

LEG. FINANCE - BILLS 1977 - 1978 670

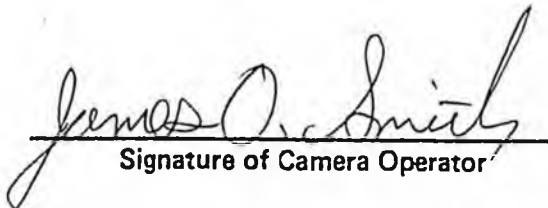
HB 153 thru CS HB 154 620

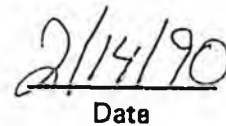


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

"An Act making a special appropriation to the Department of Commerce and Economic Development to provide matching grants to promote conventions and travel; effective date."

COMMITTEE REPORT

2/18/77

HOUSE

Mr. Speaker:

Date _____

The Committee on FINANCE has had HB 153

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Chairman

"An Act making a special appropriation to the Department of Commerce and Economic Development to provide matching grants to promote conventions and travel; and providing for an effective date."

COMMITTEE REPORT

2-2-77

HOUSE

FINANCE

2/18/77 Date

Mr. Speaker:

The Committee on COMMERCE has had HB 153

under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that CS for _____ do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

<u>Joe McKinnon</u>	<u>Do Pass</u>	<u>Frank [unclear] - Do Pass</u>
<u>Joe S. Madley</u>	<u>" "</u>	
<u>Charles Han</u>	<u>" "</u>	
<u>James [unclear]</u>	<u>" "</u>	
<u>Joe L. Hayes</u>	<u>DO PASS</u>	

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

Joe McKinnon
Chairman

3196
Berry

Introduced: 2/2/77
Referred: Commerce and
Finance

BY DUNCAN AND MILLER

1 IN THE HOUSE

2 HOUSE BILL NO. 153

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Commerce and Economic Development to provide
8 matching grants to promote conventions and travel; and
9 providing for an effective date."

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

11 * Section 1. The sum of \$200,000 is appropriated from the general fund to
12 the Department of Commerce and Economic Development, division of tourism, to
13 provide matching grants for programs undertaken by municipalities or non-
14 profit corporations funded in whole or in part by municipalities to promote
15 conventions in and incentive travel to Alaska. Upon application to and
16 approval by the director of the division of tourism, funds will be granted as
17 a 50 per cent matching grant not to exceed \$50,000 in any one community.

18 * Sec. 2. This Act takes effect July 1, 1977.

ALASKA STATE LEGISLATURE

TENTH Legislature FIRST Session

HOUSE BILL NO. 153

By DUNCAN AND MILLER

"An Act making a special appropriation to the Department of Commerce and Economic Development to provide matching grants to promote conventions and travel; and providing for an effective date."

Grants to promote conventions

Introduced in the House 2-2, 1977

HISTORY IN THE HOUSE

19 77	Read first time and referred to Committee on Commerce and Finance										
Feb. 2	Reported back with recommendation that										
	Read second time and										
	Read third time and										
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reconsideration										
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reported correctly engrossed										
	Signed by Speaker										
	Sent to Senate										
	CHIEF CLERK OF THE HOUSE										

HISTORY IN THE SENATE

19	Read first time and referred to Committee on										
	Reported back with recommendation that										
	Read second time and										
	Read third time and										
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reconsideration										
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reported correctly engrossed										
	Signed by President										
	Returned to House										
	SECRETARY OF THE SENATE										

HISTORY IN THE HOUSE

19	Received from Senate
	Concurred in Senate amendment thus adopting:
	Failed to concur in Senate amendment; asked Sen. to recede
	Senate receded from amendment
	Senate failed to recede from amendment
	FCC appointed by House
	FCC appointed by Senate
	FCC adopted
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Filed with Lt. Governor
	Chapter No.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 153
 Title Appropriation to provide matching grants for conventions and travel
 Requested by House Commerce Committee Date 2/2/77

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development
 Program Category Affected Development
 Budget Request Unit(s) Affected Division of Tourism

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	200.0	0	0	0	0	0

TOTAL

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND	200.0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

IV. DATE February 7, 1977 PREPARED BY Terry L. Miller
 AGENCY Division of Tourism
 Original: Legislative Finance PHONE 465-2005
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Introduced: 2/2/77
Referred: Commerce and
Finance

1 IN THE HOUSE

BY DUNCAN AND MILLER

2 HOUSE BILL NO. 153

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Commerce and Economic Development to provide
8 matching grants to promote conventions and travel; and
9 providing for an effective date."

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

11 * Section 1. The sum of \$200,000 is appropriated from the general fund to
12 the Department of Commerce and Economic Development, division of tourism, to
13 provide matching grants for programs undertaken by municipalities or non-
14 profit corporations funded in whole or in part by municipalities to promote
15 conventions in and incentive travel to Alaska. Upon application to and
16 approval by the director of the division of tourism, funds will be granted as
17 a 50 per cent matching grant not to exceed \$50,000 in any one community.

18 * Sec. 2. This Act takes effect July 1, 1977.

19

20

21

22

23

24

25

26

27

28

29

#



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

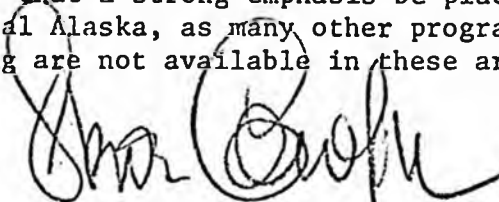
2/14/90
Date

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE REPORT CS HB 154

In an effort to make sure all Alaskans have an equal opportunity to participate in the housing programs of the Alaska Housing Finance Corporation, the Finance Committee recommends that A.H.F.C. conduct an educational program with the commercial financing institutions throughout the state to make sure they are aware of the A.H.F.C. program and are informing their clients of its availability.

Alaska Housing Finance Corporation has made significant strides in expanding the home mortgage funds available in rural Alaska. The Finance Committee feel that there is still a need to expand these programs further for housing needs in rural Alaska. It is the Finance Committee's intent that a strong emphasis be placed on the needs of housing in rural Alaska, as many other programs and conventional bank financing are not available in these areas.



Steve Cowper, Chairman
House Finance Committee

Original sponsor: Nakak, Gardiner,
Bradley, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 154

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the mortgage
7 insurance fund of the Alaska Housing Finance Corpora-
8 tion; and providing for an effective date."

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

10 * Section 1. The sum of \$2,000,000 is appropriated from the general fund
11 to the mortgage insurance fund of the Alaska Housing Finance Corporation to be
12 paid to the mortgage insurance fund in the amounts requested by the corpora-
13 tion as necessary in connection with the issuance of insured mortgage program
14 bonds of the corporation.

15 * Sec. 2. This Act takes effect March 1, 1977.
16
17
18
19
20
21
22
23
24
25
26
27
28
29

STATE
of ALASKA**MEMORANDUM**
DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENTTO: The Honorable Steve Cowper
Chairman
House Finance Committee

DATE: February 10, 1977

FILE NO:

TELEPHONE NO:

FROM:  H. Phillip Hubbard
CommissionerSUBJECT: CS HB 154
Alaska Housing Finance Corporation

In that the subject bill was referred from committee without my testimony, I submit for the record the following:

- a. As a member of the Board of the Alaska Housing Finance Corporation, I met with the Governor and representatives of his Budget Review Committee. It was agreed that a special appropriation during the current year was preferable to an increase in the FY 78 request. Further, it was determined that the amount of the special appropriation should be \$1.5 million.
- b. On behalf of the Board, I support the proposed committee report submitted by Representatives Nakak and Gardiner. The Board has agreed to formulate a plan of action which should assure rural Alaska the availability of home mortgage funds.

I very much appreciate your considering this testimony and look forward to working in close cooperation with the committee.

Attachments

cc: Richard T. Hall
Representative Alfred C. Nakak
Representative Terry Gardiner
V. Kent Dawson

Alaska HOUSING FINANCE CORPORATION



January 27, 1977

Honorable Sterling Gallagher
Commissioner of Revenue

Thru:
Honorable H. Phillip Hubbard
Commissioner of Commerce & Economic Development
Pouch D
Juneau, Alaska 99801

Dear Commissioner Gallagher:

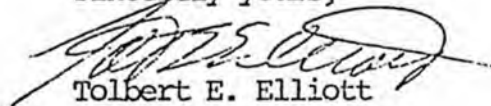
In order to continue the Alaska Housing Finance Corporation's Insured Mortgage Program it is necessary that funds be made available for deposit in the State Mortgage Insurance Fund.

It is requested that the Administration ask the legislature for a supplemental appropriation of \$1,500,000 for the fund. This would make it possible for AHFC to sell \$75,000,000 of bonds for the purpose of buying conventional loans.

Funds appropriated for the Mortgage Insurance Fund are not a grant but may be repaid to the general fund of the State to the extent of appropriations (AS 18.56.095) when the fund balances exceed two percent (2%) of the principal amount of insured mortgages.

With investment of the fund by the Department of Revenue and reduction of the principal balance of insured mortgages over a period of time, the fund will reach the point that it will be self-sustaining.

Sincerely yours,


Tolbert E. Elliott
Executive Director

TEE/bhw

February 10, 1977

MEMO

To: Rep. Steve Cowper

From: Rep. Alfred C. Nakak
Rep. Terry Gardiner

The following is a proposed committee report in regard to CS HB 154. In an effort to make sure all Alaskans have an equal opportunity to participate in the housing programs of the Alaska Housing Finance Corporation, the Finance Committee recommends that A.H.F.C. conduct an educational program with the commercial financing institutions throughout the state to make sure they are aware of the A.H.F.C. program and are informing their clients of its availability.

Alaska Housing Finance Corporation has made significant strides in expanding the home mortgage funds available in rural Alaska. The Finance Committee feels that there is still a need to expand these programs further for housing needs in rural Alaska. It is the Finance Committee's intent that a strong emphasis be placed on the needs of housing in rural Alaska, as many other programs and conventional bank financing are not available in these areas.

Alaska HOUSING FINANCE CORPORATION



February 4, 1977

Representative Alfred C. Nakak
Pouch V
Juneau, Alaska 99811

Dear Al:

I am enclosing copies of Alaska Housing Finance Corporation's 1975 Annual Report which unfortunately is outdated. Our new 1976 Annual Report should be printed within the next three weeks, and we will forward additional copies to you at that time.

Also enclosed is the official statement for our latest \$25 million bond sale and our latest \$25 million note sale. Both have current financial information, as well as a summary of how Alaska Housing Finance Corporation operates.

HB 154 is appropriating \$2 million for the State Mortgage Insurance Fund for Alaska Housing Finance Corporation.

We have been working through the Governor's budget committee and the Department of Commerce, and they have indicated they will request \$1.5 million in a supplemental appropriation.

The advantage of this supplemental appropriation is that it could move through both the House and the Senate and be signed by the Governor and make the funds available prior to the end of the legislative session.

At the present time, it appears we will have need of a bond sale in May or early June. We will need the funds available for the State Mortgage Insurance Fund at that time.

We would prefer to have the supplemental appropriation in the amount of \$1.5 million, if that meets with your approval.

Obviously, the \$2 million dollars would last us longer, but it is our opinion, after analyzing our needs, that we could make it into the next legislative session with the \$1.5 million appropriation.

It appears that Mr. Elliott, who is Executive Director of Alaska Housing Finance Corporation, and Commissioner Hubbard will be in Juneau to offer testimony at the House Finance Committee meeting on February 10 at 1.30.

Unfortunately, I will be out of the state and unable to attend, but I do strongly support this legislation.

Representative Alfred C. Nakak
Page 2

February 4, 1977

By funding the \$1.5 million, it should allow Alaska Housing Finance Corporation to sell \$75 million of bonds, which in turn will allow us to serve 1,500 home owners in the State of Alaska this coming year under our program.

Please pass on to Representative Cowper the excess material for the Finance Committee.

We want to thank you for favorable consideration.

Very truly yours,

Richard T. Hall
Richard T. Hall
Chairman

*Phil - Call me if
any questions
Duit*

272-5544

RTH:mr

Enclosures

bc: Phil Hubbard ✓
Tolbert Elliott



Suite 100, Plaza 201 East 3rd Avenue, Anchorage, Alaska
P.O. Box 1020 Anchorage, Alaska 99510
Telephone (907) 274-4621

Investing in Alaska

REPORT TO THE GOVERNOR

The Honorable Jay S. Hammond

It is with pleasure and pride that we submit to you the third Annual Report of the Alaska Housing Finance Corporation.

During the year we were able to implement the State Mortgage Insurance Program authorized under Section 18.56.095 of Chapter 56 of the Alaska Statutes. The program was made operational with Corporation money pledged to the State Mortgage Insurance Fund. Conventional loans made under this program are fully insured by private mortgage insurance and the State Mortgage Insurance Fund. This program has had a successful start and should develop into one of the major programs of the Corporation.

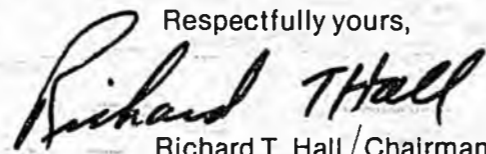
The Corporation initiated two pilot programs in the remote areas of our State in 1975 using the Corporation's unrestricted funds; a rehabilitation loan program for homeowners with a \$2,000 maximum loan and material loans for construction of new homes. We made twenty-six rehabilitation loans and five material loans in a total amount of \$117,500. Both of these programs filled a need that was not being met by other lending institutions.

We have continued to purchase mortgages under our Housing Mortgage Bond Program. Since beginning operations in 1972, we have purchased 2984 FHA/VA

loans totaling \$126,054,176 and 275 conventional loans under this program in the amount of \$11,988,629. In addition we have purchased 113 mortgages with funds borrowed from the State of Alaska totaling \$9,081,622.

