgage that will be eligible for the subsidized rate.
- E. Eligible Property: Single-Family, Duplexes, Condominium units, and PUDs, Owner occupancy is required.
- F. Allowed Improvements: Alterations, repairs or improvements which protect, improve or enhance the basic livability or energy efficiency of the property.
- G. Completion Of Improvement: AHFC will provide financing only upon completion of the improvement or rehabilitation. An appraisal will be required and the original appraiser must inspect the property after completion.
- H. Insurance Requirement: When total financing-to-value ratio is in excess of 80%, private mortgage insurance equal to at least 25% of the second, or whatever additional amount is necessary to bring the aggregate insured loan-to-value ratio down to 75% is required.

ALASKA HOUSING FINANCE CORPORATION

Project 1 Mortgage Investment,  
State Appropriation and Financing Levels

<u>PROPOSED YEAR ENDING JUNE 30, 1983</u>	<u>Loan Funds</u>	<u>STATE APPROPRIATIONS</u> (in millions)		<u>FINANCING LEVELS</u>	
		<u>Loan Subsidy</u>	<u>Mortgage Purchase</u> (In Millions)	<u>Bonds</u>	<u>State Loans</u>
Special Mortgage Loan Purchase Program	\$1,321.0	\$ 105.0**		\$ 980.0	
Mobile Home Loan Purchase Program	45.0		\$ 45.0		
Home Ownership Fund Subsidy		\$ 45.0			
Pledged Account Mortgage Program (Funded through the Special Mortgage Loan Purchase Program)					
Actual Year	<u>\$1,366.0</u>	<u>\$ 150.0</u>	<u>\$ 45.0</u>	<u>\$ 980.0</u>	

\* Additional \$195 million subsidy provided for previous appropriations pledged to prior bond issues and reverting from such pledge during January, 1983.

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

(1) (2)

Mobile Home Loan Purchase Program

FY 80		
	Loans Through Department of Revenue	(\$10,000,000 at 9.5%)
FY 81	Appropriation	12,500,000

(1)

Rural Non-Owner Occupied Mortgage Purchase Program

FY 79		
	Loans Through Department of Revenue	(\$2,600,000 at 8.5%)
FY 81	Appropriation	4,500,000

(1)

Rural Mortgage Loan Purchase 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

Home Ownership Assistance Program ("HOF" Fund)

FY 81		
	Appropriation	
	Mortgage Loans	50,000,000
	Cash	2,500,000 (1)
FY 82		43,000,000
FY 83		45,000,000 (2)

ALASKA HOUSING FINANCE CORPORATION

SUMMARY OF STATE FINANCIAL SUPPORT  
(Continued)

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	<u>1,000,000</u>	
	<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		(4)
Bond Program	(\$12,800,000)	

(1) 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

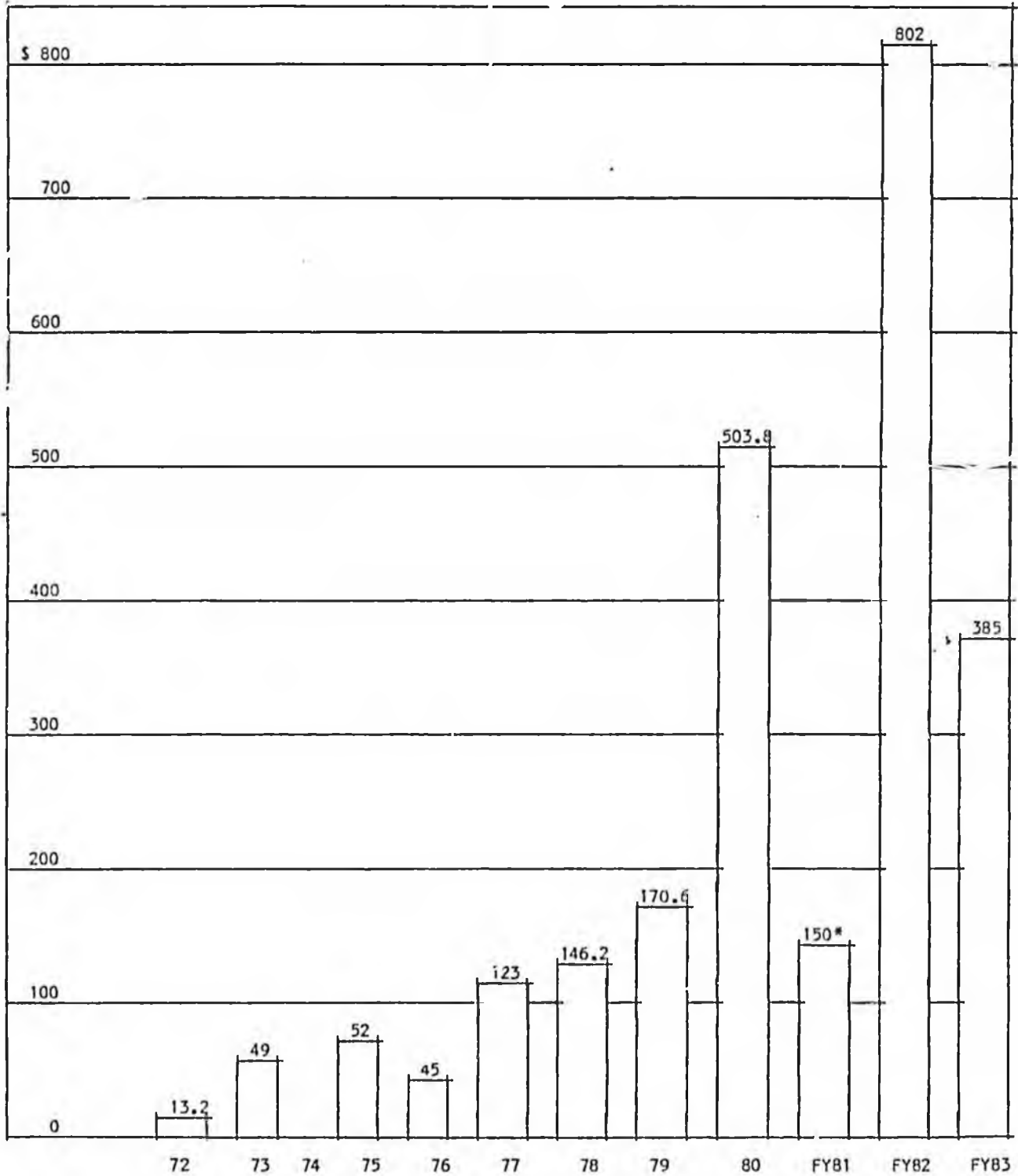
(2) To be utilized to purchase Mobile Home loans.

(3) An additional \$5,860,000 remains available from the FY 81 appropriation.

(4) Interest rate on loans are equal to the earnings on the proceeds of such loans.

CBS.2

ALASKA HOUSING FINANCE CORPORATION  
 BONDS ISSUED IN MILLIONS  
 FOR SINGLE-FAMILY DWELLING  
 1972-1983  
 January 24, 1983



\* Covers a period of 7 months due to change in Corporation's Fiscal Year

(The Corporation's Fiscal Year is July 1 to June 30)

ALASKA HOUSING FINANCE CORPORATION

Bonds Outstanding at January 24, 1983

	<u>BONDS ISSUED</u>	<u>NIC (TIC)</u>	<u>MORTGAGE INTEREST RATES</u>	<u>BONDS OUTSTANDING</u>
Insured Mortgage Program Bonds, 1975 First, dated 12/1/75; Due: 1976-2006	5,000,000	8.5361% (8.5998%)	9.280%	4,685,000
Insured Mortgage Program Bonds, 1976 First, dated 8/1/76; Due: 1977-2006	20,000,000	7.517% (7.579%)	8.911%	18,795,000
Insured Mortgage Program Bonds, 1976 Second, dated 11/1/76; Due: 1977-2006	25,000,000	7.16% (7.23%)	8.816%	23,560,000
Insured Mortgage Program Bonds, 1977 First, dated 4/1/77; Due: 1978-2007	35,000,000	6.632% (6.69%)	8.254%	32,420,000
Insured Mortgage Program Bonds, 1977 Second, dated 7/1/77; Due: 1978-2007	48,000,000	6.38% (6.42%)	7.998%	44,610,000
Insured Mortgage Program Bonds, 1977 Third, dated 10/1/77; Due: 1978-2007	40,000,000	6.09% (6.12%)	7.646%	37,075,000
Insured Mortgage Program Bonds, 1978 First, dated 3/1/78; Due: 1978-2007	47,225,000	6.365% (6.40%)	7.843%	44,725,000
Insured Mortgage Program Bonds, 1978 Second, dated 7/1/78; Due: 1979-2008	55,000,000	7.465% (7.53%)	8.828%	52,210,000
Insured Mortgage Program Bonds, 1978 Third, dated 12/1/78; Due: 1980-2008	44,000,000	7.062% (7.10%)	8.688%	42,265,000
Insured Mortgage Program Bonds, 1979 First, dated 3/1/79; Due: 1980-2008	60,000,000	7.247% (7.29%)	8.849%	58,050,000
Insured Mortgage Program Bonds, 1979 Second, dated 7/1/79; Due: 1980-2009	105,000,000	7.086% (7.14%)	8.702%	101,100,000
Insured Mortgage Program Bonds, 1980 First, dated 1/1/80; Due: 1981-2009	39,400,000	8.748% (8.85%)	10.370%	38,735,000
Insured Mortgage Program Bonds, 1980 Second, dated 7/1/80; Due: 1981-2010	230,000,000	9.171% (9.248%)	•	225,825,000
Insured Mortgage Program Bonds, 1980 Third, dated 12/1/80; Due: 1982-2011	<u>230,000,000</u>	11.066% (11.29%)	•	<u>228,570,000</u>
<u>TOTAL INSURED MORTGAGE BONDS</u>	<u>\$ 983,625,000</u>			<u>\$ 952,625,000</u>

	<u>On First \$90,000</u>	<u>On Balance</u>
• 1980 Second Series	9% & 10%	10.25%
1980 Third Series	9% & 10%	12.29%

ALASKA HOUSING FINANCE CORPORATION

Bonds Outstanding at January 24, 1983

	<u>BONDS ISSUED</u>	<u>NIC (TIC)</u>	<u>MORTGAGE INTEREST RATES</u>	<u>BONDS OUTSTANDING</u>
Housing Mortgage Bonds, 1972 Series A dated 10/1/72; Due: 1973-2002	13,500,000	5.68%	7.712%	11,285,000
Housing Mortgage Bonds, 1973 Series A dated 6/1/73; Due: 1974-2002	13,000,000	5.716%	7.398%	10,940,000
Housing Mortgage Bonds, 1973 Series B dated 10/3/73; Due: 1974-2003	36,000,000	6.0336%	7.491%	31,185,000
Housing Mortgage Bonds, 1975 Series A dated 3/1/75; Due: 1975-2005	35,000,000	7.6789%	8.454%	31,905,000
Housing Mortgage Bonds, 1975 Series B dated 6/1/75; Due: 1976-2005	<u>12,000,000</u>	7.735%	8.572%	<u>10,930,000</u>
<u>TOTAL HOUSING MORTGAGE BONDS</u>	<u>\$ 109,500,000</u>			<u>\$ 96,245,000</u>
Insured Rural Mortgage Program Bonds 1979 First, dated 9/1/79; Due: 1980-2009	5,600,000	7.50%	8.75%	4,030,000
Insured Rural Mortgage Program Bonds 1980 First, dated 12/2/80; Due: 1981-2010	<u>4,400,000</u>	7.50%	8.75%	<u>3,715,000</u>
<u>TOTAL INSURED RURAL MORTGAGE BONDS</u>	<u>\$ 10,000,000</u>			<u>\$ 7,745,000</u>
<u>HOME MORTGAGE BONDS</u>			<u>First \$90,000 Balance</u>	
1981 First Series, dated 12/1/81 Due: 1982-2011	\$ 100,000,000	12.50% (12.54%)	<u>10%</u> 13.158%	100,000,000
1981 Second Series, dated 12/1/81 Due: 1983-2012	100,000,000	(11.8228%)	<u>10%</u> 13.19%	100,000,000
1982 First Series, dated 9/1/82 Due: 1984-2001	85,000,000	(11.45%)	<u>10%</u> 12.12%	85,000,000
1982 Second Series dated 11/1/82 Due: 1994-2000	<u>100,000,000</u>	(10.55%)	<u>10%</u> 11.22%	<u>100,000,000</u>
<u>TOTAL HOME MORTGAGE BONDS</u>	<u>\$ 385,000,000</u>			<u>\$ 385,000,000</u>

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ALASKA HOUSING FINANCE CORPORATION

Bonds Outstanding at January 24, 1983

	<u>BONDS ISSUED</u>	<u>NIC (TIC)</u>	<u>MORTGAGE INTEREST RATES</u> First \$90,000 Balance	<u>BONDS OUTSTANDING</u>
State Assisted Mortgage Bonds, 1981 Series A, dated 6/1/81; Due: 1994 and 1999	150,000,000	16.3872% (16.5742%)	10% 17.05%	150,000,000
State Assisted Mortgage Bonds, 1981 Series B and C, dated 10/1/81; Due: 1991 and 2001	150,000,000	(18.465%)	12.125% 19.153%	150,000,000
State Assisted Mortgage Bonds 1981 Series D and E, dated 11/1/81 Due: 1991 and 2001	150,000,000	(18.793%)	12.375% 19.411%	150,000,000
State Assisted Mortgage Bonds 1982 Series F, dated 5/26/82 Due: 1992	\$ 225,000,000	(15.57%)	12.375% 16.590%	\$ 225,000,000
State Assisted Mortgage Bonds 1982 Series G, dated 8/3/82 Due: 1992	\$ 100,000,000	(15.33%)	12.375% 16.36%	\$ 100,000,000
State Assisted Mortgage Bonds 1982 Series H, dated 11/11/82 Due: 1992	\$ 50,000,000	(12.182%)	10.125% 13.18%	\$ 50,000,000
State Assisted Mortgage Bonds 1982 Series I, dated 1/19/82 Due: 1993	\$ 50,000,000	(11.675%)	10% 12.67%	\$ 50,000,000
<u>TOTAL STATE ASSISTED MORTGAGE BONDS</u>	<u>\$ 875,000,000</u>			<u>\$ 875,000,000</u>
Home Improvement Loan Bonds, 1982 Series A, dated 2/15/82 Due: 1988	<u>15,000,000</u>	(13.533%)	10% 14.75%	<u>15,000,000</u>
Second Mortgage Bonds, dated February 1982 Due 1997	<u>27,000,000</u>	(16.97%)	12.375% 18.50%	<u>27,000,000</u>
Fairbanks North Star Borough (AHFC Administered Program)	\$ <u>35,000,000</u>	12.41% (12.47%)	9% 13.25%	\$ <u>35,000,000</u>
<u>TOTAL ALL BONDS</u>	<u>\$2,440,125,000</u>			<u>\$2,393,615,000</u>

ALASKA HOUSING FINANCE CORPORATION  
BOND ISSUE RATINGS

	Issue Size (Thousands)	RATINGS		
		Standard & Poors	Moodys	Fitch
<b>Housing Mortgage Bonds</b>				
1972 Series A	\$ 13,500	AA	Aa	
1973 Series A	13,000	AA	Aa	
1973 Series B	36,000	AA	Aa	
1975 Series A	35,000	AA	Aa	
1975 Series B	12,000	AA	Aa	
<b>Insured Rural Mortgage Bonds</b>				
1979 First	5,600			
1980 First	4,400			
<b>Home Mortgage Bonds</b>				
1981 First	100,000	AA-	Aa	
1981 Second	100,000	AA-	Aa	
1982 First	85,000	AA-	Aa	
1982 Second	100,000	AA-	Aa	
<b>Insured Mortgage Program Bonds</b>				
1975 First	5,000	A	A	
1976 First	20,000	A	A	
1976 Second	25,000	A	A	
1977 First	35,000	A	A	
1977 Second	48,000	A	A	
1977 Third	40,000	A	A	
1978 First	47,225	A	A	
1978 Second	55,000	A	A	
1978 Third	44,000	A	A	
1979 First	60,000	A	A	
1979 Second	105,000	A	A	
1980 First	39,400	A	A	
1980 Second	230,000	A	A	
1980 Third	230,000	A	A	
<b>State Assisted Mortgage Bonds</b>				
Series A	150,000	A	A	
Series B & C	150,000	AA		
Series D & E	150,000	AA		AA
Series F	225,000	AA		AA
Series G	100,000	AA	AA	AA
Series H	50,000	AA	AA	AA
Series I	50,000	AA	AA	AA
<b>Home Improvement Loan Bonds</b>				
1982 Series A	15,000	A-	A	
<b>Second Mortgage Bonds</b>				
Series A	27,000	AA		

MORTGAGES HELD BY TYPE

AS OF DECEMBER 31, 1982

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<u>TYPE</u>	<u>NUMBER</u>	<u>AMOUNT</u>
MOBILE HOMES	2,413	\$ 63,901,431.76
RURAL NON-OWNER OCCUPIED	51	6,118,465.22
CONVENTIONAL	22,426	1,715,499,851.62
STATE VETERAN	4,095	370,926,836.77
FHA GUARANTEED	632	31,844,875.71
V/A GUARANTEED	<u>3,282</u>	<u>216,348,573.99</u>
TOTAL	<u>32,899</u>	<u>\$2,404,640,085.07</u>

ALASKA HOUSING FINANCE CORPORATION  
 SUMMARY OF MORTGAGES HELD BY FUNDING SOURCE  
 AS OF DECEMBER 31, 1982

	<u>NUMBER</u>	<u>AMOUNT</u>
Insured Mortgage Bonds	12,145	\$ 884,435,813
Housing Mortgage Bonds	1,946	99,764,497
Housing Development Fund	34	2,355,403
State Assisted Mortgage Bonds	8,510	788,510,914
Non-Owner Occupied Rural	51	6,118,465
Housing Development Fund-Mobile Home	325	7,346,766
Insured Rural Mortgage Bonds	111	7,091,733
State Assisted Mortgage (SAM) Fund	3,390	249,467,067
Home Assisted Program (HAP) Fund	2,778	107,888,636
Appropriated Funds - Rural	88	6,501,395
Appropriated Funds - Mobile Home	511	12,421,902
Tax-Exempt MSBTA First Mortgage Bonds	2,396	196,397,224
Taxable Seconds/Home Improvements	260	9,180,264
Home Improvement (Tax-exempt funds)	87	1,159,731
Fairbanks	<u>267</u>	<u>26,000,275</u>
TOTAL:	<u>32,899</u>	<u>\$2,404,640,085</u>

ALASKA HOUSING FINANCE CORPORATION

Summary of Program Information

<u>State Fiscal Year</u>	<u>Bonds Issued</u>	<u>Bond Authorization</u>	<u>Appropriations</u>	<u>Mortgage Commitments (All Programs)</u>	<u>Operating Budget</u>	<u>Full-Time Staff Positions</u>
FY 81	\$614,400,000	N/A	\$562,955,000	\$ 755,258,150	\$1,800,000(1)	31
FY 82	\$802,000,000	\$802,000,000	\$265,000,000	\$ 765,189,300	\$2,276,200	43
FY 83	\$685,000,000 (Estimated)	\$980,000,000	\$150,000,000	\$1,000,000,000	\$3,441,000	45
FY 84	\$840,000,000 (Estimated)	\$980,000,000	\$150,000,000 (2)	\$1,000,000,000	\$3,158,700(3)	47

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- (1) AHFC was not under the Executive Budget Act for the State's fiscal year. The Corporation's fiscal year did not coincide with that of the State. The \$1.8 million is an estimate based upon actual expenses for the period 7-1-80 through 6-30-81.
- (2) Capital budget originally submitted requesting a total of \$250 million (subsequently adjusted to \$240 million). Reviewed as of December 1982 and revised to \$150 million.
- (3) Does not include Trustee fees previously included in operating budget. These fees are estimated at \$725,000 for FY 84.



AHFC MORTGAGE DISTRIBUTION ANALYSIS  
December 31, 1982

	<u>SPECIAL MORTGAGE PURCHASE PROGRAM</u>		<u>ALL PROGRAMS</u>	
	<u>Active Mortgages</u>	<u>% Of Mortgages</u>	<u>Active Mortgages</u>	<u>% Of Mortgages</u>
Municipality of Anchorage	11,742	66.32	18,823	61.32
Fairbanks North Star Borough	1,838	10.38	3,575	11.65
City and Borough of Juneau	1,017	5.74	1,888	6.15
Other Areas of Alaska	<u>3,109</u>	<u>17.56</u>	<u>6,411</u>	<u>20.88</u>
	<u>17,706</u>	<u>100.00</u>	<u>30,697</u>	<u>100.00</u>
Rural Communities - (as defined under AHFC Rural Mortgage Purchase Program)	484	2.73	1,709	5.57
Other Communities	<u>17,222</u>	<u>97.27</u>	<u>28,988</u>	<u>94.43</u>
	<u>17,706</u>	<u>100.00</u>	<u>30,697</u>	<u>100.00</u>

Does not include 2,202 loans transferred from the State of Alaska for the SAM Fund and Home Ownership Fund for which a geographical distribution is not available.

## ALASKA HOUSING FINANCE CORPORATION

Mortgages Held - December 31, 1982

	ACTIVE MORTGAGES*	% OF MORTGAGES	PRINCIPAL BALANCE	% OF DOLLARS
Municipality of Anchorage	18,823	61.32	\$1,467,162,762.02	64.14
Southcentral [excluding Anchorage]	<u>4,748</u>	<u>15.47</u>	<u>325,679,029.23</u>	<u>14.24</u>
<u>TOTAL SOUTHCENTRAL</u>	<u>23,571</u>	<u>76.79</u>	<u>1,792,841,791.25</u>	<u>78.34</u>
Fairbanks North Star Borough	3,575	11.65	249,196,453.81	10.89
North [excluding Fairbanks]	<u>265</u>	<u>.86</u>	<u>18,507,761.92</u>	<u>.81</u>
<u>TOTAL NORTH</u>	<u>3,840</u>	<u>12.51</u>	<u>267,704,215.73</u>	<u>11.70</u>
City and Borough of Juneau	1,888	6.15	134,237,536.01	5.87
Southeast [excluding Juneau]	<u>1,398</u>	<u>4.55</u>	<u>92,729,358.04</u>	<u>4.05</u>
<u>TOTAL SOUTHEAST</u>	<u>3,286</u>	<u>10.70</u>	<u>226,966,894.05</u>	<u>9.92</u>
<u>TOTALS:</u>	<u>30,697</u>	<u>99.99</u>	<u>\$2,287,512,901.03</u>	<u>100.00</u>

- \* Does not include 2,202 loans transferred from the State of Alaska for the SAM Fund and Home Ownership for which a geographical distribution is not available.

ALASKA HOUSING FINANCE CORPORATION

Mortgages Held as of December 31, 1982

CITY	ACTIVE MORTGAGES *	% OF MORTGAGES	PRINCIPAL BALANCE	% OF DOLLARS
Anchor Point	18	.06	1,071,712.98	.05
Anchorage	16,794	54.71	1,297,239,454.79	56.71
Aniak	4	.01	208,522.87	.01
Auke Bay	15	.05	1,143,620.58	.05
Barrow	25	.08	1,154,258.35	.05
Bethel	177	.58	12,834,345.34	.56
Cantwell	1	.00	57,017.65	.00
Chitina	1	.00	10,291.66	.00
Chuglak	400	1.30	31,994,927.18	1.40
Clam Gulch	3	.01	299,590.66	.01
Cooper Landing	4	.01	292,243.95	.01
Copper Center	7	.02	406,853.84	.02
Cordova	119	.39	6,235,925.02	.27
Craig	14	.05	747,020.95	.03
Delta Junction	85	.28	4,874,392.96	.21
Dillingham	34	.11	2,365,362.84	.10
Douglas	80	.26	5,384,562.80	.24
Eagle River	1,537	5.01	130,943,765.90	5.72
Elfin Cove	1	.00	55,226.31	.00
Ester	2	.01	118,703.32	.01
Fairbanks	3,467	11.30	242,001,184.01	10.58
Ft. Yukon	3	.01	143,396.36	.01
Gakona	1	.00	81,320.15	.00
Galena	5	.02	248,074.90	.01
Gambell	1	.00	885.77	.00
Girdwood	89	.29	6,861,870.35	.30
Glennallen	18	.06	1,119,961.25	.05
Haines	31	.10	1,533,148.16	.07
Hoaly	3	.01	146,306.32	.01
Homer	220	.72	14,557,390.40	.64
Hoonah	11	.04	483,380.54	.02
Hopu	1	.00	59,577.50	.00
Hydaburg	1	.00	19,674.99	.00
Iliamna	2	.01	54,401.01	.00
Indian	3	.01	122,723.80	.01
Juneau	1,793	5.84	127,709,352.63	5.58
Kake	1	.00	46,191.71	.00
Kasilof	28	.09	1,780,653.72	.08
Konal	628	2.05	42,672,884.63	1.87
Kotchikan	682	2.22	46,105,400.30	2.02
Klana	1	.00	4,309.74	.00
King Salmon	7	.02	649,942.78	.03
Klawock	1	.00	19,081.68	.00
Kodiak	450	1.47	30,432,649.15	1.33
Kodiak, Coast Guard Station	5	.02	412,417.86	.02
Kotzebue	63	.21	4,846,100.74	.21
Manokotak	1	.00	64,731.05	.00
McGrath	5	.02	227,579.16	.01
Motikakatla	4	.01	239,452.90	.01
Moose Pass	6	.02	274,058.61	.01

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Mortgages Held as of December 31, 1982  
(continued)

CITY (continued)	ACTIVE MORTGAGES*	% OF MORTGAGES	PRINCIPAL BALANCE	% OF DOLLARS
Mountain Village	1	.00	56,528.58	.00
Naknek	3	.01	186,794.03	.01
Nanana	10	.03	460,019.23	.02
Nikolai	1	.00	59,070.19	.00
Niniichik	11	.04	642,670.79	.03
Nome	58	.19	5,930,512.39	.26
North Pole	106	.35	7,076,566.48	.31
Nunapitчук	1	.00	34,298.71	.00
Ouzinkle	1	.00	61,056.13	.00
Palmer	542	1.77	36,257,307.72	1.59
Pelican	3	.01	129,731.23	.01
Petersburg	147	.48	8,581,716.59	.38
Port Alexander	1	.00	27,188.44	.00
Port Lions	1	.00	29,005.45	.00
Ruby	1	.00	22,366.20	.00
Russian Mission	3	.01	274,515.48	.01
Sand Point	14	.05	815,110.20	.04
Seldovia	10	.03	450,044.14	.02
Seward	95	.31	5,347,080.51	.23
Sitka	422	1.38	30,837,711.82	1.35
Skagway	25	.08	1,127,256.75	.05
Skwentna	3	.01	205,567.07	.01
Soldotna	578	1.88	38,453,410.33	1.68
St. Marys	5	.02	339,505.23	.02
St. Michaels	1	.00	39,696.63	.00
St. Paul Island	2	.01	107,957.01	.01
Storling	67	.22	4,653,707.93	.20
Sutton	5	.02	221,814.70	.01
Talkeetna	9	.03	577,840.57	.03
Tanana	2	.01	97,096.08	.00
Tatitlek	5	.02	391,717.88	.02
Tok	7	.02	356,694.03	.02
Unalaska	11	.04	1,086,785.42	.05
Usibellio	6	.02	412,851.60	.02
Valdez	240	.78	17,895,192.37	.78
Ward Cove	4	.01	177,252.52	.01
Wasilla	1,362	4.44	98,856,043.88	4.32
Willow	32	.10	2,277,371.45	.10
Wrangell	46	.15	2,403,039.38	.11
Yakutat	4	.01	196,883.77	.01
<u>T O T A L S:</u>	<u>30,697</u>	<u>100.00</u>	<u>\$2,287,512,901.03</u>	<u>100.00</u>

\* Does not include 2,202 loans having an unamortized principal balance of \$117,127,184.04 at December 31, 1982 transferred from the State of Alaska.

