

LEG. FINANCE - BILLS 1977 - 1978 770

HB 642 cont., thru CSHB 642 770

able expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Resolution, and the Trustee and each Paying Agent shall have a lien therefor on any and all funds at any time held by it under the Resolution.

Defeasance (Section 1201)

If the Corporation shall pay or cause to be paid to the holders of the Bonds and coupons, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the pledge of any revenues and assets thereby pledged and all other rights granted thereby shall be discharged and satisfied.

Bonds or coupons or interest installments for the payment or redemption of which moneys have been set aside and held in trust by Fiduciaries (through deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof will be deemed to have been paid within the meaning and with the effect expressed in the preceding paragraph. Any Outstanding Bonds and all coupons appertaining to such Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect so expressed if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish, as provided in the Resolution, notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or discharge obligations of or obligations guaranteed by the United States of America the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper a notice to the holders of such Bonds and coupons that the deposit required by (b) above has been made with the Trustee and that said Bonds and coupons are deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of said Bonds. Neither the obligations nor the moneys so deposited with the Trustee nor principal or interest payments on any such obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds, but any cash received from such principal or interest payments on such obligations deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge.

SUMMARY OF CERTAIN PROVISIONS OF THE MORTGAGE INSURANCE AGREEMENT

Provisions of the Act create a State Mortgage Insurance Fund held by the Commissioner of Revenue of the State and administered by the Commissioner of Commerce and Economic Development of the State and the Corporation for the purpose of insuring eligible mortgage

of time or that it will not be lowered or withdrawn entirely if, in the judgment of Standard & Poor's, circumstances so warrant. The Underwriters have undertaken no responsibility either to bring to the attention of holders of 1977 Third Series Bonds any proposed change or withdrawal of such rating or to oppose any such proposed revision. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the 1977 Third Series Bonds.

TAX EXEMPTION

In the opinion of Bond Counsel, interest on the 1977 Third Series Bonds is exempt from federal income taxes under existing law, 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 facilities financed from the proceeds of the Bonds or a "related person". Under the Act, the 1977 Third 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.

The Commissioner of Internal Revenue has proposed amendments to Section 1.103-1 of the Income Tax Regulations relating to interest paid on obligations of state and local governmental units. If adopted, these proposed amendments would impose substantial limitations on the type of issuer whose obligations would be deemed to have been issued "on behalf of" a state for purposes of the exemption from federal income tax afforded by Section 103 of the Code. If adopted in the form published, the proposed regulations would have no effect on the 1977 Third Series Bonds, but might require an amendment to the Act in order to preserve the tax-exempt nature of interest paid on obligations issued after the effective date of such regulations. Failure of the Corporation to preserve the tax-exempt status of interest paid on future obligations could affect its ability to sell future issues of bonds.

LEGALITY FOR INVESTMENT

Subject to any applicable federal requirements or limitations, the 1977 Third Series Bonds are eligible for investment by all public officers and public bodies of Alaska and its political subdivisions and, to the extent controlled by Alaska law, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them, in the 1977 Third Series Bonds.

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any material nature now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the 1977 Third Series Bonds, or in any way contesting or affecting the validity of the 1977 Third Series Bonds or any proceedings of the Corporation taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 1977 Third Series Bonds or the existence or powers of the Corporation.

On July 19, 1977, the office of the Ombudsman of the State notified the Corporation that it had received fifteen complaints in connection with certain changes in guidelines and requirements for mortgage loans eligible for purchase by the Corporation adopted by the Board at its June 16, 1977 meeting. The office of the Ombudsman is an independent investigatory body of the State Legislature. The Ombudsman stated, in general, that the complaints alleged that (1) the Corporation did not adequately involve the public in its action, (2) the new guidelines established a discriminatory difference in the amount of down payment for condominiums and houses, (3) the Corporation unfairly changed the guidelines and (4) information concerning the guideline changes was released in a manner which ultimately gave some lending institutions an unfair ad-

obligations of the types described in clause (a) above or by obligations of the State having a market value at all times at least equal to the amount of such deposit or certificate to the extent not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or any successors thereto.

Any amounts on deposit in the Insurance Account and investments thereof shall be in the custody of the Commissioner of Revenue and deposited in a segregated account in a bank or trust company having a capital and surplus of at least \$25,000,000.

At July 31, 1977, National Bank of Alaska held cash and securities aggregating \$2,741,971 in the Insurance Account.

Other Covenants

The Commissioner of Commerce and Economic Development has covenanted to maintain the Insurance Account in accordance with sound commercial practice, and the Corporation has covenanted to supervise its portfolio of Acquired Obligations and to maintain full benefits under any prior insurance or guarantee to which it is entitled, but the failure to do so shall not relieve the Commissioner of Commerce and Economic Development from the payment of losses from the Insurance Account as provided in the Agreement.

The State pledges and agrees with the holders of Bonds that it will not limit or alter the rights and powers of the Commissioner to fulfill the terms of the Agreement or impair the right of the Corporation to receive insurance from the Insurance Account in respect of Acquired Obligations.

The Commissioner of Commerce and Economic Development and the Commissioner of Revenue have covenanted to maintain at all times complete and accurate books and records for purposes of the Agreement and, pursuant to the Agreement, have delegated such responsibility to the Corporation. The Agreement provides that such books and records shall be audited at least annually by an independent certified public accountant.

The Corporation has covenanted to maintain complete and accurate books and records regarding Acquired Obligations, which may be inspected by the Commissioner of Commerce and Economic Development for the purpose of verifying insurance claims against the Insurance Account.

Delegation by Commissioner

In the Agreement the Commissioner of Commerce and Economic Development has delegated to the Corporation all his rights, duties, powers, responsibilities and obligations under the Agreement, except as to his obligations to determine the Account Requirement in conjunction with the Corporation and to certify annually any deficiencies in the Insurance Account in respect thereof.

RATING

As noted on the cover page of this Official Statement, Standard & Poor's Corporation ("Standard & Poor's") has given the 1977 Third Series Bonds a rating of A. No application has been made to any other rating agency for the purpose of obtaining a rating on the 1977 Third Series Bonds. Any explanation of the significance of such rating should be obtained from Standard & Poor's. The Corporation furnished to such rating agency information and materials relating to the 1977 Third Series Bonds and itself, certain of which information and materials have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that such rating will obtain for any given period

loans. The provisions have been implemented by a Mortgage Insurance Agreement dated as of December 6, 1975, between the Commissioner of Commerce and Economic Development and the Corporation. Certain provisions of the Agreement and the Act are summarized below. Reference should be made to the Agreement and the Act for a complete statement of their provisions.

Creation of Account

The Agreement creates within the Insurance Fund a special account designated as the Alaska Housing Finance Corporation Insured Mortgage Program Account (the "Insurance Account"). No amounts deposited in the Insurance Account may be withdrawn except as permitted by the Agreement.

Mortgages Eligible for Insurance by the Account

Mortgage loans which may be insured by the Insurance Account are limited to Acquired Obligations pledged to the payment of the Bonds. No mortgage loan will be eligible for insurance by the Insurance Account unless such mortgage loan, upon becoming an Acquired Obligation, shall have a loan to value ratio* of less than 90% or shall be the subject of insurance or guarantee by the FHA, VA or other federal agency or by a Qualified Mortgage Insurance Company** to the extent that such ratio is greater than 90%.

Other accounts in addition to the Insurance Account may be subsequently established within the Insurance Fund to insure other mortgage loans or obligations so long as claims for losses with respect to such obligations are not payable from, and shall not obligate, encumber or create any charge against, or liability with respect to, amounts in the Insurance Account. The Agreement further provides that no such other account shall be established with a priority over the Insurance Account with respect to payments received pursuant to the Act from any appropriations by the State or from unrestricted surplus funds of the Corporation.

The Account Requirement and Administration of the Insurance Account

The Act provides that mortgage loans may be insured by the Insurance Fund if the amount therein is equal to the greater of (a) 2% of the unpaid principal amount of the mortgage loans insured or (b) such other percentage as the Corporation with the approval of the Commissioner of Commerce and Economic Development determines is "actuarially sound" for operation of the Fund. In making such determination, the Act requires that various factors be considered, including estimates of future defaults and losses on mortgage loans insured based on actual default and loss experience of mortgage loans in Alaska or elsewhere, estimates of recoveries on defaulted or foreclosed mortgage loans based on such experience, the terms and conditions of the mortgage loans insured, estimates of earnings and income of amounts in the Insurance Fund, and any other appropriate factors. The Agreement establishes for the Insurance Account an Account Requirement with respect to Acquired Obligations to be insured thereby which is determined as provided in the Act and as described below.

Income of the Insurance Account is to consist of the amortization of any insurance premiums collected by the Corporation in respect of mortgage loans to be insured over the estimated average life of such mortgage loans, net earnings on investments in the Insurance Account and such other fees, charges and receipts as the Commissioner of Commerce and Economic Development and the Corporation may prescribe and collect. At the end of each Bond Year,

* Loan to value ratio means the ratio of the principal amount of the mortgage loan to the appraised value, as determined by an appraiser acceptable to the Corporation, of the residential housing securing the mortgage loan.

** A Qualified Mortgage Insurance Company is a mortgage insurance company satisfactory to the Corporation, qualified to do business in the State and to provide insurance on mortgages purchased by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association.

the capital of the Insurance Account shall be increased by the amount by which the portion of premium income earned, if any, and all investment income of the Insurance Account exceeds losses during such year or decreased by the amount by which losses to the Insurance Account exceed such income. Except to the extent necessary to satisfy claims for losses on Acquired Obligations, amounts may be withdrawn from the capital of the Insurance Account only to reimburse the Corporation for capital contributions to the Insurance Account and then only if the capital has not been less than the Account Requirement at any time within the two years preceding such withdrawal and the withdrawal will not cause the capital of the Insurance Account to be less than the Account Requirement, and only 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.