By following sound fiscal and administrative policies under the direction of its Board, the Corporation enjoys a favorable credit rating. This helps us sell our bonds at a favorable rate enabling the Corporation to fulfill its authorized purposes.

Respectfully yours,



Richard T. Hall / Chairman



The new against a Frontier



Perry R. Eaton



Elma L. Johnson

Mortgage Seller-Servicers

Alaska Bank of Commerce
Alaska Federal Savings & Loan,
Anchorage and Juneau
Alaska Mutual Savings Bank
Alaska National Bank of the North
Alaska Statebank
AmFac Mortgage Company
B. M. Behrends Bank
Coast Mortgage Company
First Federal Savings & Loan, Anchorage
First National Bank of Anchorage
First National Bank of Ketchikan
Home Federal Savings & Loan Association
Lomas & Nettleton
National Bank of Alaska
Peoples Bank & Trust
Security National Bank
Security Pacific Mortgage Company
Spokane Mortgage Company
United Bank Alaska

Managing Underwriters

Dean Witter & Co., Incorporated, San Francisco & New York
Merrill, Lynch, Pierce, Fenner and Smith, New York
Bache, Halsey, Stuart, Inc., New York
New York
John Nuveen & Co., New York

Bond Counsel

Wohlforth & Flint
Anchorage

Independent Certified Public Accountants

Price Waterhouse & Co.
Anchorage

Trustee

Bank of America (NTSA)
San Francisco

Paying Agents

Bank of America (NTSA)
San Francisco
Chase Manhattan Bank, New York
Chemical Bank, New York
Morgan Guarantee Trust Co., New York



In connection with the issuance of the 1975 Series A and B Housing Mortgage Bonds, mortgage loans were purchased from the Note Fund and a portion of the proceeds set aside for retirement of outstanding notes. Accordingly, at November 30, 1975, \$21,000,000 of the Note Fund's short-term investments had been deposited in a note repayment account and may be applied only to payment of principal on the mortgage finance notes maturing March 15, 1976.

NOTE 3 — HOUSING DEVELOPMENT FUND PROGRAMS:

The Corporation entered into agreements with the State of Alaska and Alaska State Housing Authority, whereby the Corporation borrowed \$3,900,000 from the State for a term of 36 years at an annual interest rate of 3%, which is collateralized by a deed of trust note receivable from the Authority. Concurrently, funds were loaned by the Corporation to the Authority for a term of 36 years at an annual interest rate of 3% for the construction of an apartment building in Juneau, Alaska.

Other notes payable to the State of Alaska in the amount of \$5,054,640 bearing interest at 5% to 6%, mature in 1977 but are renewable at the option of the Commissioner of Revenue. Principal reductions are required on these notes until maturity in an amount equal to the principal portion of the loan payments on the mortgage loans assigned as security for the notes.

NOTE 4 — RESERVE FOR POSSIBLE MORTGAGE LOAN LOSSES:

During 1974 the Board of Directors designated \$100,000 of accumulated earnings as a reserve for possible mortgage loan losses on conventional mortgages. Further, the Board provided an additional appropriation from fund balances equivalent to 1/4% of 1% on mortgages without private mortgage insurance and assigned one-half of the commitment fee (1% of mortgage balance) on conventional mortgages and earnings from segregated assets.

The funds segregated in the Corporation Operating Fund for possible mortgage loan losses are as follows:

	November 30, 1975	November 30, 1974
Cash	\$ 25,787	\$ 23,006
Short-term investments	183,000	140,000
Accrued interest receivable	2,986	
	<u>\$211,773</u>	<u>\$163,006</u>

NOTE 5 — COMMITMENTS:

At November 30, 1975 the Corporation had commitments to purchase first mortgage loans of approximately \$11,100,000.

The Corporation leases its office facilities and certain equipment for periods expiring between July, 1978 and October, 1980 with annual rental payments of approximately \$44,000. The Corporation is also obligated for a pro-rata portion of any increases in property taxes paid by the lessor.

Subsequent to year-end, the Corporation issued \$5,000,000 in Insured Mortgage Bonds, First Series, under a new program with characteristics distinct from prior undertakings. Generally, the distinguishing features are that most of the mortgage loans are expected to be conventional (rather than FHA, VA, etc.) and will be insured under a newly-created State Mortgage Insurance Fund (the "Fund"). The Fund is held by the Commissioner of Revenue of the State of Alaska and is to be financed by an insurance charge equal to 1/2% of the principal amount of each mortgage loan financed under the program. However, in order to meet the Fund's initial capital requirements, the Corporation will provide \$100,000 from its Operating accounts. This amount will be returned to the Corporation at such time that sufficient earnings have accrued within the Fund so that its capital has, for a two-year period, at all times been equal to or greater than 2% of the unpaid principal of the insured loans. Additionally, costs of issuance related to the First Series Bonds, estimated at \$130,000, will be paid by the Corporation from its Operating accounts and may be reimbursed from the proceeds of sale of additional bonds.



Richard T. Hall



Charles W. Guinn



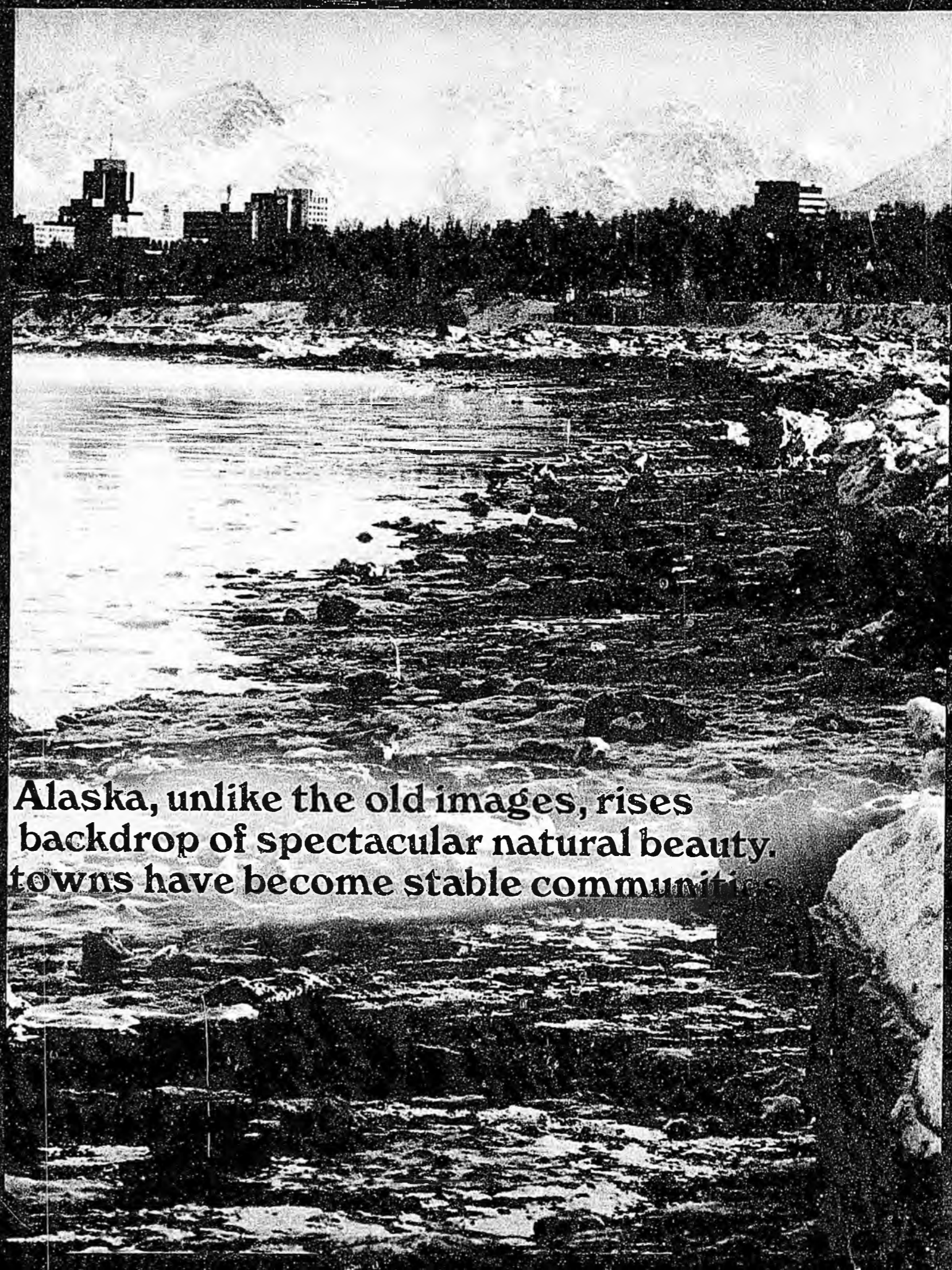
Franklin C. Roppel



Langhorne A. Molley



Tolbert E. Elliott



**Alaska, unlike the old images, rises
backdrop of spectacular natural beauty.
towns have become stable communities**

	Original Amount (In 000's)	Outstanding	
		November 30, 1975	November 30, 1974
1972 Series A, 5.4%—7%, maturing serially in annual amounts varying from \$185,000 to \$900,000 from December 1, 1974 through 2002, including unamortized premium of \$8,619 and \$9,509	\$13,500	\$13,248,619	\$13,434,509
1973 Series A, 5.5%—6.75% maturing serially in annual amounts varying from \$170,000 to \$885,000 from December 1, 1974 through 2000	13,000	12,030,000	13,000,000
1973 Series B, 5.8%—7%, maturing serially in annual amounts varying from \$200,000 to \$1,105,000 from December 1, 1974 through 1989, and \$24,700,000 in term bonds due December 1, 2003, including unamortized premiums of \$26,092 and \$28,101	36,000	35,826,092	36,028,101
1975 Series A, 7%—8.75%, maturing serially in annual amounts varying from \$340,000 to \$1,410,000 from December 1, 1976 through 1995, and \$19,455,000 in term bonds due December 1, 2005, net of unamortized discount of \$168,574	35,000	34,831,426	
1975 Series B, 6.5%—7.75%, maturing serially in annual amounts varying from \$120,000 to \$470,000 from December 1, 1976 through 1995, and \$6,740,000 in term bonds due December 1, 2005, net of unamortized discount of \$234,170	12,000	11,765,830	\$62,462,610

The bonds are subject to certain early redemption provisions at the option of the Corporation beginning in 1977.

The following assets of the Corporation are pledged for the payment of the bond principal and interest: (1) the proceeds derived from the sale of bonds, (2) all mortgage repayments with respect to loans financed under the program, (3) all monies and securities of the Reserve Fund held by the Trustee (\$1,149,581 and \$668,763 at November 30, 1975 and November 30, 1974, respectively), and (4) a Special Pledged Fund (approximately \$22,500,000 and \$12,000,000 at November 30, 1975 and November 30, 1974, respectively) consisting of first mortgage loans and permitted investments held by the Commissioner of Revenue for the State of Alaska. This latter fund is not reflected in the accompanying financial statements.

Debt service payments remaining at November 30, 1975 are as follows:

For Period Ended	Principal	Interest	Total
Nov. 30, 1975	\$ 835,000	\$ 3,644,011	\$ 4,479,011
Nov. 30, 1976	1,350,000	7,230,033	8,580,033
Nov. 30, 1977	1,445,000	7,129,183	8,574,183
Nov. 30, 1978	1,550,000	7,021,108	8,571,108
Nov. 30, 1979	1,670,000	6,905,121	8,575,121
Nov. 30, 1980	1,790,000	6,784,434	8,574,434
	8,640,000	38,713,890	47,353,890
Thereafter	100,230,000	100,870,422	201,100,422
	\$108,870,000	\$139,584,312	\$248,454,312

	Outstanding	
	November 30, 1975	November 30, 1974
Bond anticipation notes Third Series, 5% maturing December 13, 1974, including unamortized premium of \$720		\$12,000,720
Mortgage finance note First Series, 6.9% maturing February 11, 1975, including unamortized premium of \$10,002		40,010,002
Second Series, 5.17% maturing March 15, 1976	\$50,000,000	\$52,010,722
	\$50,000,000	\$52,010,722

The main thrust of the Alaska Housing Finance Corporation in 1975 was single family dwellings. Through AHFC support, hundreds of low and moderate income families have been able to secure mortgages for quality homes at reasonable interest rates.



But they also exist in the creative sides of life. A culture of its own is emerging in America's unique 49th state; a culture created by people who know who they are and where they are going.

In 1971 the State Legislature created the Alaska Housing Finance

There is a sense of purpose in Alaska that is here to stay. You can see it in the faces of the people.

Corporation to serve the housing needs of the people of Alaska; especially those of low and moderate income. The Corporation's activities principally involve the purchase of mortgage loans on single family dwellings. To finance these activities the AHFC sells notes and bonds on the public market.

Mortgage loans made or purchased with bond proceeds are limited to loans for owner-occupied dwellings for one family, and up to five additional units in the case of rental units. All such mortgage loans are required to have an original loan-to-value ratio of less than 80% or to be subject to private or Federal mortgage insurance to the extent that such ratio is greater than 80%.