## ALASKA HOUSING FINANCE CORPORATION

LOAN SUMMARY - MORTGAGES PURCHASED  
(ALL FIRST MORTGAGES)

	<u>FY '81</u>	<u>%</u>	<u>FY '82</u>	<u>%</u>	<u>JULY - DEC</u> <u>FY '83</u>	<u>%</u>
Sales Price	96,167		104,521		103,943	
Appraised Value	97,908		106,736		106,624	
Note Amount	85,890		90,300		90,709	
Monthly Income	3,876		4,041		4,117	
Age of Borrower	34.8		34.6		33.8	
Size of Household	2.7		2.7		2.6	
Loan to Sales Price Ratio	89.31		86.39		87.27	
Weighted Average Int. Rate	9.89		11.43		11.37	
Dwelling Type						
SFR	5,123	79.60	6,312	74.53	2,722	73.07
Condo	804	12.49	1,543	18.22	764	20.51
DPLX	378	5.87	450	5.31	130	3.49
PUD	131	2.04	164	1.94	109	2.93
	<u>6,436</u>	<u>100.00</u>	<u>8,469</u>	<u>100.00</u>	<u>3,725</u>	<u>100.00</u>
New/Existing						
New	1,525	23.69	3,459	40.84	2,332	62.60
Existing	4,911	76.31	5,010	59.16	1,393	37.40
	<u>6,436</u>	<u>100.00</u>	<u>8,469</u>	<u>100.00</u>	<u>3,725</u>	<u>100.00</u>
First Time Homeowner						
Yes	2,494	38.75	3,297	38.93	1,914	51.38
No	3,942	61.25	5,172	61.07	1,811	48.62
	<u>6,436</u>	<u>100.00</u>	<u>8,469</u>	<u>100.00</u>	<u>3,725</u>	<u>100.00</u>
Insurance Type						
FHA	5	.08	-	-	-	-
VA	1,123	17.45	820	9.68	226	6.07
CONV	5,308	82.47	7,649	90.32	3,499	93.93
	<u>6,436</u>	<u>100.00</u>	<u>8,469</u>	<u>100.00</u>	<u>3,725</u>	<u>100.00</u>
Eligible State Veteran	1,397	21.71	1,658	19.58	824	22.12
Non-Eligible State Veteran	5,039	78.29	6,811	80.42	2,901	77.88
	<u>6,436</u>	<u>100.00</u>	<u>8,469</u>	<u>100.00</u>	<u>3,725</u>	<u>100.00</u>
Original Balance	552,785,800.00		764,752,800.00		337,890,450.00	

ALASKA HOUSING FINANCE CORPORATION

LOAN SUMMARY - MORTGAGES PURCHASED  
TAX-EXEMPT MSBTA FIRST MORTGAGE PROGRAM

	<u>FY '82</u>	<u>%</u>	<u>JULY - DEC FY '83</u>	<u>%</u>
Sales Price	80,632		85,468	
Appraised Value	82,403		87,587	
Note Amount	75,340		79,808	
Monthly Income	3,118		3,223	
Age of Borrower	29.4		30.2	
Size of Household	2.0		2.2	
Loan to Sales Price Ratio	93.44		93.38	
Weighted Average Int. Rate	9.95		9.90	
Monthly P & I Payment	659.08		695.43	
Dwelling Type				
SFR	224	45.34	959	63.89
Condo	251	50.82	490	32.64
DPLX	10	2.02	16	1.07
PUD	9	1.82	36	2.40
	<u>494</u>	<u>100.00</u>	<u>1,501</u>	<u>100.00</u>
New Existing				
New	279	56.48	1,075	71.62
Existing	215	43.52	426	28.38
	<u>494</u>	<u>100.00</u>	<u>1,501</u>	<u>100.00</u>
First Time Homeowner				
Yes	456	92.31	1,370	91.27
No	38	7.69	131	8.73
	<u>494</u>	<u>100.00</u>	<u>1,501</u>	<u>100.00</u>
Insurance Type				
FHA	-	-	-	-
VA	-	-	62	4.13
CONV	494	100.00	1,439	95.87
	<u>494</u>	<u>100.00</u>	<u>1,501</u>	<u>100.00</u>
Eligible State Veteran	33	6.68	221	14.72
Non-Eligible State Veteran	461	93.32	1,280	85.28
	<u>494</u>	<u>100.00</u>	<u>1,501</u>	<u>100.00</u>
Original Balance	37,218,000.00		119,791,150.00	

Tax-Exempt Program implemented under the Mortgage Subsidy Bond Tax Act of 1980 in December, 1982.

ALASKA HOUSING FINANCE CORPORATION

LOAN SUMMARY - MORTGAGES PURCHASED  
FIRST MORTGAGES OTHER THAN TAX-EXEMPT MSBTA MORTGAGES

	<u>FY '81</u>	<u>%</u>	<u>FY '82</u>	<u>%</u>	<u>JULY - DEC FY' 83</u>	<u>%</u>
Sales Price	96,167		105,999		116,412	
Appraised Value	97,908		108,246		119,471	
Note Amount	85,890		91,233		98,066	
Monthly Income	3,877		4,097		4,720	
Age of Borrower	34.8		34.9		36.3	
Size of Household	2.7		2.7		2.8	
Loan to Sales Price Ratio	89.31		86.07		84.24	
Weighted Average Int. Rate	9.89		11.53		12.35	
Monthly P & I Payment	749.62		921.24		1,046.90	
Dwelling Type						
SFR	5,123	79.60	6,078	76.37	1,763	79.27
Condo	804	12.49	1,289	16.20	274	12.32
DPLX	378	5.87	437	5.48	114	5.13
PLD	131	2.04	155	1.95	73	3.28
	<u>6,436</u>	<u>100.00</u>	<u>7,959</u>	<u>100.00</u>	<u>2,224</u>	<u>100.00</u>
New/Existing						
New	1,525	23.69	3,173	39.87	1,257	56.52
Existing	4,911	76.31	4,786	60.13	967	43.48
	<u>6,436</u>	<u>100.00</u>	<u>7,959</u>	<u>100.00</u>	<u>2,224</u>	<u>100.00</u>
First Time Homeowner						
Yes	2,494	38.75	2,837	35.65	544	24.46
No	3,942	61.25	5,122	64.35	1,680	75.54
	<u>6,436</u>	<u>100.00</u>	<u>7,959</u>	<u>100.00</u>	<u>2,224</u>	<u>100.00</u>
Insurance Type						
FHA	5	.08	-	-	-	-
VA	1,123	17.45	820	10.30	164	7.37
CONV	5,308	82.47	7,139	89.70	2,060	92.63
	<u>6,436</u>	<u>100.00</u>	<u>7,959</u>	<u>100.00</u>	<u>2,224</u>	<u>100.00</u>
Eligible State Veteran	1,397	21.71	1,623	20.39	703	27.11
Non-Eligible State Veteran	5,039	78.28	6,336	79.61	1,621	72.89
	<u>6,436</u>	<u>100.00</u>	<u>7,959</u>	<u>100.00</u>	<u>2,224</u>	<u>100.00</u>
Original Balance	552,785,900		726,122,250		218,099,300	

## 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 - DEC FY' 83</u>	<u>%</u>
Sales Price	67,142		68,684		73,026	
Appraised Value	68,318		69,568		74,031	
Note Amount	63,183		64,381		68,451	
Monthly Income	1,905		1,932		1,985	
Age of Borrower	29.6		30.0		29.3	
Size of Household	1.8		1.9		1.9	
Loan to Sales Price Ratio	94.10		93.74		93.73	
Weighted Average Int. Rate	9.98		11.12		10.78	
Monthly P & I Payment			620.18		641.15	
Dwelling Type						
SFR	227	59.58	398	44.08	169	40.53
Condo	141	37.01	487	53.93	244	58.51
PLD	13	3.41	18	1.99	4	.96
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>417</u>	<u>100.00</u>
New/Existing						
New	57	14.96	272	30.12	257	61.63
Existing	324	85.04	631	69.88	160	38.37
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>417</u>	<u>100.00</u>
First Time Homeowner						
Yes	289	75.85	639	70.76	312	74.82
No	92	24.15	264	29.24	105	25.18
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>417</u>	<u>100.00</u>
Insurance Type						
FHA	-	-	-	-	-	-
VA	-	-	-	-	-	-
CONV	381	100.00	903	100.00	417	100.00
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>417</u>	<u>100.00</u>
Eligible State Veteran	7	1.84	11	1.22	21	5.04
Non-Eligible State Veteran	374	98.16	892	98.78	396	94.96
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>417</u>	<u>100.00</u>
Original Balance		24,072,600.00		58,136,000.00		28,544,050.00

ALASKA HOUSING FINANCE CORPORATION

LOAN SUMMARY - MORTGAGES PURCHASED  
PLEGDED ACCOUNT MORTGAGES

	<u>FY '81</u>	<u>%</u>	<u>FY '82</u>	<u>%</u>	<u>JULY - DEC FY' 83</u>	<u>%</u>
Sales Price	109,368		111,804		114,739	
Appraised Value	110,960		114,074		117,887	
Note Amount	102,360		102,884		98,070	
Monthly Income	3,420		3,624		4,718	
Age of Borrower	33.7		33.4		36.3	
Size of Household	2.9		2.7		2.7	
Loan to Sales Price Ratio	93.59		92.02		85.47	
Weighted Average Int. Rate	10.20		11.94		12.53	
Dwelling Type						
SFR	136	89.47	489	80.56	101	72.14
Condo	15	9.87	92	15.16	29	20.72
DPLX	-	-	13	2.14	3	2.14
PUD	1	.66	13	2.14	7	5.00
	<u>152</u>	<u>100.00</u>	<u>607</u>	<u>100.00</u>	<u>140</u>	<u>100.00</u>
New/Existing						
New	42	27.63	307	50.58	87	62.14
Existing	110	72.37	300	49.42	53	37.86
	<u>152</u>	<u>100.00</u>	<u>607</u>	<u>100.00</u>	<u>140</u>	<u>100.00</u>
First Time Homeowner						
Yes	26	17.11	170	28.01	53	37.86
No	126	82.89	437	71.99	87	62.14
	<u>152</u>	<u>100.00</u>	<u>607</u>	<u>100.00</u>	<u>140</u>	<u>100.00</u>
Insurance Type						
FHA	-	-	-	-	-	-
VA	-	-	-	-	-	-
CONV	152	100.00	607	100.00	140	100.00
	<u>152</u>	<u>100.00</u>	<u>607</u>	<u>100.00</u>	<u>140</u>	<u>100.00</u>
Eligible State Veteran	16	10.53	71	11.70	16	11.43
Non-Eligible State Veteran	136	89.47	536	88.30	124	88.57
	<u>152</u>	<u>100.00</u>	<u>607</u>	<u>100.00</u>	<u>140</u>	<u>100.00</u>
Original Balance	15,557,900.00		62,450,300.00		13,657,550.00	

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ALASKA HOUSING FINANCE CORPORATION

LOAN SUMMARY - MORTGAGES PURCHASED  
RURAL

	<u>FY '81</u>	%	<u>FY '82</u>	%	<u>JULY - DEC FY '83</u>	%
Sales Price	83,744		106,551		126,451	
Appraised Value	85,960		107,731		127,322	
Note Amount	68,143		88,585		97,294	
Monthly Income	3,744		4,147		4,224	
Age of Borrower	34.0		34.1		35.6	
Size of Household	3.2		3.0		3.2	
Loan to Sales Price Ratio	81.37		83.14		76.94	
Weighted Average Int. Rate	8.76		8.75		8.75	
Monthly P & I Payment			702.21		767.74	
Dwelling Type						
SFR	126	95.45	174	91.58	56	82.35
Condo	-	-	-	-	-	-
DPLX	6	4.55	16	8.42	12	17.65
	<u>132</u>	<u>100.00</u>	<u>190</u>	<u>100.00</u>	<u>68</u>	<u>100.00</u>
New/Existing						
New	45	34.09	93	48.95	58	85.29
Existing	85	65.91	97	51.05	10	14.71
	<u>132</u>	<u>100.00</u>	<u>190</u>	<u>100.00</u>	<u>68</u>	<u>100.00</u>
First Time Homeowner						
Yes	75	56.82	78	41.05	31	45.59
No	57	43.18	112	58.95	37	54.41
	<u>132</u>	<u>100.00</u>	<u>190</u>	<u>100.00</u>	<u>68</u>	<u>100.00</u>
Insurance Type						
FHA	-	-	-	-	-	-
VA	-	-	-	-	-	-
CONV	132	100.00	190	100.00	68	100.00
	<u>132</u>	<u>100.00</u>	<u>190</u>	<u>100.00</u>	<u>68</u>	<u>100.00</u>
Eligible State Veteran	-	-	-	-	-	-
Non-Eligible State Veteran	132	100.00	190	100.00	68	100.00
	<u>132</u>	<u>100.00</u>	<u>190</u>	<u>100.00</u>	<u>68</u>	<u>100.00</u>
Original Balance	8,994,000.00		16,831,100.00		6,616,000.00	

ALASKA HOUSING FINANCE CORPORATION

LOAN SUMMARY - MORTGAGES PURCHASED  
MOBILE HOMES

	<u>FY '81</u>	<u>%</u>	<u>FY '82</u>	<u>%</u>	<u>JULY - DEC FY' 83</u>	<u>%</u>
Sales Price	25,971		27,966		33,531	
Appraised Value	26,553		29,160		34,102	
Note Amount	23,558		25,878		30,467	
Monthly Income	2,450		2,710		2,861	
Age of Borrower	32.0		32.9		32.0	
Size of Household	2.5		2.6		2.6	
Loan to Sales Price Ratio	90.71		92.54		90.85	
Weighted Average Int. Rate	10.71		11.34		12.26	
Monthly P & I Payment			285.20		351.85	
Dwelling Type						
Mobile Homes	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>934</u>	<u>100.00</u>
New/Existing						
New	36	6.45	132	9.97	213	22.81
Existing	<u>522</u>	<u>93.55</u>	<u>1,192</u>	<u>90.03</u>	<u>721</u>	<u>77.19</u>
	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>934</u>	<u>100.00</u>
First Time Homeowner						
Yes	364	65.23	840	63.44	610	65.31
No	<u>194</u>	<u>34.77</u>	<u>484</u>	<u>36.56</u>	<u>324</u>	<u>34.69</u>
	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>934</u>	<u>100.00</u>
Insurance Type						
FHA	-	-	-	-	-	-
VA	4	.72	74	5.59	84	8.99
CONV	<u>554</u>	<u>99.28</u>	<u>1,250</u>	<u>94.41</u>	<u>850</u>	<u>91.00</u>
	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>934</u>	<u>100.00</u>
Eligible State Veteran	1	.18	71	5.36	81	8.67
Non-Eligible State Veteran	<u>557</u>	<u>99.82</u>	<u>1,253</u>	<u>94.64</u>	<u>853</u>	<u>91.33</u>
	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>934</u>	<u>100.00</u>
Original Balance			13,145,460.00		34,263,450.00	
					28,453,350.00	

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ALASKA HOUSING FINANCE CORPORATION  
STATE ASSISTED MORTGAGE

Portfolio and Borrower Analysis on Completed Bond Issues  
December 31, 1982

	1981 Series A	1981 Series B&C	1981 Series D&E
TOTAL ISSUE:	\$150,000,000	150,000,000	150,000,000
Dated:	June 1, 1981	October 1, 1981	November 1, 1981
Loan Amount of Mortgages Financed:	\$231,463,050	220,144,700	196,893,200
Mortgage Purchase Dates:	07/10/81 thru 11/25/81	10/09/81 thru 01/25/82	11/25/81 thru 06/25/82
State Loan Subsidy Utilized:	82,641,225	94,774,500	56,145,097

Property Data

TYPE OF UNIT	1981 Series A		1981 Series B&C		1981 Series D&E	
	NO.	%	NO.	%	NO.	%
Single Family Detached	1,975	76.05	1,868	79.46	1,595	74.32
Condominium or PUD	492	18.94	359	15.27	425	19.80
Duplex	130	5.01	124	5.27	126	5.88
TOTAL:	2,597	100.00	2,351	100.00	2,146	100.00
NEWLY CONSTRUCTED vs. EXISTING:						
Newly Constructed	799	30.77	1,112	47.30	1,049	48.88
Existing	1,798	69.23	1,239	52.70	1,097	51.12
TOTAL:	2,597	100.00	2,351	100.00	2,146	100.00
Average Sales Price:	101,345		110,693		109,546	
Average Appraised Value:	103,092		113,140		112,507	

Loan Data

LOAN TYPE:

By Type of Insurance

FHA	-	-	-	-	-	-
VA	321	12.36	81	3.45	89	4.15
Conventional	2,276	87.64	2,270	96.55	2,057	95.85
TOTAL	2,597	100.00	2,351	100.00	2,146	100.00

By Veteran Preference

Eligible State Veteran	527	20.29	493	20.97	424	19.76
Non-Eligible State Veteran	2,070	79.71	1,858	79.03	1,722	80.24
TOTAL	2,597	100.00	2,351	100.00	2,146	100.00

Average Loan Amount:	89,127		93,639		91,749	
Weighted Average Interest Rate to Borrower:	10.34		11.84		12.80	
Average Loan-to-Sales Price Ratio:	87.94		84.59		83.75	
Monthly P&I P&T	818.55		966.18		1,015	

BORROWER DATA

Average Monthly Income:	3,858		4,207		4,331	
Average Age of Borrower:	34.6		34.8		35.4	
Average Household Size:	2.7		2.7		2.7	
First Time Homeowner						
Yes	969	37.31	772	32.84	709	33.04
No	1,628	62.69	1,579	67.16	1,437	66.96
TOTAL	2,597	100.00	2,351	100.00	2,146	100.00

ALASKA HOUSING FINANCE CORPORATION  
STATE ASSISTED MORTGAGE

Portfolio and Borrower Analysis - 1982 Series F  
December 31, 1982

TOTAL ISSUE: \$225,000,000  
 Dated: 6/1/82  
 Loan Amount of  
 Mortgages Financed: \$160,362,500  
 Mortgage Purchase Dates: Open  
 State Loan Subsidy Utilized: \$ 66,195,839

Property Data

<u>TYPE OF UNIT</u>	<u>NO.</u>	<u>%</u>
Single Family Detached	1,264	77.31
Condominium or PUD	305	18.65
Duplex	66	4.04
<b>TOTAL:</b>	<b>1,635</b>	<b>100.00</b>
<b>NEWLY CONSTRUCTED vs. EXISTING:</b>		
Newly Constructed	925	56.57
Existing	710	44.43
<b>TOTAL:</b>	<b>1,635</b>	<b>100.00</b>
Average Sales Price:	114,855	
Average Appraised Value:	118,011	

Loan Data

LOAN TYPE:

By Type of Insurance

FHA	-	-
VA	117	7.16
Conventional	1,518	92.84
<b>TOTAL</b>	<b>1,635</b>	<b>100.00</b>

By Veteran Preference

Eligible State Veteran	470	28.75
Non-Eligible State Veteran	1,165	71.25
<b>TOTAL</b>	<b>1,635</b>	<b>100.00</b>

Average Loan Amount: 98,081  
 Weighted Average Interest  
 Rate to Borrower: 12.57  
 Average Loan-to-Sales Price Ratio: 85.40  
 Monthly P&I PMT 1,062.04

BORROWER DATA

Average Monthly Income:	4,734.64
Average Age of Borrower:	36.4
Average Household Size:	2.7
First Time Homeowner	
Yes	410
No	1,225
<b>TOTAL</b>	<b>1,635</b>

cf21

ALASKA HOUSING FINANCE CORPORATION  
STATE ASSISTED MORTGAGE

Portfolio and Borrower Analysis Home Mortgage Bonds, 1981 First Series  
December 31, 1982

	<u>Qualified</u>	<u>Non-Qualified</u>	<u>Total</u>
TOTAL ISSUE:			\$100,000,000
Dated:			
Loan Amount of Mortgages Financed:	\$ 92,979,300	31,639,450	124,618,750
Mortgage Purchase Dates:			2/10/82 - 8/25/82
State Loan Subsidy Utilized:			\$ 29,597,025

Property Data

<u>TYPE OF UNIT</u>	<u>NO.</u>	<u>%</u>	<u>NO.</u>	<u>%</u>	<u>NO</u>	<u>%</u>
Single Family Detached	692	57.28	254	79.38	946	61.91
Condominium or PUD	492	40.73	44	13.75	536	35.08
Duplex	24	1.99	22	6.87	46	3.01
TOTAL:	<u>1,208</u>	<u>100.00</u>	<u>320</u>	<u>100.00</u>	<u>1,528</u>	<u>100.00</u>
NEWLY CONSTRUCTED vs. EXISTING:						
Newly Constructed	755	62.50	164	51.25	919	60.14
Existing	453	37.50	156	48.75	609	39.86
TOTAL:	<u>1,208</u>	<u>100.00</u>	<u>320</u>	<u>100.00</u>	<u>1,528</u>	<u>100.00</u>
Average Sales Price:	82,670		117,856		90,039	
Average Appraised Value:	84,661		120,636		92,195	

Loan Data

LOAN TYPE:

By Type of Insurance

FHA	-	-	-	-	-	-
VA	11	.91	30	9.38	41	2.68
Conventional	1,197	99.09	290	90.62	1,487	97.32
TOTAL	<u>1,208</u>	<u>100.00</u>	<u>320</u>	<u>100.00</u>	<u>1,528</u>	<u>100.00</u>

By Veteran Preference

Eligible State Veteran	114	9.44	60	18.75	174	11.39
Non-Eligible State Veteran	1,094	90.56	260	81.25	1,354	88.61
TOTAL	<u>1,208</u>	<u>100.00</u>	<u>320</u>	<u>100.00</u>	<u>1,528</u>	<u>100.00</u>

Average Loan Amount:	76,969		98,873		81,556	
Weighted Average Interest Rate to Borrower:	9.94		13.01		10.59	
Average Loan-to-Sales Price Ratio:	93.10		83.89		90.58	
Monthly P&I PMT	673.02		1,116.42		765.88	

BORROWER DATA

Average Monthly Income:	3,173		4,725		3,498	
Average Age of Borrower:	29.7		35.3		30.9	
Average Household Size:	2.1		2.9		2.3	
First Time Homeowner						
Yes	1,116	92.38	90	28.13	1,206	78.05
No	92	7.62	230	71.87	322	21.07
TOTAL	<u>1,208</u>	<u>100.00</u>	<u>320</u>	<u>100.00</u>	<u>1,528</u>	<u>100.00</u>

cf22.1

ALASKA HOUSING FINANCE CORPORATION  
STATE ASSISTED MORTGAGE

Portfolio and Borrower Analysis Home Mortgage Bonds, 1981 Second Series  
December 31, 1982

	<u>Qualified</u>	<u>Non-Qualified</u>	<u>Total</u>
			\$100,000,000
TOTAL ISSUE:			
Dated:			
Loan Amount of Mortgages Financed:	\$ 36,297,850	74,450,500	61,530,600
Mortgage Purchase Dates:			Open
State Loan Subsidy Utilized:			\$ 23,380,489

PROPERTY DATA

<u>TYPE OF UNIT:</u>	<u>NO.</u>	<u>%</u>	<u>NO.</u>	<u>%</u>	<u>NO</u>	<u>%</u>
Single Family Detached	473	62.32	78	90.70	511	65.21
Condominium or PUD	284	37.42	5	5.81	289	34.20
Duplex	2	.26	3	3.49	5	.59
TOTAL:	759	100.00	86	100.00	845	100.00
NEWLY CONSTRUCTED vs. EXISTING:						
Newly Constructed	573	75.49	75	87.21	648	76.69
Existing	186	24.51	11	12.79	197	23.31
TOTAL:	759	100.00	86	100.00	845	100.00
Average Sales Price:	86,458				91,681	
Average Appraised Value:	88,549				93,849	

Loan Data

LOAN TYPE:

<u>BY TYPE OF INSURANCE</u>						
FHA	-	-	-	-	-	-
VA	47	6.19	2	2.33	49	5.80
Conventional	712	93.81	84	97.67	796	94.20
TOTAL:	759	100.00	86	100.00	845	100.00
<u>BY VETERAN PREFERENCE</u>						
Eligible State Veteran	134	17.65	28	32.56	162	19.17
Non-Eligible State Veteran	625	82.35	58	67.44	683	80.83
TOTAL:	759	100.00	86	100.00	845	100.00
Average Loan Amount:		81,214		98,273		82,819
Weighted Average Interest Rate to Borrower:		9.87		12.86		10.18
Average Loan-to-Sales Price Ratio:		93.77		71.33		90.33
Monthly P&I PMT		704.43		1,097.29		744.41

BORROWER DATA

Average Monthly Income:		3,227		4,820		3,389
Average Age of Borrower:		30.5		36.7		31.1
Average Household Size:		2.3		3.0		2.3
<u>First Time Homeowner</u>						
Yes	685	90.25	17	19.77	702	83.08
No	74	9.75	69	80.23	143	16.92
TOTAL:	759	100.00	86	100.00	845	100.00

cf22

ALASKA HOUSING FINANCE CORPORATION  
STATE ASSISTED MORTGAGE

Portfolio and Borrower Analysis - Fairbanks North Star Borough  
December 31, 1982

TOTAL ISSUE: \$35,000,000  
 Dated: 4/29/82  
 Loan Amount of Mortgages Financed: \$26,043,650  
 Mortgage Purchase Dates: Open  
 State Loan Subsidy Utilized: \$ 7,380,441

Property Data

<u>TYPE OF UNIT</u>	<u>NO.</u>	<u>%</u>
Single Family Detached	228	85.39
Condominium or PUD	11	4.12
Duplex	28	10.49
TOTAL:	267	100.00
NEWLY CONSTRUCTED vs. EXISTING:		
Nowly Constructed	132	49.44
Existing	135	50.56
TOTAL:	267	100.00
Average Sales Price:	115,930	
Average Appraised Value:	117,901	

Loan Data

LOAN TYPE:

By Type of Insurance

FHA	..	-
VA	29	10.86
Conventional	238	89.14
TOTAL	267	100.00

By Veteran Preference

Eligible State Veteran	59	22.10
Non-Eligible State Veteran	208	77.90
TOTAL	267	100.00

Average Loan Amount: \$7,542  
 Weighted Average Interest Rate to Borrower: 10.11  
 Average Loan-to-Sales Price Ratio: 84.14  
 Monthly P&I PMT: 871.55

BORROWER DATA

Average Monthly Income:	4,585
Average Age of Borrower:	36.7
Average Household Size:	2.9
First Time Homeowner	
Yes	55
No	212
TOTAL	267

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ALASKA HOUSING FINANCE CORPORATION

Portfolio and Borrower Analysis  
December 31, 1982

	<u>Mobile Home Loan Purchase Program</u>		<u>Rural Mortgage Loan Purchase Program</u>	
Original Loan Amount of Mortgages Financed	66,756,260		34,552,400	
	<u>PROPERTY DATA</u>			
	<u>NO.</u>	<u>%</u>	<u>NO.</u>	<u>%</u>
TYPE OF UNIT:				
Single Family	-		393	92.04
Condominium or PUD	-		-	-
Duplex	-		34	7.96
Mobile Home	<u>2,517</u>	<u>100.00</u>	<u>-</u>	<u>-</u>
TOTAL:	2,517	100.00	427	100.00
NEWLY CONSTRUCTED vs. EXISTING:				
Newly Constructed	309	12.28	216	50.59
Existing	<u>2,208</u>	<u>87.72</u>	<u>211</u>	<u>49.41</u>
TOTAL:	2,517	100.00	427	100.00
Average Sales Price:	28,962		99,114	
Average Appraised Value:	29,843		100,665	
Monthly P&I PMT:	295.52		647.86	
	<u>LOAN DATA</u>			
Average Loan Amount:	26,522		80,919	
Average Loan-to-Sales Price Ratio:	91.58		81.64	
Weighted Average Int. Rate:	11.44		8.75	
	<u>BORROWER DATA</u>			
Average Monthly Income:	2,692		4,001	
Average Age of Borrower:	32.5		34.2	
Average Household Size:	2.6		3.1	
First Time Homeowner:				
	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
YES	1,614	64.12	207	48.48
NO	<u>903</u>	<u>35.88</u>	<u>220</u>	<u>51.52</u>
TOTAL	2,517	100.00	427	100.00

Note: Above statistics are for all loans of the indicated type purchased to date.