The Agreement provides that the Insurance Account shall be administered in such a manner that its income in each Bond Year is expected to at least equal the anticipated claims for losses in such Bond Year. If income is less than losses in any Bond Year, the Agreement requires the Commissioner of Commerce and Economic Development and the Corporation to (a) adjust the level of future insurance premiums charged by the Corporation, (b) determine that the Account Requirement requires the capital of the Insurance Account to be increased to a level which will provide adequate investment income or (c) take a combination of such actions, so as to ensure that income of the Insurance Account in future Bond Years will equal losses in such Bond Years.

Deficiencies in the Insurance Fund

With respect to deficiencies in the Insurance Fund, Section 18.56.095(f) of the Act provides as follows:

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

In the Agreement, the Commissioner of Commerce and Economic Development and the Corporation have covenanted to determine the Account Requirement from time to time and at least annually on December 1. If, in such annual determination, the amount on deposit in the capital of the Insurance Account is less than the Account Requirement, the Commissioner has covenanted to certify to the Corporation the amount of any deficiency and the Corporation has covenanted, to the extent it has unrestricted surplus funds available for such purpose, to transfer to the Insurance Account the amount of such deficiency. If sufficient funds are not available to the Corporation, the Commissioner of Commerce and Economic Development has covenanted to certify, at the time and in the manner required by the Act, such sum to the Governor and Chairmen of the House and Senate Finance Committees of the State Legislature as is necessary to restore the Insurance Account to the amount required by the Act. The Agreement provides that any sum appropriated in connection with any such certification shall be promptly paid in as part of the capital of the Insurance Account.

With respect to funds available to the Corporation to restore any deficiency in the Insurance Account, the Resolution provides that, after the required monthly deposits of revenues into the Funds and Accounts under the Resolution, any amounts remaining will be transferred to the Insurance Account to the extent certified by the Corporation as necessary to make up any deficiency. In addition, the Corporation may restore the Insurance Account from other available unrestricted surplus funds. In the absence of a deficiency in the Insurance Account, there is no requirement that present or future surplus funds, including any surplus under the Resolution, be retained by the Corporation for purposes of the Insurance Account, and such funds may be expended for general operating or other purposes of the Corporation. The Corporation's unrestricted surplus funds are principally provided by mortgage loans and investments purchased with proceeds of its bond anticipation notes and mortgage purchase commitment fees. However, there can be no assurance that in the event of a future deficiency in the Insurance Account the Corporation will have surplus funds available therefor.

Claims and Payment of Losses

Claims submitted by the Corporation in respect of Acquired Obligations insured by the Insurance Account may include unpaid principal and interest and unpaid expenses to the Corporation for real estate taxes, hazard and loan insurance premiums, repair and maintenance costs, collection and legal costs and similar costs. The Corporation, however, shall not be deemed to have incurred a loss in respect of an Acquired Obligation which is guaranteed or insured by the VA, FHA or other federal agency or by a Qualified Mortgage Insurance Company until it shall have first failed to obtain full and complete reimbursement of the loss from such guarantor or insurer.

Upon submission of a claim for loss, the Agreement provides that the Corporation shall establish the amount of loss on an Acquired Obligation by acquisition and sale of the mortgaged premises, by foreclosure or otherwise or by such other procedure as the Corporation may elect. Upon such determination, the Commissioner of Commerce and Economic Development shall promptly pay the amount of the loss established by the Corporation from the Insurance Account.

If at any time after payment from the Insurance Account to the Corporation for a loss on an Acquired Obligation, the Corporation recovers moneys in respect of the Acquired Obligation from another source, the Act and the Agreement require the Corporation to apply such moneys to repay the State to the extent of any prior appropriations into the Insurance Account pursuant to the Act and thereafter to reimburse the Insurance Account for its prior payment for such loss.

Incontestability of Insurance

Under the Agreement, upon the Corporation's endorsement of insurance of an Acquired Obligation by the Insurance Account, such insurance shall be valid and incontestable regardless of any deficiency or defect in the Acquired Obligation, and there are no conditions to such insurance except as provided in the Agreement.

Insurance Account Investments

The Agreement limits investments of moneys in the Insurance Account to (a) direct obligations of, or obligations insured or guaranteed by, the United States or its agencies or instrumentalities, (b) bankers acceptances drawn on and accepted by and certificates of deposit of banks with a combined capital and surplus aggregating at least \$200,000,000 or (c) interest-bearing deposits or certificates of deposit of a bank or trust company continuously secured by

Introduced: 1/17/78
Referred: State Affairs and
Finance

BY MEEKINS, DANKWORTH, GRUENING,
HAYES, LETHIN, MALONE, OSTERBACK,
PHILLIPS, RHODE, SNIDER AND
SWANSON

1 IN THE HOUSE

2 HOUSE BILL NO. 642

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND 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 \$1,720,000 is appropriated from the general fund
11 to the mortgage insurance fund of the Alaska Housing Finance Corporation for
12 the period beginning with the effective date of this Act and ending December
13 30, 1978 to be paid to the mortgage insurance fund in the amounts requested
14 by the corporation as necessary in connection with the issuance of insured
15 mortgage program bonds of the corporation.

16 * Sec. 2. The sum of \$2,880,000 is appropriated from the general fund to
17 the mortgage insurance fund of the Alaska Housing Finance Corporation for the
18 period beginning July 1, 1978 and ending December 31, 1979 to be paid to the
19 mortgage insurance fund in the amounts requested by the corporation as
20 necessary in connection with the issuance of insured mortgage program bonds
21 of the corporation.

22 * Sec. 3. Section 1 of this Act takes effect immediately in accordance
23 with AS 01.10.070(c). Section 2 of this Act takes effect July 1, 1978.

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MEMORANDUM

November 15, 1977

SUBJECT: W.O. 4385, relating to the Alaska Housing Finance Corporation

TO: Representative Russ Meekins

FROM: John B. Chenoweth, Legislative Counsel

I suggest that the affairs of the Alaska Housing Finance Corporation are subject to the provisions of the state's "open meeting" law, AS 44.62.310 - 44.62.312. AS 44.62.640(a) defines the "reach" of the public meeting provision:

In secs. 10 - 320 of this chapter, unless the context otherwise requires,

(4) 'state agency' means a department, office, agency, or other organizational unit of the executive branch, except one expressly excluded by law...

The Alaska Housing Finance Corporation is a public corporation "and [a] government instrumentality within the Department of Commerce and Economic Development...", AS 18.56.020. Its corporate status notwithstanding, inclusion of the Corporation within the Department suggests that it is an organizational unit of the executive branch and thereby subject to the provisions of AS 44.62.310 - 44.62.312 by operation of the above-cited definition. But even if it were, by virtue of its status as a public corporation, not to be regarded as an organizational unit of the executive, the provisions of AS 44.62.310 would remain applicable for, by the terms of (a) of that section

All meetings' of a legislative body, of a board of regents, or of an administrative body, board, commission, committee, subcommittee, authority, council, agency or other organization, including subordinate units of the above groups, of the state or any of its political subdivisions ... supported in whole or in part by public money, are open to the public except as otherwise provided by this section ...

Representative Ruds Meekins
November 15, 1977
Page 2

The activities of the corporation have been supported in part by appropriation of public funds (Ch. 14, SLA 1977). Finally, giving sec. 310 its broadest reading -- in accord with the statement of legislative policy which follows in sec. 312 -- and finding that the Alaska Housing Finance Corporation does not fit any of the categories of exception described in AS 44.62.310(d), public policy requires compliance with the provisions of the section.

All this is not to say that every action or determination of the Alaska Housing Finance Corporation must be taken in public. Exception is made for certain items:

The following excepted subjects may be discussed in an executive session:

(1) matters, the immediate effect of which would clearly have an adverse effect upon the finances of the government unit;

(2) subjects that tend to prejudice the reputation and character of any person, provided the person may request a public discussion;

(3) matters which by law, municipal charter, or ordinance are required to be confidential.

Board discussion of the merits of a pending corporation bond proposal or the merits of an application for a loan by an individual would, generally speaking, appear to me to be examples of transactions which meet the provisions of this subsection and might thereby exempt the Housing Finance Corporation from "open meeting" requirements as to these subjects.

* * *

The requirements of the state's so-called "financial disclosure" law, AS 39.50, do not appear to attach to the public members of the board of directors of the Alaska Housing Finance Corporation: the provisions of that title and chapter are not made specifically applicable by operation of the definition of "state commission or board." A section in the attached draft corrects that exemption.

JBC:hjd

Attachment



P.O. Box 1020, Anchorage, Alaska 99510

TO: All Seller/Serviceers

DATE: October 3, 1977

FROM: E. L. Johnson *ELJ*
Acting Executive Director

By further action of the Board of Directors of Alaska Housing Finance Corporation at a Special Meeting on September 29, 1977, the following changes were made effective immediately:

"RURAL" (BUSH) LOANS

1. Guarantee to lenders that AHFC will purchase all "rural" (bush) loans that meet AHFC requirements.
2. "Rural" (bush) loan applications will not affect monthly allocations.
3. No income limits on "rural" (bush) loans.
4. Must be owner occupied only - duplexes included.
5. Maximum loan amount:
 - a. Single family residence, owner occupied - \$90,000. *65 Acres*
 - b. Duplex, owner occupied - \$130,000. *90 "*
6. Term of commitment - Six (6) months.
7. AHFC cannot guarantee interest rates on "rural" (bush) loans.