AHFC CONVENTIONAL LOANS BY LOCATION
September 15, 1973 - November 30, 1975

LOCATION	NUMBER OF UNITS	TOTAL	LOCATION	NUMBER OF UNITS	TOTAL
Anchorage	172	\$5,415,105	Homer	5	188,700
Anchor Point	1	50,000	Hoona	3	105,500
Bellevue	19	691,902	Iliamna	4	74,000
Big Delta	1	16,650	Indian	1	53,550
Bird Creek	1	26,500	Juneau	56	2,099,472
Chitna	1	32,400	Kahla	12	395,900
Chitna	1	13,600	Ketchikan	79	2,364,600
Cruglak	4	131,650	Kodiak	10	379,150
Cordova	17	767,400	Kotzebue	1	39,000
Delta Junction	2	72,200	McGrath	1	20,000
Dillingham	2	31,500	Moose Pass	2	53,000
Douglas	6	192,100	Name	15	268,200
Eagle River	18	825,425	North Pole	6	264,300
Fairbanks	47	2,044,750	Palmer	14	534,950
Gambell	2	25,149	Peters Creek	4	137,350
Girdwood	1	35,000	Petersburg	9	317,700
Glennallen	2	64,900	Point Barrow	16	591,600
Haines	5	147,755	Rabbit Creek	3	138,450
Healy	1	27,000	Sand Point	4	153,500
			Seldovia	4	132,075
			Seward	6	183,200
			Sitka	2	79,900
			Skagway	1	47,250
			Soldotna	5	190,550
			Valdez	8	307,550
			Wasilla	14	619,555
			Wrangell	2	59,200
			Yakutat	12	250,000
			TOTALS	542	\$20,595,389

In determining the eligibility for assistance of persons of low and moderate income, the AHFC Act requires the Corporation to consider such factors as the population, resources and environment of the area, the present availability and condition of residential housing, the cost of construction and rehabilitation

AHFC operates on a broad scale throughout Alaska, touching nearly every corner of Alaska's 586,000 square miles and crossing all four of its time zones.

in and near the area as well as the availability of rental housing.

AHFC also takes into consideration such factors as the amount of income available for housing needs, size of family and ability to compete successfully in the normal housing market.

ALASKA HOUSING FINANCE CORPORATION NOTES to FINANCIAL STATEMENTS NOVEMBER 30, 1975

NOTE 1 — ACCOUNTING POLICIES:

The Alaska Housing Finance Corporation (the Corporation) is a tax-exempt public corporation and governmental instrumentality created by the Alaska legislature to assist in the financing, development, sale and rental of dwelling units for persons of lower and moderate income and for persons in remote, underdeveloped or blighted areas of the State. Generally, this is being accomplished by functioning as a secondary market for qualified real estate loans originated by financial institutions. Significant policies used in the preparation of its financial statements are as follows:

Fund accounting

The financial activities of the Corporation are recorded in various specific purpose funds and accounts as specified in the Corporation's Bond Resolution, Note Resolutions and Housing Development Fund Agreement. Revenues and expenses applicable to each fund are recorded in the respective funds.

Combined totals

The "Note Funds" and "Bond Funds" columns contain the totals of the similar accounts of such Funds and the "Combined" column contains the total of all Funds of the Corporation. Since the assets of certain of the Funds are restricted by the Resolutions and Housing Development Fund Agreement, the totaling of the accounts, including assets therein, is for convenience only and does not indicate that the combined assets are available in any manner other than that provided for in the Resolutions and Agreements for the separate Funds.

Short-term investments

Short-term investments are carried at the lower of cost or market value which excludes accrued interest.

Mortgage loans

Mortgage loans are carried at their unpaid principal balance less unamortized discount.

Amortization and depreciation

Mortgage discounts are amortized by the straight-line method over the lives of the related obligation. The credit to income for the current period does not vary significantly from that which would have resulted from utilization of a yield method of amortization. Discount and issuance expenses on debt are deferred and amortized, on a yield method, over the terms of the related issue.

Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Estimated useful lives are generally 5 to 20 years.

NOTE 2 — BONDS AND NOTES PAYABLE:

The Act of the Alaska Legislature which created the Corporation authorizes it to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as in the opinion of the Corporation will be necessary to provide sufficient funds for carrying out its purposes. The Corporation's obligations are not a debt of the State of Alaska and the State is not directly liable thereon. Obligations outstanding at November 30, 1975 and 1974 are as follows:



**ALASKA HOUSING FINANCE CORPORATION
STATEMENT OF REVENUES AND EXPENSES AND FUND BALANCES**

	Year Ended November 30, 1975					Year Ended November 30, 1974				
	Corporation Operating Fund	Note Funds	Bond Funds	Housing Development Fund	Combined	Corporation Operating Fund	Note Funds	Bond Funds	Housing Development Fund	Combined
Revenues:										
Interest income —										
Mortgages	\$ 514	\$ 849,678	\$ 6,425,219	\$ 464,413	\$ 7,739,824	\$ 371,384	\$ 4,374,445	\$ 346,121	\$ 5,091,950	
Construction loans						150,207			150,207	
Short-term investments	91,417	2,827,101	553,563	19,055	3,491,136	\$ 62,251	2,536,170	590,225	126,912	3,315,558
Loan fees	91,931	3,676,779	6,978,782	483,468	11,230,960	62,251	3,057,761	4,964,670	473,033	8,557,715
Total Revenues	215,579				215,579	216,151				216,151
	<u>307,510</u>	<u>3,676,779</u>	<u>6,978,782</u>	<u>483,468</u>	<u>11,446,539</u>	<u>278,402</u>	<u>3,057,761</u>	<u>4,964,670</u>	<u>473,033</u>	<u>8,773,866</u>
Expenses:										
Interest on notes and bonds		2,607,195	5,822,987	423,535	8,853,717	1,926,451	3,725,361	387,663	6,039,475	
Mortgage service fees		25,112	316,078	11,593	352,783	18,930	217,841	11,775	248,546	
General and administrative expense	136,207	41,921	27,176		205,304	175,397	(897)	9,982	6	184,488
Legal, accounting, and trustee fees	153,108				153,108	40,415				40,415
Interfund operating charge (credit)	(275,076)		275,076			(212,568)		212,568		
Total Expenses	14,239	2,674,228	6,441,317	435,128	9,564,912	3,244	1,944,484	4,165,752	399,444	6,512,924
Excess of revenues over expenses	293,271	1,002,551	537,465	48,340	1,881,627	275,158	1,113,277	798,918	73,589	2,260,942
Fund balance, beginning of period	1,059,072	1,023,946	1,379,954	68,140	3,531,112	309,817	384,766	581,036	(5,449)	1,270,170
Transfer of net assets applicable to matured bond anticipation notes to the Corporation Operating Fund	190,012	(190,012)				474,097	(474,097)			
Fund balance, end of period	<u>\$1,542,355</u>	<u>\$1,836,485</u>	<u>\$1,917,419</u>	<u>\$116,480</u>	<u>\$ 5,412,739</u>	<u>\$1,059,072</u>	<u>\$1,023,946</u>	<u>\$1,379,954</u>	<u>\$ 68,140</u>	<u>\$3,531,112</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended November 30, 1975					Year Ended November 30, 1974				
	Corporation Operating Fund	Note Funds	Bond Funds	Housing Development Fund	Combined	Corporation Operating Fund	Note Funds	Bond Funds	Housing Development Fund	Combined
Source of cash:										
From operations —										
Excess of revenues over expenses	\$293,271	\$ 1,002,551	\$ 537,465	\$ 48,340	\$ 1,881,627	\$275,158	\$ 1,113,277	\$ 798,918	\$ 73,589	\$ 2,260,942
Add (deduct) items not requiring (providing) cash:										
Net amortization of discounts, premiums and bond issuance costs		(17,977)	(172,552)		(190,529)		(47,622)	(103,039)		(150,661)
Depreciation	746				746	784				784
(Increase) decrease in accrued interest receivable	(15,794)	(470,242)	(356,621)	(10,094)	(852,751)	(747,391)	(81,710)	(28,661)		(857,762)
Increase (decrease) in accrued interest payable		274,250	1,781,020	(1,379)	2,053,891	899,677	733,520	27,343		1,660,540
Net increase (decrease) in accrued and prepaid expenses	23,340	(5,915)	11,438	(5,962)	19,901	11,179	4,375	(52,470)	(1,229)	(38,145)
Cash provided by operations	301,563	782,667	1,800,750	27,905	2,912,885	287,121	1,222,316	1,295,219	71,042	2,875,698
Transfer from (to) other funds	233,329	(84,497)	(25,509)	(123,323)		427,719	(579,612)	27,702	124,191	
Mortgages (purchased) sold to other funds		30,924,711	(30,924,711)				6,756,392	(6,756,392)		
Mortgage principal repayments	287	9,333,943	7,125,447	87,002	16,546,679		98,420	2,396,439	100,026	2,594,885
Decrease in construction loans							4,028,594		40,000	4,068,594
Net proceeds from sale of housing mortgage bonds			46,330,221		46,330,221					
Net proceeds from sale of bond anticipation notes							12,016,200			12,016,200
Net proceeds from sale of mortgage finance notes		50,000,000			50,000,000		40,035,292			40,035,292
Increase in notes payable to the State of Alaska									3,719,809	3,719,809
Total	535,179	90,956,824	24,306,198	(6,415)	115,789,785	714,840	63,577,602	(3,037,032)	4,055,068	65,310,478
Use of cash:										
Increase (decrease) in short-term investments	450,000	30,505,000	9,749,061	(250,000)	40,454,061	650,000	3,499,282	(17,047,088)	250,000	(12,647,806)
Purchase of first mortgage loans		20,160,267	14,974,815	61,885	35,196,967		25,055,528	13,327,605	3,078,610	41,461,743
Home improvement loans	46,500				46,500					
Increase in Alaska State Housing Authority deed of trust note receivable									469,809	469,809
Payment of housing mortgage bonds			555,000		555,000			75,000		75,000
Payment of bond anticipation and mortgage finance notes		52,000,000			52,000,000		24,000,000			24,000,000
Payment of State of Alaska notes				154,133	154,133				37,482	37,482
Other	10,199				10,199	495			975	1,470
Total	506,699	102,665,267	25,278,876	(33,982)	128,416,860	650,495	52,554,810	(3,644,483)	3,836,876	53,397,698
Increase (decrease) in cash	28,480	(11,708,443)	(972,676)	25,566	(12,627,075)	64,345	11,022,792	607,451	218,192	11,912,780
Cash balance, beginning of period	174,801	11,718,579	1,562,568	256,096	13,712,044	110,456	695,787	955,117	37,904	1,799,264
Cash balance, end of period	\$203,281	\$ 10,136	\$ 589,890	\$281,662	\$ 1,084,969	\$174,801	\$11,718,579	\$ 1,562,568	\$ 256,096	\$13,712,044

See accompanying notes to financial statements



Financial Statements

January 31, 1976

To the Board of Directors
Alaska Housing Finance Corporation

In our opinion, the accompanying balance sheet and the related statements of revenues and expenses and fund balances and of changes in financial position present fairly the financial position of Alaska Housing Finance Corporation at November 30, 1975, the results of its operations and the changes in financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements of Alaska Housing Finance Corporation for the year ended November 30, 1974 were examined by other independent accountants.

**ALASKA HOUSING FINANCE CORPORATION
BALANCE SHEET**

	November 30, 1975					November 30, 1974				
	Corporation Operating Fund	Note Funds	Bond Funds	Housing Development Fund	Combined	Corporation Operating Fund	Note Funds	Bond Funds	Housing Development Fund	Combined
ASSETS:										
Cash —										
Demand deposits (Note 4)	155,044	\$ 10,136	\$ 561,956		\$ 727,136	\$ 129,013	\$ 177,942	\$ 512,766	\$ 7,447	\$ 827,168
Savings accounts	48,237			\$ 281,662	\$ 329,899	45,788			248,649	294,437
Held in trust			27,934		27,934					12,590,439
	203,281	10,136	589,890	281,662	1,084,969	174,801	11,718,579	1,562,568	256,096	13,712,044
Short-term investments										
(Notes 1 and 4) —										
Certificates of deposit	1,300,000	51,604,000	11,585,100		64,489,100	500,000	20,744,000	2,645,300	250,000	24,139,300
Bank and commercial notes						350,000				350,000
U.S. Treasury notes			187,261		187,261			385,000		385,000
Bank repurchase agreements			1,007,000		1,007,000		355,000			355,000
	1,300,000	51,604,000	12,779,361		65,683,361	850,000	21,099,000	3,030,300	250,000	25,229,300
First mortgage loans, net of unamortized discount of \$1,884,668 in 1975 and \$1,903,480 in 1974 (Note 1)										
	46,213	901,306	99,473,265	4,902,381	105,276,952		20,992,438	60,500,216	4,927,498	86,420,152
Home improvement loans										
Deed of trust note receivable from Alaska State Housing Authority (Note 3)	46,213				46,213					
Accrued interest receivable (Note 4)	16,214	1,382,557	832,352	3,900,000	3,900,000	420	912,315	475,731	3,900,000	3,900,000
Prepaid expenses	30,449			69,482	2,300,605				59,388	1,447,854
Office equipment and improvements, net of accumulated depreciation of \$2,492 in 1975 and \$1,746 in 1974 (Note 1)	14,101				14,101	4,648				4,648
Bond issuance costs, net of amortization (Note 1)			418,459		418,459			180,741		180,741
Interfund accounts receivable (payable)						43,317	105,515	(25,509)	(123,323)	
Total Assets	\$1,610,258	\$53,897,999	\$114,093,327	\$9,153,525	\$178,755,109	\$1,073,186	\$54,827,847	\$65,724,047	\$9,269,659	\$130,894,739
LIABILITIES AND FUND BALANCES:										
Bonds and notes payable, net of unamortized discount or premium (Notes 2 and 3) —										
Housing mortgage bonds			\$108,501,967		\$108,501,967			\$62,462,610		\$ 62,462,610
Notes payable		\$50,000,000			50,000,000		\$52,010,722			52,010,722
Payable to the State of Alaska				\$8,954,640	8,954,640				\$9,108,773	9,108,773
Accrued interest payable		2,061,250	3,644,011	82,405	5,787,666		1,787,000	1,862,991	83,784	3,733,775
Accrued expenses	\$ 67,903	264	29,930		98,097	\$ 14,114	6,179	18,492	8,962	47,747
Total Liabilities	67,903	52,061,514	112,175,908	9,037,045	173,342,370	14,114	53,803,901	64,344,093	9,201,519	127,363,627
Fund balances, designated for —										
Possible mortgage loan losses (Note 4)	211,773				211,773	163,006				163,006
Purposes allowed within the respective funds (Note 5)	1,330,582	1,836,485	1,917,419	116,480	5,200,966	896,066	1,023,946	1,379,954	68,140	3,368,106
Total Fund Balances	1,542,355	1,836,485	1,917,419	116,480	5,412,739	1,059,072	1,023,946	1,379,954	68,140	3,531,112
Commitments (Note 5)										
Total Liabilities and Fund Balances	\$1,610,258	\$53,897,999	\$114,093,327	\$9,153,525	\$178,755,109	\$1,073,186	\$54,827,847	\$65,724,047	\$9,269,659	\$130,894,739

See accompanying notes to financial statements

AHFC's Housing Mortgage Program affords mortgagors lower than market interest rates.