ALASKA HOUSING FINANCE CORPORATION

ACTIVE LOANS BY SELLER/SERVICER  
December 31, 1982

	<u>NUMBER OF LOANS</u>	<u>UNPAID PRINCIPAL BALANCE</u>
ALASKA BANK OF COMMERCE	950	70,898,469.69
ALASKA FEDERAL SAVINGS & LOAN	573	39,895,267.85
ALASKA MUTUAL BANK	1,917	161,631,912.55
ALASKA NATIONAL BANK	1,308	85,166,993.69
ALASKA PACIFIC BANK	1,033	90,550,212.39
ALASKA SCHOOL EMPLOYEES FCU	218	17,589,894.55
ALASKA STATEBANK	1,738	136,120,027.88
ALASKA TEAMSTERS FEDERAL CU	95	8,124,696.89
ALASKA USA FEDERAL CREDIT UNION	878	60,587,459.44
ARCTIC FIRST FEDERAL SAVINGS & LOAN	30	2,167,929.43
AVCP HOUSING AUTHORITY	106	8,913,617.29
BM BEHREND'S BANK	195	17,313,446.47
CITY DEPOSIT CORPORATION	283	8,697,517.84
COLONIAL MORTGAGE SERVICE CO.	102	9,625,228.51
FIRST ALASKA MORTGAGE	446	37,122,428.88
FIRST FEDERAL SAVINGS & LOAN	535	39,869,687.06
FIRST NATIONAL BANK OF ANCHORAGE	5,331	371,777,260.57
FIRST NATIONAL BANK OF FAIRBANKS	838	63,191,978.48
FIRST NATIONAL BANK OF KETCHIKAN	457	29,851,728.61
GENERAL ELECTRIC MORTGAGE CORPORATION	784	66,520,834.21
HOME FEDERAL SAVINGS & LOAN	951	84,079,201.85
INTERIOR REGIONAL HOUSING AUTHORITY	8	558,109.31
KODIAK ISLAND REGIONAL HOUSING AUTHORITY	70	6,279,460.57
LOMAS & NETTLETON	702	50,869,319.22
MT. MCKINLEY MUTUAL SAVINGS BANK	381	29,355,195.00
NATIONAL BANK OF ALASKA	4,811	340,217,653.02
NORTHWEST ALASKA NATIVE ASSOCIATION	33	2,951,079.02
PENINSULA SAVINGS & LOAN	268	18,781,819.30
PEOPLES BANK & TRUST	807	62,279,276.18
RAINIER MORTGAGE COMPANY	1,880	137,460,416.52
SEATTLE FIRST NATIONAL BANK	284	21,322,901.84
SECURITY NATIONAL BANK	29	1,829,688.54
SECURITY PACIFIC MORTGAGE CORPORATION	457	31,682,440.69
SPOKANE MORTGAGE COMPANY	1,118	78,344,965.01
SUBURBAN MORTGAGE TRUST	72	5,409,569.29
TLINGIT & HAIDA REGIONAL HOUSING AUTHORITY	71	4,752,339.84
UNITED BANK ALASKA	1,037	86,750,636.18
WASHINGTON MORTGAGE COMPANY	5	6,207,086.82
STATE OF ALASKA-DIV. OF VETERANS' AFFAIRS	2,098	109,892,334.59
T O T A L :	32,899	2,404,640,085.07

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.	
July	1981	1,344	119,810,150	1113	99,597,000	83.13	231	20,213,150	16.87
August	1981	1,103	101,056,100	950	88,051,200	87.13	153	13,004,900	12.87
September	1981	1,129	103,031,870	906	83,430,250	80.98	223	19,601,620	19.02
October	1981	1,137	103,080,550	925	84,814,350	82.28	212	18,266,200	17.72
November	1981	807	73,708,450	680	62,460,700	84.74	127	11,247,750	15.26
December	1981	613	53,429,000	483	42,509,700	79.56	130	10,919,300	20.44
January	1982	599	51,471,700	454	39,529,950	76.80	145	11,941,750	23.20
February	1982	620	54,046,050	420	37,498,150	69.38	200	16,547,900	30.62
March	1982	702	62,313,250	491	45,418,400	72.89	211	16,894,850	27.11
April	1982	813	71,647,150	594	53,483,200	73.06	219	18,163,950	26.94
May	1982	926	82,403,250	705	63,825,550	76.13	221	18,577,700	23.87
June	1982	886	80,059,800	689	63,093,900	77.77	197	16,965,900	22.23
July	1982	970	86,897,750	758	68,380,550	78.14	212	18,517,200	21.86
August	1982	1,027	94,289,150	852	78,476,100	82.96	175	15,813,050	17.04
September	1982	956	85,447,250	792	71,280,200	82.85	164	14,167,050	17.15
October	1982	976	87,605,500	776	69,367,250	79.51	200	18,238,250	20.49
November	1982	928	83,276,200	787	70,826,500	84.81	141	12,449,700	15.19
December	1982	1,048	98,216,000	853	80,790,900	81.39	166	14,647,150	15.84
January	1983	525	50,122,750	241	23,137,150	45.91	31	2,871,800	5.90

Month Appl. Rec.	Pending			In Process		
	No.	AMT.	%	No.	AMT.	%
December	29	2,777,950	2.77	-0-		
January	36	3,286,300	6.86	217	20,827,500	41.33

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.	
December 1981	16	1,141,850	9	660,900	57.88	7	480,950	42.12
January 1982	143	10,693,100	102	7,558,350	70.68	41	3,134,750	29.32
February 1982	174	13,233,800	77	5,818,350	43.97	97	7,415,450	56.03
March 1982	289	22,018,000	152	11,720,650	53.23	137	10,297,350	46.77
April 1982	283	21,352,750	171	12,939,600	60.42	112	8,413,150	39.58
May 1982	349	27,005,050	234	17,872,550	67.05	115	9,132,500	32.95
June 1982	294	23,446,350	211	16,886,300	71.77	83	6,559,450	28.23
July 1982	381	29,749,800	294	23,012,750	77.17	87	6,737,050	22.83
August 1982	404	32,655,150	336	27,156,250	83.17	68	5,498,900	16.83
September 1982	440	35,157,200	368	29,673,700	83.63	72	5,483,500	16.37
October 1982	488	39,025,350	384	30,858,950	78.69	104	8,166,400	21.31
November 1982	497	40,080,850	425	34,263,700	85.51	72	5,817,150	14.49
December 1982	429	35,302,000	330	27,277,200	76.92	90	7,304,950	20.98
January 1983	162	13,246,000	62	5,104,550	38.27	15	1,177,450	9.26

Month Appl. Rec.	Pending			In Process		
	No.	AMT.	%	No.	AMT.	%
December	9	719,850	2.10			
January	11	867,650	6.79	74	6,096,350	45.68

ALASKA HOUSING FINANCE CORPORATION  
NON-QUALIFIED FIRST MORTGAGES UNDER THE STATE  
ASSISTED MORTGAGE LOAN PROGRAM

	Received		Approved		%	Denied		%
	No.	AMT.	No.	AMT.		No.	AMT.	
December 1981	597	52,287,150	474	41,848,800	80.04	123	10,438,350	19.96
January 1982	456	40,778,100	352	31,971,600	78.40	104	8,807,000	21.60
February 1982	446	40,812,250	343	31,679,800	77.62	103	9,132,450	22.38
March 1982	413	40,295,250	339	33,697,750	83.63	74	6,597,500	16.37
April 1982	530	50,294,400	423	40,543,600	80.00	107	9,750,800	20.00
May 1982	577	55,398,200	471	45,953,000	81.63	106	9,445,200	18.37
June 1982	592	56,613,450	478	46,207,000	80.74	114	10,406,450	19.26
July 1982	589	57,147,950	464	45,367,800	78.78	125	11,780,150	21.22
August 1982	623	61,634,000	516	51,319,850	82.83	107	10,314,150	17.17
September 1982	516	50,290,050	424	41,606,500	82.17	92	8,683,550	17.83
October 1982	488	48,580,150	392	38,508,300	80.33	96	10,071,850	19.67
November 1982	431	43,195,350	362	36,562,800	83.99	69	6,632,550	16.01
December 1982	619	62,914,000	523	53,513,700	84.49	76	7,342,200	12.28
January 1983	363	36,876,750	179	18,032,600	49.31	16	1,694,350	4.41

Month Appl. Rec.	Pending			In Process		
	No.	AMT.	%	No.	AMT.	%
December	20	2,058,100	3.23	-0-		
January	25	2,418,650	6.89	143	14,731,150	39.39

ALASKA HOUSING FINANCE CORPORATION  
SUMMARY OF APPLICATIONS - MONTHLY  
MOBILE HOMES

		Received		Approved		%	Denied		%
		No.	AMT.	No.	AMT.		No.	AMT.	
July	1981	146	3,831,150	122	3,234,200	84.42	24	596,950	15.58
August	1981	129	3,416,900	113	2,873,150	84.09	16	543,750	15.91
September	1981	122	3,008,650	104	2,768,500	86.28	18	440,150	13.72
October	1981	139	3,842,750	122	3,317,950	86.34	17	524,800	13.66
November	1981	138	3,682,900	125	3,262,050	88.58	12	401,250	10.89
December	1981	164	4,487,750	133	3,495,150	77.88	31	992,600	22.12
January	1982	126	3,318,800	111	2,988,650	90.05	1	330,150	9.95
February	1982	101	2,605,800	89	2,308,100	88.58	12	297,700	11.42
March	1982	133	3,781,900	124	3,453,100	91.31	9	328,800	8.69
April	1982	184	5,421,850	165	4,821,700	89.67	19	600,150	10.33
May	1982	175	5,124,950	149	4,392,400	85.14	26	732,550	14.86
June	1982	214	6,558,900	187	5,710,600	87.38	27	848,300	12.62
July	1982	158	5,027,100	131	4,078,300	82.91	27	948,800	17.09
August	1982	200	5,956,250	162	4,795,800	81.00	38	1,160,450	19.00
September	1982	227	7,290,900	203	6,367,250	89.43	24	923,650	10.57
October	1982	211	6,752,250	192	6,085,200	90.99	19	667,050	9.01
November	1982	190	6,018,850	156	4,798,950	82.10	33	1,207,900	17.37
December	1982	173	5,743,400	158	5,153,250	91.33	14	546,450	8.09
January	1983	67	2,115,950	43	1,358,400	64.18	-0-	-0-	-0-

Month Appl. Rec.	Pending			In Process		
	No.	AMT.	%	No.	AMT.	%
November		-0-		1	12,000	.53
December	1	43,700	.58		-0-	
January	5	118,200	7.46	19	639,350	28.36

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Date of Report 1/15/83

ALASKA HOUSING FINANCE CORPORATION  
SUMMARY OF APPLICATIONS - MONTHLY  
TAXABLE SECOND MORTGAGE PROGRAM

		Received		Approved			Denied		
		No.	AMT.	No.	AMT.	%	No.	AMT.	%
December	1981								
January	1982								
February	1982								
March	1982	11	344,050	8	278,550	80.96	3	65,500	19.04
April	1982	46	1,683,800	35	1,246,350	76.09	11	437,450	23.91
May	1982	74	2,573,800	66	2,329,100	89.19	8	244,700	10.81
June	1982	65	2,467,450	61	2,309,800	93.85	4	157,650	6.15
July	1982	72	2,700,500	60	2,276,700	83.33	12	423,800	16.67
August	1982	86	3,309,850	77	2,958,150	89.53	9	351,700	10.47
September	1982	83	3,315,300	71	2,794,450	85.54	12	520,850	14.46
October	1982	62	2,457,450	54	2,019,800	87.10	8	437,650	12.90
November	1982	67	2,839,300	56	2,425,750	83.58	11	413,550	16.42
December	1982	30	1,124,350	28	1,073,650	93.33	2	50,700	6.67
January	1983	17	630,250	7	254,750	41.18	-0-	-0-	-0-

Month Appl. Rec.	Pending			In Process		
	No.	AMT.	%	No.	AMT.	%
January	1	48,850	5.88	9	326,650	52.94

ALASKA HOUSING FINANCE CORPORATION  
SUMMARY OF APPLICATIONS - MONTHLY  
TAX-EXEMPT MSBTA HOME IMPROVEMENT LOANS

	Received		Approved			Denied		
	No.	AMT.	No.	AMT.	%	No.	AMT.	%
December 1981								
January 1982								
February 1982								
March 1982								
April 1982	25	342,750	14	191,450	55.86	11	151,300	44.14
May 1982	31	431,950	28	392,250	90.32	3	39,700	9.68
June 1982	37	524,900	31	436,550	83.78	6	88,350	16.22
July 1982	27	375,650	24	324,400	88.89	3	51,250	11.11
August 1982	32	407,450	28	350,450	87.50	4	57,000	12.50
September 1982	23	320,150	20	275,150	86.96	3	45,000	13.04
October 1982	30	417,100	26	363,500	86.67	4	53,600	13.33
November 1982	14	198,700	13	183,700	92.86	1	15,000	7.14
December 1982	4	59,900	3	44,900	75.00	1	15,000	25.00
January 1983	1	15,000	1	15,000	100.00	-0-	-0-	-0-

ALASKA HOUSING FINANCE CORPORATION  
SUMMARY OF APPLICATIONS - MONTHLY  
RURAL PROGRAM

		Received		Approved			Denied		
		No.	AMT.	No.	AMT.	%	No.	AMT.	%
July	1981	25	1,761,200	23	1,718,950	97.60	2	42,250	2.40
August	1981	15	1,326,400	15	1,326,450	100.00	-	-	-
September	1981	21	1,738,200	21	1,738,200	100.00	-	-	-
October	1981	20	1,759,100	17	1,507,400	85.69	3	251,700	14.31
November	1981	21	1,873,500	17	1,652,150	88.19	4	221,350	11.81
December	1981	29	2,942,150	26	2,669,050	90.72	3	273,100	9.28
January	1982	18	1,390,700	16	1,279,350	91.99	2	111,350	8.01
February	1982	26	2,239,600	19	1,688,400	75.39	7	551,200	24.61
March	1982	23	2,255,250	20	1,815,850	80.52	3	439,400	19.48
April	1982	36	3,444,750	28	2,594,100	75.31	7	790,650	22.95
May	1982	65	6,461,750	31	3,003,600	46.48	34	3,458,150	53.52
June	1982	48	4,892,750	1	86,400	1.77	47	4,806,350	98.23

Month Appl. Rec.	Pending			In Process			Prior Approval		
	No.	AMT.	%	No.	AMT.	%	No.	AMT.	%
April	1	60,000	1.74	-0-					

Note: Program no longer administered by Alaska Housing Finance Corporation.

ALASKA HOUSING FINANCE CORPORATION  
SUMMARY OF APPLICATIONS - MONTHLY  
RURAL NON-OWNER OCCUPIED MORTGAGE PURCHASE PROGRAM

		Received		Approved			Denied		
		No.	AMT.	No.	AMT.	%	No.	AMT.	%
May	1981	2	585,000	2	585,000	100.00	-	-	-
June	1981	4	507,200	4	507,200	100.00	-	-	-
July	1981	2	872,400	2	872,400	100.00	-	-	-
August	1981	2	108,300	1	39,900	36.84	1	68,400	63.16
September	1981	1	82,500	1	82,500	100.00	-	-	-
October	1981	4	320,750	3	263,750	82.23	1	57,000	17.77
November	1981	3	493,600	2	212,600	43.07	1	281,000	56.93
December	1981	6	445,600	-	-	-	6	445,600	100.00
January	1982	11	784,100	7	517,400	65.99	4	266,700	34.01
February	1982	-	-	-	-	-	-	-	-
March	1982	3	319,100	1	148,000	46.53	2	170,100	53.47
April	1982	2	364,800	2	364,800	100.00	-	-	-
May	1982	9	1,592,500	7	1,422,400	89.32	2	170,100	10.68
June	1982	2	745,000	1	125,000	16.78	1	620,000	83.22
July	1982	13	2,085,950	13	2,065,950	100.00	-	-	-

Note: Program no longer administered by Alaska Housing Finance Corporation.

## ALASKA HOUSING FINANCE CORPORATION

## Mortgage Purchases at Cost (Price Paid)

Fiscal Year Ending June 30

MONTH	1976	1977	1978	1979	1980	1981	1982	1983
July	\$ 3,714,132	\$ 3,880,423	\$ 13,085,986	\$ 8,462,021	\$ 12,436,331	\$ 9,712,344	\$ 42,056,835	\$ 51,817,254
Aug.		5,734,488	10,644,685	10,102,995	15,751,694	19,072,754	83,745,880	49,763,889
Sept.		8,326,228	13,772,527	10,397,080	21,645,319	40,170,231	95,384,748	55,894,507
Oct.	1,677,826	6,161,910	9,550,673	14,562,803	21,934,840	56,046,534	91,843,964	77,117,161
Nov.	2,337,556	8,780,722	11,581,373	17,083,180	23,450,611	61,886,908	96,359,665	77,829,973
Dec.	3,932,221	5,029,715	8,372,402	17,387,835	16,776,884	55,216,277	87,453,537	74,335,485
Jan.	5,251,486	9,113,062	7,258,915	13,348,638	10,941,379	49,702,770	73,019,196	
Feb.	2,874,570	9,998,092	11,029,240	14,221,170	10,151,747	54,660,508	58,554,817	
Mar.	2,252,412	8,085,049	8,144,669	12,321,124	6,718,413	53,310,557	41,569,496	
April	1,246,874	7,535,834	7,054,420	13,236,617	10,774,935	56,545,053	53,590,813	
May	1,672,392	9,312,154	7,377,517	11,763,355	8,144,442	56,690,714	45,654,555	
June	<u>2,774,425</u>	<u>14,955,548</u>	<u>7,954,151</u>	<u>17,170,412</u>	<u>10,290,179</u>	<u>90,094,606</u>	<u>53,204,319</u>	
TOTAL:	<u>\$27,933,894</u>	<u>\$96,913,225</u>	<u>\$115,826,558</u>	<u>\$155,357,230</u>	<u>\$169,016,774</u>	<u>\$603,109,296</u>	<u>\$822,437,825</u>	<u>\$386,758,269</u>
AVERAGE	\$2,311,158	\$ 8,076,102	\$ 9,652,213	\$ 12,946,436	\$ 14,084,731	\$ 50,259,108	\$ 68,536,485	\$ 64,459,712

All Programs

ALASKA HOUSING FINANCE CORPORATION

Approved Commitments

All FHA/VA and Conventional First Mortgages  
(Excluding Rural Programs)

Fiscal Year Ending June 30

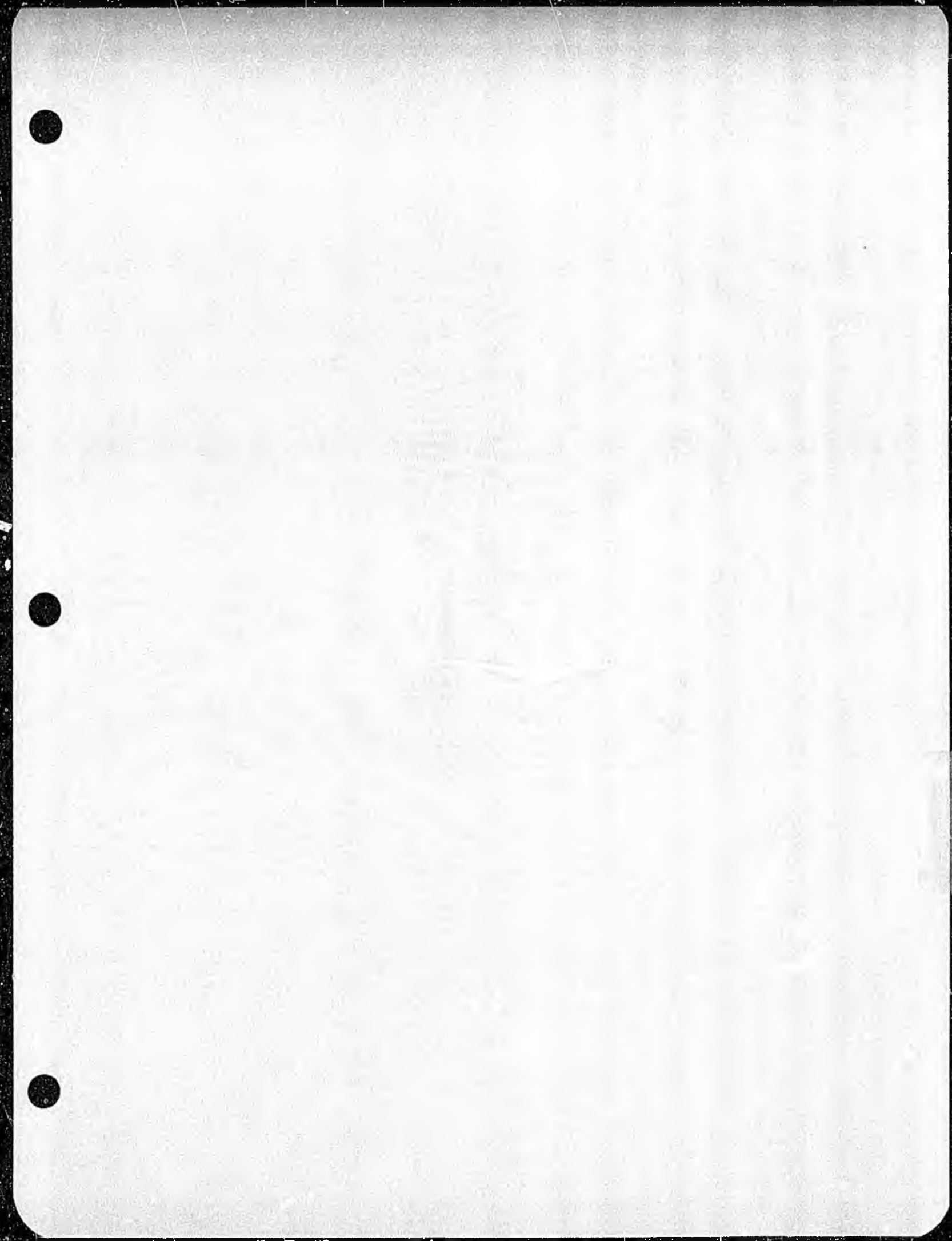
MONTH	1976	1977	1978	1979	1980	1981	1982	1983
July	550,850	8,532,975	13,983,050	14,113,250	19,871,600	68,128,100	99,597,000	*68,267,550
Aug.	1,964,950	9,090,880	14,385,075	18,674,250	52,624,500	54,546,900	88,051,200	77,822,200
Sept.	4,384,000	9,287,750	6,325,750	13,797,250	-0-	56,793,150	83,430,250	*71,280,200
Oct.	4,533,825	9,556,800	9,583,450	15,891,950	480,300	60,063,100	84,814,350	70,016,100
Nov.	3,805,250	7,846,300	10,019,305	12,781,250	5,214,450	49,711,950	62,460,700	*70,826,500
Dec.	3,938,210	7,037,650	8,010,870	9,918,300	5,857,350	40,700,650	42,509,700	*80,790,900
Jan.	1,242,025	5,688,600	6,514,200	8,267,400	6,706,350	41,926,550	39,529,950	*23,137,150
Feb.	491,715	7,323,125	5,446,950	11,575,550	7,001,250	48,181,150	37,498,150	
March	1,814,247	13,968,500	9,123,100	10,651,350	7,866,150	64,754,050	45,418,400	
April	2,956,050	14,722,500	9,971,650	15,562,500	14,571,700	76,606,200	53,483,200	
May	6,597,400	15,964,600	9,155,000	23,100,200	18,381,350	92,068,200	63,825,550	
June	<u>6,718,150</u>	<u>19,916,400</u>	<u>14,867,180</u>	<u>32,271,400</u>	<u>18,158,750</u>	<u>101,778,150</u>	<u>63,093,900</u>	
TOTAL:	<u>\$38,996,672</u>	<u>\$128,936,080</u>	<u>\$117,385,580</u>	<u>\$186,612,650</u>	<u>\$156,733,750</u>	<u>\$755,258,150</u>	<u>\$763,712,350</u>	
AVERAGE (Monthly)	\$ 3,249,722	\$10,744,673	\$ 9,782,132	\$ 15,551,054	\$ 13,061,145	\$ 62,958,179	\$ 63,642,696	

\*Does not include applications in process or pending.