"Rural" (bush) - These areas specifically include Aleutian Islands, Bristol Bay, Bethel, Nome, Wade Hampton area, Yukon-Kuskokwin, Ft. Yukon and Barrow.

KODIAK LOANS

In order to provide for a long standing commitment to assist in relieving the critical housing shortage in the suburban area of Kodiak, a special allocation of \$2,000,000 is available in addition to the \$7,000,000 of monthly allocated funds. These funds are for new construction only and will be used on a case by case, first come basis. Applications for residential loans on existing housing in Kodiak will be subject to allocation.

The rise and fall of AHFC

The Alaska Housing Financing Corporation in recent years has grown substantially, both in size and in stature. Inherent in that growth was an increase in confidence in the programs and the Corporation by the voters and consumers of the State of Alaska. Most of us will recall that, up until several years ago, AHFC would occasionally run out of money or have to temporarily abstain from issuing commitments. The reason for this, at that time, was the fact that 90% of the commitments issued had to be on Federally insured or guaranteed loans (FHA, VA), and the remaining 10% on conventional loans. Thus when the 90-10% ratio was upset, commitments on conventional loans could no longer be issued until the ratio was brought back into balance.

A change was subsequently made that led to the first conventional bond issue, and meeting the 90%-10% ratio was no longer a problem. Since that time AHFC financing on both FHA-VA, and conventional loans has always been readily available. Under the capable leadership of Mr. Tolbert Elliott the programs grew considerably in significance and importance and aided substantially in providing housing for the low and middle income citizens of our state. Gradually financial institutions and the buyers and sellers

continued on page 9

● AHFC



continued from page 1

Bob Baer

of homes in Alaska developed more confidence in the Corporation and its programs, and this kindled further growth and solidarity.

Approved commitments issued averaged \$5,000,000 per month in 1975 and \$5,700,000 per month in 1976. In 1977, due to the availability of money at favorable interest rates and due to a growing demand for funds by both lower and middle income groups, commitments issued averaged \$10,800,000 per month for the first 6 months.

The Board of Directors of AHFC, early in 1977, became seriously concerned with the dramatic growth and increase in commitments of the Corporation. Perhaps it is time to divert for a moment to cogitate on AHFC's position at that time and how it arrived there.

The financial institutions (seller-servicers) of our state and real estate agents have an obligation to seek out for their clients the most favorable financing avail-

able. Favorable financing refers to the loan ratio, interest rates, fees and other related terms. Simply stated, if money is available through AHFC and the terms are more favorable than other programs, these parties have a duty to direct their clients to AHFC programs. Quite often we have heard in recent months that the financial institutions and REALTORS[®] have taken "advantage" of AHFC and its programs. This obviously is not the case, and the present problems stem from the fact that AHFC shouldn't have put itself in the position originally, where its programs and terms call for more commitments issued than the corporation was desirous of issuing.

Let us divert again and study the compilation of the Board of Directors of AHFC. Alaska statutes call for six members of the Board

"I feel very seriously that the present position of AHFC and the demand for the critical retroactive changes that have been made in their programs would have been more pleasing to the low and middle income voters of our state if the Board of Directors were compiled of a greater number of individuals with mortgage banking and related real estate experience."

appointed by the Governor and the Department of Commerce to serve at the pleasure of the Governor. I understand that these directors have no set term, but are appointed to serve until they are dismissed or resign. Please understand that the comments hereafter are constructive suggestions rather than critical comments.

The Board is chaired by a very capable individual with many years of banking experience. The other members come from various communities around the state and have a wide variety of qualifications and occupations. None of the members, to the best of my knowledge, have any mortgage banking experience and yet, in the month of June, 1977, these Board members directed a Corporation that issued, within a 30 day period, \$19,900,000 worth of loan commitments. I feel very seriously that the present position of AHFC and the demand for the critical retroactive changes that have been made in their programs would have been more pleasing to the low and middle income voters of our state if the Board of Directors were compiled of a greater number of individuals with mortgage banking and related real estate experience.

Perhaps some introspection is necessary at this point. Is it the position of the state administration that, if people from financial institutions, the Home Builders Associations, the title insurance industry, or other real estate oriented occupations are appointed to the Board, that there might be some conflict? With knowledge in a particular area, conflict does not necessarily follow. In fact, a absence of conflict is more likely with a Board member than with a non board member.

On June 17, 1977, a letter was distributed to all seller-servicers of AHFC loans. The letter read as follows:

From: Elma L. Johnson
Acting Executive Director

By action of the Board of Directors at a Special Meeting on June 16, 1977, the following changes in policy were adopted:

1. 10% downpayment requirement on Conventional Loans \$60,000 and over.
2. 15% downpayment requirement on Condominiums.
3. Maximum loan amount - \$65,000.

4. No purchase in excess of 50% of the units in any condominium project.

Criteria changes to the Guide for Seller/Service.s reflecting these policies will be forthcoming.

Effective date will be June 20, 1977 on above policy changes.

These changes came without warning and affected hundreds of home purchase transactions throughout the State of Alaska. Many people who were planning to buy or sell homes were affected by these harsh retroactive changes.

Since that letter the confidence in the program has been shattered. Financial institutions have been put on an allocation basis that allows them to make far fewer AHFC loans than they have made in the past. A quick survey of several of the larger institutions early in September 1977 indicated that they are working on their November and December allocations from loan applications that they already had in process. Low and middle income purchasers could no

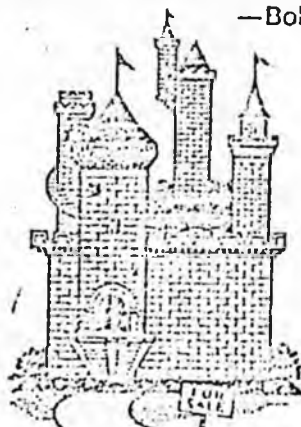
longer purchase condominiums with a low down payment, or could no longer obtain a loan over \$65,000 on a single family residence. These were obviously deflationary changes in an inflationary period. Other drastic changes, such as a reduction in the income limitation of qualified buyers, had preceded these changes and additional reductions are imminent.

Most financing institutions will no longer take an application for an AHFC loan because of the obvious problems involved and the questionable future of the programs and allocations.

It is unfortunate that a Corporation designed to serve the citizens of the State of Alaska has suffered such a critical setback. I might add that the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation have to be concerned about loans that they purchase daily, when such a move has been made by our own state housing program. Hopefully that concern which has been expressed, will not have a serious adverse effect on FNMA and FHLMC financing within our State.

What is the future of AHFC? Most of those people who have been interested are losing their drive to improve the program. Something surely needs to be done in the near future. I trust that Governor Hammond will see the need and take the necessary steps to restore confidence in a program that has served Alaska well in the past, but whose future is uncertain.

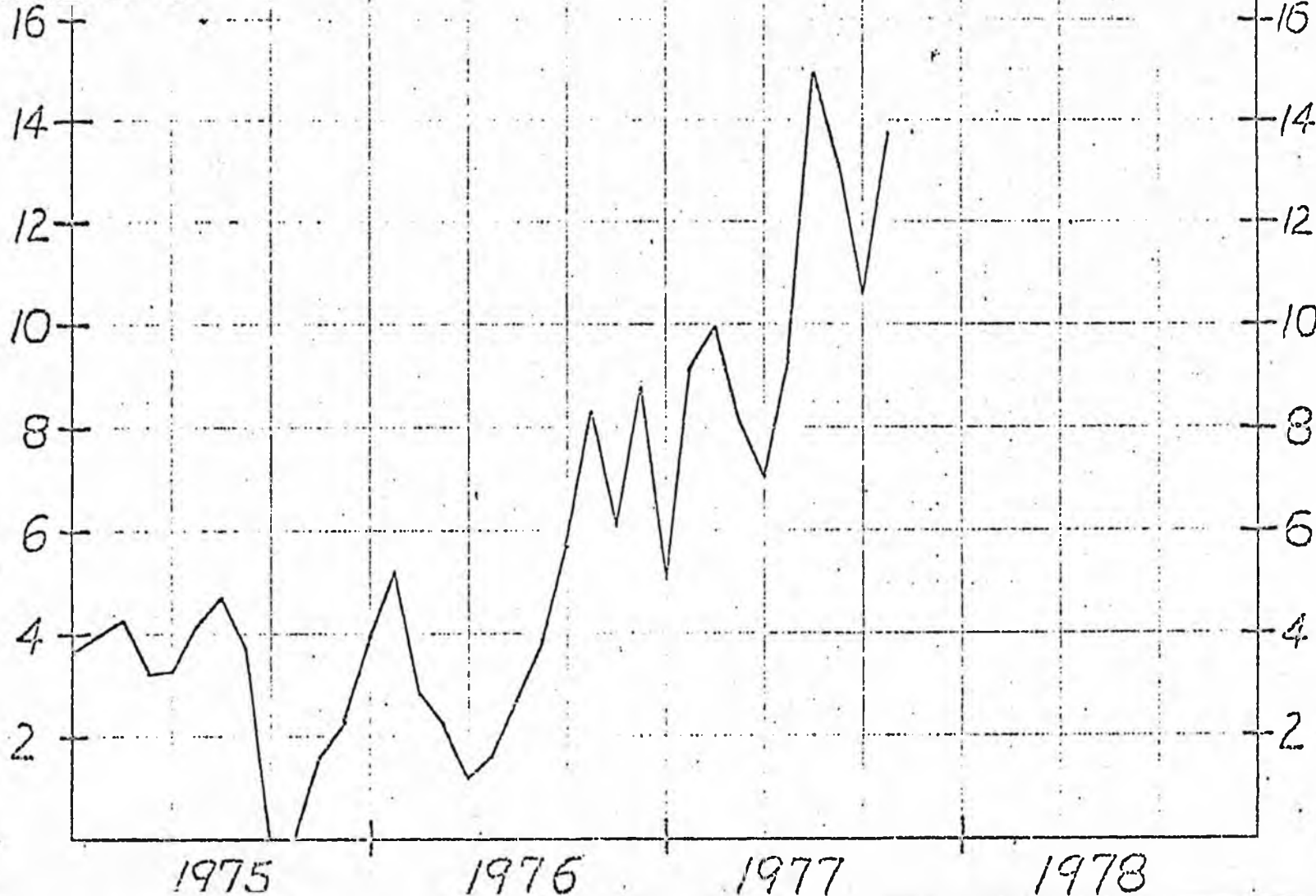
—Bob Baer



ALASKA HOUSING FINANCE CORP. MORTGAGE PURCHASES

MILLIONS

MILLIONS



§ 18.56.010

HEALTH AND SAFETY

§ 18.56.010

(c) A housing authority created by this section may not transact business or exercise powers granted to it until the governing body of the named association has, by proper resolution, declared that there is a need for the authority to function, gives it the authority to function and has named its commissioners as provided under (d) of this section.