Though a rustic setting appeals to many Alaskans, the primary market is for well-built housing with the conveniences of modern living.



AHFC staff with newly installed Wang computer (left to right) Secretary Linda Smith; Loan Officer Peggie A. Reynolds; and Accountant Stephanie Dersch.

AHFC's Housing Mortgage Program affords mortgagors lower than market interest rates.

With this approach, small developers have been assured of a stable market. This has contributed to the healthy, business climate and produced a stronger home delivery capability.

The demand for mortgage funds in Alaska continues to be strong. The "boom or bust" psychology that some observers feared has not materialized.

Because of Alaska's unique geographical conditions, income eligibility varies greatly throughout the State. The limit for a family of two in the Ketchikan, Prince of Wales, Juneau and Anchorage areas is \$23,690. But for a family of six in Aniak, Barrow, Cantwell, Kotzebue, McGrath, Nenana, Minto and other areas north of the Arctic circle it goes up to \$44,556.



JUNEAU ALASKA

99811

Alaska State Legislature
House

Representative
Alfred C. Nakak
HESS & Rules Committee
State Affairs Committee

TO: Rep. Steve Cowper, Chairman
House Finance Committee Members

DATE: February 10, 1977

FROM: Rep. Alfred C. Nakak

SUBJECT: CSHB 154

I urge your support of CSHB 154 as it will have a positive and immediate impact on the Alaskan Housing Market.

Moreover, we urge the committee to recommend to the Alaska Housing Finance Corporation its Educational output to the Commercial Financing institutions on a statewide basis for their utilization of the services of the A.H.F.C.

At the risk of becoming redundant with further statements, I close and thank-you for your attention.

ACN /kc

February 17, 1977

The Honorable John Rader
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear President Rader:

The efforts of the Alaska Housing Finance Corporation to make home ownership a reality to those citizens of our state who otherwise might never own their own homes has been and continues to be encouraged by my Administration. The Insured Mortgage Program which only recently began under the auspices of the Corporation has been more successful in this regard than I think any had hoped. To continue this program and meet the obvious demand for this service, it is now necessary that funds be made available for deposit in the State Mortgage Insurance Fund.

Since HB 154 has already been introduced by members of the legislature, I think it most expeditious if I make you aware of my support for funds in this letter. I see no need to introduce a separate bill.

I, therefore, urge you to pass a supplemental appropriation this session in the amount of \$1,500,000 in General Fund dollars for this purpose. I support this amount since I think it wise that the Corporation return next year should additional funds be needed. This will allow myself and the legislature a mid-year review of the program.

It is my understanding that the funds thus appropriated would not be a grant but may be repaid to the general fund once the Mortgage Insurance Fund balances exceed two percent (2%) of the principal amount of insured mortgages. With investment of the fund by the Department of Revenue and reduction of the principal balance of insured mortgages over a period of time, the fund will reach the point of being self-sustaining.

In passing out HB 154 the Finance Committee has evidenced a general concern for the needs of housing in Alaska. The Alaska Housing Finance Corporation has made significant strides in expanding the home mortgage funds available in rural areas of Alaska. They have also made significant contributions through their loan programs which enable home owners to upgrade their existing homes.

While Alaska Housing Finance Corporation has moved into the rural areas to fulfill these housing needs, there is still a large need to be fulfilled. It is the Finance Committee's intent that a strong emphasis be placed on the needs of housing in rural Alaska, as many other programs and conventional bank financing are not available in those areas. It is the Finance Committee's intent that there should be an increasing proportion of Alaska Housing Finance Corporation's mortgages in the rural housing market.

Introduced: 2/2/77
Referred: Finance

BY NAKAK, GARDINER, BRADLEY,
COTTEN, DUNCAN, GRUENING,
MCKINNON, MALONE, MEEKINS,
MILLER, SWANSON AND URION

1 IN THE HOUSE

2 HOUSE BILL NO. 154

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the mortgage
7 insurance fund of the Alaska Housing Finance Corpora-
8 tion; and providing for an effective date."

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

10 * Section 1. The sum of \$2,000,000 is appropriated from the general fund
11 to the mortgage insurance fund of the Alaska Housing Finance Corporation to be
12 paid to the mortgage insurance fund in the amounts requested by the corpora-
13 tion as necessary in connection with the issuance of insured mortgage program
14 bonds of the corporation. This appropriation is conditional on the corpora-
15 tion's paying into the mortgage insurance fund from its unrestricted surplus
16 funds the amounts necessary to match the amounts paid into the mortgage
17 insurance fund from this appropriation.

18 * Sec. 2. The unexpended and unobligated portion of this appropriation
19 lapses into the general fund June 30, 1978.

20 * Sec. 3. This Act takes effect March 1, 1977.

21

22

23

24

25

26

27

28

29

February 10, 1977

MEMO

To: Rep. Steve Cowper

From: Rep. Alfred C. Nakak
Rep. Terry Gardiner

The following is a proposed committee report in regard to CS HB 154. In an effort to make sure all Alaskans have an equal opportunity to participate in the housing programs of the Alaska Housing Finance Corporation, the Finance Committee recommends that A.H.F.C. conduct an educational program with the commercial financing institutions throughout the state to make sure they are aware of the A.H.F.C. program and are informing their clients of its availability.

Alaska Housing Finance Corporation has made significant strides in expanding the home mortgage funds available in rural Alaska. The Finance Committee feels that there is still a need to expand these programs further for housing needs in rural Alaska. It is the Finance Committee's intent that a strong emphasis be placed on the needs of housing in rural Alaska, as many other programs and conventional bank financing are not available in these areas.

HB 154

Alaska HOUSING FINANCE CORPORATION



January 26, 1977

The Honorable Terry Gardinar
Chairman, Judiciary Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Gardinar:

Enclosed is the information you requested showing the location of loans made by Alaska Housing Finance Corporation through November 30, 1976.

Sincerely,

Tolbert E. Elliott
Executive Director

TEE:whk

Enclosure

Alaska

HOUSING



FINANCE CORPORATION

Mortgage Loans Purchased and Committed
January 1, 1972 Thru November 30, 1976

<u>COMMUNITY</u>	<u>FHA</u>	<u>VA</u>	<u>CONV.</u>	<u>HOME IMPROVEMENT</u>	<u>TOTAL EA. COMMUNITY</u>
Anchorage	772	1450	662		2884
Barrow			7		7
Cordova	1	4	4		9
Chugiak		15	28		43
Eagle River	7	82	75		164
Fairbanks	95	150	102		347
Girdwood			5		5
Homer	8	8	14		30
Juneau	18	51	97		166
Kenai	12	11	28		51
Ketchikan	10	8	28		46
Kodiak	10	1	12		23
North Pole	2	2	2		6
Palmer	2	12	21		35
Petersburg		1	12		13
Sand Point			7		7
Seward	5	6	9		20
Sitka	3	7	4		14
Skagway			4		4
Soldotna	5	11	16		32
Valdez	2	1	5		8
Wasilla	1	6	32		39
Bethel			16		16
Kongiganek			7		7
Tuntutuliak			2	2	4
Kipnuk			1		1
Napakiak			1		1
Ekwok				8	8
Dillingham				6	6
New Styahok				3	3
Eek				1	1
Sitkinak Island				1	1
Hooper Bay				1	1
Atnautlauk				1	1
Koliganak				1	1
South Naknek				1	1
Iok			1		1
	953	1826	1202	25	4006

P.O. Box 1020, Anchorage, Alaska 99510

TO: AHFC Board of Directors

DATE: January 25, 1977

FROM: Tolbert E. Elliott
Executive Director

The following excerpt is for your information:

Real Estate Services Corporation

Appraisers, Counselors, Investment Analysts

KENNETH JAY GAIN, M.A.I., S.F.P.A., C.R.E.C. STATEWIDE SERVICE
PRESIDENT

FRANKLIN M. KING, JR., M.A.I.
EXECUTIVE VICE-PRESIDENT

GARRETT W. WALDNER, M.M., S.F.P.A.
SECRETARY-TREASURER

507 W. NORTH IN LIGHTS BLVD.
ANCHORAGE, ALASKA 99503
(907) 274-7634

1976 SURVEY OF THE ANCHORAGE REAL ESTATE MARKET AND ANCHORAGE REAL ESTATE BUSINESS

Confidence Rating of Agencies, Organizations, and Professions:

In an effort to determine the confidence that local Realtors have in various agencies, organizations, and professions, we asked them to indicate their opinion of a number of these agencies, organizations, and professions by indicating a rating of 5 for very good, a rating of 4 for good, a rating of 3 for fair, a rating of 2 for poor, and a rating of 1 for very poor. This is a listing of the agencies in order of their confidence ratings for this year. The numerical rating figure and last years rank and numerical rating follow.

Order of Rank	Agency, Organization, or Profession	Numerical Rating	Last Year's Rating	
			Order Of Rank	Numerical Rating
1	Alaska Housing Finance Corp.	4.06	2	3.61
2	Title Companies	3.61	1	3.89
3	Local Fee Appraisers	3.35	3	3.54
4	State Division of Veterans	3.15	7	2.93
5	Local Banks	3.08	5	3.10
6	Federal Veterans Admin.	2.92	8	2.89
7	Local Attorneys	2.90	6	3.03
8	Municipality of Anchorage	2.61	*	*
9	State of Alaska	2.60	9	2.77
10	Federal Housing Administration	2.45	11	2.29

* Last year the Municipality did not exist. In last year's study the City of Anchorage rated #4 with a rating of 3.35 and the Greater Anchorage Area Borough rated #10 with a rating of 2.29. Thus, the Municipality is rated poorer than the old City of Anchorage, but better than the old Borough.

Introduced: 2/2/77
Referred: Finance

BY NAKAK, GARDINER, BRADLEY,
COTTEN, DUNCAN, GRUENING,
MCKINNON, MALONE, MEEKINS,
MILLER, SWANSON AND URION

1 IN THE HOUSE

2 HOUSE BILL NO. 154

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the mortgage
7 insurance fund of the Alaska Housing Finance Corpora-
8 tion; and providing for an effective date."

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

10 * Section 1. The sum of \$2,000,000 is appropriated from the general fund
11 to the mortgage insurance fund of the Alaska Housing Finance Corporation to be
12 paid to the mortgage insurance fund in the amounts requested by the corpora-
13 tion as necessary in connection with the issuance of insured mortgage program
14 bonds of the corporation. This appropriation is conditional on the corpora-
15 tion's paying into the mortgage insurance fund from its unrestricted surplus
16 funds the amounts necessary to match the amounts paid into the mortgage
17 insurance fund from this appropriation.

18 * Sec. 2. The unexpended and unobligated portion of this appropriation
19 lapses into the general fund June 30, 1978.

20 * Sec. 3. This Act takes effect March 1, 1977.

21

22

23

24

25

26

27

28

29



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

2/14/90
Date

COMMITTEE REPORT

SENATE

3/8/77

_____ Date

Mr. President:

The Committee on FINANCE has had CSHB 154
spec. appropriation to mortgage insurance fund of Alaska Housing Finance Corp.
under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that
CS for _____ do pass
- (and) recommends it be referred to the _____
committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

_____	_____	_____
<i>Hokanson</i>	<i>Arthur Kentz</i>	_____
_____	_____	_____
<i>Phillips</i>	_____	_____
_____	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____	recommends: _____
_____	recommends: _____
_____	recommends: _____

_____ Chairman

OK

Original sponsor: Nakak, Gardiner,
Bradley, et al

Offered: 2/11/77
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 154

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the mortgage
7 insurance fund of the Alaska Housing Finance Corpora-
8 tion; and providing for an effective date."

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

10 * Section 1. The sum of \$2,000,000 is appropriated from the general fund
11 to the mortgage insurance fund of the Alaska Housing Finance Corporation to be
12 paid to the mortgage insurance fund in the amounts requested by the corpora-
13 tion as necessary in connection with the issuance of insured mortgage program
14 bonds of the corporation.

15 * Sec. 2. This Act takes effect March 1, 1977.

16

17

18

19

20

21

22

23

24

25

26

27

28

29

Introduced: 2/2/77
Referred: Finance

BY NAKAK, GARDINER, BRADLEY,
COTTEN, DUNCAN, GRUENING,
MCKINNON, MALONE, MEEKINS,
MILLER, SWANSON AND URION

1 IN THE HOUSE

2 HOUSE BILL NO. 154

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the mortgage
7 insurance fund of the Alaska Housing Finance Corpora-
8 tion; and providing for an effective date."