ALASKA HOUSING FINANCE CORPORATION

PREPAYMENT SCHEDULE - BONDS ISSUED JUNE, 1981 TO DATE  
DECEMBER, 1981 - DECEMBER, 1982

	December, 1981 Through June, 1982	July 1982	August 1982	September 1982	October 1982	November 1982	December 1982	Total
State Assisted								
Mortgage Bonds:								
Series A	\$1,740,997.00	\$ 275,665.00	\$ 280,572.00	\$ 812,261.00	\$ 572,510.00	\$ 693,281.00	\$ 647,789.00	\$ 5,023,075.00
Series B & C	1,125,374.00	620,147.00	503,490.00	909,216.00	797,937.00	573,117.00	991,800.00	5,521,081.00
Series D & E	460,935.00	137,360.00	224,659.00	425,658.00	913,966.00	218,913.00	699,431.00	3,080,922.00
Series F	-	-	-	-	-	110,641.00	124,870.00	235,511.00
Series G	-	-	-	-	-	-	-	-
Series H	-	-	-	-	-	-	-	-
Home Mortgage Bonds:								
1981 First Series	85,874.00	50,000.00	61,917.00	-	-	71,505.00	-	269,296.00
1981 Second Series	-	-	-	-	-	-	-	-
Fairbanks North Star Borough								
	-	-	-	-	-	-	-	-
Second Mortgage Bonds:								
Series A	-	-	-	-	-	-	-	-
Home Improvement Loan Bonds:								
1982 Series A	-	-	-	-	-	-	-	-
<b>Total</b>	<u>\$3,413,180.00</u>	<u>\$1,083,172.00</u>	<u>\$1,070,638.00</u>	<u>\$2,147,135.00</u>	<u>\$2,284,413.00</u>	<u>\$1,667,457.00</u>	<u>\$2,463,890.00</u>	<u>\$14,129,855.00</u>



**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

OFFICE OF THE COMMISSIONER

- POUCH B  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-4700
- 225 CORDOVA STREET - BLDG B  
ANCHORAGE, ALASKA 99501  
PHONE: (907) 264-2294

April 6, 1983

BILL ANALYSIS

RE: HB 302

SPONSOR: House Special Committee on State Loans

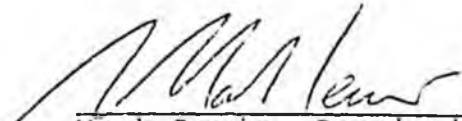
Program Effects of Bill

Section 6 of the bill eliminates the resident requirements affecting veterans in the past. The new provision allows a greater number of Veterans to qualify for a 1% reduction in interest rates on the mortgage.

Section 7 of the bill makes it possible for the Division to operate under one definition of rural. Moreover, Section 9 repeals the law mandating an 80%/20% in loan fund allocation for nonconforming loans. Currently rural Alaska receives 80% of the funding. Section 9 will allow the Division to allocate nonconforming funds in a more productive manner. Fiscal impact should be minimal.

Comments

The Department suggests that the effective date of Section 9 be immediate.

  
Mark Lewis, Commissioner

STATE OF ALASKA  
FISCAL NOTE

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

I. REQUEST

Bill/Resolution No.: HB 302  
 Title: Relating to the AK Housing Finance..  
 Sponsor: Hou. Spec. Comm. on St. Loans  
 Requestor: HC&RA

II. FISCAL DETAIL

Agency Affected: DCRA  
 Program Category Affected: DEVELOPMENT  
 BRU, Program of Subprogram(s) Affected: HAD

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

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

N/A

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Barbara Morse-Ouinn <sup>L.M.</sup> / Phone: 272-4585  
 Division: Housing Assistance Division / Date: 3/19/83  
 Approved by Commissioner: [Signature] / Date: 4/7/83  
 Department: Community & Regional Affairs

Distribution:

Original to Legislative Finance  
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 Copy to Department (for Governor introduced bills)  
 Copy to Sponsor  
 Copy to Requestor (if different from Sponsor)

3/8/83

STATE OF ALASKA  
FISCAL NOTE

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

I. REQUEST

Bill/Resolution No: HB 302  
 Title: AHFC--semi rural loans  
 Sponsor: House Special Committee on Loans  
 Requestor: \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected: Revenue  
 Program Category Affected: Con. Develop.  
 BRU, Program of Subprogram(s) Affected: \_\_\_\_\_  
 Alaska Housing Finance Corporation

EXPENDITURES/REVENUES: (Millions 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	29	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Millions of Dollars)

GENERAL FUND	29	-	-	-	-	-
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: 4/7/83

Approved by Commissioner: Joseph K. Donohue  
 Department: Revenue

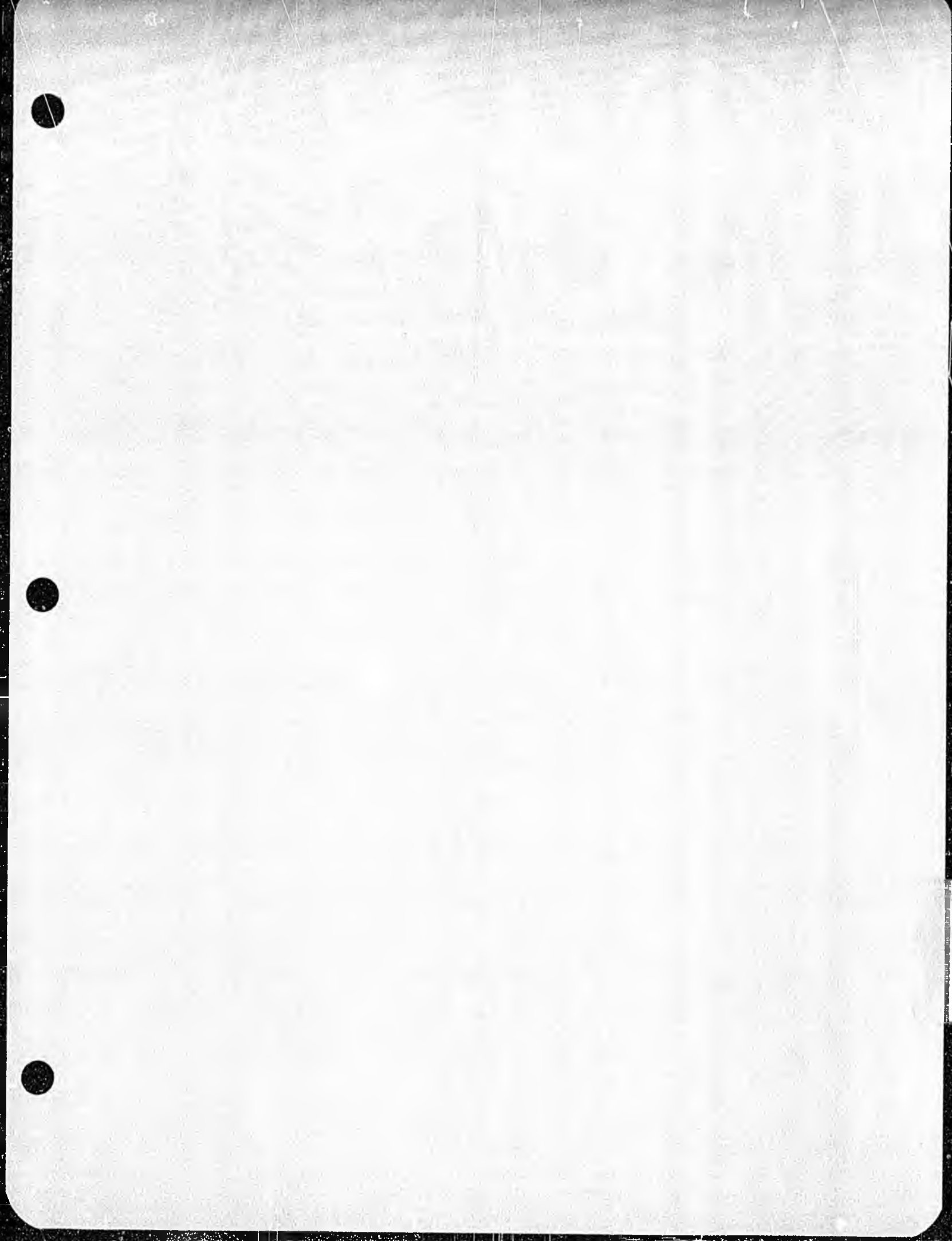
Date: 4/7/83

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- Copy to Sponsor
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#### IV. Analysis for HB 302

It is estimated that AHFC would receive 250 additional loans that they do not now receive which require an additional \$50 million of bond financing. Based on a mix of one-third veterans and two-thirds non-veterans, this would require subsidy funds of \$9 million. Raising the change in the ratchet from three percent to four percent will have a cost of \$20 million. If no other bills with a fiscal impact for AHFC are passed, the Corporation would be able to accommodate the \$29 million cost within its current FY 84 \$150 million capital budget request.



April 6, 1983  
Proposed House Bill 302

REMARKS BY REPRESENTATIVE RICK UEHLING

The bill before you today is House Bill 302, "An Act relating to the Alaska Housing Finance Corporation; relating to rural and nonconforming housing loans; and providing for an effective date." It makes a number of substantive changes in the present AHFC program.

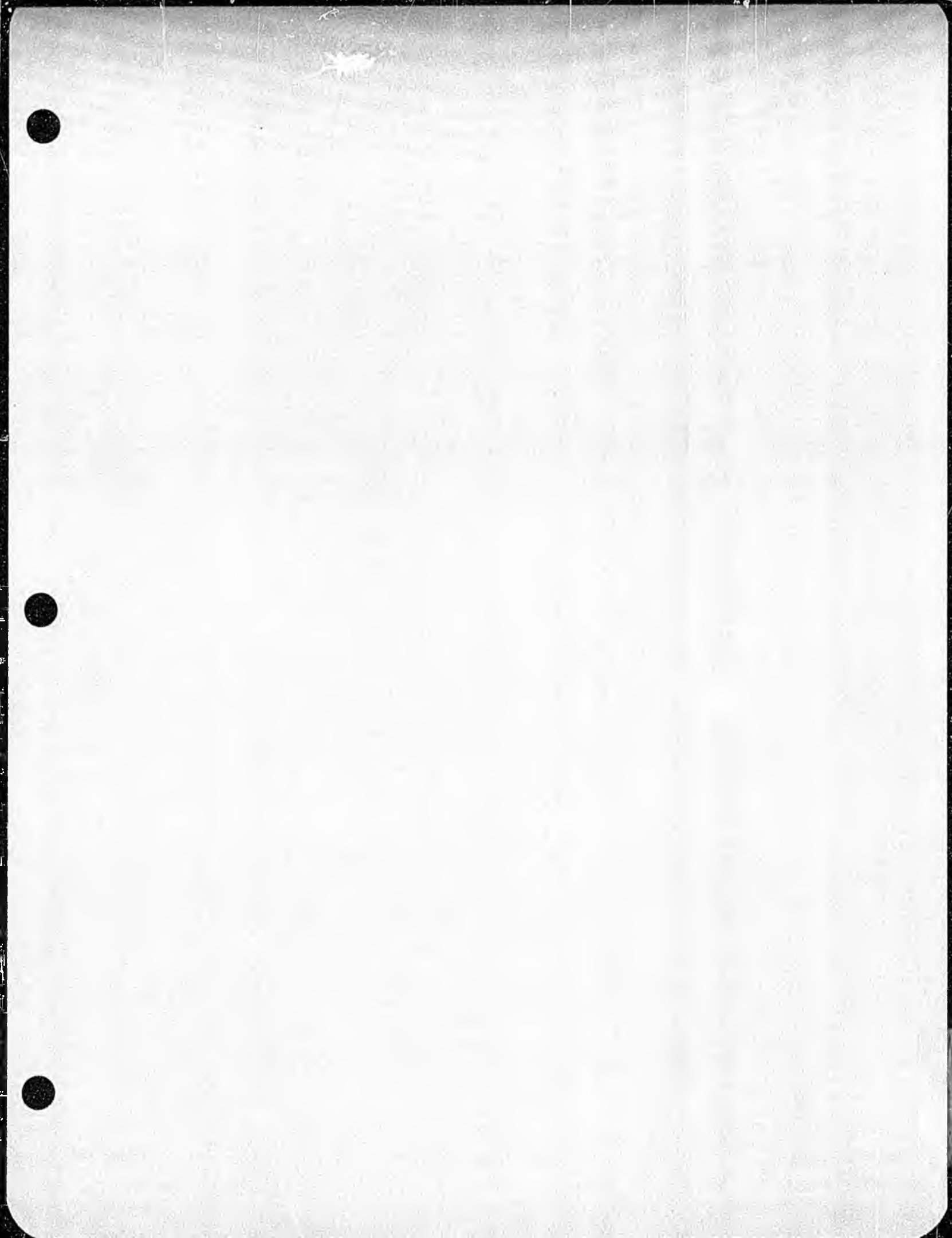
First, it establishes a new limit of \$250,000 for first mortgages purchased by AHFC -- thereby deleting the provision that loan limits be tied to the Federal National Mortgage Association limits. For example, the total amount loaned for a single family residence is \$160,000 under FNMA limits. The legislation before you raises that limit to \$250,000.

Secondly, it eliminates the "Roger's Ratchet" and sets a flat four percent subsidy on all loans up to \$90,000. Over that, the cost of funds are the determining factor. Essentially, this bill eliminates unnecessary language in present statute and allows the subsidy to be at a constant level. This gives AHFC and the Legislature a consistent level of appropriation for future fiscal years. In essence, this streamlines and simplifies present law.

Thirdly, this legislation cleans up existing statute in the section defined as "eligible veteran" by deleting questionable residency requirements and changing the National Guard and Reserve service requirement. This change has been suggested by the Governor in HB 305.

Fourthly, this bill makes the retention of a financial advisor by the AHFC for the negotiation of private sales of bonds optional instead of mandatory.

The fifth, and final, point I would like to make is that this legislation repeals the allocation formula for nonconforming housing, which is based on population.



- (1) nonconforming and rural housing mortgage loans;
- (2) loans made for building materials for nonconforming and rural housing;
- (3) loans made for renovations or improvements to nonconforming and rural housing;
- (4) loans made for the construction of owner-occupied nonconforming and rural housing other than loans to builders or contractors or loans that compensate an owner for the owner's labor or services in constructing the owner's own housing. (§ 73 ch 106 SLA 1980; am § 6 ch 115 SLA 1981; am § 38 ch 113 SLA 1982)

**Effect of amendments.** — The 1981 amendment added "originate" preceding "purchase" in the second sentence of the introductory language and added paragraph (4).

The 1982 amendment, effective June 25, 1982, substituted "housing assistance loan fund" for "nonconforming housing loan

fund" in one place in the first sentence and in two places in the second sentence, and inserted "and rural" in paragraphs (1)-(4).

**Editor's notes.** — This section was redrafted by the revisor of statutes to remove personal pronouns in conformity with AS 01.05.031(c) and § 4, Chapter 58, SLA 1982.

**Sec. 44.47.385. Eligible locations.** (a) The director may make loans from the housing assistance loan fund only for nonconforming and rural housing loans to qualified buyers for nonconforming and rural housing.

(b) Not more than 20 percent of the total principal amount of loans made for nonconforming housing may be made in cities of organized boroughs and service areas of unified municipalities where the population of the city or service area exceeds 3,500.

(c) For purposes of (b) of this section, population shall be determined with reference to the 1980 preliminary census report as published in "Alaska 1980 Population" and released January 1, 1981, by the Department of Labor.

(d) In allocating money under (b) of this section, if a home proposed for financing is in more than one service area, that home shall be considered to be in the service area with the smallest population. (§ 17 ch 115 SLA 1981; am § 39 ch 113 SLA 1982)

**Effect of amendments.** — The 1982 amendment, effective June 25, 1982, in subsection (a), substituted "housing assis-

tance loan fund" for "nonconforming housing loan fund" and inserted "and rural" in two places.

**Sec. 44.47.390. Limitations on use of housing assistance loan fund.** The director may not use the money in the housing assistance loan fund to

- (1) originate a direct loan or purchase or participate in the purchase of a nonconforming or rural housing mortgage loan that exceeds the limitations on mortgage loans purchased by the Federal National Mortgage Association as to principal amount or loan-to-value ratio;

- (2) originate of a loan made housing

(A) that exce

- (i) 80 percent nonconforming nonconforming

- (ii) 90 percent security for the eral;

(B) unless t certifications, of the borrowe

(C) unless equal to or le

- (3) original of a nonconfo real property AS 44.47.420 and rural hou the amount 44.47.430);

- (4) origina purchase or housing mo rehabilitatio the borrowe program the market inte made. (§ 73 113 SLA 19

**Effect of amendment a or" preceding and added "or graph (1). In ment added preceding "p \$45,000 or e and in subp years" for "U (ii) the ma lished by re on the prev financial in in which the purchase of graph (3), nate direct**

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED  
AS A UNIT IN THE ORIGINAL DOCUMENT

Additional Backup



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 44.47.500).

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)

<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 an 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	36,485.09
15,000	312.50	52,122.38	54,728.50
20,000	416.66	69,495.39	72,970.16
25,000	520.83	86,870.08	91,213.58
30,000	625.00	104,244.76	109,456.99
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	164,185.49
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

than 10 years after the maturity of the mortgage loan, or to any earlier date at which the fee simple title will vest in the lessee, which leasehold estate is assignable or transferable if the same is subjected to the lien of the mortgage, and the term of the mortgage loan must not exceed the term of the set ground rent by more than 10 years and the leasehold estate must otherwise be acceptable to the Corporation;

(13) "mortgage" means the mortgage deed, deed of trust or other security instrument, the obligation secured thereby, the title evidence, and all other documents and other papers pertaining to the mortgage loans;

(14) "owner-occupant" means a borrower whose principal residence is the dwelling which is the subject of the mortgage loan;

(15) "permitted encumbrances" means liens, encumbrances, reservations and other imperfections of title as shall not materially impair the use or value of the premises or as to which appropriate steps have been taken to secure the interest of the Corporation; and

(16) "planned unit development (PUD)" means a real estate development which consists of separately owned lots with contiguous or noncontiguous areas or facilities usually owned by an owner's association in which the owners of the lots have a stock or membership interest which cannot be severed from the ownership of an individual unit. Title to the real estate under the dwelling units is held by the individual lot owners and not by the owner's association. The owner's association usually has title to and administers the common areas, and levies monthly charges against lot owners for common area expenses. (Eff. 2/17/82, Reg. 82)

Authority: AS 18.50.088

CHAPTER 137.  
RECEIPT, CUSTODY, INVESTMENT,  
AND MANAGEMENT OF STATE FUNDS

Article

1. Alaska Permanent Fund Corporation  
(15 AAC 137.010—15 AAC 137.200)

ARTICLE 1.  
ALASKA PERMANENT FUND  
CORPORATION

Section

10. Scope of  
15 AAC 137.010—15 AAC 137.200
20. (Repealed)
30. Conventional residential mortgages
40. General terms and conditions for loans and mortgages
50. General terms and conditions for certificates of deposit
60. Accounting practices
200. Definitions

15 AAC 137.010. SCOPE OF 15 AAC 137.010 — 15 AAC 137.200. 15 AAC 137.010 — 15 AAC 137.200 apply to investments of the corporation in federally guaranteed and insured loans and mortgages and conventional residential mortgages and in certificates of deposit. (Eff. 2/5/81, Reg. 77; am 8/5/82, Reg. 83)

Authority: AS 37.13.120

15 AAC 137.020. FEDERALLY GUARANTEED LOANS AND MORTGAGES. Repealed 8/5/82.

15 AAC 137.030. CONVENTIONAL RESIDENTIAL MORTGAGES. Under AS 37.13.120 (g)(16) and (17), the corporation will, in its discretion, purchase adjustable-rate conventional residential mortgages which meet the following requirements:

(1) a mortgage must be for an owner-occupied, one - to four-unit dwelling;

(2) a loan-to-value ratio must be no more than 90 percent for a single-family dwelling up to \$150,000, 80 percent for single-family dwellings over \$150,000, and 80 percent for a two- to four-unit dwelling; and

loan is sought is to be owned by a husband and wife as joint tenants and one spouse is a qualified veteran for purposes of the state guaranteed veterans' home mortgage program, the Corporation will consider both spouses as qualified veterans with regard to that loan. (Eff. 1/26/83, Reg. 85)

Authority: § 7, Ch. 35, SLA 1982  
AS 18.56.050  
AS 18.56.088  
AS 18.56.090

**15 AAC 118.580. EVIDENCE OF QUALIFICATIONS.** (a) The Corporation may accept as evidence of the satisfactory fulfillment of the requirements of 15 AAC 118.510(b)(1), an official document of the appropriate federal agency indicating that the individual has received an honorable or general discharge. If the individual has received a discharge or release other than honorable or general, the Corporation may require additional evidence to demonstrate that the discharge or release was under conditions other than dishonorable.

(b) The Corporation may seek assistance from the United States Veterans' Administration as the Corporation considers necessary or appropriate to determine whether an individual qualifies as a veteran under 15 AAC 118.500 - 15 AAC 118.580. The Corporation may accept a certification from the Veterans' Administration as evidence of an individual's qualification as a veteran for the purposes of the state guaranteed veterans' home mortgage program. However, a certification or other determination of the Veterans' Administration is not binding upon the Corporation. (Eff. 1/26/83, Reg. 85)

Authority: § 7, Ch. 35, SLA 1982  
AS 18.56.050  
AS 18.56.088  
AS 18.56.090

**15 AAC 118.900. DEFINITIONS.** In 15 AAC 118.210 - 15 AAC 118.900, unless the context requires otherwise,

(1) the definitions in AS 18.56.210 apply to words used in this chapter;

(2) "act" means AS 18.56;

(3) "adjusted income per family" means total family gross income, less adjustments for

(A) the number of family members in the household;

(B) child support payments for children; and

(C) the second wage earner's income as determined from time to time by the Corporation based on standard reporting data for the State of Alaska;

(4) "appraised value" means the market value of the property securing the mortgage as estimated by an appraiser acceptable to the Corporation;

(5) "common elements" means those things which are maintained by, but not owned by, the owner's association of a condominium project. The common elements typically include, among other things, the land, roofs, floors, lobbies and community space and facilities;

(6) "condominium" means a form of ownership of real property characterized by title created by statute to a unit in a project together with an undivided real estate interest in the common elements which are a part of said project in accordance with state enabling law;

(7) "executive director" means the executive director of the Alaska Housing Finance Corporation;

(8) "FHA" means the Federal Housing Administration or its legal successors;

(9) "FNMA" means the Federal National Mortgage Association or its legal successors;

(10) "FHLMC" means the Federal Home Loan Mortgage Corporation or its legal successors;

(11) "home mortgage" or "residential mortgage" means a mortgage which is secured by real property upon which is located a dwelling unit designed for residential use and where the real estate is owned in fee simple or consists of a leasehold estate;

(12) "leasehold estate" means an estate having a remaining term running or renewable at the option of the lessee, for a period of not less

full military benefits. (Eff. 1/26/83, Reg. 85)

Authority: § 7, Ch. 35, SLA 1982  
AS 18.56.050  
AS 18.56.088  
AS 18.56.090

**15 AAC 118.530. DUTY IN NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION OR IN COAST AND GEODETIC SURVEY.** A person is a qualified veteran for purposes of the state guaranteed veterans' home mortgage program if

(1) the person has served on full-time duty as a commissioned officer of the National Oceanic and Atmospheric Administration or of the Coast and Geodetic Survey

(A) after July 28, 1945; or

(B) before July 29, 1945, if

(i) the person was on transfer to the United States Army, Navy, Marine Corps, Air Force, or Coast Guard;

(ii) during time of war or national emergency declared by the President, the person was assigned to duty on a project for the United States Army, Navy, Marine Corps, Air Force, or Coast Guard in an area determined by the Secretary of Defense to be of immediate military hazard; or

(iii) the person served continuously in the Philippine Islands from December 7, 1941, to July 28, 1945; and

(2) the person satisfies the requirements of 15 AAC 118.510(b) with respect to the duty described in (1) of this section. (Eff. 1/26/83, Reg. 85)

Authority: § 7, Ch. 35, SLA 1982  
AS 18.56.050  
AS 18.56.088  
AS 18.56.090

**15 AAC 118.540. DUTY IN UNITED STATES MILITARY, AIR FORCE, COAST GUARD, OR NAVAL ACADEMY.** A person is a qualified veteran for purposes of the state guaranteed veterans' home mortgage program if

(1) the person has served as a cadet at the United States Military, Air Force, or Coast Guard Academy or as a midshipman at the United States Naval Academy; and

(2) the person satisfies the requirements of 15 AAC 118.510(b) with respect to the duty described in (1) of this section. (Eff. 1/26/83, Reg. 85)

Authority: § 7, Ch. 35, SLA 1982  
AS 18.56.050  
AS 18.56.088  
AS 18.56.090

**15 AAC 118.550. DUTY IN ALASKA NATIONAL GUARD OR AIR NATIONAL GUARD.** A person is a qualified veteran for purposes of the state guaranteed veterans' home mortgage program if

(1) the person has served in the Alaska National Guard or Air National Guard under 32 U.S.C. §§ 316, 502, 503, 504, or 505 (or a prior corresponding provision of law);

(2) the person was disabled from a disease or injury incurred or aggravated in the line of that duty; and

(3) the person satisfies the requirements of 15 AAC 118.510(b) with respect to the duty described in (1) of this section. (Eff. 1/26/83, Reg. 85)

Authority: § 7, Ch. 35, SLA 1982  
AS 18.56.050  
AS 18.56.088  
AS 18.56.090

**15 AAC 118.560. TRAVEL TO OR FROM DUTY.** For the purposes of 15 AAC 118.510 - 15 AAC 118.550, "duty" or "service" includes authorized travel to and from the duty or service. (Eff. 1/26/83, Reg. 85)

Authority: § 7, Ch. 35, SLA 1982  
AS 18.56.050  
AS 18.56.088  
AS 18.56.090

**15 AAC 118.570. SPOUSES.** A spouse of a qualified veteran is not a qualified veteran for purposes of the state guaranteed veterans' home mortgage program unless the spouse also qualifies under 15 AAC 118.510 - 15 AAC 118.530. However, if the residence for which a

aggravated in the line of duty as a member of a reserve component of the United States Army, Navy, Marine Corps, Air Force, or Coast Guard if

(A) the duty was other than full-time duty and was prescribed for the reserve component of which the person was a member by the appropriate United States Secretary under 37 U.S.C. § 206 or another law; or

(B) the duty was part of special additional duties authorized for the reserve component of which the person was a member by an authority designated by the appropriate United States Secretary and was performed by the person on a voluntary basis in connection with the prescribed training or maintenance activities of the reserve component to which the person was assigned.