(d) The governing body of the association in question shall, after determining that it wishes to have a regional native housing authority, appoint five persons to serve as the board of commissioners of the authority. The term of office of each member is for three years except that, of the commissioners first appointed, one shall serve for a term of one year and two shall serve for a term of two years. Vacancies shall be filled by the governing body of the association in question.

(e) Questions arising as to jurisdiction and boundary disputes as a result of the jurisdictional lines set out by (a) of this section shall be resolved by the governing board of the Alaska Federation of Natives. (§ 1 ch 123 SLA 1971)

Chapter 56. Alaska Housing Finance Corporation.

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

(b) The legislature finds and declares that private enterprise has not been able to provide, without assistance, an adequate supply of safe and sanitary homes at prices or rents which persons of lower or moderate income can afford, or to achieve rehabilitation of much of the present housing for persons of lower and moderate income, or to provide without assistance the housing necessary to promote the

economic growth of remote, underdeveloped or blighted areas, and that existing state and federal programs are inadequate to meet housing needs of persons of lower and moderate income or of remote, underdeveloped or blighted areas. It is imperative that the supply of housing for persons of lower and moderate income and the housing necessary to promote the economic growth of remote, underdeveloped or blighted areas be increased and that coordination and cooperation among private enterprise, state and local government be encouraged to sponsor, build and rehabilitate residential housing for these persons.

(c) The legislature finds and declares further that, in accomplishing this purpose, the creation of the Alaska Housing Finance Corporation is essential to assist in the acquisition and development of land and the construction, rehabilitation, financing, management, maintenance, sale and rental of dwelling units for persons of lower and moderate income or persons in remote, underdeveloped or blighted areas and that these activities serve a public purpose in benefiting the people of the state. The Alaska Housing Finance Corporation is empowered to act on behalf of the state and its people in serving this public purpose for the benefit of the general public. (§ 1 ch 107 SLA 1971; am § 1 ch 81 SLA 1972)

Effect of amendment. -- The 1972 amendment, in subsection (a), inserted "or moderate" in the first sentence, inserted "and moderate" in that sentence, added the second sentence, and substituted "These conditions are" for "This shortage is" at the beginning of the third sentence. In the first sentence of subsection (b), the amendment inserted "and moderate" in three places, inserted "or to provide without assistance the housing necessary to promote the economic growth of remote, underdeveloped or blighted areas," inserted "state and," and inserted "or of

remote, underdeveloped or blighted areas." In the second sentence of subsection (b), the amendment inserted "and moderate" and inserted "and the housing necessary to promote the economic growth of remote, underdeveloped or blighted areas." In the first sentence of subsection (c), the amendment inserted "and moderate" and "or persons in remote, underdeveloped or blighted areas."

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

Sec. 18.56.020. Alaska Housing Finance Corporation. The Alaska Housing Finance Corporation is a public corporation and government instrumentality within the Department of Commerce, but having a legal existence independent of and separate from the state. The corporation may not be terminated as long as it has bonds, notes or other obligations outstanding. Upon termination of the corporation, its rights and property pass to the state. (§ 1 ch 107 SLA 1971)

Sec. 18.56.030. Corporation governing body. The corporation shall be governed by a board of directors, consisting of the commissioner of commerce and four members appointed by the governor. Members serve without compensation except that each member may be reimbursed by the corporation for actual and necessary expenses at the same rate as set out in AS 39.20.180. (§ 1 ch 107 SLA 1971)

Sec. 18.56.040. Meetings of board. The board shall elect a chairman from among its membership at its first meeting in each year. A majority of the members constitute a quorum for organizing the board, conducting its business and exercising the powers of the corporation. The board shall meet at the call of its chairman. The board shall meet not less than once each three months. (§ 1 ch 107 SLA 1971)

Sec. 18.56.045. Minutes of meetings. The board shall keep minutes of each meeting and send a certified copy to the governor. (§ 1 ch 107 SLA 1971)

Sec. 18.56.050. Administration of affairs. The board may manage the assets and business of the corporation and prescribe, amend and repeal bylaws, rules and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised. The board may delegate to one or more of its directors, officers, agents or employees those powers and duties it considers proper. The board may delegate supervision of the administration of the corporation to an executive officer. (§ 1 ch 107 SLA 1971)

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

Sec. 18.56.060. Board may employ personnel. The board may appoint other officers, hire employees and agents, and engage professional and technical advisors as employees or as independent contractors. The board shall prescribe the duties and compensation of corporation personnel. (§ 1 ch 107 SLA 1971)

Sec. 18.56.070. Personnel exempt from State Personnel Act. The personnel of the corporation are exempt from AS 39.25 to the same extent as the personnel of the Alaska State Housing Authority. (§ 1 ch 107 SLA 1971)

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

*Does this imply that
AHFA may borrow from
other state agencies*

Sec. 18.56.085. Investment of state surplus. Notwithstanding other provisions of law, when the commissioner of revenue determines that there is in the state treasury a surplus above an amount sufficient to meet current cash expenditure needs, the surplus may be invested, in addition to the investments permitted by AS 37.10.070(a), in residential mortgages owned by the corporation and secured by real estate within the state, which investments shall be subject to the terms

and conditions that the corporation and the commissioner of revenue may provide in any contract of sale. Investments allowed by this section shall be made as provided for other investments of the state money under AS 37.10.070(a), (f), (g) and (i). The terms and conditions of any contract of sale authorized to be made under this section may include but are not limited to:

- (1) the investment by the state in a specified or determinable amount of mortgages;
- (2) the existence of a prior lien on and pledge of the mortgages invested in by the state;
- (3) provisions relating to the subordination of the state's interest in and application of annual payments of principal and interest or the proceeds of a permitted sale of, or insurance or prepayments on, the mortgages; and
- (4) the right of the corporation to repurchase the mortgages at a predetermined price (§ 2 ch 81 SLA 1972)

Legislative committee report. — For report on ch. 81, SLA 1972 (CS113 547), see 1972 House Journal, p. 859.

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

(1) make or participate in the making of construction loans to sponsors, developers and builders of land development or residential housing, if the corporation determines that construction loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions;

(2) ~~make or participate in the making of mortgage loans~~ to sponsors, developers, builders and purchasers of residential housing, if the corporation determines that mortgage loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions;

(3) purchase or participate in the purchase of mortgage loans made to sponsors, developers, builders, owners and purchasers of residential housing, if the corporation

* (A) has given approval before the initial making of the loan and has determined that mortgage loans were, at the time the approval was given, not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions, or

(B) has determined that the purchase or participation will result in additional residential housing, taking into account without limitation such factors as reinvestment of the proceeds of the sale in additional mortgage loans, increased availability of mortgage loans insured by the federal government, its agencies or departments, the reduction, if any, of interest payments to be made with respect to mortgage loans, or

such other factors as will tend to increase or improve the supply of residential housing within the state;

(4) make partial rental payments and mortgage interest payments under a contract with any housing owner, if the payments will be applied to decrease rental or mortgage interest charges of persons of lower and moderate income or owners or purchasers of residential housing in remote, underdeveloped or blighted areas of the state;

(5) make loans from the housing development fund;

(6) collect and pay reasonable fees and charges in connection with making, purchasing and servicing its loans, notes, bonds, commitments and other evidences of indebtedness;

(7) acquire real property, or any interest in real property, in its own name, by purchase, transfer or foreclosure, when the acquisition is necessary or appropriate to protect any loan in which the corporation has an interest; sell, transfer and convey any such property to a buyer; and, if the sale, transfer or conveyance cannot be effected with reasonable promptness or at a reasonable price, rent or lease the property to a tenant pending the sale, transfer or conveyance;

(8) sell, at public or private sale, to any purchaser, including the Federal National Mortgage Association, all or any part of a mortgage or other instrument or document securing a construction, land development, mortgage or temporary loan of any type permitted by this chapter;

(9) purchase, in order to meet the requirements of the sale of its mortgages to the Federal National Mortgage Association, stock of the Federal National Mortgage Association;

(10) procure insurance against any loss in connection with its operation;

(11) consent to the modification of the rate of interest, time of payment of any installment of principal or interest, or any other terms, of the mortgage loan, mortgage loan commitment, construction loan, temporary loan, contract or agreement of any kind to which the corporation is a party;