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

10 * Section 1. The sum of \$2,000,000 is appropriated from the general fund
11 to the mortgage insurance fund of the Alaska Housing Finance Corporation to be
12 paid to the mortgage insurance fund in the amounts requested by the corpora-
13 tion as necessary in connection with the issuance of insured mortgage program
14 bonds of the corporation. This appropriation is conditional on the corpora-
15 tion's paying into the mortgage insurance fund from its unrestricted surplus
16 funds the amounts necessary to match the amounts paid into the mortgage
17 insurance fund from this appropriation.

18 * Sec. 2. The unexpended and unobligated portion of this appropriation
19 lapses into the general fund June 30, 1978.

20 * Sec. 3. This Act takes effect March 1, 1977.

21

22

23

24

25

26

27

28

29

#

February 17, 1977

The Honorable John Rader
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear President Rader:

The efforts of the Alaska Housing Finance Corporation to make home ownership a reality to those citizens of our state who otherwise might never own their own homes has been and continues to be encouraged by my Administration. The Insured Mortgage Program which only recently began under the auspices of the Corporation has been more successful in this regard than I think any had hoped. To continue this program and meet the obvious demand for this service, it is now necessary that funds be made available for deposit in the State Mortgage Insurance Fund.

Since HB 154 has already been introduced by members of the legislature, I think it most expeditious if I make you aware of my support for funds in this letter. I see no need to introduce a separate bill.

I, therefore, urge you to pass a supplemental appropriation this session in the amount of \$1,500,000 in General Fund dollars for this purpose. I support this amount since I think it wise that the Corporation return next year should additional funds be needed. This will allow myself and the legislature a mid-year review of the program.

It is my understanding that the funds thus appropriated would not be a grant but may be repaid to the general fund once the Mortgage Insurance Fund balances exceed two percent (2%) of the principal amount of insured mortgages. With investment of the fund by the Department of Revenue and reduction of the principal balance of insured mortgages over a period of time, the fund will reach the point of being self-sustaining.

The Honorable John Rader -2- February 17, 1977

Members of my Administration from the Department of Commerce and the Department of Revenue are prepared to further amplify my remarks and my support.

Sincerely,

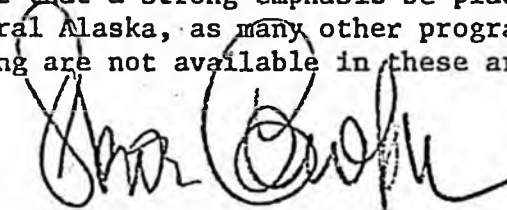
Jay S. Hammond
Governor

cc: The Honorable John Sackett ✓
The Honorable Steve Cowper

HOUSE FINANCE
COMMITTEE REPORT
CS HB 154

In an effort to make sure all Alaskans have an equal opportunity to participate in the housing programs of the Alaska Housing Finance Corporation, the Finance Committee recommends that A.H.F.C. conduct an educational program with the commercial financing institutions throughout the state to make sure they are aware of the A.H.F.C. program and are informing their clients of its availability.

Alaska Housing Finance Corporation has made significant strides in expanding the home mortgage funds available in rural Alaska. The Finance Committee feel that there is still a need to expand these programs further for housing needs in rural Alaska. It is the Finance Committee's intent that a strong emphasis be placed on the needs of housing in rural Alaska, as many other programs and conventional bank financing are not available in these areas.



Steve Cowper, Chairman
House Finance Committee

In passing out HB 154 the Finance Committee has evidenced a general concern for the needs of housing in Alaska. The Alaska Housing Finance Corporation has made significant strides in expanding the home mortgage funds available in rural areas of Alaska. They have also made significant contributions through their loan programs which enable home owners to upgrade their existing homes.

While Alaska Housing Finance Corporation has moved into the rural areas to fulfill these housing needs, there is still a large need to be fulfilled. It is the Finance Committee's intent that a strong emphasis be placed on the needs of housing in rural Alaska, as many other programs and conventional bank financing are not available in those areas. It is the Finance Committee's intent that there should be an increasing proportion of Alaska Housing Finance Corporation's mortgages in the rural housing market.



Alaska State Legislature
House

Representative
Alfred C. Nakak
HESS & Rules Committee
State Affairs Committee

JUNEAU ALASKA

99811

TO: Rep. Steve Cowper, Chairman
House Finance Committee Members

DATE: February 10, 1977

FROM: Rep. Alfred C. Nakak

SUBJECT: CSHB 154

I urge your support of CSHB 154 as it will have a positive and immediate impact on the Alaskan Housing Market.

Moreso, we urge the committee to recommend to the Alaska Housing Finance Corporation its Educational output to the Commercial Financing institutions on a statewide basis for their utilization of the services of the A.H.F.C.

At the risk of becoming redundant with further statements, I close and thank-you for your attention.

ACN /kc

February 10, 1977

MEMO

To: Rep. Steve Cowper

From: Rep. Alfred C. Nakak
Rep. Terry Gardiner

The following is a proposed committee report in regard to CS HB 154. In an effort to make sure all Alaskans have an equal opportunity to participate in the housing programs of the Alaska Housing Finance Corporation, the Finance Committee recommends that A.H.F.C. conduct an educational program with the commercial financing institutions throughout the state to make sure they are aware of the A.H.F.C. program and are informing their clients of its availability.

Alaska Housing Finance Corporation has made significant strides in expanding the home mortgage funds available in rural Alaska. The Finance Committee feels that there is still a need to expand these programs further for housing needs in rural Alaska. It is the Finance Committee's intent that a strong emphasis be placed on the needs of housing in rural Alaska, as many other programs and conventional bank financing are not available in these areas.

MEMORANDUM
DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

TO: The Honorable Steve Cowper
Chairman
House Finance Committee

DATE: February 10, 1977

FILE NO:

TELEPHONE NO:

FROM: H. Phillip Hubbard
Commissioner

SUBJECT: CS HB 154
Alaska Housing Finance Corporation

In that the subject bill was referred from committee without my testimony, I submit for the record the following:

- a. As a member of the Board of the Alaska Housing Finance Corporation, I met with the Governor and representatives of his Budget Review Committee. It was agreed that a special appropriation during the current year was preferable to an increase in the FY 78 request. Further, it was determined that the amount of the special appropriation should be \$1.5 million.
- b. On behalf of the Board, I support the proposed committee report submitted by Representatives Nakak and Gardiner. The Board has agreed to formulate a plan of action which should assure rural Alaska the availability of home mortgage funds.

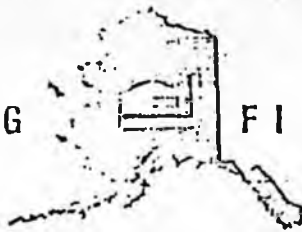
I very much appreciate your considering this testimony and look forward to working in close cooperation with the committee.

Attachments

cc: Richard T. Hall
Representative Alfred C. Nakak
Representative Terry Gardiner
V. Kent Dawson

Alaska

HOUSING



FINANCE CORPORATION

February 4, 1977

Representative Alfred C. Nakak
Pouch V
Juneau, Alaska 99811

Dear Al:

I am enclosing copies of Alaska Housing Finance Corporation's 1975 Annual Report which unfortunately is outdated. Our new 1976 Annual Report should be printed within the next three weeks, and we will forward additional copies to you at that time.

Also enclosed is the official statement for our latest \$25 million bond sale and our latest \$25 million note sale. Both have current financial information, as well as a summary of how Alaska Housing Finance Corporation operates.

HB 154 is appropriating \$2 million for the State Mortgage Insurance Fund for Alaska Housing Finance Corporation.

We have been working through the Governor's budget committee and the Department of Commerce, and they have indicated they will request \$1.5 million in a supplemental appropriation.

The advantage of this supplemental appropriation is that it could move through both the House and the Senate and be signed by the Governor and make the funds available prior to the end of the legislative session.

At the present time, it appears we will have need of a bond sale in May or early June. We will need the funds available for the State Mortgage Insurance Fund at that time.

We would prefer to have the supplemental appropriation in the amount of \$1.5 million, if that meets with your approval.

Obviously, the \$2 million dollars would last us longer, but it is our opinion, after analyzing our needs, that we could make it into the next legislative session with the \$1.5 million appropriation.

It appears that Mr. Elliott, who is Executive Director of Alaska Housing Finance Corporation, and Commissioner Hubbard will be in Juneau to offer testimony at the House Finance Committee meeting on February 10 at 1.30.

Unfortunately, I will be out of the state and unable to attend, but I do strongly support this legislation.

Representative Alfred C. Nakak
Page 2

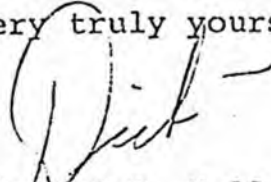
February 4, 1977

By funding the \$1.5 million, it should allow Alaska Housing Finance Corporation to sell \$75 million of bonds, which in turn will allow us to serve 1,500 home owners in the State of Alaska this coming year under our program.

Please pass on to Representative Cowper the excess material for the Finance Committee.

We want to thank you for favorable consideration.

Very truly yours,



Richard T. Hall
Chairman

*Phil - Call me if
any questions
Dit*

277-5544

RTH:mf

Enclosures

bc: Phil Hubbard ✓
Tolbert Elliott

Alaska HOUSING



FINANCE CORPORATION

January 27, 1977

Honorable Sterling Gallagher
Commissioner of Revenue

Thru:
Honorable H. Phillip Hubbard
Commissioner of Commerce & Economic Development
Pouch D
Juneau, Alaska 99801

Dear Commissioner Gallagher:

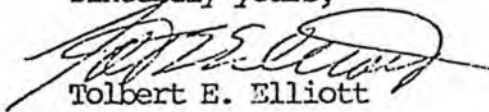
In order to continue the Alaska Housing Finance Corporation's Insured Mortgage Program it is necessary that funds be made available for deposit in the State Mortgage Insurance Fund.

It is requested that the Administration ask the legislature for a supplemental appropriation of \$1,500,000 for the fund. This would make it possible for AHFC to sell \$75,000,000 of bonds for the purpose of buying conventional loans.

Funds appropriated for the Mortgage Insurance Fund are not a grant but may be repaid to the general fund of the State to the extent of appropriations (AS 18.56.095) when the fund balances exceed two percent (2%) of the principal amount of insured mortgages.

With investment of the fund by the Department of Revenue and reduction of the principal balance of insured mortgages over a period of time, the fund will reach the point that it will be self-sustaining.

Sincerely yours,


Tolbert E. Elliott
Executive Director

TEE/bhw

HB 154

Alaska HOUSING  FINANCE CORPORATION

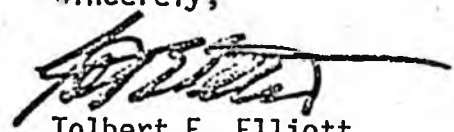
January 26, 1977

The Honorable Terry Gardinar
Chairman, Judiciary Committee
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Gardinar:

Enclosed is the information you requested showing the location of loans made by Alaska Housing Finance Corporation through November 30, 1976.

Sincerely,



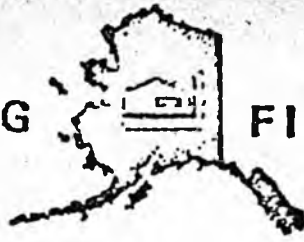
Tolbert E. Elliott
Executive Director

TEE:whk

Enclosure

Alaska

HOUSING



FINANCE CORPORATION

Mortgage Loans Purchased and Committed
January 1, 1972 Thru November 30, 1976

<u>COMMUNITY</u>	<u>FHA</u>	<u>VA</u>	<u>CONV.</u>	<u>HOME IMPROVEMENT</u>	<u>TOTAL EA. COMMUNITY</u>
Anchorage	772	1450	662		2884
Barrow			7		7
Brookhaven	1	4	4		9
Chugiak		15	28		43
Candle River	7	82	75		164
Chitina	95	150	102		347
Cloudcroft			5		5
Colville	8	8	14		30
Deer Creek	18	51	97		166
Edna	12	11	28		51
Etchikan	10	8	28		46
Ediak	10	1	12		23
North Pole	2	2	2		6
Elmer	2	12	21		35
Ettersburg		1	12		13
End Point			7		7
Howard	5	6	9		20
Etka	3	7	4		14
Agway			4		4
Edotna	5	11	16		32
Eddez	2	1	5		8
Edsilla	1	6	32		39
Edthel			16		16
Edngiganek			7		7
Edntutuliak			2	2	4
Edpnuk			1		1
Edpakiak			1		1
Edwok				8	8
Edllingham				6	6
Edv Styahok				3	3
Ed				1	1
Edkinak Island				1	1
Edper Bay				1	1
Edvautlauk				1	1
Ediganak				1	1
Edith Naknek				1	1
			1		1
	953	1826	1202	25	4006

P.O. Box 1020, Anchorage, Alaska 99510

TO: AHFC Board of Directors

DATE: January 25, 1977

FROM: Tolbert E. Elliott
Executive Director

The following excerpt is for your information:

Services Corporation

Appraisers, Counselors, Investment Analysts

KENNETH JAY GAIN, M.A.I., S.R.P.A., C.M.C.C. PRESIDENT

FRANKLIN M. KING, JR., M.A.I. EXECUTIVE VICE-PRESIDENT

GARRETT W. WALDNER, R.M., S.R.A. SECRETARY-TREASURER

507 W. NORTHERN LIGHTS BLVD.
ANCHORAGE, ALASKA 99503
(907) 270-7836

1976 SURVEY OF THE
ANCHORAGE REAL ESTATE MARKET
AND ANCHORAGE REAL ESTATE BUSINESS

Confidence Rating of Agencies, Organizations, and Professions:

In an effort to determine the confidence that local Realtors have in various agencies, organizations, and professions, we asked them to indicate their opinion of a number of these agencies, organizations, and professions by indicating a rating of 5 for very good, a rating of 4 for good, a rating of 3 for fair, a rating of 2 for poor, and a rating of 1 for very poor. This is a listing of the agencies in order of their confidence ratings for this year. The numerical rating figure and last years rank and numerical rating follow.