(b) In addition to the requirements of (a) of this section, a person is a qualified veteran for purposes of the state guaranteed veterans' home mortgage program if the person

(1) has retired or been discharged or released from the duty described in (a) of this section under conditions other than dishonorable; or

(2) has not retired or been discharged or released from the duty described in (a) of this section but

(A) has completed his or her initial period of duty; and

(B) would have been entitled to a discharge or release under conditions other than dishonorable at the end of his or her initial period of duty.

(c) A person is not a qualified veteran under (a)(2) of this section if the duty served by the person was as a temporary member of the Coast Guard Reserve.

(d) A person is not a qualified veteran under (a)(3) of this section if the duty served by the person consisted of

(1) work or study performed in connection with correspondence courses;

(2) attendance at an educational institution in an inactive status; or

(3) duty performed as a temporary member of the Coast Guard Reserve. (Eff. 1/26/83, Reg. 85)

Authority: § 7, Ch. 35, SLA 1982  
AS 18.56.050  
AS 18.56.088  
AS 18.56.090

**15 AAC 118.520. DUTY IN PUBLIC HEALTH SERVICE.** (a) A person is a qualified veteran for purposes of the state guaranteed veterans' home mortgage program if the person satisfies the requirements of 15 AAC 118.510(b) with regard to the duty described in this section and if

(1) the person has served on full-time duty, other than for training purposes, as a commissioned officer of the Public Health Service, or of the Reserve Corps of the Public Health Service, after July 28, 1945, or, if the duty occurred before July 29, 1945, under circumstances affording entitlement to full military benefits;

(2) the person has served on full-time duty for training purposes as a commissioned officer of the Reserve Corps of the Public Health Service at the times and under the circumstances required by (1) of this subsection and the person was disabled from a disease or injury incurred or aggravated in the line of that duty; or

(3) subject to the limitations in 15 AAC 118.510(d), the person was disabled from a disease or injury incurred or aggravated in the line of duty as a commissioned officer of the Reserve Corps of the Public Health Service under the circumstances described in 15 AAC 118.510 (a)(3)(A) and (B).

(b) For the purposes of (a) of this section, the Corporation will, in its discretion, seek the assistance of the Veterans' Administration in determining whether an individual's service before July 29, 1945, in the Public Health Service was under circumstances affording entitlement to

off) on the residence securing the mortgage note at any time prior to the execution of the mortgage. For purposes of this section, the replacement of

(1) construction period loans;

(2) bridge loans or similar temporary initial financing; and

(3) in the case of a qualified rehabilitation, an existing mortgage.

shall not be treated as the acquisition or replacement of an existing mortgage. Generally, temporary initial financing is any financing which has a term of 24 months or less.

(b) Second lien mortgage loans may be purchased under 15 AAC 118.490 – 15 AAC 118.580 to the extent such loans are allowable under applicable federal law and comply with the provisions of 15 AAC 118.420 and 15 AAC 118.425. (Eff. 1/26/83, Reg. 85)

Authority: AS 18.56.088  
AS 18.56.098

**15 AAC 118.494. PURCHASE OF QUALIFIED VETERANS' MORTGAGE LOANS FROM SELLER/SERVICERS.** In addition to the terms and conditions fixed by 15 AAC 118.260 for the purchase of mortgage loans from the originating mortgage lender ("seller/servicer"), the sales and servicing agreement between seller/servicer and the Corporation and the seller/servicer guide will provide for reasonable periodic inspection by, and other reasonable procedures, including reasonable investigations by, the seller/servicer to assure that the mortgage loans purchased comply with the Temporary Regulations. The sales and servicing agreement shall contain covenants by the seller/servicer designed to assure compliance with the Temporary Regulations. (Eff. 1/26/83, Reg. 85)

Authority: AS 18.56.088  
AS 18.56.098

**15 AAC 118.500. VETERANS.** As provided in sec. 7, ch. 35 SLA 1982, "qualifying veteran," for the purposes of the State Guaranteed Veterans' Home Mortgage Program, has the meaning provided for the term "qualified veteran" under the Mortgage Subsidy Bond Tax Act of 1980 (94 Stat. 2660 – 2680). Temporary

regulations of the Internal Revenue Service (Sec. 6a.103A-3(c), as published in the Federal Register, Vol. 46, no. 126, Wednesday, July 1, 1981, page 34324) have implemented the Mortgage Subsidy Bond Tax Act by defining "veteran" to have the meaning provided in 38 U.S.C. 101(2). There is no definition of "qualified veteran" under the Mortgage Subsidy Bond Tax Act or the regulations adopted under that Act. The Corporation will accept as a "qualified veteran" a person who meets the definition of "veteran" as established in the temporary regulation of the Internal Revenue Service described above. The provisions of 15 AAC 118.500 – 15 AAC 118.580 are intended to interpret and clarify the temporary regulation. However, sec. 7, ch. 35, SLA 1982, incorporates by reference future amendments to the definition of "qualified veteran" under the Mortgage Subsidy Bond Tax Act. Therefore, to the extent that the temporary regulation of the Internal Revenue Service referred to above is amended or replaced by another regulation, the provisions of the later amendment or replacement prevail over contrary provisions in 15 AAC 118.510 – 15 AAC 118.580. (Eff. 1/26/83, Reg. 85)

Authority: § 7, Ch. 35, SLA 1982  
AS 18.56.050  
AS 18.56.088  
AS 18.56.090

**15 AAC 118.510. DUTY IN ARMED FORCES.** (a) A person is a qualified veteran for purposes of the state guaranteed veterans' home mortgage program if the person satisfies the requirements of (b) of this section and if

(1) the person has served on full-time duty, other than for training, in the United States Army, Navy, Marine Corps, Air Force, or Coast Guard or in a reserve component of the United States Army, Navy, Marine Corps, Air Force, or Coast Guard;

(2) subject to (c) of this section, the person has served on full-time duty for training purposes in a reserve component of the United States Army, Navy, Marine Corps, Air Force, or Coast Guard and was disabled from a disease or injury incurred or aggravated in the line of that duty; or

(3) subject to (d) of this section, the person was disabled from a disease or injury incurred or

rehabilitation of the residence with the acquisition cost of the residence to the mortgagor. The total expenditures made by the seller for rehabilitation do not include the cost of acquiring the building or land but do include all amounts directly expended by the seller in rehabilitating the building (excluding overhead and other indirect charges). (Eff. 9/17/81, Reg. 80)

Authority: AS 18.56.088  
AS 18.56.098

**15 AAC 118.430. QUALIFIED MORTGAGE LOANS.** (a) First lien mortgage loans may be purchased under 15 AAC 118.400 - 15 AAC 118.450 only if made to persons who did not have a mortgage (whether or not paid off) on the residence securing the mortgage note at any time prior to the execution of the mortgage. For purposes of this section, the replacement of

- (1) construction period loans;
- (2) bridge loans or similar temporary initial financing; and
- (3) in the case of a qualified rehabilitation, an existing mortgage,

shall not be treated as the acquisition or replacement of an existing mortgage. Generally, temporary initial financing is any financing which has a term of 24 months or less.

(b) Second lien mortgage loans may be purchased under 15 AAC 118.400 - 15 AAC 118.450 to the extent such loans are allowable under applicable Federal law and comply with the provisions of 15 AAC 118.420 and 15 AAC 118.425. (Eff. 9/17/81, Reg. 80; am 2/17/82, Reg. 82)

Authority: AS 18.56.088  
AS 18.56.098

**15 AAC 118.440. LOAN TERMS.** Repealed 2/17/82.

**15 AAC 118.450. PURCHASE OF QUALIFIED MORTGAGE LOANS FROM SELLER/SERVICERS.** In addition to the terms and conditions fixed by 15 AAC 118.260 for the purchase of mortgage loans from the originating mortgage lender ("seller/servicer"), the sales and servicing agreement between seller/servicer and the Corporation and the seller/servicer guide will

provide for reasonable periodic inspection by, and other reasonable procedures, including reasonable investigations by the seller/servicer to assure that the mortgage loans purchased comply with the requirements of the Temporary Regulations. The sales and servicing agreement shall contain covenants by the seller/servicer designed to assure compliance with the Temporary Regulations. (Eff. 9/17/81, Reg. 80; am 2/17/82, Reg. 82)

Authority: AS 18.56.088  
AS 18.56.098

**15 AAC 118.490. QUALIFIED VETERANS' MORTGAGE BOND PROGRAM (SPECIAL MORTGAGE LOAN PURCHASE PROGRAM).** (a) 15 AAC 118.490 - 15 AAC 118.580 are adopted to permit the Corporation to issue qualified mortgage bonds as described under Section 103A(c)(3) of the Internal Revenue Code and the Temporary Regulations published in the Federal Register with respect thereto (herein called the "Temporary Regulations") and to define and describe mortgages eligible to be financed with the proceeds of qualified veterans' mortgage bonds as part of the special mortgage loan purchase program of the Corporation (herein called the "program"). These sections are intended to establish procedures to ensure compliance with the mortgage eligibility provisions referred to in the Temporary Regulations.

(b) A person is eligible under the program for a residential mortgage loan which is eligible for purchase by the Corporation under the act if

(1) the person is a qualified veteran as described in 15 AAC 118.501 - 15 AAC 118.580;

(2) the residential mortgage loan will finance a single-family, owner-occupied residence as the term "single-family, owner-occupied residence" is used and described in 15 AAC 118.405. (Eff. 1/26/83, Reg. 85)

Authority: AS 18.56.088  
AS 18.56.098

**15 AAC 118.492. QUALIFIED VETERANS' MORTGAGE LOANS.** (a) First lien mortgage loans may be purchased under 15 AAC 118.490 - 15 AAC 118.580 only if made to persons who did not have a mortgage (whether or not paid

previously have been provided, whether or not by the same lender provided that

(A) the prior loan or loans have been repaid; and

(B) if any person who had a present ownership interest in such residence at the time the previous qualified home improvement loan or loans were made has a present ownership interest in the residence at the time the subsequent qualified home improvement loan is made, then the allowable amount of the subsequent qualified home improvement loan shall be reduced by the amount, at origination, of any previous qualified home improvement loan, so that the sum of such loans does not exceed \$15,000. (Eff. 9/17/81, Reg. 80; am 2/17/82, Reg. 82)

Authority: AS 18.56.088  
18.56.098

**15 AAC 118.425. QUALIFIED REHABILITATION LOAN.** A person is eligible under the program for a qualified rehabilitation loan as provided in this section

(1) The term "qualified rehabilitation loan" means any owner financing provided in connection with

(A) A qualified rehabilitation; or

(B) The acquisition of a residence with respect to which there has been a qualified rehabilitation;

but only if the mortgagor to whom such financing is provided is the first resident of the residence after completion of the rehabilitation. Where there are two or more mortgagors of a rehabilitation loan, the first residency requirement is met if any of the mortgagors meets the first residency requirement.

(2) The term "qualified rehabilitation" means any rehabilitation of a residence if

(A) there is a period of at least 20 years between the date on which the building was first used and the date on which physical work on such rehabilitation begins;

(B) 75 percent or more of the existing external walls of such building are retained in place as external walls in the rehabilitation process; and

(C) the expenditures for such rehabilitation are 25 percent or more of the mortgagor's adjusted basis in the residence (including the land on which the residence is located).

(3) For purposes of (1)(A) and (B), the rules applicable to the investment tax credit for qualified rehabilitated buildings under section 48(g)(1)(A)(iii) and (B) of the Internal Revenue Code shall apply. However, unlike section 48(g)(1)(B), once a building meets the 20-year test, more than one rehabilitation of that building within a 20-year period may qualify as a qualified rehabilitation.

(4) The adjusted basis to the mortgagor is the mortgagor's adjusted basis for purposes of determining gain or loss on the sale or exchange of a capital asset (as defined in section 1221 of the Internal Revenue Code). The mortgagor's adjusted basis shall be determined as of the date of completion of the rehabilitation, or, if later, the date the mortgagor acquires the residence, i.e., the date on which the mortgagor includes in basis any amounts expended for rehabilitation that are expended for capital assets.

(5) The amounts expended by the mortgagor for rehabilitation include all amounts expended for rehabilitation regardless of whether the amounts expended were financed from the proceeds of the loan or from other sources, and regardless of whether the expenditure is capital expenditure, so long as the expenditure is made during the rehabilitation of the residence and is reasonably related to the rehabilitation of the residence. The value of services performed by the mortgagor or members of the mortgagor's family (as used in 15 AAC 118.415) in rehabilitating the residence will not be included in determining the rehabilitation expenditures for purposes of the 25-percent test.

(6) Where a mortgagor purchases a residence that has been substantially rehabilitated, the 25-percent test is determined by comparing the total expenditures made by the seller for the

the mortgagor for at least two years prior to the date on which construction of the residence begins.

(c) The term "specified percent" as used in this section is the percentage fixed by Section 103A of the Internal Revenue Code, as amended, and applied to the average area purchase price calculations as a requirement for the use of proceeds of qualified mortgage bonds, and that percentage is 90 percent for qualified mortgage bonds issued prior to September 3, 1982 and 110 percent for qualified mortgage bonds issued thereafter. (Eff. 9/17/82, Reg. 80; am 10/27/82, Reg. 84)

Authority: AS 18.56.088  
AS 18.56.098

**15 AAC 118.417. ALLOCATION OF PROCEEDS AFTER SEPTEMBER 3, 1982.** (c) Proceeds available to mortgagors who do not meet the qualifications described in 15 AAC 18.410 (a) will be allocated as follows and in the following sequence depending upon availability of proceeds:

(1) to mortgagors eligible for receipt of funds under the Corporation's home ownership assistance program or such other programs as the Corporation may from time to time establish for handicapped persons and which programs are designated as eligible hereunder by the executive director;

(2) if the executive director determines that mortgagors under the home ownership assistance program or other programs described in (1) of this subsection are not utilizing proceeds in a timely fashion, to mortgagors with a lower or moderate income not otherwise eligible under the qualified mortgage loan program, the home ownership assistance program, or the other programs described in (1) of this subsection;

(3) if the executive director determines that proceeds are not being utilized in a timely fashion for mortgagors eligible under (1) and (2) of this subsection, to any other mortgagor.

(b) Mortgagors who are eligible for funds under the home ownership assistance program and who would meet the qualifications for the qualified mortgage bond program described in 15 AAC 118.410(a) must apply for financing

under qualified mortgage bond program procedures prescribed by the Corporation and may not apply through the home ownership assistance program for proceeds made available under (a)(1) of this section.

(c) Subject to the priorities set forth in (a) of this section, the executive director may prescribe rules for the availability and allocation of proceeds available for mortgagors who become eligible for financing under the qualified mortgage bond program by operation of 15 AAC 118.410(d) and this section.

(d) The executive director may prescribe rules for the allocation of proceeds from qualified mortgage bonds subject to different computations for the "specified percent" of the average area purchase price as set forth in 15 AAC 118.415(c). (Eff. 10/27/82, Reg. 84)

Authority: AS 18.56.088  
AS 18.56.098

**15 AAC 118.420. QUALIFIED HOME IMPROVEMENT LOANS.** A person is eligible under the program for a qualified home improvement loan as provided in this section.

(1) The term "qualified home improvement loan" means a mortgage loan, in an amount which does not exceed \$15,000 with respect to any residence, which finances alterations, repairs, and improvements on, or in connection with, an existing single-family, owner-occupied residence by the owner thereof, but only if such items substantially protect or improve the basic livability or energy efficiency of the residence.

(2) Alterations, repairs, or improvements that satisfy the requirement of subdivision (1) include the renovation of plumbing or electric systems, the installation of improved heating or air conditioning systems, the addition of living space, or the renovation of a kitchen area. Items that will not be considered to substantially protect or improve the basic livability of the residence include swimming pools, tennis courts, saunas, or other recreational or entertainment facilities.

(3) A qualified home improvement loan may be made to a borrower for a residence for which one or more qualified home improvement loans

(3) pursuant to the provisions of 15 AAC 118.417. (Eff. 9/17/82, Reg. 80; am 10/27/82, Reg. 84)

Authority: AS 18.56.088  
AS 18.56.098

**15 AAC 118.415. PURCHASE PRICE REQUIREMENTS.** (a) The acquisition cost, as herein defined, of each single-family residence may not exceed the "specified percent" of the average area purchase price of the statistical area in which one residence being financed is located as determined by the executive director in accordance with the Temporary Regulations. The executive director shall determine the average area purchase price separately with respect to (1) residences which have not been previously occupied, (2) residences which have been previously occupied, (3) one-family residences, and (4) two-family residences. The executive director may adopt the average area purchase-price limitations published by the Treasury Department for the statistical area in which a residence is located which are referred to in the Temporary Regulations as the "Safe Harbor Regulations." The term "acquisition cost" means the cost of acquiring a residence from the seller as a completed residential unit. The determination whether a particular residence meets the purchase-price requirements shall be made as of the date on which the commitment to provide the financing is made, or if earlier, the date of purchase of the residence. The term "acquisition cost" includes the following:

(A) all amounts paid, either in cash or in any kind, by the purchaser (or related party or for the benefit of the purchaser) to the seller (or related party or for the benefit of the seller) as consideration for the residence;

(B) If a residence is incomplete, the reasonable cost of completing the residence whether or not the cost of completing construction is to be financed with bond proceeds. For example, where a mortgagor purchases a building which is so incomplete that occupancy of the building is not permitted under local law, the acquisition cost includes the costs of completing the building so that occupancy of the building is permitted;

(C) Where a residence is purchased subject to a ground rent, the capitalized value of the ground rent. Such value shall be calculated using a discount rate equal to the yield on the issue of bonds as defined in the Temporary Regulations.

(b) The term "acquisition cost" does not include the following:

(1) The usual and reasonable settlement or financing costs. Settlement costs include titling and transfer costs, title insurance, survey fees, or other similar costs. Financing costs include credit reference fees, legal fees, appraisal expenses, "points" which are paid by the buyer (but not the seller, even though borne by the mortgagor through a higher purchase price) or other costs of financing the residence. However, such amounts will be excluded in determining acquisition cost only to the extent that the amounts do not exceed the usual and reasonable costs which would be paid by the buyer where financing is not provided through a qualified mortgage bond issue. For example, if the purchaser agrees to pay to the seller more than a pro rata share of property taxes, such excess shall be treated as part of the acquisition cost of a residence;

(2) The value of services performed by the mortgagor or members of the mortgagor's family in completing the residence. For purposes of the preceding sentence, the family of an individual shall include only the individual's brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants. For example, where the mortgagor builds a home alone or with the help of family members, the acquisition cost includes the cost of materials provided and work performed by subcontractors (whether or not related to the mortgagor) but does not include the imputed cost of any labor actually performed by the mortgagor or a member of the mortgagor's family in constructing the residence. Similarly, where the mortgagor purchases an incomplete residence, the acquisition cost includes the cost of material and labor paid by the mortgagor to complete the residence but does not include the imputed value of the mortgagor's labor or the labor of the mortgagor's family in completing the residence.

(3) The cost of land which has been owned by

considered a principal residence. The term "residence" does not include property such as an appliance, a piece of furniture, a radio, etc., which under Alaska law is not a fixture. Land appurtenant to a residence shall be considered as part of the residence only if such land reasonably maintains the basic livability of the residence and does not provide, other than incidentally, a source of income to the mortgagor. Land appurtenant to a residence is not included in the definition of "residence" if the land may be further subdivided under zoning or platting regulations in effect at the time of the making of the mortgage loan. (Eff. 9/17/81, Reg. 80)

Authority: AS 18.56.088  
AS 18.56.098

**15 AAC 118.410. OWNERSHIP REQUIREMENTS.** (a) Except as provided in (d) of this section, each of the mortgagors to whom owner financing (i.e., financing to acquire a residence under 15 AAC 118.405) is provided must meet the requirements of this paragraph. A mortgagor meets the requirements of this paragraph only if the mortgagor had no present ownership interest in a principal residence located anywhere at any time during the three-year period prior to the date on which the mortgage is executed. For purposes of the preceding sentence, the mortgagor's interest in the residence with respect to which the financing is being provided shall not be taken into account. In the event there is more than one mortgagor with respect to a particular residence, each of the mortgagors must meet the three-year requirement. A person who is liable under a note secured by a mortgage, but who does not have a present ownership interest in a residence subject to the mortgage, need not meet the three-year requirement. For example, where a parent of a home purchaser co-signs the note for a child, but the parent takes no interest in the residence, it is not necessary that the parent meet the three-year requirement since the parent is not a mortgagor of the residence. Examples of interest which constitute present ownership interest are the following:

- (1) a fee simple interest;
- (2) a joint tenancy, a tenancy in common, or a tenancy by the entirety;
- (3) a life estate;

(4) a land contract (i.e., a contract pursuant to which possession and the benefits and burdens of ownership are transferred although legal title is not transferred until some time later; and

(5) an interest held in trust for the mortgagor (whether or not created by the mortgagor) that would constitute a present ownership interest if held directly by the mortgagor.

(b) Examples of interests which do not constitute present ownership interests are the following:

- (1) a remainder interest;
- (2) a lease with or without an option to purchase;
- (3) a mere expectancy to inherit an interest in a principal interest;
- (4) the interest that a purchaser of a residence acquires on execution of a purchase contract; and
- (5) an interest in other than a principal residence during the previous three years.

(c) The Corporation will require proof by affidavit of mortgagors of eligibility and compliance with the above requirements and will establish other procedures to ascertain eligibility and compliance with the requirements.

(d) Mortgagors who do not meet the qualifications described in (a) of this section are eligible under the qualified mortgage bond program

(1) to the extent permitted under Section 103A of the Internal Revenue Code, as amended, and any Temporary Regulations with respect thereto;

(2) to the extent of availability of

(A) 10 percent of the lendable proceeds of qualified mortgage bonds issued prior to September 3, 1982 which are uncommitted on that date; and

(B) 10 percent of the lendable proceeds of qualified mortgage bonds issued after September 3, 1982; and

**15 AAC 118.344. FAIRBANKS NORTH STAR BOROUGH PROGRAM.** A portion of the special mortgage loan purchase program may be implemented in the Fairbanks North Star Borough by the Corporation with the proceeds of \$35,000,000 bonds of the Borough which are tax-exempt under Section 1104(b)(4) of the Mortgage Subsidy Bond Tax Act of 1980, and with amounts appropriated to the Corporation for the special mortgage loan purchase program. The provisions of this chapter which implement the special mortgage loan purchase program shall govern the portion of the program to be implemented in the Fairbanks North Star Borough, except that the mortgage loans purchased with the proceeds of bonds shall be secured by real property and owner-occupied residences located only in the Fairbanks North Star Borough, and shall be originated and serviced by seller/servicers with originating and servicing capacity in the Borough. The details of the portion of the special mortgage loan purchase program to be implemented in the Borough including, without limitation, the amount of the appropriation to be used by the Corporation in connection therewith, shall be fixed by agreement between the Corporation and the Borough. The agreement may be part of a trust indenture securing the bonds between the Borough, the Corporation and the Trustee. (Eff. 6/30/80, Reg. 78; am 4/29/82, Reg. 82)

Authority: AS 18.56.088

AS 18.56.090

AS 18.56.098

**15 AAC 118.345. DEFINITIONS.** Repealed 2/17/82.

**15 AAC 118.400. QUALIFIED MORTGAGE BOND PROGRAM (SPECIAL MORTGAGE LOAN PURCHASE PROGRAM).** 15 AAC 118.400 – 15 AAC 118.450, are adopted to permit the Corporation to issue qualified mortgage bonds as described under Section 103A(c)(1) and (c)(2) of the Internal Revenue Code and the Temporary Regulations published in the Federal Register with respect thereto (herein called the "Temporary Regulations") and to define and describe mortgages eligible to be financed with the proceeds of qualified mortgage bonds as part of the special mortgage loan purchase program of the Corporation (herein called the "program"). These sections are intended to establish procedures to ensure

compliance with the mortgage eligibility provisions referred to in the Temporary Regulations. (Eff. 9/17/81, Reg. 80; am 2/17/82, Reg. 82; am 10/27/82, Reg. 84; am 1/26/83, Reg. 85)

Authority: AS 18.56.088

AS 18.56.098

**15 AAC 118.405. SINGLE-FAMILY RESIDENCES.** A person is eligible under the program for a residential mortgage loan which is eligible for purchase by the Corporation under the act to finance the purchase of a single-family, owner-occupied residence, including a condominium, PUD project unit or a duplex (in 15 AAC 118.405 – 15 AAC 118.450 called "residence"). As used in 15 AAC 118.405 – 15 AAC 118.450, "single-family, owner-occupied residence" includes a duplex if one unit of the duplex is occupied by the owner of the duplex and the duplex was first occupied as a residence at least five years before the mortgage is executed. The residence must be a single-family residence which, at the time the mortgage is executed by the mortgagor, can reasonably be expected by the Corporation to become the principal residence of the mortgagor within a reasonable time after the financing is provided. The residence must be located within the State of Alaska. The Corporation will prescribe the form of an affidavit to be signed by each mortgagor of his intent to use the residence as his principal residence within a reasonable time not exceeding 60 days, after the financing is provided and will establish other procedures to ensure that the requirement is met. Whether a residence is used as a principal residence will depend on all the facts and circumstances of each case, including the good faith of the mortgagor. Except for duplexes, a residence which can reasonably be expected to be used in a trade or business, as an investment property, or as a recreational home, will not be

(ii) the sum necessary to reduce the monthly payments of principal and interest on the mortgage loan, together with taxes, hazard insurance, mortgage insurance and any homeowner association fees (less any utility expenses included in those fees) with respect to the property, to 28 percent of gross income per household;

(C) the sum necessary to reduce the monthly payments of principal and interest on the mortgage loan to 20 percent of gross income per household;

(2) the term for a mortgage loan with respect to which there is a home ownership assistance agreement must be the maximum term allowed under the Corporation's program providing financing for the home or the remaining economic life of the property, whichever is less;

(3) the remaining economic life of the property must be at least 20 years;

(4) the sales price or appraised value on a home to be financed with a mortgage loan with respect to which there is a home ownership assistance agreement shall not exceed the following:

(A) \$80,000 for a one or two member family;

(B) \$85,000 for a three-member family;

(C) \$90,000 for a four-member family;

(D) \$100,000 for a five or more member family;

(5) the loan-to-value ratio for a mortgage loan with respect to which there is a home ownership assistance agreement shall not exceed 95 percent.

(6) the borrower shall be required to enter into a home ownership assistance agreement with the Corporation which shall contain periodic income-review requirements in the form required by the Corporation including, without limitation, provisions reducing or eliminating assistance depending on

(A) application of the assistance formula of paragraph (c)(1) of this section;

(B) a formula or other method based on the amount available for assistance from income or revenues of the home ownership fund;

(7) when the term of a home ownership assistance agreement, which is originally executed by a borrower on or after February 1, 1983, expires as provided in (c)(6) of this section, a new home-ownership assistance agreement may be entered pursuant to the terms of (c) of this section, but the assistance amount under a new agreement may not exceed the assistance amount allowed under the previous agreement;

(8) after February 1, 1983, the Corporation will not enter into a home ownership assistance agreement with a borrower who has not previously obtained a loan prior to that date under the home ownership assistance program if the amount of assistance is determined to be less than \$50 per month.