(12) borrow money as herein provided to carry out and effectuate its corporate purposes; and issue its obligations as evidence of any such borrowing;

(13) include in any borrowing the amounts necessary to pay financing charges, interest on the obligations for a period not exceeding one year after the date on which the corporation estimates funds will otherwise be available to pay the interest, consultant, advisory and legal fees and such other expenses as are necessary or incident to this borrowing;

(14) make and publish rules and regulations respecting its lending programs and such other rules and regulations as are necessary to effectuate its purposes;

(15) provide technical and advisory services to sponsors, builders and developers of residential housing and to residents of it;

(16) promote research and development in scientific methods of constructing low-cost residential housing of high durability;

(17) make and execute agreements, contracts and other instruments necessary or convenient in the exercise of the powers and functions of the corporation under this chapter, including contracts with any person, firm, corporation, governmental agency or other entity;

(18) receive, administer and comply with the conditions and requirements respecting any appropriation or gift, grant or donation of property or money;

(19) sue and be sued in its own name;

(20) adopt an official seal;

(21) adopt bylaws for the regulation of its affairs and the conduct of its business and prescribe rules, regulations and policies in connection with the performance of its functions and duties;

(22) employ fiscal consultants, engineers, attorneys, real estate counselors, appraisers and such other consultants and employees as may be required in the judgment of the corporation, and fix and pay their compensation from funds available to the corporation;

(23) do all acts and things necessary, convenient or desirable to carry out the powers expressly granted or necessarily implied in this chapter;

(24) invest or reinvest, subject to its contracts with noteholders and bondholders, any money or funds held by the corporation in any obligations or other securities or investments in which banks or trust companies in the state may legally invest funds held in reserves or sinking funds or any funds not required for immediate disbursement, and in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the state or the United States of America. (§ 1 ch 107 SLA 1971; am § 3 ch 81 SLA 1972)

Effect of amendment. — The 1972 amendment inserted "and moderate" and "or persons located in remote, underdeveloped or blighted areas of the state" in the introductory language, rewrote paragraph (3), inserted "and moderate" and "or owners or purchasers of

residential housing in remote, underdeveloped or blighted areas of the state" in paragraph (4) and added paragraph (24).

Legislative committee report. — For report on ch. 81, SLA 1972 (CSHB 517), see 1972 House Journal, p. 859.

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 Sec. 18.56.100. Housing development fund. (a) There is created a special revolving loan fund to be known as the "housing development fund" to be administered by the corporation as a trust fund separate and distinct from any other money or funds administered by the corporation.

(b) Consistent with § 90 of this chapter, the corporation may make temporary and permanent loans from the housing development fund, at such interest rate or rates as determined by the corporation, and with such security for repayment as is necessary and practicable, to

(1) defray development costs of sponsors, builders, and developers of residential housing;

(2) provide to persons of lower and moderate income who are applying for mortgages, the amounts required to make down payments

and pay closing costs and to housing owners the amounts applied for partial rental payments and mortgage interest payments under § 90(4) of this chapter; or

(3) purchase, make, or participate in the making of mortgage and construction loans which are not federally insured or guaranteed to sponsors, builders, purchasers and developers of land development or residential housing, if the corporation determines that such loans are not otherwise available, wholly or in part, from private lenders upon reasonably equivalent terms and conditions.

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

(1) grants and contributions to the fund and the proceeds of sale of fund notes; and

(2) all receipts of the corporation on account of repayment of or sale or other disposition of the security for any loans made under (b) of this section.

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

(e) The corporation may provide for the issuance, at one time or from time to time, of housing development fund notes for the purpose of providing funds for the fund. The commissioner of revenue is authorized to purchase fund notes with surplus funds in the state treasury. Before submission of the executive budget to the legislature, the commissioner of revenue shall annually recommend to the governor the anticipated amounts of surplus funds available for purchase of fund notes in the fiscal year encompassed by the budget. In making his recommendation to the governor, the commissioner of revenue shall consider the expenditure and revenue projections contained in the most recent revenue source document prepared for and submitted to the legislature by the administration. If the governor agrees with the recommendation of the commissioner of revenue he shall forward the recommendation to the corporation.

(f) The principal and interest on fund notes is payable solely from the housing development fund. The corporation shall determine the date of the fund notes of each issue, the maturity of the notes, the redemption provisions, if any, including redemption prices, terms and conditions, the form and manner of execution of the notes, including any interest coupons to be attached to them, the denomination and the place of payment of principal and interest, which may be any bank, trust company, or agent, including the purchaser of any fund notes. The fund notes may be issued in coupon or in registered form, or both. The corporation may provide for the registration of any coupon fund notes as to principal or interest, or both, and for the reconversion into coupon fund notes of any fund notes registered as to both principal and interest, and for the exchange of registered and coupon fund notes. The corporation may provide for the replacement of fund notes which are mutilated, destroyed, lost or stolen.

(g) Fund notes shall bear interest at the rate, and shall be sold in the manner and for the price the corporation determines.

(h) If an officer whose signature or a facsimile of whose signature appears on any fund notes or coupons attached to them ceases to be an officer before the delivery of the fund notes or coupons, his signature or facsimile is valid for all purposes as if he had remained in office until delivery.

(i) The proceeds of sale of fund notes shall be used solely for the purposes for which issued and shall be disbursed in the manner and under the restrictions the corporation provides in the resolution authorizing the issuance of the fund notes.

(j) Fund notes may be issued without the consent of any government agency and without any other proceedings or conditions other than those which are specifically required by this chapter and the provisions of the resolution authorizing the issuance of the fund notes.

(k) No loan may be made by the corporation from the housing development fund except in accordance with a written agreement which shall include, but need not be limited to, the following terms and conditions:

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

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

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

(4) security for repayment shall be specified and shall be upon terms and conditions as the corporation considers necessary or practicable to insure all repayments. (§ 1 ch 107 SLA 1971; am § 4 ch 81 SLA 1972)

Effect of amendment. — The 1972 amendment inserted "and moderate" in subsection (b) (2). Legislative committee report. — For report on ch. 81, SLA 1972 (CSHB 517), see 1972 House Journal, p. 859.

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

(b) The principal and interest on these bonds or notes is payable from corporation funds, excluding funds in the housing development fund. Bond anticipation notes may be payable from the proceeds of the sale of bonds or from the proceeds of sale of other bond anticipation notes or, in the event bond or bond anticipation note proceeds are not available, such notes may be paid from other funds or assets of the corporation. Bonds or notes may be additionally secured by a pledge of a grant or contribution from the federal government, or a corporation, association, institution or person, or a pledge of money, income, or revenues of the corporation from any source.

(c) Bonds or bond anticipation notes may be issued in one or more series and shall be dated, bear interest at the rate or rates per year or

within the maximum rate, be in the denomination, be in the form, either coupon or registered, carry the conversion or registration provisions, have the rank or priority, be executed in the manner and form, be payable from the sources in the medium of payment and place or places within or outside the state, be subject to authentication by a trustee or fiscal agent, and be subject to the terms of redemption with or without premium, as the resolution of the corporation may provide. Bond anticipation notes shall mature at such time or times as may be determined by the corporation. Bonds shall mature at such time, not exceeding 50 years from their date, as may be determined by the corporation. Before the preparation of definitive bonds or bond anticipation notes, the corporation may issue interim receipts or temporary bonds or bond anticipation notes, with or without coupons, exchangeable for bonds or bond anticipation notes when these definitive bonds or bond anticipation notes have been executed and are available for delivery.

(d) Bonds or bond anticipation notes may be sold in the manner, on the terms and at the price the corporation determines.

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

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

(1) to pledge to any payment or purpose all or any part of its revenues to which its right then exists or may thereafter come into existence, and the money derived from the revenues, and the proceeds of any bonds or notes;

(2) to covenant against pledging all or any part of its revenues, or against permitting or suffering a lien on the revenues or its property;

(3) to covenant as to the use and disposition of any and all payments of principal or interest received by the corporation on mortgage loans, construction loans or other investments held by the corporation;

(4) to covenant as to establishment of reserves or sinking funds and the making of provision for and the regulation and disposition of the reserves or sinking funds;

(5) to covenant with respect to or against limitations on a right to sell or otherwise dispose of property of any kind;

(6) to covenant as to bonds and notes to be issued, and their limitations, terms and conditions, and as to the custody, application and disposition of the proceeds of the bonds and notes;

(7) to covenant as to the issuance of additional bonds or notes, or as to

limitations on the issuance of additional bonds or notes and the incurring of other debts;

(8) to covenant as to the payment of the principal of or interest on the bonds or notes, as to the sources and methods of the payment, as to the rank or priority of the bonds or notes with respect to a lien or security, or as to the acceleration of the maturity of the bonds or notes;

(9) to provide for the replacement of lost, stolen, destroyed or mutilated bonds or notes;

(10) to covenant against extending the time for the payment of bonds or notes or interest on the bonds or notes;

(11) to covenant as to the redemption of bonds or notes and privileges of their exchange for other bonds or notes of the corporation;

(12) to covenant to create or authorize the creation of special funds of money to be held in pledge or otherwise for operating expenses, payment or redemption of bonds or notes, reserves or other purposes, and as to the use and disposition of the money held in the funds;

(13) to establish the procedure, if any, by which the terms of any contract or covenant with or for the benefit of the holders of bonds or notes may be amended or abrogated, the amount of bonds or notes the holders of which must consent to amendment or abrogation, and the manner in which the consent may be given;

(14) to covenant as to the custody of any of its properties or investments, their safekeeping and insurance, and the use and disposition of insurance money;