Order of Rank	Agency, Organization, or Profession	Numerical Rating	Last Year's Rating	
			Order Of Rank	Numerical Rating
1	Alaska Housing Finance Corp.	4.06	2	3.61
2	Title Companies	3.61	1	3.89
3	Local Fee Appraisers	3.35	3	3.54
4	State Division of Veterans	3.15	7	2.93
5	Local Banks	3.08	5	3.10
6	Federal Veterans Admin.	2.92	8	2.89
7	Local Attorneys	2.90	6	3.03
8	Municipality of Anchorage	2.61	*	*
9	State of Alaska	2.60	9	2.77
10	Federal Housing Administration	2.45	11	2.29

* Last year the Municipality did not exist. In last year's study the City of Anchorage rated #4 with a rating of 3.35 and the Greater Anchorage Area Borough rated #10 with a rating of 2.29. Thus, the Municipality is rated poorer than the old City of Anchorage, but better than the old Borough.

STATE
of ALASKA

MEMORANDUM

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

TO: Honorable John Sackett, Chairman
Senate Finance Committee

DATE: March 23, 1977

FILE NO:

TELEPHONE NO:

FROM:

H. Phillip Hubbard
CommissionerSUBJECT: Geographical Distribution of
AHFC Mortgage Loans

As requested by the committee, the following table represents the geographical distribution of mortgage loans purchased and committed by Alaska Housing Finance Corporation, for the period January 1, 1972 through November 30, 1976. More recent tabulations are not available at the present time.

<u>Community</u>	<u>FHA</u>	<u>VA</u>	<u>CONV.</u>	<u>Total</u>
Anchorage	772	1,450	662	2,884
Barrow	0	0	14	14
Cordova	1	4	4	9
Chugiak	0	15	28	43
Eagle River	7	82	75	164
Fairbanks	95	150	102	347
Girdwood	0	0	5	5
Homer	8	8	14	30
Juneau	18	51	97	166
Kenai	12	11	28	51
Ketchikan	10	8	28	46
Kodiak	10	1	12	23
North Pole	2	2	2	6
Palmer	2	12	21	35
Petersburg	0	1	12	13
* Sand Point	0	0	7	7
Seward	5	6	9	20
Sitka	3	7	4	14
Skagway	0	0	4	4
Soldotna	5	11	16	32
Valdez	2	1	5	8
Wasilla	1	6	32	39
Anchor Point	0	0	1	1
* Bethel	0	0	19	19
* Big Delta	0	0	1	1
* Bird Creek	0	0	1	1
* Chiniak	0	0	1	1
* Chitna	0	0	1	1
* Delta Junction	0	0	2	2
Dillingham	0	0	2	2
Douglas	0	0	6	6
* Gambell	0	0	2	2

<u>Community</u>	<u>FHA</u>	<u>VA</u>	<u>CONV.</u>	<u>Total</u>
* Glennallen	0	0	2	2
Haines	0	0	5	5
* Healy	0	0	1	1
Hoonah	0	0	3	3
* Iliamna	0	0	4	4
* Indian	0	0	1	1
* Kotzebue	0	0	2	2
* McGrath	0	0	1	1
Moose Pass	0	0	2	2
Nome	0	0	15	15
* Peters Creek	0	0	4	4
Point Barrow	0	0	16	16
* Rabbit Creek	0	0	3	3
* Eek	0	0	1	1
* Ekwok	0	0	1	1
* Koliganak	0	0	1	1
* Kipnuk	0	0	1	1
* Kongiganek	0	0	4	4
* Napakiak	0	0	2	2
* New Stuyahok	0	0	2	2
* Sitkinak Island	0	0	1	1
South Naknek	0	0	1	1
* Tok	0	0	1	1
* Tuntutuliak	0	0	1	1

*Second Class cities not within organized boroughs and unincorporated communities.

Please contact me if you desire additional information.

JAY S. HAMMOND
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 16, 1977

The Honorable John Sackett
Chairman
Senate Finance Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

The Alaska Housing Finance Corporation recently informed me that due to unexpected volume in the number of current year home loans, the \$1.5 million appropriation I supported earlier in my letter of February 17 is not expected to be sufficient to sustain the program sufficiently into the second half of Fiscal Year 1978.

I, therefore, wish to inform you and your committee that I now support CSHB 154 at the \$2 million level. It is my intention in supporting CSHB 154 that the \$2 million be the total state contribution to the Mortgage Insurance Program through June 30, 1978. Officials of the Alaska Housing Finance Corporation have assured members of my administration that \$2 million is realistic and adequate for that time frame. Commissioner Hubbard should be contacted for further information on this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay S. Hammond".

Jay S. Hammond
Governor

cc: The Honorable John Rader
Commissioner H. Phillip Hubbard
Director Ron Lind

NEW ISSUE

RATING: Standard & Poor's:

In the opinion of Bond Counsel, interest on the 1977 First Series Bonds is exempt from federal income taxes under existing statutes and court decisions, except that no opinion is expressed as to the exemption from such taxes of interest on any Bond during any period that such Bond is held by a person who, within the meaning of Section 103(b)(7) of the Internal Revenue Code of 1954, as amended, is a "substantial user" of the facilities with respect to which proceeds of the Bonds were used or a "related person". Under the Act, the 1977 First Series Bonds and the interest thereon are exempt from taxation directly imposed thereon by the State of Alaska or any subdivision thereof, other than transfer, inheritance and estate taxes.

OFFICIAL STATEMENT

\$25,000,000*

ALASKA HOUSING FINANCE CORPORATION

Insured Mortgage Program Bonds, 1977 First Series

Dated: April 1, 1977

Due: December 1, as shown below

The 1977 First Series Bonds are redeemable prior to maturity, at the option of the Corporation, as a whole or in part, on or after December 1, 1987, at 103% and at declining redemption prices thereafter. In addition, under certain circumstances, the 1977 First Series Term Bonds due December 1, 2007 are redeemable in part at par at any time, all as more fully set forth herein. The 1977 First Series Term Bonds are also subject to mandatory redemption at par in part each year from Sinking Fund Payments commencing December 1, 1993. Further information with respect to the redemption provisions is set forth under "Description of the 1977 First Series Bonds".

Interest is payable semi-annually on June 1 and December 1, commencing December 1, 1977 (eight months). The 1977 First Series Bonds will be coupon bonds of \$5,000 denomination, registrable as to principal only, and fully registered bonds in denominations of \$5,000 or any authorized multiple thereof. Coupon and registered bonds are interchangeable. Bank of America National Trust and Savings Association, San Francisco, California, is the Trustee. The Trustee and are the Paying Agents.

MATURITY SCHEDULE*

\$				Serial Bonds			
Maturity (December 1)	Amount	Coupon	Yield or Price	Maturity (December 1)	Amount	Coupon	Yield or Price
1978				1986			
1979				1987			
1980				1988			
1981				1989			
1982				1990			
1983				1991			
1984				1992			
1985							

% Term Bonds due December 1, 2007, Price: %

(Accrued Interest To Be Added)

*Proposed: subject to change.

The 1977 First Series Bonds will be issued for the purpose of providing the Corporation with funds to increase the supply of housing for persons of lower and moderate income and in remote, underdeveloped or blighted areas of Alaska by making or purchasing mortgage loans. Bonds issued under the Resolution are secured by and payable from the Corporation's revenues from such mortgage loans together with certain other funds and assets legally available therefor. All mortgage loans to be financed through the issuance of the Bonds will be insured by the State Mortgage Insurance Fund, initially capitalized at 2% of the insured loans. In addition, mortgage loans which have a loan to value ratio of 80% or greater must be the subject of private or federal mortgage insurance. The Bonds are also secured by the Capital Reserve Fund held by the Trustee.

The Corporation has no taxing power. The Bonds do not constitute a debt, liability or obligation of the State of Alaska or a pledge of its full faith and credit or taxing power.

The 1977 First Series Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Messrs. Wohlforth & Flint, Anchorage, Alaska, Bond Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, Messrs. Cravath, Swaine & Moore, New York, New York. It is expected that the 1977 First Series Bonds in definitive form will be available for delivery in New York, New York, on or about April 21, 1977.

DEAN WITTER & CO.
Incorporated

BACHE HALSEY STUART INC.

MERRILL LYNCH, PIERCE, FENNER & SMITH
Incorporated

JOHN NUVEEN & CO.
Incorporated

March, 1977

Winchell/Phila. & NY—Contact I. Schlansky/C. Conrad (215) 568-1770 (Night) (215) 563-2628 (212) 422-2010
90027 Alaska Housing—Official Statement (10 Schoolbook x 38) 12—25

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. The securities described herein will not be sold nor will offers to buy be accepted prior to delivery of an Official Statement in final form. This Preliminary Official Statement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities described herein in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

[THIS PAGE INTENTIONALLY LEFT BLANK]

In connection with this offering, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the bonds offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

No dealer, broker, salesman or other person has been authorized by the Alaska Housing Finance Corporation or the Underwriters to give any information or to make any representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Alaska Housing Finance Corporation and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Alaska Housing Finance Corporation since the date hereof.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
Summary Statement	4	Capital Reserve Fund	23
The Corporation	5	Deposits and Investments	24
Prior Financings	7	Payment of Bonds	24
The Housing Mortgage Bond Program	7	Powers as to Bonds and Pledge	24
Notes	7	Tax Covenants	24
The Insured Mortgage Program	8	Accounts and Reports	25
General	8	Budgets	25
The State Mortgage Insurance Fund	8	Insured Mortgage Program	26
Mortgage Loan Portfolio	<u>10</u>	Powers of Amendment	26
Prepayments of Mortgage Loans	12	Events of Default	27
Servicing Arrangements	12	Remedies	27
Delinquency Experience of the Corporation	13	Compensation of Trustee	27
Security for the Bonds	13	Defalcance	28
The State Mortgage Insurance Fund	14	Summary of Certain Provisions of the Mortgage	
The Capital Reserve Fund	14	Insurance Agreement	28
Application of 1977 First Series Bond Proceeds .	15	Creation of Account	29
Description of the 1977 First Series Bonds	15	Mortgages Eligible for Insurance by the	
Sinking Fund Redemption	16	Account	29
Special Redemption	16	The Account Requirement and Administra-	
Optional Redemption	17	tion of the Insurance Account	29
Summary of Certain Provisions of the Resolution	<u>17</u>	Deficiencies in the Insurance Fund	30
Resolution Constitutes Contract	<u>17</u>	Claims and Payment of Losses	31
Provisions for Issuance of Bonds	<u>17</u>	Incontestability of Insurance	32
Provisions for Refunding Issues	<u>19</u>	Insurance Account Investments	32
Regulations with Respect to Exchanges and		Other Covenants	32
Transfers	19	Delegation by Commissioner	<u>33</u>
Application of Bond Proceeds and Recoveries		Rating	<u>33</u>
of Principal	19	Tax Exemption	33
Pledge Effected by the Resolution	20	Legality for Investment	33
Establishment of Funds and Accounts	20	Absence of Material Litigation	<u>34</u>
Mortgage Loan Fund	21	Approval of Legality	<u>34</u>
Revenue Fund	21	Financial Statements	34
Debt Service Fund	22	Additional Information	34
Redemption Fund	22	Exhibit A—Financial Statements	
		Exhibit B—Form of Opinion of Bond Counsel	

SUMMARY STATEMENT

The following summary is subject in all respects to the more complete information contained in this Official Statement.

Purpose. The \$25,000,000 1977 First Series Bonds are being issued to provide funds to purchase from originating lending institutions mortgage loans for residential housing in Alaska for persons of lower and moderate income or for persons residing in remote, underdeveloped or blighted areas of the State, under the Corporation's Insured Mortgage Program. The Bonds will rank on a parity with the currently outstanding \$49,980,000 Insured Mortgage Program Bonds and any Bonds issued hereafter under the General Insured Mortgage Program Bond Resolution.

The Corporation. The Corporation was created in 1971 as a public corporation and government instrumentality of the State for the primary purpose of increasing the supply of housing in Alaska. Since its establishment, the Corporation's activities have involved the purchase of mortgage loans which were primarily federally insured or guaranteed under its Mortgage Purchase Program, and more recently the purchase of both conventional and federally insured or guaranteed mortgages under its Insured Mortgage Program. To finance these activities the Corporation has previously issued bonds and notes and most of its present assets and revenues are pledged to the payment of outstanding bonds and notes issued for such purpose.

Mortgage Loans. Mortgage loans which may be made or purchased from Insured Mortgage Program Bond proceeds are limited to loans for owner-occupied dwellings for one to six families. All such loans are secured by a first lien mortgage, subject only to certain permitted encumbrances, and are required to have an original loan to value ratio of less than 80% or to be subject to private or federal mortgage insurance to the extent that such ratio is greater than 80%.

All mortgage loans made or purchased from Insured Mortgage Program Bond proceeds must be insured by the Insurance Account of the State Mortgage Insurance Fund (a limited fund held by the State), pursuant to an agreement between the Corporation and the Commissioner of Commerce and Economic Development of the State. The capital of the Insurance Account is required to be maintained in an amount at least equal to 2% of the unpaid principal amount of mortgage loans insured. In connection with the issuance of the 1977 First Series Bonds, the State and the Corporation will each deposit \$109,000 in the Insurance Account. As explained under "The Insured Mortgage Program," the Corporation also expects to receive an appropriation of \$2,000,000 for deposit to the Insurance Account. In the event of a deficiency in the Insurance Account, the Commissioner of Commerce and Economic Development is required to certify such deficiency to the Corporation, and, in the event the Corporation's unrestricted surplus funds are inadequate to restore the Insurance Account to its required level, to certify the remaining deficiency to the Governor and State Legislature. The Alaska Statutes authorize, but do not require, the Legislature to appropriate the amount so certified.