(d) A home ownership assistance agreement is personal to the borrower and may not be assigned.

(e) No secondary financing of a mortgage loan with respect to which there is a home ownership assistance agreement is permitted.

(f) As used in this section

(1) "family" means those individuals executing the mortgage note and deed of trust, and their dependents who occupy the residence on a permanent basis;

(2) "household" means all persons who may or may not be members of the family and who occupy the residence on a permanent basis as full or part-time residents. (Eff. 12/15/80, Reg. 78; am 9/17/81, Reg. 81; am 1/26/83, Reg. 85)

Authority: AS 18.56.091

15 AAC 118.325. MINIMUM CONSTRUCTION STANDARDS AND STANDARD DEVIATIONS. Repealed 2/17/82.

15 AAC 118.330. IMPROVEMENT OR REHABILITATION. Repealed 2/17/82.

15 AAC 118.335. APPEALS PROCEDURE. Repealed 2/17/82.

15 AAC 118.340. SERVICING FEE. Repealed 2/17/82.

15 AAC 118.342. HOME OWNERSHIP ASSISTANCE PROGRAM. (a) The home ownership assistance program exists solely to assist persons of lower and moderate income to purchase homes financed with a mortgage loan purchased by the Corporation under 15 AAC 118.300 - 15 AAC 118.345. Except as provided in this section, the same limitations and conditions otherwise applicable under 15 AAC 118.300 - 15 AAC 118.345 apply to mortgage loans where the borrower is eligible for home ownership assistance under this section.

(b) A person is eligible for home ownership assistance for the purchase of a single-family residence, including a condominium or PUD unit, after having met general borrower loan qualifications of the Corporation and those of this section. To be eligible

(1) the borrower must be a person of lower or moderate income, which is defined to be persons with gross income per household not exceeding the income limits per household size when calculated as follows:

(A) There shall be a Base Income Limit of \$26,000 per household.

(B) The income limit shall be the Base Income Limit of \$26,000 per year plus the following amounts for members of the household:

- (i) nothing for one adult;
- (ii) \$1,000 for each additional adult beyond one adult;
- (iii) \$5,000 for one child;

- (iv) \$7,500 for two children; and
- (v) \$1,000 for each additional child beyond two children.

(2) the household must not own assets of value exceeding two times the applicable income limit for the household size set forth in (b)(1) of this section; if a member of the household is 65 years old or over the household must not own assets of value exceeding three times the applicable income limit for the household size set forth in (b)(1) of this section.

(c) The terms for home ownership assistance are as follows:

(1) mortgage payments may be partially subsidized by the home ownership fund in an amount not to exceed the lesser of the following amounts:

(A) for borrowers who first executed a home ownership assistance agreement prior to February 1, 1983

(i) the sum necessary to reduce the borrower's monthly payments of principal and interest on the mortgage loan to the amounts payable as if the mortgage loan were a level debt-service loan bearing interest at the rate of six percent a year; or

(ii) the sum necessary to reduce the borrower's monthly payments of principal and interest on the mortgage, together with taxes, hazard insurance, mortgage insurance and homeowner association fees if any with respect to the property to 25 percent of gross income per family;

(B) for borrowers who first executed a home ownership assistance agreement on or after February 1, 1983

(i) the sum necessary to reduce the monthly payments of principal and interest on the mortgage loan to the amounts payable as if the mortgage loan were a level debt-service loan bearing interest at the rate of six percent a year; or

planned unit development (herein called a "single-family residence") or a duplex shall be as set forth in this paragraph:

(A) The loan-to-value ratio on a mortgage loan for a single-family residence and a duplex shall not exceed 95 percent.

(B) The loan amount on a mortgage loan for a single-family residence shall not exceed \$160,500.

(C) The loan amount on a mortgage loan for a duplex shall not exceed \$205,200.

(D) The loan amount on a mortgage loan guaranteed by the Veterans Administration for a single-family residence and a duplex shall not exceed \$135,000.

(E) The amount of the guarantee plus the downpayment on a mortgage loan guaranteed by the Veterans Administration for a single-family residence and a duplex must equal 25 percent of the value of the single-family residence or the duplex.

(F) The loan amount on a mortgage loan insured by the FHA for a single-family residence shall not exceed \$101,250.

(G) The loan amount on a mortgage loan insured by the FHA for a duplex shall not exceed \$114,000.

(H) The downpayment and loan-to-value ratios of mortgage loans insured by the FHA shall be as required by FHA.

(2) The limitations provided in (b)(1) of this section are applicable to a first lien mortgage loan. The limitations as to amount of loan shall also limit the amount of a second lien mortgage loan, provided that in computing the amount of a second lien mortgage loan any first lien mortgage loan shall be deducted. The loan-to-value ratio of a second lien mortgage loan shall be as fixed in the Act. All loan-to-value ratios and maximum lien amounts shall be reduced if Federal National Mortgage Association, Veterans Administration or FHA limits are reduced for Alaska.

(c) One unit of a duplex, triplex, or four-plex

must be owner-occupied for a residential mortgage loan to finance the purchase of that duplex, triplex or four-plex to be eligible for purchase by the Corporation.

For triplexes and four-plexes, loans purchased as part of the special mortgage loan purchase program

(1) must constitute a first lien on real estate in fee simple or on a leasehold estate and be subject only to permitted encumbrances;

(2) must be only for the purchase of a completed owner-occupied residential housing, the mortgage of which shall be eligible for purchase by the Corporation under the Act;

(3) must have a loan-to-value ratio no more than 90 percent for a triplex or four-plex;

(4) will not exceed a loan amount of \$247,650 for a triplex and \$307,950 for a four-plex.

(e) A residential mortgage loan hereafter purchased by the Corporation in order to finance a unit in a condominium project or in a planned unit development project ("condominium" or "PUD project") shall be subject to the following terms and conditions:

(1) the living units of the condominium or PUD project must be within the same structure or a reasonably contiguous structure. Common elements of the project must have been completed prior to the purchase of the loan; and

(2) prior approval procedures, warranties and provisions relating to the sale and occupancy of units which are reasonable and customary in mortgage lending, shall apply as prescribed in the seller/servicer guide. (Eff. 6/30/80, Reg. 78; am 6/18/81, Reg. 79; am 9/17/81, Reg. 80; am 2/17/82, Reg. 82; am 10/27/82, Reg. 84; am 1/4/83, Reg. 85)

Authority: AS 18.56.09;

AS 18.56.02(a) and (e)

15 AAC 118.315. PURCHASES OF LOANS FROM SELLER/SERVICERS. Repealed 2/17/82.

15 AAC 118.320. ASSUMPTIONS OF MORTGAGE LOANS. Repealed 2/17/82.

15 AAC 118.300. SPECIAL MORTGAGE LOAN PURCHASE PROGRAM SCOPE. (a) 15 AAC 118.300 – 15 AAC 118.580 implement the special mortgage loan purchase program established by AS 18.56.098.

(b) 15 AAC 118.400 – 15 AAC 118.450 implement the portion of the special mortgage loan purchase program to be financed with the proceeds of qualified mortgage bonds.

(c) 15 AAC 118.490 – 15 AAC 118.580 implement the portion of the special mortgage loan purchase program to be financed with the proceeds of qualified veterans' mortgage bonds. (Eff. 6/30/80, Reg. 78; am 9/17/81, Reg. 80; am 2/17/82, Reg. 82; am 1/26/83, Reg. 85)

Authority: AS 18.56.088  
AS 18.56.098

15 AAC 118.305. BORROWER ELIGIBILITY. A person is eligible under the program for a residential mortgage loan to finance the purchase of a dwelling, including a duplex, triplex, fourplex, condominium, or an individual unit within a PUD project, subject to any restrictions under 15 AAC 118.400 – 15 AAC 118.580 for mortgages financed by bonds issued thereunder. Eligibility is without regard to location of the dwelling within the State of Alaska. The dwelling must be designed for residential use and intended for use and used as the principal residence of the borrower pursuant to AS 18.56. A person is not eligible for a loan if the person is an owner of a dwelling financed by an outstanding loan purchased by the Corporation. As used in this section, "owner" includes a person who is liable on a mortgage or note with respect to a loan but does not include a person not occupying a dwelling but remaining as a co-owner after legal termination of a marriage. A loan to finance the purchase of a dwelling includes a loan to an owner/builder constituting the first permanent financing of a dwelling which has been newly constructed by the owner/builder. The determination of whether a dwelling has been "newly constructed" shall be made by the Corporation having regard to the facts and circumstances relating to the construction of the dwelling. (Eff. 10/2/80, Reg. 78; am 1/27/81, Reg. 78; am 2/17/82, Reg. 82; am 10/27/82, Reg. 84; am 1/26/83, Reg. 85)

Authority: AS 18.56.088  
AS 18.56.098

15 AAC 118.310. LOAN TERMS. (a) Each residential mortgage loan purchased by the Corporation as part of the special mortgage loan purchase program, except as otherwise provided in (d) of this section for triplexes and fourplexes, must

(1) be serviced by a seller/servicer approved by the Corporation;

(2) constitute a first or second lien on real estate in fee simple or on a leasehold estate and, if a first lien, be subject only to permitted encumbrances, and, if a second lien, be subject only to permitted encumbrances and a first lien mortgage loan serviced by a seller/servicer approved by the Corporation;

(3) if a first lien, be the subject of private mortgage insurance, federal insurance, or federal guarantee, the benefits of which are payable to the Corporation, in the event that the ratio of the loan to the value of the property ("loan-to-value ratio") exceeds 80 percent;

(4) if a second lien, be the subject of private mortgage insurance, federal insurance or federal guarantee, the benefits of which are payable to the Corporation, in the event that the ratio of the first and second lien mortgage loans combined to the value of the property exceed 80 percent to the extent necessary to cause the ratio to go down to 75 percent;

(5) be for purchase of completed, owner-occupied residential housing or for the improvement or rehabilitation of owner-occupied residential housing, the mortgage of which shall be eligible for purchase by the Corporation under the Act;

(6) be insured by a mortgagee's policy of title insurance issued by a title insurance company qualified to do business in the state and acceptable to the Corporation, insuring the enforceable mortgage, subject only to permitted encumbrances or in the case of a second lien mortgage, subject only to permitted encumbrances and the first lien mortgage.

(b) (1) The loan-to-value ratio and the loan amount on first lien mortgage loans of the Corporation to finance a single-family residence, including a unit in a condominium project or a

(4) The maximum loan amount on multi-family residences with five or more units shall be computed at 80 percent of value.

(e) All loans purchased or made from the housing development fund must be subject to a written agreement which must include, but need not be limited to, the following terms and conditions:

(1) the proceeds of the loan shall be used only for the purpose for which the loan is made, as provided in the agreement;

(2) the loan shall be repaid as provided in the agreement;

(3) all repayments in connection with a loan to defray development costs shall be made concurrent with receipt by the borrower of the proceeds of a construction loan or mortgage loan, or at such other times as the Corporation considers reasonably necessary or practicable; and

(4) security for repayment will be specified and be upon terms and conditions which the Corporation, in its discretion, considers reasonably necessary or practicable to insure all repayments.

(f) Loans purchased or made from the housing development fund may be for construction of new residential, single- or multi-family housing, for repair or rehabilitation of existing residential housing or for mobile homes. (Eff. 11/29/78, Reg. 68; am 3/10/80, Reg. 74; am 10/2/80, Reg. 78; am 2/17/82, Reg. 82; am 4/29/82, Reg. 82)

Authority: AS 18.56.088  
AS 18.56.090  
AS 18.56.098

15 AAC 118.282. MOBILE HOME LOAN PROGRAM. (a) Each loan for the purpose of financing the purchase of a mobile home shall contain or be subject to the following terms and conditions:

(1) the loan must not exceed \$72,500;

(2) the loan-to-value ratio excluding the furniture and appliance package referred to in (a)(7) of this section must be no greater than 95 percent except that the loan-to-value ratio on

loans insured by FHA or guaranteed by the VA shall be the percentages permitted by the regulations of those agencies;

(3) the maximum term of the loan shall be 20 years and may not exceed the remaining economic life of the property;

(4) the mobile home must be occupied by the owner as his year-round principal residence and the owner-occupant must not own any other residence in the State of Alaska;

(5) the product of the length and width of the mobile home shall total at least 600 square feet;

(6) the loan may include the acquisition of real property for the site of the mobile home and the permanent foundation of the mobile home on the site, provided that the value of a mobile home and foundation located on the owner's real property shall not be less than 50 percent of the total appraised value of the real property;

(7) the loan may finance related personal property (the "furniture and appliance package") up to a purchase price of \$1,500;

(8) the loan must be secured by a security agreement on the mobile home and all other personal property on the premises, including but not limited to lean-tos, wanigans and storage buildings and a first deed of trust on any real property being financed by the loan. The deed of trust must be insured by a mortgagee's ALTA policy of title insurance conforming to the provisions set forth in 15 AAC 118.310(a)(5);

(9) no other financing, including but not limited to secondary financing, will be permitted on the mobile home; and

(10) as used in this section the term "owned" with respect to real property includes leasehold interests extending 10 years beyond the term of a loan as well as fee-simple ownership. (Eff. 2/17/82, Reg. 82)

Authority: AS 18.56.090(5)  
AS 18.56.100

15 AAC 118.290. DEFINITIONS. Repealed 2/17/82.

*10 years?!*

(f) The appeals committee may adopt bylaws governing its internal operations, including, without limitation, provisions as to time and place of meetings.

(g) The Corporation will consider no further appeal from a decision of the appeals committee. (Eff. 2/17/82, Reg. 82)

Authority: AS 18.56.088  
AS 18.56.090  
AS 18.56.098

**15 AAC 118.280. GENERAL HOUSING PROGRAMS.** (a) Loans may be purchased by, or made from, the housing development fund created by AS 18.56.100 or pursuant to the Corporation's general powers in AS 18.56.090 (1) - (3) for housing located in remote, underdeveloped or blighted areas of the state.

(b) Loans purchased by the Corporation from amounts appropriated to the rural mortgage purchase program shall contain the same terms and conditions as loans purchased pursuant to the special mortgage loan purchase program (15 AAC 118.310) except that title insurance and hazard insurance may be provided from the rural housing title insurance fund and rural housing hazard insurance fund and that loans shall bear interest at a rate determined by the executive director.

(c) Loans purchased by the Corporation from amounts appropriated to the rural non-owner occupied mortgage purchase program shall not exceed \$750,000 in principal amount to any one person, partnership or corporation, as determined by the Corporation, and shall bear interest at the rate of nine and one-half percent a year, except that the Corporation may purchase a loan in excess of \$750,000 if the circumstances of the loan warrant and sufficient funding is available to accommodate total anticipated loan demand and if approved by a committee, comprised of a board member appointed by the chairman or his or her designee, the executive director or his or her designee and the mortgage operations director of the Corporation. The AHFC board of directors must be notified of the Corporation's approval of a non-owner occupied loan in excess of \$750,000. Each mortgage loan purchased by the Corporation as part of the rural non-owner occupied mortgage purchase program must

(1) be serviced by a seller/servicer approved by the Corporation;

(2) be the subject of (A) insurance described in (5) of this subsection to the extent determined necessary by the Corporation, (B) federal insurance or (C) federal guarantee. The benefit of the insurance or guarantee shall be payable to the Corporation;

(3) constitute a first or, for purposes of substantial rehabilitation (50 percent or more), a second lien on real estate in fee simple, on a leasehold estate, or on lands subject to conveyance under ANSCA subject to permitted encumbrances;

(4) be for completed, non-owner occupied residential housing, the mortgage of which shall be eligible for purchase by the Corporation under the act;

(5) be insured by title insurance and hazard insurance which may be provided in whole or in part from the rural housing title insurance fund and rural housing hazard insurance fund, to the extent determined necessary by the Corporation.

(d) The loan amounts and loan terms on mortgages purchased as part of the rural non-owner occupied mortgage program shall be as set forth in this subsection

(1) The loan-to-value ratio on loans purchased under the rural non-owner occupied mortgage purchase program shall not exceed 80 percent.

(2) In the event the loan purchased by the Corporation is a second deed of trust for the substantial rehabilitation (50 percent or more) of a non-owner occupied property the sum of the principal balance of the first and second deeds of trust shall not exceed 80 percent of value.

(3) The maximum loan amount on non-owner occupied single-family residences through four-plexes shall be the following:

Number of Units	Maximum Loan
1	\$160,500
2	205,200
3	247,650
4	307,950

Standard deviations from the minimum construction standards which will permit water holding tanks, on-site water and sewer systems, foundations, and other deviations as specific circumstances warrant, are hereby established if and to the extent an inspecting engineer has certified that the characteristics of such physical construction will not impair the health or safety of the occupants of the residence and will not reduce the useful life of the residence below the term of the mortgage loan. The Corporation will require as a condition to its purchasing a mortgage loan, a waiver and release from each borrower to the effect that the Corporation is not responsible for any failure of the residence to meet minimum construction standards or be within standard deviations and for every other matter and thing relating to the construction or suitability of the residences whether or not caused by action or inaction of the inspecting engineer or any other person. The inspecting engineer will not be hired by or have any relationship to the Corporation whatsoever. The Corporation will cause to have printed in plain English an appropriate form of release to the above effect to be executed by each borrower prior to purchasing the mortgage loan and shall incorporate such release in such loan documents as it determines. (Eff. 2/17/82, Reg. 82)

Authority: AS 18.56.098(b) and (e)

15 AAC 118.270. SERVICING FEE. Repealed 2/17/82.

15 AAC 118.272. APPEALS PROCEDURE.

(a) A decision by the Corporation not to purchase a mortgage loan, including without limitation an action denying or effectively denying the purchase of a mortgage loan, may be appealed to the appeals committee by the seller/servicer of the mortgage loan or, in the case of the denial of approval for a housing project, a seller/servicer sponsoring that project.

(b) The appeals committee shall consist of

- (1) the executive director of the Corporation;
- (2) a member of the board of directors of the Corporation designated by the chairperson; and
- (3) a member of the private lending community selected by the other two members of the appeals committee;

If the executive director or a commissioner appointed by the chairperson from the board of directors, becomes unavailable to sit on the appeals committee, each may designate a replacement to assume his or her duties on the committee until such time as he or she becomes available. The executive director and the appointed board member or their designees may select different members of the private lending community for particular appeals as the circumstances warrant.

(c) A decision by the Corporation declining the approval of a mortgage loan submitted by a seller/servicer must

- (1) be in writing;
- (2) specifically set forth the reason(s) relied upon to decline the purchase;
- (3) be dated and signed on behalf of the Corporation; and
- (4) be mailed or delivered to the seller/servicer.

(d) A seller/servicer may appeal a decision of the Corporation declining the approval of a mortgage loan by submitting a written notice of appeal. The notice of appeal must

- (1) set forth the reason(s) supporting the appeal;
- (2) rely solely upon the information and documentation originally before the loan officer who declined the loan; and
- (3) be received by the Corporation within 10 working days from the date of the decision of the Corporation declining purchase.

(e) The appeals committee shall review the appeal and issue a written appeal decision within 15 days after the Corporation's receipt of the notice of appeal. Such a decision shall

- (1) be signed by the executive director of the Corporation or his designee; and
- (2) specifically set forth the reasons of the appeals committee for accepting or rejecting the appeal.

ARTICLE 2.  
ALASKA HOUSING FINANCE  
CORPORATION

Section

- 210. (Repealed)
- 220. (Repealed)
- 230. (Repealed)
- 235. General provisions
- 240. Public notice of meeting
- 250. Determination of interest rates
- 260. Purchases of loans from seller/servicers
- 263. Contractor prerequisites for loans
- 267. Assumptions of mortgage loans
- 270. (Repealed)
- 272. Appeals procedure
- 280. General housing programs
- 282. Mobile home loan program
- 290. (Repealed)
- 300. Special mortgage loan purchase program scope
- 305. Borrower eligibility
- 310. Loan terms
- 315. (Repealed)
- 320. (Repealed)
- 325. (Repealed)
- 330. (Repealed)
- 335. (Repealed)
- 340. (Repealed)
- 342. Home ownership assistance program
- 344. Fairbanks North Star Borough program
- 345. (Repealed)
- 400. Qualified mortgage bond program (special mortgage loan purchase program)
- 405. Single-family residences
- 410. Ownership requirements
- 415. Purchase price requirements
- 417. Allocation of proceeds after September 3, 1982
- 420. Qualified home improvement loans
- 425. Qualified rehabilitation loan
- 430. Qualified mortgage loans
- 440. Loan terms
- 450. Purchase of qualified mortgage loans from seller/servicers
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- 492. Qualified veterans' mortgage loans
- 494. Purchase of qualified veterans' mortgage loans from seller/servicers
- 500. Veterans
- 510. Duty in armed forces
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- 530. Duty in National Oceanic and Atmospheric Administration or in Coast and Geodetic Survey
- 540. Duty in United States Military, Air Force, Coast Guard, or Naval Academy
- 550. Duty in Alaska National Guard or Air National Guard
- 560. Travel to or from duty
- 570. Spouses
- 580. Evidence of qualifications
- 900. Definitions

Editor's Note: The Alaska Housing Finance Corporation regulations, exempt from the Administrative Procedure Act filing requirements by AS 18.56.08(a), have been voluntarily filed under AS 44.62.120. They have not been reviewed and approved by the Department of Law under AS 44.62.060, and do not fully conform to the Drafting Manual for Administrative Regulations (AS 44.62.050).

Editor's Note: As of Register 78, the Alaska Housing Finance Corporation regulations which were formerly located in 3 AAC 92, have been transferred to 15 AAC 118 in recognition of the relocation made by ch. 106 SLA 1980.

15 AAC 118.210. AUTHORITY FOR AND SCOPE OF REGULATIONS. Repealed 9/17/81.

15 AAC 118.220. BORROWER ELIGIBILITY. Repealed 9/17/81.

15 AAC 118.230. LOAN TERMS. Repealed 9/17/81.

15 AAC 118.235. GENERAL PROVISIONS. Except as otherwise provided, the provisions of 15 AAC 118.235 -- 15 AAC 118.275 apply to all programs of the Corporation. (Eff. 2/17/82, Reg. 82)

Authority: AS 18.56.088

15 AAC 118.240. PUBLIC NOTICE OF MEETING. (a) Except in the case of a meeting of the board at which the issuance of Corporation bonds is authorized, not more than two weeks and not less than five days before each meeting, the Corporation shall give public notice of the time, place and subject of the meeting. In the case of a meeting of the board at which the issuance of Corporation bonds is authorized, the Corporation shall give public notice of the time, place, and subject of the meeting at least 24 hours before the meeting. Notice will be given by advertisement in a newspaper of state-wide circulation.

(b) The Corporation will, in its discretion, establish additional procedures to insure that the public has a reasonable opportunity to be heard and that business at meetings will be conducted in an orderly process. (Eff. 11/29/78, Reg. 68; am 8/17/82, Reg. 83)

Authority: AS 18.56.040(d)

**15 AAC 118.250. DETERMINATION OF INTEREST RATES.** (a) The Corporation shall establish and will, in its discretion, from time to time revise rates of interest on mortgage loans. The rates of interest so established and revised shall

(1) not exceed the legal rate of interest on such loans in the State of Alaska;

(2) be adequate to insure the financial viability of the Corporation's bond and note financing programs and in accord with contracts entered into with bondholders and noteholders;

(3) comply with all provisions of law, including United States Treasury regulations, applicable to the Corporation and its mortgage loans; and

(4) be designed to promote the use of the programs by qualifying residents of the state.

(b) The board may delegate the power to revise interest rates on mortgage loans to its executive director. (Eff. 11/29/78, Reg. 68)

Authority: AS 18.56.050  
AS 18.56.090(3)

**15 AAC 118.260. PURCHASES OF LOANS FROM SELLER/SERVICERS.** (a) Subject to the availability of funds, the Corporation will, in its discretion, purchase mortgage loans from originating mortgage lenders ("seller/servicers") under the following terms and conditions:

(1) The seller/servicer must

(A) be approved by FHA or FNMA or constitute a regional housing authority under AS 18.55; and

(B) be approved by the Corporation as meeting such tests as to financial viability, in-state servicing capabilities and general capacity to act as a seller/servicer, as the Corporation may determine.

(2) As a condition to purchase of mortgage loans, a sales and servicing agreement will be entered into between the seller/servicer and the Corporation which must

(A) provide the methods whereby delinquent collections and foreclosures will be undertaken by the seller/servicer;

(B) provide for periodic reports to be provided to the Corporation by the seller/servicer; and

(C) require the seller/servicer to service mortgages in accordance with acceptable mortgage practices of prudent lending, including, but not limited to, the exercising of diligence in collecting amounts due under mortgages.

(3) The seller/servicer must provide a bond deemed sufficient by the Corporation to protect the Corporation against errors, omissions and fraud.

(4) A mortgage loan may be purchased from a seller/servicer only after the seller/servicer has completed an application as described in a seller/servicer guide. A seller/servicer guide shall

(A) be prepared and revised as deemed necessary by the executive director;

(B) establish for the timeliness of reports and remittance of funds, appraisal procedures, documents necessary for credit determination and other procedures customarily required by prudent mortgage lenders;

(C) provide for the form of all applications for mortgage loans;

(D) provide a list of completed documents and materials required to accompany the application forms including proof of borrower eligibility and financial capacity and other documentation customarily required by prudent mortgage lenders;

(E) provide a form of a contract of commitment or approval form; and

(F) require submission of other documents and materials as deemed necessary or desirable by the executive director.

(5) Prior to submitting a mortgage loan for purchase by the Corporation, the seller/servicer must submit for approval a complete loan application with supporting documents as described in paragraph 4;

(6) The Corporation hereby designates the Judicial Districts of the State of Alaska established and described pursuant to AS 22.10.010 for the purpose of allocating money for the purchase of mortgage loans. The Corporation will allocate amounts on the basis of recent and future anticipated lending activities of the financial institutions (seller/servicers) as well as upon the potential need for mortgage loans in each Judicial District of the state as it determines is required based on the most current research and information reasonably available to it. From time to time the Corporation will reallocate amounts among the Judicial Districts as it determines appropriate to reflect the changes in lending activity or need in the Judicial Districts;

(7) The Corporation shall provide for a procedure of commitment by seller/servicers to deliver qualifying mortgages for purchase by the Corporation at an interest rate fixed in the commitment. The commitment procedure shall provide for commitments to purchase mortgages by the Corporation for an initial period of 120 days from the date the commitment is signed by the Corporation and shall provide for payment of a commitment fee of one-half of one percent of the principal amount of the mortgage with extensions of 30-day periods up to 90 days upon payment of an extension fee to the Corporation of one-half of one percent of the mortgage for each 30-day extension. The procedures shall further provide

(A) for prior approval of property and credit on a mortgage without a commitment to a specific interest rate at a fee equal to one-half of one percent of the mortgage;

(B) for application of the prior approval of property and credit fee against any subsequent commitment fee for such period of time as may be set forth in the commitment procedure;

(C) that upon cancellation or expiration of a commitment, a request for a future commitment for a mortgage at a rate lower than that previously committed to will not be accepted for a period of 90 days after the date of cancellation or expiration of the prior commitment; provided, however, if a rate reduction becomes available because the application has been made under a different program of the Corporation the rate for the refiled application shall be the rate established for that program at the time the original commitment was made by the Corporation; and

(D) for other details necessary for the operation of the commitment procedure.