(15) to covenant as to the time or manner of enforcement or restraint from enforcement of any rights of the corporation arising by reason of or with respect to nonpayment of any principal or interest of any mortgage loans or construction loans;

(16) to provide for the rights and liabilities, powers and duties arising upon the breach of any covenant, condition or obligation, and to prescribe the events of default and the terms and conditions upon which any or all the bonds, notes or other obligations of the corporation become or may be declared due and payable before maturity and the terms and conditions upon which any such declaration and its consequences may be waived;

(17) to vest in a trustee or trustees within or outside the state such property, rights, powers and duties in trust as the corporation may determine, which may include any or all of the rights, powers and duties of any trustee appointed by the holders of any bonds or notes, and to limit or abrogate the right of the holders of any bonds or notes of the corporation to appoint a trustee under this chapter or limit the rights, powers and duties of the trustee;

(18) to pay the costs or expenses incident to the enforcement of the bonds or notes or of the provisions of the resolution or of any covenant or agreement of the corporation with the holders of its bonds or notes;

(19) to agree with any corporate trustee which may be any trust company or bank having the powers of a trust company within or

outside the state as to the pledging or assigning of revenues or funds to which or in which the corporation has any rights or interest; the agreement may further provide for such other rights and remedies exercisable by the trustee as may be proper for the protection of the holders of any bonds or notes of the corporation and not otherwise in violation of law and may provide for the restriction of the rights of an individual holder of bonds or notes of the corporation;

(20) to appoint and provide for the duties and obligations of any paying agent or paying agents, or such other fiduciaries as the resolution may provide within or outside the state;

(21) to limit the rights of the holders of any bonds or notes to enforce any pledge or covenant securing bonds or notes;

(22) to make covenants other than and in addition to the covenants expressly authorized in this section, of like or different character, and to make such covenants to do or refrain from doing such acts and things as may be necessary, or convenient and desirable, in order to better secure bonds or notes or which, in the absolute discretion of the corporation, will tend to make bonds or notes more marketable, notwithstanding that the covenants, acts or things may not be enumerated in this section. (§ 1 ch 107 SLA 1971)

Sec. 18.56.115. Prohibited bidding on bonds and notes. (a) No person who provides fiscal programming or marketing assistance to the corporation in connection with the issuance or sale of the corporation's bonds or bond anticipation notes may bid or negotiate on the bonds or notes.

(b) The sale of bonds or notes of the corporation to a person who is prohibited from bidding on the bonds or notes under (a) of this section is against public policy and the sale is void.

(c) In this section, "person" means an individual, firm, agent, factor, intermediary, partnership, corporation, association, bond house, stockbroker or bond broker. (§ 4 ch 102 SLA 1974)

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

Sec. 18.56.130. Remedies. A holder of obligations or coupons attached to them issued under the provisions of this chapter, and a

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

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

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

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

(b) Refunding obligations may be sold or exchanged for outstanding obligations issued under this chapter and, if sold, the proceeds may be applied, in addition to any other authorized purposes, to the purchase, redemption or payment of the outstanding obligations. Pending the application of the proceeds of any such refunding obligations, with any other available funds, to the payment of the principal, accrued interest and any redemption premium on the obligations being refunded, and, if so provided or permitted in the resolution authorizing the issuance of the refunding obligations or in the trust agreement securing them, to the payment of any interest on the refunding obligations and any expenses in connection with the refunding, the proceeds may be invested in direct obligations of, or obligations the principal of and the

interest on which are unconditionally guaranteed by, the United States of America which mature or which will be subject to redemption, at the option of the holders of them, not later than the respective dates when the proceeds, together with the interest accruing on them, will be required for the purposes intended. (§ 1 ch 107 SLA 1971)

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

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

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

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

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

Sec. 18.56.200. Annual report. The corporation shall prepare and transmit annually a report accounting to the governor and the legislature for the efficient discharge of all responsibility assigned by law or by directive to the corporation. (§ 1 ch 107 SLA 1971)

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

(1) "corporation" means the Alaska Housing Finance Corporation created by this chapter;

(2) "board" means the board of directors of the corporation;

(3) "development costs" means the costs approved by the corporation as appropriate expenditures which may be incurred by sponsors, builders and developers of residential housing, before commitment and initial advance of the proceeds of a construction loan or of a mortgage loan, including but not limited to

(A) payments for options to purchase properties on the proposed residential housing site, deposits on contracts of purchase, or, with prior approval of the corporation, payments for the purchase of the properties;

(B) legal and organizational expenses, including payments of attorney fees, project manager, clerical and other staff salaries, office rent and other incidental expenses;

(C) payment of fees for preliminary feasibility studies and advances for planning, engineering and architectural work;

(D) expenses for tenant surveys and market analyses; and

(E) necessary application and other fees;

(4) "governmental agency" means any department, division, public agency, political subdivision or other public instrumentality of the state or the federal government;

(5) "housing development fund" means the housing development fund created by § 100 of this chapter;

(6) "construction loan" means a construction loan for land development or residential housing which is secured by a federally insured or guaranteed mortgage or which is insured or guaranteed by the United States or an instrumentality thereof, or for which there is a commitment by the United States or an instrumentality thereof to insure or guarantee such a loan, or a construction loan for land development or residential housing which land development or residential housing will be secured by a mortgage loan;

(7) "mortgage" or "mortgage loan" means a mortgage loan for residential housing insured or guaranteed by the United States or an instrumentality thereof or for which there is a commitment by the United States or an instrumentality thereof to insure or guarantee such a mortgage, or if not so insured or guaranteed or if there is no such commitment, which the corporation determines meets the conditions described in § 100(k) of this chapter or which shall be secured upon such terms and conditions as the corporation considers necessary or practicable to insure all repayments;

(8) "land development" means the process of acquiring land primarily for residential housing construction for persons of lower and moderate income and making, installing or constructing nonresidential housing improvements, including water, sewer and other utilities,

roads, streets, curbs, gutters, sidewalks, storm drainage facilities and other installations or works, whether on or off the site, which the corporation considers necessary or desirable to prepare the land primarily for residential housing construction;

(9) "obligations" means any bonds, bond anticipation notes or fund notes authorized to be issued by the agency under the provisions of this chapter;

(10) "persons of lower and moderate income" means a person or persons considered by the corporation to require assistance available under this chapter on account of insufficient or inadequate personal or family income or otherwise limited personal financial resources, taking into consideration, without limitation, such factors as

(A) the amount of the total income of the persons available for housing needs;

(B) the size of the family;

(C) the cost and condition of housing facilities available;

(D) standards established for various federal programs determining eligibility based on income of the persons; and

(E) the ability of the persons to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing decent, safe and sanitary housing;

(11) "residential housing" means a specific work or improvement undertaken primarily to provide dwelling accommodations without limitation as to form of lawful occupancy, whether rental, under contract, fee ownership, cooperative housing, condominium or other lawful forms of ownership, for persons of lower and moderate income, or in remote, underdeveloped or blighted areas, including the acquisition, construction or rehabilitation of land, buildings and improvements thereto, and such other nonhousing facilities as may be incidental or appurtenant thereto;

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

(A) the population, resources and environment of the area;

(B) the present availability and condition of residential housing in and near the area;

(C) the cost of construction and rehabilitation of residential housing in the area;

(D) the availability of other federal or state sponsored programs to facilitate the development of residential housing in the area; and

(E) the ability of residents of the area to finance the purchase of residential housing or to rent or lease such housing at rates comparable

to those in effect in other areas of the state. (§ 1 ch 107 SLA 1971; am §§ 5 — 10 ch S1 SLA 1972)

Effect of amendment. — The 1972 amendment inserted "loan" following "mortgage" in the introductory language of paragraph (3); substituted "or which shall be secured upon such terms and conditions as the corporation considers necessary or practicable to insure all repayments" for "for a loan from the housing development fund" in paragraph (7); inserted "and moderate" in paragraph (8); inserted "and moderate," "a person

or," "or inadequate," and "or otherwise limited personal financial resources" in the introductory language of paragraph (10); inserted "and moderate" and "or in remote, underdeveloped or blighted areas" in paragraph (11); and added paragraph (12).

Legislative committee report. — For report on ch. 81, SLA 1972 (CSHB 517), see 1972 House Journal, p. 859.

Chapter 60. Safety.

Article

1. Prevention of Accident and Health Hazards (§§ 18.60.010—18.60.105)
2. Lost Persons (§§ 18.60.110—18.60.175)
3. Boilers (§§ 18.60.180—18.60.225)
4. Refrigerators and Similar Equipment (§§ 18.60.400—18.60.450)
5. Radiation Protection Act (Repealed)
6. Electrical Safety (§§ 18.60.580—18.60.660)
7. High Voltage Lines (§§ 18.60.670—18.60.695)
8. Plumbing Code (§§ 18.60.705—18.60.740)
9. Safety Glazing (§§ 18.60.750—18.60.780)

Article 1. Prevention of Accident and Health Hazards.

Section

10. Legislative intent
20. Regulations
30. Duties of Department of Labor
40. Report to legislature
50. [Repealed]
55. Division of occupational safety and health
57. Occupational Safety and Health Review Board
59. Legal counsel
60. Cooperation by other state agencies
70. Control of funds
75. Safe employment
77. Variance of a standard
80. Contributions
81. Temporary variance
83. Right of entry and inspection
85. Prohibition of unauthorized notice of inspection

Section

87. Employer and employee participation
88. Employee requests for special inspection
89. Prohibition against retribution
90. [Repealed]
91. Citations
93. Enforcement procedures
95. Penalties
96. Imminent dangers
97. Judicial review
98. Employee compensation for appearances
99. Confidentiality of trade secrets
100. Nonabrogation of powers of Department of Health and Social Services
105. Definitions

Revisor's note (1973). — Throughout this article, references to "§§ 10 — 100" of this chapter have been corrected to read "§§ 10 — 105," thus covering the entire

article (including the definition section) as the history of it indicates was the legislative intent.