Security. The 1977 First Series Bonds and all other Bonds issued under the Corporation's General Insured Mortgage Program Bond Resolution will be secured by a pledge of the revenues to be derived from mortgage loans financed under its Insured Mortgage Program (net of service fees and subject to the payment of certain operating expenses of the Corporation). The Bonds will also be secured by a Capital Reserve Fund which is required to be maintained in an amount at least equal to 10% of all outstanding Bonds and which may be funded from Bond proceeds or other amounts available therefor. The \$2,500,000 Capital Reserve Fund Requirement in respect of the 1977 First Series Bonds will be provided through a loan from the Commissioner of Revenue of the State. In the event of a deficiency in the Capital Reserve Fund, the Chairman of the Corporation is required to certify to the Governor and State Legislature the amount required to restore such Fund to an amount equal to the Capital Reserve Fund Requirement. The Alaska Statutes authorize, but do not require, the Legislature to appropriate for such purpose the amount so certified. The Corporation has no taxing power. The Bonds do not constitute a debt, liability or obligation of the State of Alaska or a pledge of its faith and credit or taxing power.

OFFICIAL STATEMENT

\$25,000,000*

ALASKA HOUSING FINANCE CORPORATION

Insured Mortgage Program Bonds, 1977 First Series

The purpose of this Official Statement is to set forth certain information concerning the Alaska Housing Finance Corporation (the "Corporation") in connection with the proposed sale of its Insured Mortgage Program Bonds, 1977 First Series (the "1977 First Series Bonds"). Information contained on the cover and in the preceding Summary Statement is part of this Official Statement. All capitalized terms used in this Official Statement, except as otherwise defined herein, have the same meanings as in the General Insured Mortgage Program Bond Resolution adopted by the Corporation on December 6, 1975 (the "Resolution") authorizing the issuance of Insured Mortgage Program Bonds of the Corporation.

The 1977 First Series Bonds are authorized to be issued pursuant to Chapter 56 of Title 18 of the Alaska Statutes (which Chapter as amended to the date of adoption of the Resolution is hereinafter called the "Act"), the Resolution and the 1977 First Series Supplemental Resolution adopted by the Corporation on March 31, 1977 (the "Supplemental Resolution"). The 1977 First Series Bonds, together with all other Insured Mortgage Program Bonds issued under the Resolution on a parity therewith, are herein called "Bonds". All other bonds of the Corporation are called "bonds".

THE CORPORATION

The Corporation was created by the Alaska Legislature in 1971 as a public corporation and government instrumentality of the State. To effectuate the purpose of increasing the supply of decent, safe and sanitary housing for persons of lower and moderate income and promoting the economic growth of remote, underdeveloped and blighted areas, the Corporation was authorized to make construction and permanent residential mortgage loans and to purchase permanent residential mortgage loans and to issue bonds and notes. The Corporation's existence may not be terminated as long as it has bonds or notes outstanding.

The Act requires the Corporation, in determining the eligibility for assistance of persons of lower and moderate income, to take into consideration such factors as the amount of income available for housing needs, size of family, ability to compete successfully in the normal housing market, cost and condition of housing available and income standards established for federal housing programs. In determining the location within the State of remote, underdeveloped or blighted areas, the Corporation is required by the Act to consider such factors as the population, resources and environment of the area, the present availability and condition of residential housing, the cost of construction and rehabilitation of residential housing in the area, the availability of federal or State sponsored programs to facilitate the development of residential housing in the area and the ability of area residents to finance the purchase or rental of residential housing on terms comparable to those in effect elsewhere in the State.

Since its establishment the Corporation's activities have involved the purchase from lending institutions of mortgage loans which were primarily federally insured or guaranteed under its "Housing Mortgage Program". The Corporation may continue to issue bonds and notes for such program as well as to issue Bonds and notes to provide funds for the Insured Mortgage Program described herein. Implementing an amendment to the Act passed by the Legislature of the State which became effective on June 18, 1975, the Corporation established the Insured Mortgage Program providing for the purchase of mortgage loans which are not required to be federally insured or guaranteed but which must be the subject of a Mortgage Insurance Agreement with

*Proposed; subject to change.

the Commissioner of Commerce and Economic Development of the State and must meet certain other criteria, all as hereinafter described.

The Corporation is governed by a Board of Directors, consisting of the Commissioner of Commerce and Economic Development of the State and six additional members appointed by the Governor. There are presently two vacancies on the Board. The powers of the Corporation are vested in and exercised by a majority of its Board of Directors then in office, who may delegate to one or more of its directors, officers, agents and employees such powers and duties as they may deem proper. The Corporation's directors and principal staff officers are as follows:

Directors

- Richard T. Hall, Chairman Anchorage—Senior Vice-President, National Bank of Alaska; Past President, Alaska State Chamber of Commerce; 22-year Alaska resident.
- H. Phillip Hubbard Juneau—Commissioner of Commerce and Economic Development of the State and Former Deputy Commissioner; former with United States Department of Commerce and United States Steel Corporation; 7-year Alaska resident.
- Perry R. Eaton Anchorage—Vice-President, Commercial Loan Department, United Bank Alaska; Treasurer of Koniag, Inc. (native regional corporation); former officer of Alaska Native Foundation; former executive with First National Bank of Anchorage and Seattle First National Bank; native-born Alaskan.
- Charles W. Guinn Bethel—Owner of hardware and lumber company; former Supervising Coordinator, Bureau of Indian Affairs, Western Region of Alaska (20 years); 40-year Alaska resident.
- Franklin C. Roppel Ketchikan — Sawmills Coordinator, Ketchikan Pulp Mill; Chairman, Alaska State Housing Authority; accountant; 22-year Alaska resident.

Officers

- Tolbert E. Elliott Anchorage—Executive Director of the Corporation; served as Managing Director of the Corporation from 1974 to 1975; for 25 years Executive Director of various city, county and state housing authorities, former real estate appraiser and currently review appraiser (CRA); 7-year Alaska resident.
- Elma L. Johnson Anchorage—Finance Officer of the Corporation; former Acting Managing Director of the Corporation; former budget management and assistant finance officer, Alaska State Housing Authority; former office manager and chief accountant for a real estate development company; former Supervisor, Fiscal Accounting Department, Ellsworth Air Force Base; former Deputy County Auditor and Deputy County Treasurer in South Dakota; 9-year Alaska resident.

The Corporation's office is located at Suite 100, Plaza 201 East 3rd Avenue, Anchorage, Alaska (Tel. No. 907-274-4621). The Corporation's postal address is P.O. Box 1020, Anchorage, Alaska 99510.

PRIOR FINANCINGS

The Housing Mortgage Bond Program

The Corporation presently has outstanding \$106,685,000 principal amount of Housing Mortgage Bonds issued pursuant to its General Housing Mortgage Bond Resolution, adopted October 18, 1972. The Corporation's Housing Mortgage Bonds were secured at November 30, 1976, by (i) a portfolio of mortgage loans having an aggregate unpaid principal balance of \$, (ii) other investments and cash aggregating \$ and (iii) a Special Pledged Fund held by the Commissioner of Revenue of Alaska consisting of federally insured or guaranteed mortgage loans, other investments and cash aggregating \$. These assets of the Corporation secure the Housing Mortgage Bonds issued pursuant to the Corporation's Housing Mortgage Program and will not afford any security for the 1977 First Series Bonds or any other Insured Mortgage Program Bonds issued pursuant to the Insured Mortgage Program.

Notes

Bond anticipation notes in the aggregate amount of \$160,000,000 have previously been issued by the Corporation and paid at maturity. On February 23, 1977, the Corporation issued \$25,000,000 Mortgage Program Notes, 1977 First Series (the "1977 First Series Notes"), due March 14, 1978 and bearing interest at 3.83% per annum. A portion of the proceeds of the 1977 First Series Notes were used to provide funds to pay the Corporation's \$10,000,000 Mortgage Purchase Program Notes, 1976 First Series, due March 14, 1977. The balance of such proceeds established a Note Account used to accumulate mortgage loans which may be permanently financed under either the Housing Mortgage Program or the Insured Mortgage Program. Mortgage loans aggregating \$ are currently held in the Note Account. Upon the issuance of the 1977 First Series Bonds and other future series of bonds, bond proceeds equal to the unamortized principal balance of the mortgage loans held in the Note Account, plus accrued interest, will be transferred to the Note Account in exchange for the conveyance of the mortgage loans held in the Note Account. Moneys so transferred may be re-employed to accumulate additional mortgage loans in anticipation of permanent financing under the Corporation's bond programs. As the Mortgage Program Notes are retired, the Corporation expects to issue new notes for the continuation of the note-bond cycle.

In order to afford additional security for the holders of the 1977 First Series Notes, the Corporation entered into an agreement with the Commissioner of Revenue of the State which provides that in the event the Corporation shall not have sold bonds or renewal notes in an amount sufficient to pay the 1977 First Series Notes at maturity, the Commissioner will purchase such amount of mortgage loans at a price equal to the then unamortized principal balance thereof and interest accrued thereon as, when taken with other moneys of the Corporation available therefor (including any unrestricted funds of the Corporation), will be sufficient to pay the principal of and interest on such Notes at maturity. The Commissioner's obligation is subject only to the existence of surplus funds in the State Treasury sufficient at the time of such purchase to permit the State to meet its then current expenditure needs and to pay the aforesaid purchase price.

Housing Development Fund Notes in the aggregate amount of \$9,150,000 have been issued by the Corporation to the Commissioner of Revenue of the State and proceeds thereof have been deposited in the Housing Development Fund. The outstanding balance of Housing Development Fund Notes at February 28, 1977, was \$. No portion of the proceeds of sale of Bonds or revenues pledged under the Resolution will be deposited in the Housing Development Fund and amounts therein are expressly excluded by the Act from any pledge by the Corporation to the payment of the Bonds.

THE INSURED MORTGAGE PROGRAM

General

The Resolution authorizes Bonds to be issued only to provide funds for the Corporation's Insured Mortgage Program. The Insured Mortgage Program involves the making or purchasing of permanent mortgage loans for owner-occupied residential housing (which may include cooperative housing or condominiums) for occupancy by one to six families, the owner-occupant of which must be a person of lower or moderate income or a person residing in a remote, underdeveloped or blighted area of Alaska. Such mortgage loans are required to be insured by the State Mortgage Insurance Fund on the terms and conditions described below under "The State Mortgage Insurance Fund" and elsewhere herein. The Insured Mortgage Program permits the Corporation to make or purchase permanent mortgage loans for completed residential housing only and not to finance the construction of such housing.

The portfolio of mortgage loans which will afford security for the \$74,980,000 Insured Mortgage Program Bonds to be outstanding following the issuance of the 1977 First Series Bonds is expected to be concentrated primarily in the greater Anchorage area, the business and population center of the State. Anchorage has recently experienced a rapid growth in population which is creating demands which exceed the availability of new residential housing for persons of lower and moderate income. The Corporation believes that its Insured Mortgage Program is helping meet this demand. Of the mortgage loans which presently secure the Corporation's outstanding \$49,980,000 Insured Mortgage Program Bonds % are subject, in part, to either federal insurance or guarantee or private mortgage insurance. All are secured by owner-occupied dwellings for occupancy by one to six families. The base income eligibility limit established by the Corporation for a family of four in the greater Anchorage area is \$, subject to various adjustments. The maximum mortgage loan eligible for purchase in the greater Anchorage area by the Corporations is \$

The State Mortgage Insurance Fund

The State Mortgage Insurance Fund (the "Insurance Fund") created by the Act is held by the Commissioner of Revenue of the State and administered by the Commissioner of Commerce and Economic Development and the Corporation. The Corporation entered into a Mortgage Insurance Agreement dated December 6, 1975 (the "Agreement"), with the Commissioner of Commerce and Economic Development which establishes within the Insurance Fund an account (the "Insurance Account") for the insurance of losses on mortgage loans purchased and held pursuant to the Resolution. The Resolution requires that all such mortgage loans must be insured by the Insurance Account and no other mortgage loans may be insured thereby. All losses incurred by the Corporation as a result of defaults on mortgage loans not otherwise reimbursed will, to the extent of amounts on deposit therein, be payable from the Insurance Account. Administration of the Insurance Account has been delegated by the Commissioner of Commerce and Economic Development to the Corporation. The Insurance Account is invested by National Bank of Alaska pursuant to a Custody and Investment Agreement with the Commissioner of Revenue and the Corporation which is subject in all respects to the terms of the Agreement. At February 28, 1977, National Bank of Alaska held cash and securities aggregating \$ in the Insurance Account.

In order to meet the requirement that the capital in the Insurance Account equal at least 2% of the amount of mortgage loans insured thereby, the Insurance Account was initially funded by a deposit of \$100,000 from the Corporation's unrestricted surplus funds in connection with the issuance of \$5,000,000 1975 First Series Bonds. Effective July 1, 1976, the State Legislature appropriated \$500,000 for Insurance Account purposes, of which amount \$391,000 was paid to the Insurance Account as requested by the Corporation in connection with the issuance of

the 1976 First Series and 1976 Second Series Bonds. Pursuant to the terms of such appropriation, the Corporation has made matching payments of \$391,000 to the Insurance Account (in addition to the \$100,000 initially deposited therein) from its unrestricted surplus funds. In connection with the issuance of the 1977 First Series Bonds, the State and the Corporation will each deposit \$109,000 in the Insurance Account pursuant to the terms of the initial \$500,000 appropriation. A bill has been introduced in the Alaska Legislature providing for an appropriation to the Corporation of \$2,000,000 for the purposes of its Insured Mortgage Program. The Bill has passed the House of Representatives unanimously and, although no assurances can be made, the Corporation expects it to be enacted into law. Pursuant to the provisions of the bill, the Corporation will request that the entire \$2,000,000 be deposited directly in the Insurance Account of the State Mortgage Insurance Fund where it will increase the amount presently on deposit therein to % of the estimated principal amount of the Mortgage Loans insured thereby following the application of 1977 First Series Bond proceeds to the purchase of Mortgage Loans. The appropriation does not require any matching contribution to the Insurance Account by the Corporation. Since the Insurance Account is required to be maintained in an amount at least equal to 2% of the unpaid principal amount of the Mortgage Loans so insured, additional Mortgage Loans may be purchased by the Corporation without the necessity of further deposits to the Insurance Account. Any additional increase in the amount in the Insurance Account, in connection with future Bond issues will be derived primarily from investment of amounts therein, from any surplus funds of the Corporation transferred thereto or from additional amounts, if any, which the State may appropriate for Insurance Account purposes.