(b) The executive director shall establish and may from time to time revise the forms of seller/servicer guide and seller/servicer agreements consistent with the provisions of these Regulations.

(c) The authority to make or purchase mortgage loans and enter into seller/servicer agreements and to administer all the terms and provisions thereof and of the seller/servicer guide is delegated to the executive director.

(d) The Corporation will, in its discretion, allow the seller/servicer to collect a servicing fee in an amount, which may be expressed as a percentage. (Eff. 11/29/78, Reg. 68; am 5/9/80, Reg. 78; am 2/17/82, Reg. 82; am 8/17/82, Reg. 83; am 1/4/83, Reg. 85)

Authority: AS 18.56.090(3),(6) and (17)

AS 18.56.096(3)

AS 18.56.098(e)

AS 18.56.105

15 AAC 118.263. CONTRACTOR PREREQUISITES FOR LOANS. (a) The Corporation will not make, participate in the making of, purchase, or participate in the purchase of a mortgage loan to finance the purchase of new housing or for the improvement or rehabilitation of existing housing, unless the construction, improvement, or rehabilitation work has been performed by a contractor who is registered to work as a contractor under AS 08.18 on the date the work on the housing commences and throughout the period of such work.

(b) This section does not apply if the construction, improvement, or rehabilitation work

(1) has been totally or substantially performed by the borrower;

(2) has been performed by a borrower who acts as the contractor for the construction, improvement, or rehabilitation work; or

(3) has been performed in an area designated by the Corporation as exempt from the requirements of this section because of the unavailability of registered contractors in that area. (Eff. 10/27/82, Reg. 84)

Authority: AS 18.56.096

**15 AAC 118.267. ASSUMPTIONS OF MORTGAGE LOANS.** (a) A clause in substantially the following form may be inserted in the Corporation's standard Deed of Trust for a mortgage loan which is not the subject of federal insurance or guarantee:

Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable if either (1) the property ceases to be the principal residence of the Borrower, or (2) if all or any part of the Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent excluding (a) the creation of a lien or encumbrance subordinate to this Deed of Trust, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant or (d) the grant of any leasehold interest of three years or less not containing an option to purchase.

If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with paragraph 14 hereof. Such notice shall provide a period of not less than 30 days from the date the notice is mailed within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of such period, Lender may without further notice or demand on Borrower, invoke any remedies permitted by paragraph 18 hereof.

(b) At the option of the executive director, if

in his opinion a clause in the Corporation's Deed of Trust in the form of that set forth in (a) of this section would jeopardize or nullify mortgage insurance coverage, the clause may be modified as the executive director deems necessary to preserve mortgage insurance coverage.

(c) The executive director may also formulate a clause for the Corporation's Deed of Trust for mortgage loans to be financed with the proceeds of Qualified Mortgage Bonds pursuant to Section 103A of the Internal Revenue Code providing for acceleration of or increase in loan rate on such mortgages and otherwise as may be necessary in his view to cause such mortgage loan to comply with the provision of said Section 103A.

(d) At such time as regulations or procedures of the FHA and VA permit, a clause or clauses in substantially the form or forms set forth in this section, with such variations as required under said regulations or procedures, may be set forth in the standard Deed of Trust for mortgage loans guaranteed or insured by FHA or VA. (Eff. 2/17/82, Reg. 82)

Authority: AS 18.56.088

**15 AAC 118.269. MINIMUM CONSTRUCTION STANDARDS AND STANDARD DEVIATION.** The minimum construction standards for residences securing mortgage loans of the Corporation are established as the construction standards which, in the opinion of the Corporation, are acceptable within the community within which the residence is located.

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 - FEB FY' 83</u>	<u>%</u>
Sales Price	67,142		68,684		73,991	
Appraised Value	68,318		69,568		74,903	
Note Amount	53,183		64,381		69,410	
Monthly Income	1,905		1,932		1,987	
Age of Borrower	29.6		30.0		29.5	
Size of Household	1.8		1.9		1.9	
Loan to Sales Price Ratio	94.10		93.74		93.81	
Weighted Average Int. Rate	9.98		11.12		10.55	
Monthly P & I Payment			620.18		637.88	
Dwelling Type						
SFR	227	59.58	398	44.08	267	42.52
Condo	141	37.01	487	53.93	356	56.68
PUD	13	3.41	18	1.99	5	.80
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>628</u>	<u>100.00</u>
New/Existing						
New	57	14.96	272	30.12	426	67.83
Existing	324	85.04	631	69.88	202	32.17
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>628</u>	<u>100.00</u>
First Time Homeowner						
Yes	289	75.85	639	70.76	480	76.43
No	92	24.15	264	29.24	148	23.57
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>628</u>	<u>100.00</u>
Insurance Type						
FHA	-	-	-	-	-	-
VA	-	-	-	-	-	-
CONV	381	100.00	903	100.00	628	100.00
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>628</u>	<u>100.00</u>
Eligible State Veteran	7	1.84	11	1.22	45	7.17
Non-Eligible State Veteran	374	98.16	892	98.78	583	92.83
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>628</u>	<u>100.00</u>
Original Balance	24,072,600.00		58,136,000.00		45,589,200.00	

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

April 15, 1983

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

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

### POSITION PAPER

RE: CS For HB 302 (C&RA)

SPONSOR: Community and Regional Affairs Committee

#### Program Effects of Bill

Section 1 eliminates the one year residency requirements affecting veterans. The new provision allows a greater number of veterans to qualify for a 1% reduction in interest rates on mortgages for urban nonconforming mortgage loans. The division concurs with this section.

Section 3 creates a revolving loan fund in the division. The creation of a revolving loan fund will permit the division to retain principal payments received from borrowers. The revolving loan fund, in time, will reduce future capital budget requests. The division is in concurrence with this Section.

Section 4 creates within the division a Home ownership Assistance Fund. The creation of this fund, and the subsidy it provides will assist low and moderate income persons in purchasing single family homes. The impact, both fiscal and in activity will be tremendous. The subsidy fund will allow persons who ordinarily would not qualify for a housing loan to do so. The division expects to expend a large portion of its loan fund allocation in this area. The division is in favor of the creation of this fund.

Section 5 repeals the law mandating an 80%/20% split in loan fund allocations for nonconforming housing loans. Currently rural Alaska receives 80% of the funding. Section 5 will also allow the division to allocate nonconforming funds in a more productive manner. In addition to eliminating the 80%/20% split in nonconforming loans, Section 5 will eliminate a second rural definition. The division concurs with this Section.

Section 6 provides for an immediate effective date for all Sections. The division feels the effective date of Section 4 of this bill should be January 1, 1984. This date will allow the division time to properly implement the program. The division concurs with this Section.



Mark Lewis, Commissioner

STATE OF ALASKA  
FISCAL NOTE

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

I. REQUEST

Bill/Resolution No.: CS for HB 302  
 Title: State Housing Loans  
 Sponsor: House CR&A committee  
 Requestor: HCRAC

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:

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. Morse-Quinn/R. Price Phone: 272-4585  
 Division: Housing Assistance Division Date: 4/15/83

Approved by Commissioner: [Signature] Date: 4/15/83  
 Department: Community and Regional Affairs

Distribution:

Original to Legislative Finance  
 Copy to Office of Management and Budget (for Legislature introduced bills)  
 Copy to Department (for Governor introduced bills)  
 Copy to Sponsor  
 Copy to Requestor (if different from Sponsor)

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 5 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.

April 6, 1983  
Proposed House Bill 302

REMARKS BY REPRESENTATIVE RICK UEHLING

The bill before you today is House Bill 302, "An Act relating to the Alaska Housing Finance Corporation; relating to rural and nonconforming housing loans; and providing for an effective date." It makes a number of substantive changes in the present AHFC program.

First, it establishes a new limit of \$250,000 for first mortgages purchased by AHFC -- thereby deleting the provision that loan limits be tied to the Federal National Mortgage Association limits. For example, the total amount loaned for a single family residence is \$160,000 under FNMA limits. The legislation before you raises that limit to \$250,000.

Secondly, it eliminates the "Roger's Ratchet" and sets a flat four percent subsidy on all loans up to \$90,000. Over that, the cost of funds are the determining factor. Essentially, this bill eliminates unnecessary language in present statute and allows the subsidy to be at a constant level. This gives AHFC and the Legislature a consistent level of appropriation for future fiscal years. In essence, this streamlines and simplifies present law.

Thirdly, this legislation cleans up existing statute in the section defined as "eligible veteran" by deleting questionable residency requirements and changing the National Guard and Reserve service requirement. This change has been suggested by the Governor in HB 305.

Fourthly, this bill makes the retention of a financial advisor by the AHFC for the negotiation of private sales of bonds optional instead of mandatory.

The fifth, and final, point I would like to make is that this legislation repeals the allocation formula for nonconforming housing, which is based on population.

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

April 28, 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 Rick Uehling  
Representative  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

FILE COPY

Dear Representative Uehling:

Per your request, the following information provides for a general overview of the proposed Home Ownership Assistance Fund to be created in the Department of Community and Regional Affairs.

## Purpose

"The Home Ownership Assistance Fund (HOAF) will consist of money appropriated to it by the legislature. Money in the fund shall be used solely to assist persons of lower and moderate income to purchase single-family homes financed under AS 44.47.360-44.47.560 by providing a subsidy to those persons in the amount that is necessary to reduce the annual interest rate paid on the mortgage loan to six percent"...

## Funding Request

The following is a breakdown of the total amount requested to fund the HOAF:

- 1) The amount requested to create the subsidy fund is \$650,000. This amount will subsidize approximately 176 loans.
- 2) The amount requested to fund the principle loan amount of 176 loan is \$15,000,000.
- 3) The amount requested as operating capital is \$226,000.

The amount requested to totally fund the HOAF is \$15,876,000. This request is based on an effective date of January 1, 1984.

## Lower to Moderate Income Data

Income and housing cost data were obtained from data published by the U.S. Bureau of the Census; Alaska Statewide Housing Needs Study prepared by CH2M Hill; and loan file data or the Housing Assistance Division (HAD) of the Department of Community and Regional Affairs.

For specific data on median income levels and average housing cost for rural Alaska, see Tables 1 and 2 below.

TABLE 1

<u>Rural Income</u>	<u>% of Population</u>
- \$5,000	9.9
\$ 5,000 - 9,999	12.3
10,000 - 14,999	14.1
15,000 - 19,999	10.3
*20,000 - 24,999	9.6
**25,000 - 29,999	8.8
30,000 - 49,999	22.8
- 50,000	12.2

\*Lower Income \$21,770 (9.6% of total population)  
 \*\*Median Household income \$28,800 (8.8% of total population)  
 HOAF target income group \$20,000 to 39,000 [(five or more family members) (approximately 11.4% of population)].  
 Percentage of population reached by HOAF - 29.8%.  
 Percentage of population reached by other HAD programs - 35%.

TABLE 2

RURAL NEW CONSTRUCTION COST 1981-82

<u>Regional Cntrs.</u>	<u>Median Sq Ft Space</u>	<u>Median Land Value</u>	<u>Median Sq Ft Cost</u>	<u>Median Cost</u>
Nome	\$ 1,300	\$15,000	\$73	\$110,000
Kotzebue	1,500	19,000	65	116,000
Bethel	1,300	17,000	85	128,000
Dillingham	1,200	15,000	88	120,000
More Remote Areas	1,600	20,000	66	125,000
Overall Medians	\$1,350	\$17,000	\$75	\$118,250

### Conclusions

The Home Ownership Assistance Fund will benefit approximately 29.8% of the rural population or lower to moderate income groups earning \$20,000 to \$30,000 with an extra allowance for five or more member families which will bring the maximum income limit to \$39,000.

Existing HAD programs are providing mortgage loans to approximately 43.8% of the rural population. This is based on the Division's average loan amount of \$87,500, and the income required to receive this amount. It is estimated that the criterion of the HOAF program will allow the Division to reach approximately 64% of the rural population. Based on this information, the Division will establish income limitations as follows:

#### Income Maximums

Adult Family Members	\$30,000
First Child	5,000
Each Addition Child	1,500
To Program Maximum of	39,000

In light of the median cost for newly constructed homes in rural Alaska (\$118,250), the Division will establish dwelling price maximums as follows:

#### Dwelling Price Maximum

One or Two Member Family	\$100,000
Three Member Family	105,000
Four Member Family	110,000
Five or More Member Family	120,000

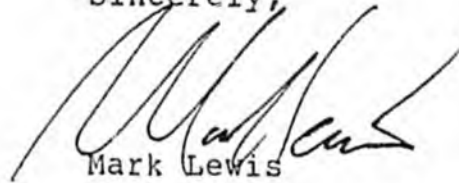
It should be noted that not all housing will cost \$100,000 - \$120,000, and that only moderate income will qualify for the maximum dwelling maximums. Lower income borrowers will qualify for less expensive housing of approximately \$75,000 - \$85,000. At this price level, lower income borrowers can qualify when the proposed subsidy schedule is applied.

The Honorable Rick Uehling  
Representative  
April 28, 1983  
Page 4

Attached (Attachment A) is recommended language for Section 7 of CS HB302 (HCSL) to facilitate the HOAF as outlined in this correspondence.

If we can be of any further assistance, please give me a call.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Lewis", is written over the typed name.

Mark Lewis  
Commissioner

Attachment

\* Sec. 7. AS 44.47 is amended by adding a new section to read:

Sec. 44.46.382. HOME OWNERSHIP ASSISTANCE FUND. (a)  
There is created in the Department of Community and Regional Affairs, the home ownership assistance fund consisting of money appropriated to it by the legislature. Money in the fund shall be used solely to assist persons of lower and moderate income to purchase single-family homes financed under AS 44.47.360 -- 44.47.560 by providing a subsidy to those persons in an amount not greater than the difference between

(1) the amount annually required to pay the prevailing interest on and principal of that person's loan and real property taxes and insurance for the home purchased with the loan; and

(2) the amount annually required to pay an effective interest of 6% per annum on and principal of that person's loan and real property taxes and insurance for the home purchased with the loan.

(3) the maximum subsidy is established at the amount required to reduce a borrower's annual payment to the amount set in (2) of this section.

(4) the division shall establish maximum income to total payment ratios as related to the maximum percentage and gross income allowable to pay total payment including principle, interest taxes and insurances, as well as maximum income and dwelling prices.

(b) In this section, "persons of lower and moderate income" 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.

STATE OF ALASKA  
THE LEGISLATURE

POUCH STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

April 18, 1983

SUBJECT: Comparison of HB 302, CSHB 302 (C&RA) and  
HB 305

TO: Representative Rick Uehling  
Chairman, House Special Committee on Loans

FROM: *eka* Linn H. Asper  
Legislative Counsel

You have requested a comparison of HB 302, CSHB 302 (C&RA) and HB 305, concerning state housing loan programs.

Provisions that are the same in all three bills:

Section 6 of HB 302, concerning eligibility for veterans interest rates on AHFC loans (AS 18.56.101), is the same as Sec. 4 of HB 305 and Sec. 1 of CSHB 302 (C&RA).

Section 7 of HB 302, concerning retention of a financial advisor for AHFC bond sales, is the same as Sec. 5 of HB 305 and Sec. 2 of CSHB 302 (C&RA).

Section 9 of HB 302, repealing AS 44.47.385, is essentially the same as Sec. 12 in HB 305 and Sec. 5 of CSHB 302 (C&RA).

Section 10 of HB 302 (immediate effective date) is essentially the same as Sec. 14 of HB 305 and Sec. 6 of CSHB 302 (C&RA).

Provisions that are the same or similar in HB 302 and HB 305:

Sections 4 and 5 of HB 302, concerning interest rates for AHFC loans, are similar to Secs. 1 through 3 of HB 305. Each changes the method of calculating AHFC interest rates in a similar manner. HB 305 would increase the subsidized portion of AHFC loans from the

present \$90,000 amount to \$100,000. HB 302 makes no change in the subsidized portion of AHFC loans. HB 305 would put a 12.5 percent ceiling on AHFC interest rates. HB 302 places no ceiling on interest rates.

Section 8 of HB 302, concerning application of certain provisions of the Act, is essentially the same as Sec. 11 of HB 305.

Provisions that are the same in HB 305 and CSHB 302 (C&RA):

Section 6 of HB 305 and Sec. 3 of CSHB 302 (C&RA) would make it clear that the housing assistance loan fund (AS 44.47.380) is a revolving fund.

Section 7 of HB 305 and Sec. 4 of CSHB 302 (C&RA) would establish a home ownership assistance fund in the Department of Community and Regional Affairs for housing loan assistance to low and moderate income families, similar to the AHFC home ownership fund (AS 18.56.091).

Provisions that are found only in HB 302:

Sections 1 through 3 of HB 302 would have the effect of increasing the amount of money that could be loaned for a single-family residence from \$160,000 to \$250,000.

Provisions that are found only in HB 305:

Section 8 of HB 305 would allow a borrower to have both a nonconforming or rural housing loan and a loan for nonowner occupied housing, amending AS 44.47.390.

Section 9 of HB 305 would amend the method of computing interest rates for nonconforming and rural housing loans under AS 44.47.410.

Section 10 of HB 305 would redefine the term "rural" as that term is used in connection with nonconforming and rural housing loans made or purchased by the Department of Community and Regional Affairs.

Section 13 would make Secs. 7, 8, 10, and 12 of HB 305 effective January 1, 1984.

LHA:ljb

# STATE OF ALASKA

Bill Sheffield, Governor

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

April 27, 1983

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

Re: HB 302 and HB 315

Dear Representative Uehling:

This letter responds to the two inquiries in your letter of April 21 which broadly relate to the ambit of the dedicated fund prohibition. Alaska Const. art. IX, sec. 7.

As we orally advised a member of your staff, the provisions in HB 302 and HB 315 do not raise questions under the dedicated fund prohibition.

Your first inquiry related to the conversion of the Housing Assistance Loan Fund (AS 44.47.380) to a revolving loan fund. As you know, the revolving loan fund prepared in the bill retains only principal repayments; interest repayments revert to the general fund. The Department of Law has previously stated that we will defend revolving loan funds expressly established by statute as a permissible exception to the dedicated fund prohibition. See 1982 Att'y Gen. Op. # 13, (Nov. 30).

Your second inquiry asked whether it is "necessary or advisable" to appropriate program receipts to individual loan funds. Again, it is our view that it is not necessary to appropriate program receipts on an annual basis to a revolving loan established by statute. A question may exist if the statutory provision establishing the revolving loan fund does not expressly identify whether repayments of both principal and interest revert to the funds. 1/ As a general proposition, a long-standing contemporaneous construction is entitled to substantial weight in

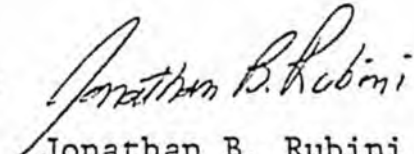
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1/ Several of the funds in sections 3 and 4 of HB 315 are established as revolving loan funds, but the statutory provisions do not specify which program receipts revolve.

assaying legislative intent. Thus, if program receipts, including interest repayments, have been retained in a revolving fund which does not specifically authorize the retention of interest repayments, an annual appropriation of the program receipts is not necessary.

In sum, we do not see any need to amend HB 302 or HB 315 to accomplish the apparent policy objectives. Please feel free to call if we can provide any further assistance on this matter.

NORMAN C. GORSUCH  
ATTORNEY GENERAL

By:   
Jonathan B. Rubini  
Assistant Attorney General

JBR:jb

# STATE OF ALASKA

**DEPARTMENT OF COMMERCE &  
ECONOMIC DEVELOPMENT**  
DIVISION OF LOANS AND VETERANS AFFAIRS

BILL SHEFFIELD, GOVERNOR

POUCH D  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2555  
(907) 465-2510

April 26, 1983

APR 27 1983

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

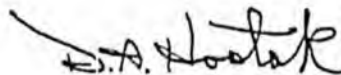
Dear Representative Uehling:

I have reviewed the proposed amendment to the Alternative Energy Loan program. This amendment would essentially allow loans to be made for multifuel furnaces.

Our estimate of loans to be made under this amendment is 150 in the Fairbanks area, 150 in the Anchorage area and an additional 50 in Southeast Alaska. The costs of purchase and installation of each unit would average \$10,000 to \$15,000. Using a low figure of \$10,000, the total dollars needed would amount to \$3,500,000.

If we can be of further assistance, please do not hesitate to contact us.

Sincerely,



D. A. Hostak  
Director

DAH/kkkC37

# Alaska State Legislature


Representative John Ringstad  
District 20-3  
P.O. Box 1848  
Fairbanks, Alaska 99707  
(907) 456-8336



While in Juneau  
Pouch V  
Juneau, Alaska 99811  
(907) 465-4998

## House of Representatives

TO: Rep. Rick Uehling, Chairman  
House Special Committee on State Loans

FROM: Rep. John Ringstad 

RE: Multifuel Furnaces

DATE: April 19, 1983

In 1982, section 45.88.500 of the Alaska Statutes was amended in Conference Committee to exclude furnaces and wood stoves from qualifying for loans. The exclusionary wording was not clear and the Attorney General's interpretation included any multifuel, wood or coal furnace. This was not the intent of the legislature.

Attached is an amendment which will allow loans for such furnaces, and still exclude fireplaces and fireplace inserts and decorative wood stoves.

Also attached are brochures explaining two companies' multifuel furnaces which would be eligible under this amendment.

In FY 83, the Alternative Technology and Energy Revolving Loan Fund had a \$4 million appropriation. \$2.8 million had been lent or committed by March 31, 1983 and Mr. Don Hostak expects to use the full appropriation by June 30, 1983.

If you have any questions, please contact my aide, Drue Pearce.

Thank you.

1 IN THE HOUSE

BY RINGSTAD

2 HOUSE BILL NO.

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 alternative technology and energy  
7 loans."

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

9 \* Section 1. AS 45.88.500(2) is amended by adding a new subparagraph to  
10 read:

11 (E) a steam, hot water, or ducted hot air central  
12 heating system that uses solid fuel.

13 } WOOD }  
14 } COAL }

# MEMORANDUM

# State of Alaska

TO: Don A. Hostak, Director  
Div. of Business Loans  
and Veterans' Affairs  
Department of Commerce  
and Economic Development

DATE: July 29, 1982

FILE NO: 366-006-83

TELEPHONE NO: 465-3600 ex. 62

FROM: WILSON L. CONDON  
ATTORNEY GENERAL

SUBJECT: Alternative Energy  
Systems  
(AS 45.88.500)

By:   
Peter B. Froehlich  
Assistant Attorney General

You have asked this office whether furnaces and boilers are included within the meaning of "heating stoves" in AS 45.88.500(3). That paragraph, which was added by § 60, ch. 113, SLA 1982, specifically excludes "wood, coal, or multifuel heating stoves" from the definition of "alternative energy system" and therefore from eligibility for financing under AS 45.88.

The answer to your question is YES. This means that loans under AS 45.88 may not be used to finance any heating device, whether it is called a stove, furnace, or boiler, unless it is a wood stove (or wood furnace) with a catalytic converter because only those stoves are specifically included by AS 45.88.500(2)(D) which was added by § 59, ch. 113, SLA 1982. Of course loans may also be used for catalytic converters for wood stoves as also specifically provided by AS 45.88.500(2)(D). However, loans may not be used for coal heating stoves, multifuel heating stoves, fireplaces, or fireplace inserts regardless of whether they have catalytic converters. (AS 45.88.500(3)(B)).

Although the definition of "alternative energy system" in AS 45.88.500 may seem a bit confusing at first glance, because of its many separate ingredients, it is not vague or ambiguous. Rather, it is clear and specific. After the 1982 amendments it provides as follows:

Sec. 45.88.500. DEFINITION. In this chapter, "alternative energy system"

(1) means a source of thermal, mechanical or electrical energy which is not dependent on oil or gas or a nuclear fuel for the supply of energy for space heating and cooling, refrigeration and cold storage, electrical power, mechanical power, or the heating of water;

(2) includes

(A) an alternative energy property as defined by sec. 48(1)(3)(A) of the Internal

*Peter 8/30/82*

*Consumer could  
override*

Revenue Code (26 U.S.C. sec. 48(1)(3)(A)): [a copy of which is enclosed]

(B) a method of architectural design and construction which provides for the collection; storage and use of direct radiation from the sun; and

(C) any other device approved by the commissioner of commerce and economic development under AS 44.33.040(12). § 34 ch. 83, SLA 1980.

(D) a wood stove with a catalytic converter or a catalytic converter for a wood stove.

(3) does not include

(A) a wood, coal, or multifuel heating stove; or

(B) a fireplace or fireplace insert.

Several rules of construction are applicable to the dissection and analysis of this definition. First is the sliding scale plain meaning rule, as recently enunciated in State v. Alex, P.2d \_\_\_\_\_, (Ak. 1982, Opinion #2488, April 23, 1982) at footnote #4, page 15. Under this rule, the plainer the language of a statute, the more convincing contrary legislative history must be in order to justify an interpretation different than the plain meaning of the statutory language.

The plain meanings of "stove" and "furnace" are virtually identical. According to Merriam-Webster, Webster's Third New International Dictionary (1976), a stove is an "apparatus that burns fuel or uses electricity to produce heat" (Id. at p 2253) and a furnace is "an apparatus for the production or application of heat". (Id. at p 923) On the other hand, a boiler is a "vessel used for boiling" or "a tank in which water is heated or hot water is stored". (Id. at p 247) According to the boiler inspector of the division of labor standards and safety in the Department of Labor, the distinctive characteristic of a "boiler" is that it contains pressure. Boilers can be used in conjunction with stoves or furnaces which produce heat but boilers do not produce heat themselves.

In the case of AS 45.88.500, we can find no legislative history contrary to its plain meaning. We have reviewed the House and Senate Journals and have talked to several members of your staff and legislative staff who attended and listened to tape recordings of hearings on SB 666 (ch. 113, SLA 1982) and its predecessors. In fact, there are indications that the general legislative intent was to limit the use of AS 45.88 loans for

wood, coal, and multifuel stoves, furnaces and boilers as much as possible because

(1) they are common and relatively low cost items which sap funds that could be used for less common, more innovative, and more costly energy systems; and

(2) they are less desirable than most alternative energy systems because they contribute more to air pollution

This latter air pollution consideration is apparently one of the reasons for limiting use of AS 45.88 loans to only wood stoves with catalytic converters or the converters themselves. That is the net result of adding the narrow inclusion of wood stoves with catalytic heaters within the definition of "alternative energy system" (new AS 45.88.500(2)(D)) to the broader exclusion of heating stoves and fireplaces (new AS 45.88.500(3)).