Sec. 18.60.010. Legislative intent. (a) The legislature finds that personal injuries and illnesses arising out of work situations impose a

Chapter 56. Alaska Housing Finance Corporation.

Section	Section
10. Findings and purpose	95. Mortgage insurance
20. Alaska Housing Finance Corporation	125. Capital reserve fund
30. Corporation governing body	
92. Veterans' loans for residential housing	

Sec. 18.56.010. Findings and purpose.

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

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

(f) The legislature finds that enabling the Alaska Housing Finance Corporation to assist in financing the program of veterans' loans for residential housing in accordance with AS 26.15 and to expand its program of purchasing other mortgage loans serves a public purpose in benefiting the people of the state. The Alaska Housing Finance Corporation is empowered to act on behalf of the state and its people in serving this public purpose for the benefit of the general public.
(am § 4 ch 151 SLA 1975)

Effect of amendment.

The 1975 amendment, effective June 19, 1975, added subsections (d), (e) and (f).

As the rest of the section was not affected by the amendment, it is not set out.

Legislative committee report.

For report on ch. 151, SLA 1975 (HCS CSSB 289 am H), see 1975 Senate Journal, p. 769; 1975 House Journal, p. 1275.

Sec. 18.56.020. Alaska Housing Finance Corporation. The Alaska Housing Finance Corporation is a public corporation and government instrumentality within the Department of Commerce and Economic Development, but having a legal existence independent of and separate from the state. The corporation may not be terminated as long as it has bonds, notes or other obligations outstanding. Upon termination of the corporation, its rights and property pass to the state. (§ 1 ch 107 SLA 1971; am § 78 ch 218 SLA 1976)

Effect of amendment. — The 1976 amendment substituted "Department of Commerce and Economic Development" for "Department of Commerce" in the first sentence.

Sec. 18.56.030. Corporation governing body. The corporation shall be governed by a board of directors, consisting of the commissioner of commerce and economic development and six members appointed by the governor. Members serve without compensation except that each member may be reimbursed by the corporation for actual and necessary expenses at the same rate as set out in AS 39.20.180. (§ 1 ch 107 SLA 1971; am § 5 ch 151 SLA 1975; am § 79 ch 218 SLA 1976)

Effect of amendments. — The 1975 amendment, effective June 19, 1975, substituted "six" for "four" in the first sentence. The 1976 amendment substituted "commissioner of commerce and economic development" for "commissioner of commerce" in the first sentence. Legislative committee report. — For report on ch. 151, SLA 1975 (HCS CSSB 289 am H), see 1975 Senate Journal, p. 769; 1975 House Journal, p. 1275.

Sec. 18.56.092. Veterans' loans for residential housing. The corporation is additionally authorized to exercise the powers enumerated in § 90 of this chapter for the purpose of assisting the financing of the program of veterans' loans for residential housing in accordance with AS 26.15. (§ 7 ch 151 SLA 1975)

Effective date. — Section 11, ch. 151, SLA 1975, makes this section effective on June 19, 1975, in accordance with AS 01.10.070(c). Legislative committee report. — For report on ch. 151, SLA 1975 (HCS CSSB 289 am H), see 1975 Senate Journal, p. 769; 1975 House Journal, p. 1275.

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

agreements the commissioner of commerce may pledge, assign or grant other interests in the mortgage insurance fund to the corporation as may be necessary or appropriate in connection with the insurance of mortgage loans and to provide for the payment of and security for mortgage insurance bonds. Any such agreement or any of the rights of the corporation under the agreement and payments received or to be received under the agreement may be pledged or assigned by the corporation for the benefit of the holders of mortgage insurance bonds.

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

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

(d) A mortgage loan, including a state veterans' loan, may be insured if the loan to value ratio at the time of the insurance loan does not exceed 80 per cent or, if the loan to value ratio does exceed that percentage, if it is federally insured or guaranteed or insured by a qualified mortgage insurance company to the extent of the excess. In addition, a state veterans' loan may be insured if the loan to value ratio does not exceed 90 per cent. The endorsement of the corporation on the mortgage at the time of purchase or acquisition of the mortgage loan is conclusive evidence that the mortgage loan is insured under the provisions of this section. The insurance is payable solely from the mortgage insurance fund.

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

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

(2) in the case of state veterans' loans not insured by a qualified mortgage insurance company and with a loan to value ratio at the time of the mortgage insurance application between 80 and 90 per cent, the greater of (A) six per cent of the unpaid principal amount of those state veterans' loans, or (B) a percentage which the corporation with the approval of the commissioner of commerce determines is actuarially sound for the operation of the mortgage insurance fund.

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

(g) The commissioner of revenue may sell to the corporation, and the corporation may purchase, state veterans' loans purchased for and held in the general fund on such terms and conditions as the commissioner of revenue and the corporation consider appropriate. When the commissioner of revenue sells any state veterans' loan to the corporation he may cause to be deposited in the mortgage insurance fund from the proceeds of sale an amount not exceeding the lesser of (1) six per cent of the proceeds of sale, or (2) the difference between the amount the commissioner of revenue actually receives on the sale and the amount the commissioner determines would have been received if the state veterans' loans had been sold in the private mortgage market. The determination shall be based on information reasonably available to the commissioner of revenue at the time of sale and is conclusive in determining the amount of the deposit.

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

(1) "loan to value ratio" means the ratio between the principal amount of a mortgage loan and the appraised value, as determined by the corporation, of the residential housing financed by such mortgage loan;

(2) "mortgage insurance bond" means a bond, note or other obligation of the corporation, the proceeds of which are authorized to be expended to purchase or make a mortgage loan insured under this section;

(3) "qualified mortgage insurance company" means a mortgage insurance company satisfactory to the corporation;

(4) "special mortgage loan insurance commitment fee" and "special mortgage loan insurance premium" mean, respectively, a fee of such per cent of the principal amount of a mortgage loan to be insured under this section, and an annual insurance premium of such per cent of the portion of the unpaid principal amount of a mortgage loan insured under this section which is not federally insured or guaranteed or insured by a private mortgage insurance company, which the corporation with the approval of the commissioner of commerce determines is actuarially sound for the operation of the mortgage insurance fund;

(5) "state veterans' loan" means a mortgage loan for residential housing made in accordance with AS 26.15;

(6) the determination of what is "actuarially sound" with respect to the operation of the mortgage insurance fund shall be based on a consideration of the factors which will provide sufficient revenues for the operation of the fund, without regard to amounts which may have been or may, after the date of determination of actuarial soundness, be appropriated pursuant to (f) of this section, including, without limitation, estimates of future defaults and losses on mortgage loans insured under this section based on actual default and loss experience on those mortgage loans or on similar mortgage loans in Alaska or elsewhere, estimates of recoveries on defaulted or foreclosed mortgage loans based on that experience, the terms and conditions of the mortgage loans insured under this section, estimates of earnings and income of amounts on deposit in the mortgage insurance fund, and any other appropriate factors. (§ 8 ch 151 SLA 1975)

Effective date. -- Section 11, ch. 151, SLA 1975, makes this section effective on June 19, 1975, in accordance with AS 01.10.070(c).

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

Sec. 18.56.125. Capital reserve fund. (a) For the purpose of securing any one or more issues of its obligations, the corporation may establish one or more special funds, called "capital reserve funds", and shall pay into those capital reserve funds (1) any money appropriated and made available by the state for the purpose of any of these funds, (2) any proceeds of the sale of its obligations, to the extent provided in the

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

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

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

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

(e) The chairman of the corporation shall annually, no later than January 2, make and deliver to the governor and chairmen of the house

and senate finance committees his certificate stating the sum, if any, required to restore any capital reserve fund to the capital reserve fund requirement. The legislature may appropriate such a sum, and all sums appropriated during the then current fiscal year by the legislature for such restoration shall be deposited by the corporation in the proper capital reserve fund. Nothing in this section creates a debt or liability of the state.

(f) Whenever the corporation has created and established a capital reserve fund, the commissioner of revenue may lend surplus money in the general fund to the corporation for deposit in a capital reserve fund in an amount equal to the capital reserve fund requirement. The loans shall be made on such terms and conditions as may be agreed upon the commissioner of revenue and the corporation, including without limitation terms and conditions providing that the loans need not be repaid until the obligations of the corporation secured and to be secured by the capital reserve fund are no longer outstanding. (S 9 ch 151 SLA 1975)

Effective date. -- Section 11, ch. 151, SLA 1975, makes this section effective on June 19, 1975, in accordance with AS 01.10.070(c).

Legislative committee report. -- For report on ch. 151, SLA 1975 (HCS CSSB 239 am li), see 1975 Senate Journal, p. 769; 1975 House Journal, p. 1275.

Chapter 57. Regional Electrical Authorities.

<p>Section</p> <p>10. Finding and purpose</p> <p>20. Creation of authorities</p> <p>30. Tax exemption</p> <p>40. Powers of the authority</p> <p>50. Bonds and notes</p> <p>60. Validity of pledge</p>	<p>Section</p> <p>70. Remedies</p> <p>80. Negotiable instruments</p> <p>90. Obligations eligible for investment</p> <p>100. Refunding obligations</p> <p>110. Credit of state not pledged</p>
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Effective date of chapter. -- Section 2, ch. 112, SLA 1975, makes this chapter effective on June 5, 1975, in accordance with AS 01.10.070(c).