Mortgage loans financed from the proceeds of the issuance of additional Series of Bonds and from Prepayments or other moneys available under the Resolution will also be insured by the Insurance Account. The amount on deposit in the Insurance Account must be increased by any required deposit to the capital of the Insurance Account in connection with the insurance of additional mortgage loans.

Each mortgage loan which is insured by the Insurance Account must either (1) have a loan to value ratio (the ratio of the loan to the appraised value of the property) at the time of insurance of less than 80% or (2) to the extent that the loan to value ratio is 80% or higher, be subject to federal insurance or guarantee or private mortgage insurance, the benefits of which are payable before any loss on such mortgage is payable from the Insurance Account. Of the mortgage loans which presently secure the Corporation's outstanding \$49,980,000 Insured Mortgage Program Bonds, % are subject, in part, to either federal insurance or guarantee or private mortgage insurance.

In general, the Agreement requires that capital of the Insurance Account, must at all times be at least equal to 2% of the unpaid principal amount of all mortgage loans insured thereunder. The capital of the Insurance Account will be increased each year by income to the Insurance Account consisting of the earned portion of insurance premiums, if any, and investment in excess of losses to the Insurance Account and will be decreased by any net losses. The agreement requires that the Insurance Account be administered so that the income each year is in an amount at least equal to the claims against the Insurance Account for losses on mortgage loans in such year. If such requirement is not met in any year, the Agreement requires that either future insurance premiums be increased or the capital of the Insurance Account be increased (as described below) to provide additional investment income, or both, so that income to the Insurance Account in future years will be at least equal to the expected losses in each such future

year. In the event it becomes necessary to increase the capital of the Insurance Account, the Corporation has agreed to transfer to the Insurance Account unrestricted surplus funds to the extent available, and the Commissioner of Commerce and Economic Development has agreed, in the event such funds are insufficient, to certify any remaining deficiency to the Governor and State Legislature. The Act authorizes, but does not require, the State Legislature to appropriate such amounts for deposit in the Insurance Fund.

When the capital of the Insurance Account has been equal to or in excess of its requirements at all times for a two-year period, the amount of any excess may be withdrawn to the extent that such withdrawals represent reimbursement to the Corporation for contributions to the capital of the Account which have not been reimbursed by previous withdrawals. In addition, whenever capital exceeds the capital requirement as a result of net income to the Insurance Account or the reduction of principal of mortgage loans insured thereby through the repayment of such mortgage loans, such excess may be credited toward meeting the capital requirement with respect to the insurance of additional mortgage loans.

Under the Act and the Agreement, the Corporation with the approval of the Commissioner of Commerce and Economic Development must determine, at least annually, the capital requirement necessary for the Insurance Account to operate on an "actuarially sound" basis, but such amount may not be less than 2% of the unpaid principal amount of mortgage loans insured thereby. In making such determination, the Act requires that various factors be considered, including estimates of defaults and losses on mortgage loans and recoveries in the event of default on the basis of actual experience on the loans insured or on similar loans in Alaska or elsewhere, and estimated investment income of the Insurance Account. In addition, as described above, the Agreement requires that the Insurance Account be administered so that its income is at least equal to its payments for losses in each year.

The Corporation did not engage independent actuarial or mortgage loan consultants to determine the optimum size of an insurance reserve. The Corporation believes that the amount to be deposited in the Insurance Account in respect of mortgage loans to be insured thereby, together with investment income, will be adequate, in the light of historic mortgage loan foreclosure and loss experience in Alaska, the original loan to value ratio and other mortgage insurance on such mortgage loans, to cover losses to the Corporation which may be expected to occur with respect to such mortgage loans. However, there can be no assurance that such amounts as may be in the Insurance Account will be adequate for the purposes intended. In the event of a deficiency in the Insurance Account, there can also be no assurance that the Corporation will have available the necessary unrestricted surplus funds to make up such deficiency or that the State will appropriate any deficiency certified to it under the Act.

For more detailed information with respect to the provisions governing the administration of the Insurance Account and the source of unrestricted surplus funds of the Corporation to restore the Insurance Account in the event of a deficiency, see "Summary of Certain Provisions of the Mortgage Insurance Agreement".

Mortgage Loan Portfolio

The Corporation expects to hold a mortgage loan portfolio under its Insured Mortgage Program consisting of mortgage loans presently held in, or currently being purchased for, the 1975 and 1976 First Series and 1976 Second Series Mortgage Loan Accounts and mortgage loans

to be purchased from proceeds of the 1977 First Series Bonds for deposit in the 1977 First Series Mortgage Loan Account. The payments of principal and interest from all mortgage loans comprising such portfolio will be pledged to the payment of principal or Redemption Price, if any, of and interest on the \$74,980,000 Bonds to be outstanding with the issuance of the 1977 First Series Bonds. The Insured Mortgage Program mortgage loan portfolio is segregated and held by the Corporation apart from all other mortgage loans held in connection with its other programs. Such Bonds are expected to be secured by a portfolio of mortgage loans which at , 1977 were held or will be obtained from the sources outlined below:

Pro Forma Insured Mortgage Program Portfolio

	<u>Type</u>	<u>Rate</u>	<u>Unamortized Principal Balance</u>
Held in 1975 First Series Mortgage Loan Account:	Conventional	9.50%	
Held in 1976 First Series Mortgage Loan Account:	FHA/VA	9.00%	
	FHA/VA	8.75%	
	FHA/VA	8.50%	
	Conventional	9.50%	
	Conventional	9.25%	
	Conventional	9.00%	
	Conventional	8.75%	
Held in 1976 Second Series Mortgage Loan Account:			
Estimated to be held in 1977 First Series Mortgage Loan Account:			
Outstanding Commit- ments*:			
Commitments* antici- pated by , 1977:			
Total (Pro forma) Portfolio:			

In the future, in addition to the purchase of mortgage loans as discussed above, mortgage loans may be made or purchased by the Corporation for its Insured Mortgage Program with moneys available under the Resolution from the sale of additional Bonds, Prepayments, condemnation or insurance proceeds, and the proceeds of the sale or other disposition of mortgage loans previously purchased and owned by the Corporation pursuant to the Resolution.

* Commitments are made in writing by the Corporation to originating lending institutions in customary mortgage banking form and require a closing for existing housing within 90 days and for new housing within 120 days of the commitment letter. With respect to all mortgage loans, the Corporation collects a 1% commitment fee which is credited to its general funds and not pledged under the Resolution. In the event a mortgage loan is not purchased by reason of a failure to meet the Corporation's closing conditions, one-half of the commitment fee is non-refundable; the balance of the fee may be applied against the fee required in respect of future commitments.

The interest rate on mortgage loans which the Corporation commits to purchase is adjusted periodically to reflect the Corporation's borrowing costs, changes in conventional mortgage lending rates and yield limitations required by applicable U.S. Treasury regulations.

Prepayments of Mortgage Loans

All mortgage loans expected to be purchased under the Insured Mortgage Program will be subject to prepayment at any time without penalty or charge. The maturity schedule of the 1977 First Series Bonds (after giving effect to the mandatory redemption of Term Bonds) has been based on the original repayment schedules of mortgage loans expected to be purchased from the proceeds of such Bonds. It is likely that a significant portion of such mortgage loans will be paid in advance of their scheduled maturities. Amounts received as prepayments of mortgage loans may be invested in investment securities or used to purchase additional mortgage loans which, in general, are required by the Resolution to have scheduled monthly payments at least as great as and maturing not earlier than the original prepaid mortgage loans or which will provide sufficient monthly payments, together with other revenues estimated to be available to the Corporation, to pay principal and interest on the Bonds when due. The provisions of the Resolution and the Supplemental Resolution also permit Prepayments, or Sale Payments received in respect of mortgage loans purchased from Prepayments, to be applied to the redemption at par of 1977 First Series Term Bonds at any time.

Although the scheduled maturities of the 1977 First Series Bonds are not based on the anticipated receipt of Prepayments, the Resolution permits the establishment of maturities of future Series of Bonds on such basis.

Servicing Arrangements

In purchasing a mortgage loan, the Corporation requires the originating institution to furnish to the Corporation (i) the mortgage note, (ii) the mortgage deed, (iii) an assignment of the mortgage deed, (iv) the mortgage insurance certificate, if applicable, (v) a title insurance policy in an amount equal to the unpaid principal due on the mortgage, (vi) evidence that all taxes, assessments and water and sewage charges have been duly paid and (vii) a hazard insurance policy in an amount equal to the unpaid principal due on the mortgage or the full insurable value of the improvements, whichever is less. The originating institution continues servicing the mortgage loan for a service fee, which is currently a monthly charge at an annual rate of $\frac{3}{8}$ of 1% of the unpaid principal due on such mortgage loan. Federal National Mortgage Association standards for servicing institutions have been adopted by the Corporation. The servicer is required to inspect and arrange for an appraisal of the mortgaged property, maintain required records, collect payments of principal and interest on the mortgage loan and render an accounting to the Corporation of funds collected. The servicing of a mortgage loan includes the responsibility for foreclosure, but not the bearing of any expenses thereof. The servicer is expected to encourage the curing of any default in the scheduled mortgage payment, and from scheduled mortgage payments to pay taxes, assessments, levies and charges, and premiums for hazard insurance and mortgage insurance, at such times as the same may become due.

Upon receipt of the regularly scheduled mortgage payments on mortgage loans held by the Corporation pursuant to the Resolution, the servicers are required to deposit that portion of such payments representing the principal payment due on such mortgage loans and the interest thereon less their service fee with a depository bank or banks to be held in escrow for the Trustee. The balance of such payments, representing payments for such items as property taxes and mortgage insurance, are retained by the servicer and applied as necessary. Each month, mortgage loan receipts are forwarded to the Trustee to be held in a common fund created under the Resolution and known as the Revenue Fund. Moneys within the Revenue Fund are transferred on a monthly basis to the various Funds and Accounts established by the Resolution in the manner described under "Summary of Certain Provisions of the Resolution—Revenue Fund".

DELINQUENCY EXPERIENCE OF THE CORPORATION

The following table compares, at December 31, 1976, the delinquency experience of the Corporation with that of commercial mortgage lenders in Alaska and in the United States with respect to mortgage loans secured by one to four family dwellings (and, in the case of the Corporation, a small number of mortgage loans secured by five or six family dwellings). The Corporation's experience is based on all such mortgage loans owned by it, regardless of the Program under which acquired. The experience shown below for the State of Alaska and the United States has been extracted from the National Delinquency Survey published by the Mortgage Bankers Association of America ("MBA") for the quarter ending December 31, 1976. Its delinquency classification of mortgage loans is identical to the method used by the Corporation although the Corporation takes no responsibility for the accuracy or completeness of the MBA statistics.

	Percent of Mortgage Loans with Installments Past Due at December 31, 1976*				
	Total	1 Mo.	2 Mo.	3 or More Mos.	In Foreclosure
Corporation					
Alaska**					
USA**					

*A loan is considered one month delinquent if the December 1 installment has not been paid by December 31. A loan is two months delinquent if the November 1 installment is unpaid as of December 31, etc.

** Source: *National Delinquency Survey*, Data for December 31, 1976, prepared by the Economics and Research Department of the Mortgage Bankers Association of America.

In evaluating the comparative delinquency experience reflected in the table shown above, it should be noted that a preponderance of the mortgage loans currently held by the Corporation are FHA-insured or VA-guaranteed mortgage loans. Paralleling the data reflected in the MBA's *National Delinquency Survey*, the delinquency experience of the conventional mortgage loans owned by the Corporation has been better than its FHA-insured or VA-guaranteed mortgage loans.

The Corporation is obligated under the Resolution, with all practical dispatch and in a sound and economical manner consistent with the Act, the Resolution and sound banking practices and principles, among other things, to follow such procedures as shall be necessary to receive and collect scheduled payments on mortgage loans and, when applicable, Recoveries of Principal (which include mortgage insurance and guaranty payments in the event of a default by a mortgagor) sufficient to pay Program Expenses (as hereinafter defined) and the principal or Redemption Price, if any, of and interest on the Bonds.

SECURITY FOR THE BONDS

There is pledged to the payment of the principal or Redemption Price, if any, of and interest on the Bonds, the Pledged Receipts (which are the scheduled payments of principal of and interest on the mortgage loans anticipated to be financed from the proceeds of Bonds), Recoveries of Principal (which are any moneys received by the Corporation from Prepayments of mortgage loans, from proceeds of insurance or sale of the mortgaged premises as a result of default by the mortgagor, from proceeds of condemnation of the mortgaged premises or from the proceeds of sale or other disposition of the mortgage loans) and all amounts held in any Fund or Account under the Resolution, subject only to the provisions of the Resolution permitting application thereof for or to the purposes and on the terms and conditions set forth therein, including payment of reasonable or necessary expenses incurred by the Corporation and properly allocable to the Insured Mortgage Program in carrying out and administering that Program ("Program