Other rules of statutory construction provide that in the case of conflict, specific language controls over general, Sands, Sutherland Statutory Construction, § 51.05 (4th Ed. 1973) and later enactments control over earlier (Id. at § 51.01) and all parts of statute should be construed together to give meaning to each if possible (Id.).

All of these rules of construction provide support for the plain meaning of AS 45.88.500 as amended by ch. 113, SLA 1982, and the meager legislative history of the 1982 amendment.

If you feel the need or desire to add to or clarify the permissible uses of AS 45.88 loans you may propose that the commissioner exercise his power under AS 45.88.020(a)(2), 45.88.500(2)(D), and 44.30.040(12).

Enclosure  
WLC/PBF/pkh

come of a United States person other than an electing small business corporation or partnership.

(II) Amounts for equipment and supplies shall be allocated to the country in which, with respect to the production of the film, the predominant use occurs.

(III) All other items shall be allocated under regulations prescribed by the Secretary which are consistent with the allocation principles set forth in clause (II).

(6) United States.—For purposes of this subsection, the term "United States" includes the possessions of the United States.

(I) Energy property.—For purposes of this subpart—

(1) Treatment as section 38 property.—For any period for which the energy percentage determined under section 46(a)(2)(C) for any energy property is greater than zero—

(A) such energy property shall be treated as meeting the requirements of paragraph (1) of subsection (a), and

(B) the provisions of (2) of subsection (a) shall not apply to such property.

(2) Energy property defined.—The term "energy property" means property—

(A) which is—

(i) alternative energy property,

(ii) solar wind energy property,

(iii) specially defined energy property,

(iv) recycling equipment,

(v) shale oil equipment,

(vi) equipment for producing natural gas from geopressed brine,

(vii) qualified hydroelectric generating property,

(viii) cogeneration equipment, or

(ix) qualified intercity buses,

(B) (i) the construction, reconstruction, or erection of which is completed by the taxpayer after September 30, 1978, or

(ii) which is acquired after September 30, 1978, if the original use of such property commences with the taxpayer and commences after such date, and

(C) with respect to which depreciation (or amortization in lieu of depreciation) is allowable, and which has a useful life (determined as of the time such property is placed in service) of 3 years or more or which is recovery property (within the meaning of section 168).

(II) Alternative energy property.—

(A) In general.—The term "alternative energy property" means—

(i) a boiler the primary fuel for which will be an alternate substance,

(ii) a burner (including necessary on-site equipment to bring the alternate substance to the burner) for a combustor other than a boiler if the primary fuel for such burner will be an alternate substance,

(iii) equipment for converting an alternate substance into a synthetic liquid, gaseous, or solid fuel,

(iv) equipment designed to modify existing equipment which uses oil or natural gas as a fuel or as feedstock so that such equipment will use either a substance other than oil and natural gas, or oil mixed with a substance other than oil and natural gas (where such other substance will provide not less than 25 percent of the fuel or feedstock).

(v) equipment to convert—

(I) coal (including lignite), or any nonmarketable substance derived therefrom, into a substitute for a petroleum or natural gas derived feedstock for the manufacture of chemicals or other products, or

(II) coal (including lignite), or any substance derived therefrom, into methanol, ammonia, or a hydro-processed coal liquid or solid,

(vi) pollution control equipment required (by Federal, State, or local regulations) to be installed on or in connection with equipment described in clause (I), (II), (III), (iv), or (v),

(vii) equipment used for the unloading, transfer, storage, reclaiming from storage, and preparation (including, but not limited to, washing, crushing, drying, and weighing) at the point of use of an alternate substance for use in equipment described in clause (I), (II), (III), (iv), (v), or (vi),

(viii) equipment used to produce, distribute, or use energy derived from a geothermal deposit (within the meaning of section 613(e)(3)), but only in the case of electricity generated by geothermal power, up to (but not including) the electrical transmission stage, and

(ix) equipment, placed in service at either of 2 locations designated by the Secretary after consultation with the Secretary of Energy, which converts ocean thermal energy to usable energy.

The equipment described in clause (vii) includes equipment used for the storage of fuel derived from garbage at the site at which such fuel was produced from garbage.

(B) Alternate substance.—The term "alternate substance" means any substance other than—

(i) oil and natural gas, and

(ii) any product of oil and natural gas.

(C) Special rule for certain pollution control equipment.—The term "pollution control equipment" does not include any equipment which—

(i) is installed on or in connection with property which, as of October 1, 1978, was using coal (including lignite), and

(ii) was required to be installed by Federal, State, or local regulations in effect on such date.

For purposes of the preceding sentence, in the case of property which is alternative energy property solely by reason of the amendments made by section 222(b) of the Crude Oil Windfall Profit Tax Act of 1980, "January 1, 1980" shall be substituted for "October 1, 1978".

(4) Solar or wind energy property.—The term "solar or wind energy property" means any equipment which uses solar or wind energy—

(A) to generate electricity,

(B) to heat or cool (or provide hot water for use in) a structure, or

(C) to provide solar process heat,

(5) Specially defined energy property.—The term "specially defined energy property" means—

(A) a recuperator,

(B) a heat wheel,

(C) a regenerator,

(D) a heat exchanger

ALASKA

CONSTRUCTION & MINING

EQUIPMENT, Inc.

DBA THE COAL BUNKERS

PHONE: (907) 456-5005 or 456-5971

P.O. BOX 72859 • 270 ILLINOIS ST.

FAIRBANKS, ALASKA 99707

August 18, 1982.

Mr. Bob Bettisworth  
Box 80288  
Fairbanks, Alaska 99708

Dear Mr. Bettisworth:

I have some questions about a recent attorney general opinion. The subject is alternative energy systems (AS 45.88.500). The issue affected by this decision is whether or not loans for coal and multifuel central heating systems will be allowed. The systems of major concern to my firm are stoker fed coal boilers and forced air furnaces.

First I should give you some background to the problem. When SB 666 was passed the Fairbanks vendors were assured by the Legislature that the only thing being excluded by an amendment to AS 45.88.500 was stoves, fireplaces and fireplace inserts. The reason for this was that stoves are a common and relatively low cost item and that stoves of the air-tight design contribute more to air pollution than other energy systems. The Legislature also assured us that the amendment did not exclude coal and multifuel boiler heating systems because 1) coal and multifuel boilers are new innovative but costly energy systems; 2) most boiler systems are designed with forced combustion fans and do not contribute more to air pollution than other conventional energy systems; 3) alternative fuel boilers are specifically included in Sec. 45.88.500(2)(A) which is Sec. 48(1)(3)(A) OF the Internal Revenue Code.

The first part of Internal Revenue Code 48(1)(3)(A) says "the term 'alternative energy property' means a boiler the primary fuel for which will be an alternative substance. The definition of alternative substance used in this statute is "any substance other than oil or natural gas and any product of oil or natural gas." Coal boilers are in this category since they are boilers using an alternative substance for their primary fuel. Coal boilers should be included in the loan program because Sec. 48(1)(3)(A) of the Internal Revenue Code is an integral part of AS 45.88.500 and all property defined by this section is specifically included by AS 45.88.500(2)(A).

AS 45.88.500(3)(A)&(B) does not specifically exclude boilers, however, it does specifically exclude stoves, fireplaces and fireplace inserts. The legislators involved in writing this bill have told me that the bill was worded this way because they intended to stop loans on stoves unless they had catalytic converters. They also said they wanted to continue to allow loans for alternative energy property specifically included in AS 45.88.500(2)(A). The equipment specifically included in that part of the statute is not only boiler systems but also alternative fuel burners ie. coal stokers; equipment to convert coal into other usable fuels and chemicals; pollution control equipment; and material handling equipment for alternative substances.

The administration has taken a pathway that is against the will of the people who have exercised their voice through their elected officials. The people want the administration to obey the law and start loaning money for coal and wood boilers and coal stokers. These items are specifically included and the Department of Commerce is in violation of the law by refusing to allow loans on such property.

The Fairbanks vendors were assured by the legislators that the program would continue relatively unchanged. Many vendors took orders and ordered stock based on the continuation of this loan program. The Department of Commerce has caused economic hardship and has left many people who were planning on buying a coal or wood boiler without a means of financing. Winter is closing in and these people have to face another winter using high priced oil and electricity for heat.

The Department of Commerce should be directed to allow loans on coal and wood boilers and other alternative energy property that is specifically allowed in AS 45.88.500(2)(A).

Please contact me as soon as possible regarding this attorney general's opinion about alternative energy systems.

Sincerely,



Bruce D. Cain  
General Manager  
The Coal Bunkers

cc: Barbara Herman, Dept. of Law, Juneau  
All Fairbanks Legislators

# TARM 400 SERIES

## Central Heat from Wood or Coal

HS TARM brings wood and coal heat into the twentieth century with the TARM 400 Series boilers.

Wood and coal are cheap fuels. But wood or coal stoves don't heat your house evenly. Or conveniently.

Your present central heating system heats your house evenly, leaves no ashes or bark on the living room rug, and lets you come and go as you please. But how much longer can you afford the fuel it burns? And how much longer will that fuel be available—at any price?

Now HS TARM gives you the best of both worlds. TARM 400 add-on systems provide the economy and security of wood or coal plus the freedom, comfort and convenience of central heat.

Connected to your present hot water boiler and fired with wood or coal, your TARM 400 will heat your whole house and all the tap water you need. When you're away or if you forget to add fuel to the fire, your present boiler will take over automatically to keep your house warm.

Sixty years of design and production know-how go into every TARM 400 boiler. They're built to last. And built so they're easy for you to operate and maintain. With features like a large firebox with no obstructions to get in your way. Durable cast-iron doors and grates. A heavily insulated jacket, finished in a brilliant orange-red enamel.

There's also an optional tankless coil for heating tap water. And if you live in an area where electricity is inexpensive or little back-up heat is required, you can turn your TARM 400 into a completely independent multi-fuel system with the optional electrical elements package.

These features—in a boiler made by the best-known, most respected company in the business—make the TARM 400 your only choice if you

insist on quality and long-term economy.

### combustion

TARM 400 Series boilers operate as cross-draft burners when fired on wood and as updraft burners when fired on coal—ensuring the most complete combustion of either fuel.

Cross-draft systems give the most efficient wood combustion possible with a natural draft chimney. In the TARM 400 Series boilers, primary air enters the area below the grates through a flap on the ash door. This primary air flow is controlled precisely by the SAMSON draft regulator, a non-electric device that regulates boiler temperature automatically, even during power failures. As the fire burns, smoke and hot gas pass through the hot coals on the grates to the rear of the firebox. Secondary air, admitted through the air dial on the firing door and through a tube in the rear of the firebox, mixes with these hot gases,

encouraging further burning and minimizing creosote formation.

TARM 400 Series boilers are converted easily to updraft operation by the addition of a vertical cast-iron baffle in the firebox. The baffle forces all primary air to pass up through the coal bed. Secondary air passing over the bed burns the carbon monoxide produced by the coal fire. Hot gases



# HS • TARM

down behind the baffle and up through the heat exchanger at the rear of the firebox.

Efficient burning is but the first step to an efficient boiler. Heat must be removed from the flue gases before the gases leave the boiler. In the TARM 400 Series, the vertical firetube heat exchanger extracts the maximum amount of heat from these gases before they are vented up the chimney. Less heat up the chimney means more heat in your house—where you want it.

## construction

For durability, all TARM 400 Series boilers are constructed of 1/4" steel plate. The doors and grates are cast and machined from the finest gray iron.

For maximum flexibility of installation, the flue outlet may be mounted either on the right side of the boiler or at the rear.

For ease of maintenance, the firetube heat exchanger, accessible when the cleanout cover is removed, may be cleaned quickly and easily with the round flue brush supplied with the boiler.

The optional tankless copper coil is 7/8" in diameter—larger than average to ensure good heat output even at lower boiler temperatures.

Note: TARM 400 Series boilers are available constructed in accordance with the ASME Boiler and Pressure Vessel Code and National Board-registered.

## controls and accessories

Each TARM 400 Series boiler is shipped with the following:

- cast-iron doors and shaker grates
- SAMSON Automatic Draft Regulator
- High Limit Aquastat (overheat control)
- ASME Boiler Pressure Relief Valve
- cleaning tools

The following accessories may be ordered with the boiler or ordered separately for installation at a later date:

- cast-iron baffle plate for burning anthracite coal
- copper tankless coil and ASME Coil Pressure Relief Valve for heating domestic water
- electrical elements package for converting the TARM 400 boiler to an independent multi-fuel system

## 20-year limited warranty

All HS TARM boilers sold after Nov. 15, 1981 carry a 20-year limited warranty, a copy of which is provided with the boiler and is available from your HS TARM Dealer or from Tekton Corporation.

All TARM 400 Series boilers are ETLM-approved. All specifications are subject to change without notice. The responsibility for determining compliance with local and state codes is the obligation of the dealer.

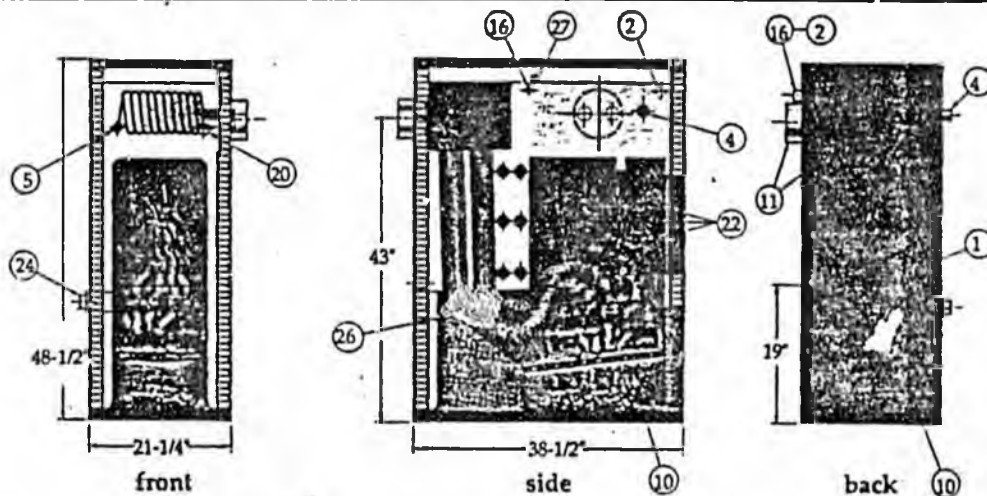
Note: Adequate chimney draft is required for proper operation of all wood-fired boilers. Please observe minimum chimney requirements in the table above.

© 1981, Tekton Corporation

## specifications

		TARM 402	TARM 404
Maximum Gross Output-Wood	Btu/hr	110,000	150,000
Burn Time	hr	5	6
Minimum Gross Output-Wood	Btu/hr	25,000	37,000
Burn Time	hr	14	16
Maximum Gross Output-Coal*	Btu/hr	120,000	168,000
Burn Time	hr	12	12
Minimum Gross Output-Coal*	Btu/hr	30,000	42,000
Burn Time	hr	24+	24+
Maximum Output with 6 Electrical Elements	Btu/hr	102,000	102,000
	KW	36	36
Domestic Hot Water Output — Wood	GPM	2.2	3.0
Boiler Body			
Width	in	21 1/4	24 1/4
Depth	in	38 1/2	49 1/4
Height	in	48 1/2	48 1/4
Firebox			
Length	in	18 1/4	27 1/2
Width	in	13 1/4	16 1/4
Height	in	27 1/2	27 1/2
Volume	cu ft	4	7
Height to Center of Flue Tapping(s) for:	in	43	43
1 Return	in	1 1/2	1 1/2
2 Supply	in	1 1/2	1 1/2
3 Fusible Plug	in	3/4	3/4
4 Aquastats	in	3/4	3/4
5 Indicator	in	1/2	1/2
10 Drain & Fill	in	1	1 1/2
11 Flue Outlet	in	6	8
14 Tankless Coil	in	3/4	3/4
15 Tankless Coil	in	3/4	3/4
16 Pressure Relief Valve	in	3/4	3/4
20 Draft Regulator	in	3/4	3/4
22 Electrical Elements	in	1	1
24 Preheated Secondary Air Control	in	3/4	3/4
26 Preheated Secondary Air Manifold	in	3/4	3/4
27 Air Vent	in	3/4	3/4
Water Volume	gal	41	62
Weight of Boiler Body	lbs	968	1,430
Weight of Jacket	lbs	88	99
Pressure Test	psi	60	60
Minimum Flue Size	in	8 x 8	8 x 12
Minimum Chimney Height	ft	20	20
Minimum Draft Required	in/WG	.05	.05

\* with optional coal baffle installed

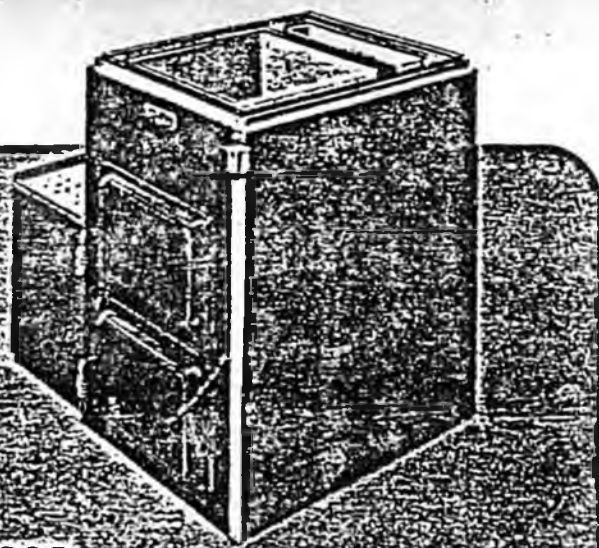


ROUTE 116, CONWAY, MA 01341



# CWF Dual-Fuel Furnace

Stops worrying about shortages  
and spiralling prices — install a  
Duo-Matic coal and wood burning furnace



Burns either wood or coal,  
for convenience and economy.

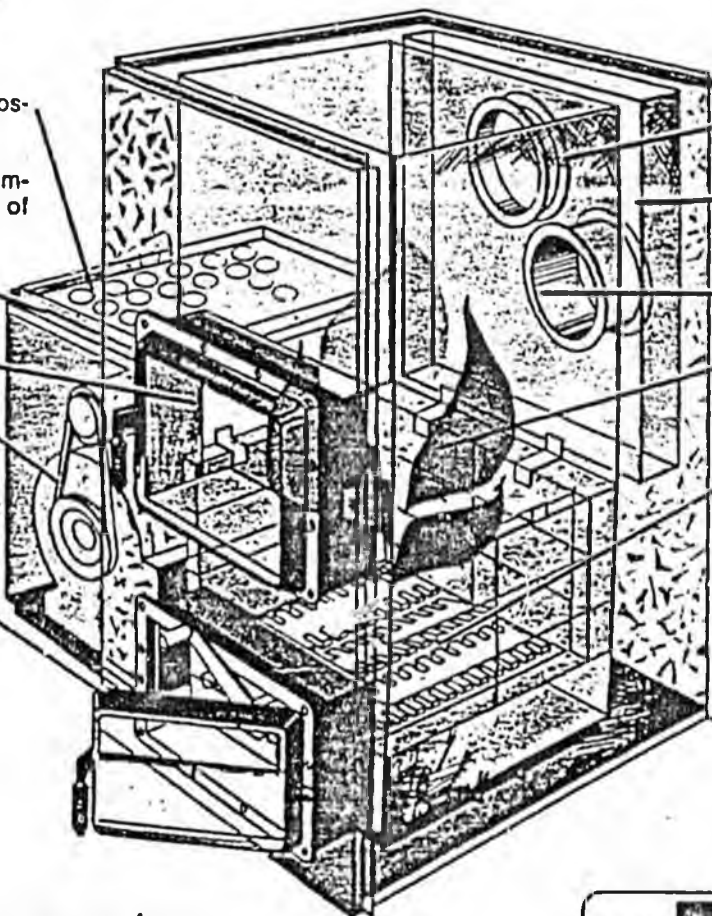
Regular size spun glass disposable filters.

Optional Blower Section assembles on right or left hand side of heat exchanger

Firedoor and combustion chamber with the capacity to burn 18" logs.

Optional high capacity blower.

Ash pit door—easy access to convenient removable ash pan.



Heavy duty welded construction.

Secondary heat exchanger to extract the maximum amount of heat.

7" diameter flue pipe.

Fire Brick. Lined with thick heavy duty Fire Brick rated for up to 3000° F.

Cast Iron Grates—heavy duty cast iron grates for wood or coal burning application. Shaker handle included.



Quality built to last  
Certified by C.S.A

**CWF** —Add on to your present warm air furnace, or install as a free-standing solid fuel furnace.



**MULTI-FUEL  
FURNACES**

Even heat distribution • Automatic thermostat controls •

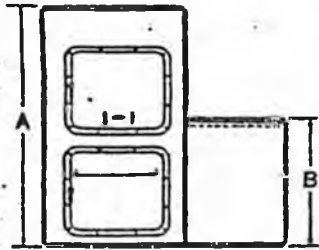
The Largest Selling Multi-Fuel  
Furnace in North America.



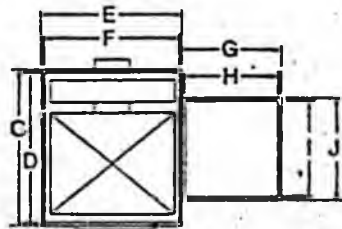
# CWF SERIES

## Burns wood or coal.

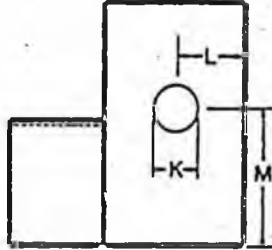
### Specifications and Dimensions for CWF Furnace



FRONT VIEW



TOP VIEW



REAR VIEW

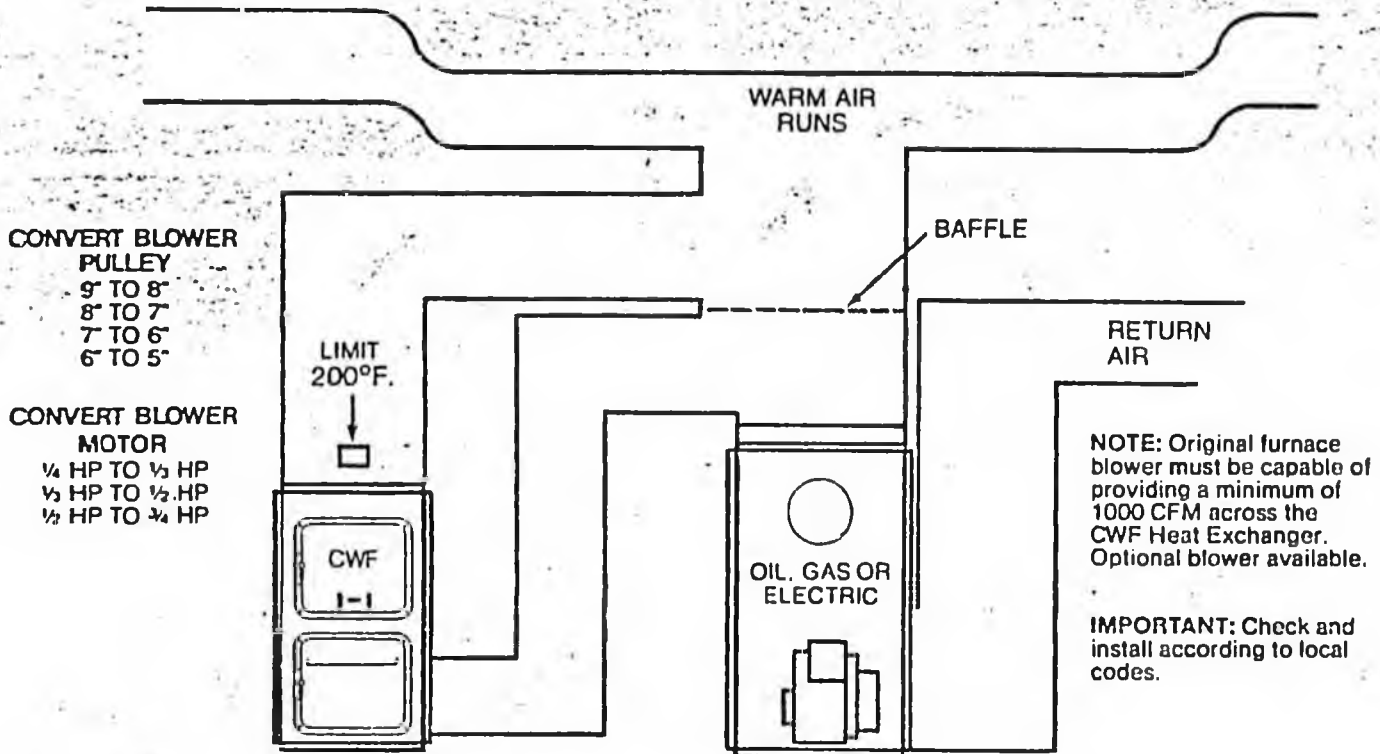
#### Dimensions:

- A=Furnace section height 52 $\frac{1}{2}$ "
- B=Blower section height 30 $\frac{1}{2}$ "
- C=Furnace section depth 33 $\frac{1}{2}$ "
- D x F=Hot air plenum 24 $\frac{1}{2}$ "w x 31 $\frac{1}{2}$ "l.
- E=Furnace section width 27 $\frac{1}{2}$ "
- G=Blower section width 21 $\frac{1}{2}$ "
- H x I=Cold air plenum 19 $\frac{1}{2}$ "w x 18 $\frac{1}{2}$ "l.
- J=Blower section depth 20"
- K=Flue pipe dia. 7"
- L=Flue pipe to center furnace section 13 $\frac{1}{2}$ "
- M=Flue pipe to center from floor 34 $\frac{1}{2}$ "

#### Specifications:

- Solid fuel combustion chamber: Fire brick lined with cast iron grates. Size: 18" x 17" x 14"
- Firing Door: 16 $\frac{1}{4}$ " x 13 $\frac{1}{2}$ "
- Insulated Cabinet: Foil faced mineral fibers.
- Flue outlet: 7"
- Blower motor:  $\frac{1}{4}$  HP.
- Blower: CFM-1000 • Blower: 9" wheel type.
- Ex. Static: 20 • Air filter: 1 20" x 20"
- B.T.U.: Estimated max. 120,000.
- Shipping weight: Complete 625 lbs.

### Suggested Wood ADD-ON Duct Installation



## Olsen Inc.

AVAILABLE FROM

Duo-Matic/Olsen, Inc.  
2510 Bond Street  
Park Forest South, IL 60466