Sec. 18.57.010. Finding and purpose. The legislature finds that an acute shortage of adequate, safe, reliable electrical facilities exists in the rural areas of the state and that adequate electrical systems cannot be provided by the private sector due to inadequate projected system revenues and economic depression in certain areas or by local governments of the state since the boundaries required for boroughs under art. X, § 3, of the Alaska Constitution and the boundaries of cities necessary to effectively operate as cities would, in many cases, not be adequate to provide economic, adequate, safe and reliable electrical service. The legislature further finds that adequate housing, public

SUMMARY STATEMENT

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

Purpose. The \$40,000,000 1977 Third Series Bonds are being issued to provide funds to purchase from originating lending institutions mortgage loans for residential housing in the State 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 1977 Third Series Bonds will rank on a parity with the currently outstanding \$132,980,000 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 the State. 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 Programs.

Mortgage Loans. Mortgage loans which may be 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 be the subject of private or federal mortgage insurance to the extent that such ratio is greater than 80%.

Security. The 1977 Third 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. The \$4,000,000 Capital Reserve Fund Requirement in respect of the 1977 Third 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.

All mortgage loans purchased from Insured Mortgage Program Bond proceeds must be insured by the Insurance Account of the State Mortgage Insurance Fund established 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 at an amount at least equal to 2% of the unpaid principal amount of mortgage loans insured thereby. In connection with the issuance of the 1977 Third Series Bonds, the State will deposit \$605,000 in the Insurance Account pursuant to an appropriation for Insurance Account purposes by the State Legislature and the Corporation will deposit \$175,000 in the Insurance Account from its unrestricted surplus funds, as more fully explained herein under "The Insured Mortgage Program". At July 31, 1977, cash and securities aggregating \$2,741,971 were held by National Bank of Alaska as custodian of 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.

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

OFFICIAL STATEMENT

\$40,000,000

ALASKA HOUSING FINANCE CORPORATION

Insured Mortgage Program Bonds, 1977 Third 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 Third Series (the "1977 Third 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 Third 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 Third Series Supplemental Resolution adopted by the Corporation on September 29, 1977 (the "Supplemental Resolution"). The 1977 Third 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 home mortgage 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, under its "Housing Mortgage Program", the purchase from lending institutions of mortgage loans which were primarily federally insured or guaranteed. 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 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 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. 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. On May 12, 1977, Elma L. Johnson, Finance Officer of the Corporation since its inception, became Acting Executive Director following the resignation of the Executive Director. The Corporation's directors and principal staff officer are as follows:

Directors

Richard T. Hall, Chairman, Anchorage
Senior Vice-President, National Bank of Alaska

H. Phillip Hubbard, Juneau
Commissioner of Commerce and Economic Development of the State

Carolyn G. Bushey, Fairbanks
Housewife

Robert L. Carnahan, Anchorage
Vice-President, Alaska Constructors, Inc.

Perry R. Eaton, Anchorage
Vice-President, United Bank Alaska

Charles W. Guinn, Bethel
Owner of hardware and lumber company

Franklin C. Roppel, Ketchikan
Sawmills Coordinator, Louisiana-Pacific Corporation (Ketchikan Division)

Officer

Elma L. Johnson, Anchorage
Acting Executive Director and Finance Officer

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 July 31, 1977, by (i) a portfolio of mortgage loans having an aggregate unpaid principal balance of \$103,534,255, (ii) other investments and cash aggregating \$6,066,374 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 \$20,867,428. 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 Third Series Bonds or any other Insured Mortgage Program Bonds issued pursuant to the Insured Mortgage Program.

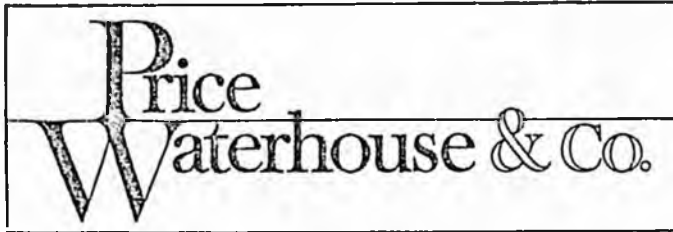
Notes

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 was 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 was deposited in a Note Account used to accumulate mortgage loans which may be permanently financed under either the Housing Mortgage Program or the Insured Mortgage Program. At July 31, 1977, mortgage loans aggregating \$14,561,300, were held in the Note Account. Upon the issuance of the 1977 Third 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 deposited in the Note Account in exchange for the conveyance of the mortgage loans held in the Note Account. Moneys so deposited may be re-employed to accumulate additional mortgage loans in anticipation of permanent financing under the Corporation's bond programs. As the 1977 First Series 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

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 for the purpose of financing a 98-unit housing project in Juneau and providing single-family mortgage loans in remote areas of the State. The outstanding balance of Housing Development Fund Notes at July 31, 1977, was \$6,876,374. 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.



601 WEST FIFTH AVENUE, ANCHORAGE, ALASKA 99501 - 907-279-1424

August 12, 1977

To the Board of Directors
Alaska Housing Finance Corporation

In our opinion, the accompanying balance sheets 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 May 31, 1977 and November 30, 1976, and the results of its operations and the changes in its financial position for the six months ended May 31, 1977 and 1976 and the years ended November 30, 1976 and 1975, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were 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.

Price Waterhouse & Co.

ALASKA HOUSING FINANCE CORPORATION

BALANCE SHEET

May 31, 1977

	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
ASSETS:						
Cash (Note 5) -						
Demand deposits	\$ 69,144	\$ 66,327	\$ 562,751	\$ 106,025	\$ 4,130	\$ 808,377
Savings accounts	1,041,324				170,341	1,211,665
Held in trust		3,460	44,986	4,402		52,848
	<u>1,110,468</u>	<u>69,787</u>	<u>607,737</u>	<u>110,427</u>	<u>174,471</u>	<u>2,072,890</u>
Short-term investments (Notes 1 and 3) -						
Certificates of deposit		10,295,000	4,692,787	21,815,574		36,803,361
U.S. Treasury				4,492,888		4,492,888
Bank repurchase agreements	1,551,124	222,600	1,893,500	356,700	14,500	4,038,424
	<u>1,551,124</u>	<u>10,517,600</u>	<u>6,586,287</u>	<u>26,665,162</u>	<u>14,500</u>	<u>45,334,673</u>
First mortgage loans, less net unamortized discount or premium of \$2,139,878 (Notes 1, 2 and 6)	1,509,763	14,898,297	104,610,237	62,467,549	3,007,437	186,493,283
Home improvement loans	33,906					33,906
Deed of trust note receiv- able from Alaska State Housing Authority (Note 4)					3,900,000	3,900,000
Accrued interest receivable	12,623	121,096	839,210	564,215	108,311	1,645,455
Office equipment and im- provements, net of ac- cumulated depreciation of \$5,278 (Note 1)	26,592					26,592
Bond issuance costs, net of amortization (Note 1)	3,790		385,530	204,198		593,518
Interfund receivable (payable)		(212,489)		212,489		
Total Assets	<u>\$4,248,266</u>	<u>\$25,394,291</u>	<u>\$113,029,001</u>	<u>\$90,224,040</u>	<u>\$7,204,719</u>	<u>\$240,100,317</u>
LIABILITIES AND FUND BALANCES:						
Bonds and notes payable, less net unamortized discount or premium of \$1,792,200 (Notes 3 and 4) -						
Mortgage bonds			\$106,344,142	\$83,528,658		\$189,872,800
Notes payable		\$25,000,746				25,000,746
Payable to the State of Alaska				3,998,000	\$6,931,871	10,929,871
Accrued interest payable		257,993	3,564,593	2,391,422	119,030	6,333,038
Accrued expenses	\$ 33,263	4,939	37,914	45,513	1,066	122,695
Total Liabilities	<u>33,263</u>	<u>25,263,678</u>	<u>109,946,649</u>	<u>89,963,593</u>	<u>7,051,967</u>	<u>232,259,150</u>
Fund balances, designated for -						
Possible mortgage loan losses (Note 5)	184,451					184,451
Purposes allowed within the respective funds (Notes 6 and 7)	4,030,552	130,613	3,082,352	260,447	152,752	7,656,716
Total Fund Balances	<u>4,215,003</u>	<u>130,613</u>	<u>3,082,352</u>	<u>260,447</u>	<u>152,752</u>	<u>7,841,167</u>
Commitments (Note 7)						
Total Liabilities and Fund Balances	<u>\$4,248,266</u>	<u>\$25,394,291</u>	<u>\$113,029,001</u>	<u>\$90,224,040</u>	<u>\$7,204,719</u>	<u>\$240,100,317</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

BALANCE SHEET

November 30, 1976

	<u>Corporation Operating Fund</u>	<u>Mortgage Program Note Fund</u>	<u>Housing Mortgage Bond Fund</u>	<u>Insured Mortgage Bond Fund</u>	<u>Housing Development Fund</u>	<u>Combined</u>
ASSETS:						
Cash (Note 5) -						
Demand deposits	\$ 66,188	\$ 18,764	\$ 565,753	\$ 125,785		\$ 776,490
Savings accounts	644,546				\$ 267,332	911,878
Held in trust		843,711	74,158	284,550		1,202,419
	<u>710,734</u>	<u>862,475</u>	<u>639,911</u>	<u>410,335</u>	<u>267,332</u>	<u>2,890,787</u>
Short-term investments (Note 1) -						
Certificates of deposit	975,992	49,300	4,978,039	21,845,778		27,849,109
U.S. Treasury				4,495,265		4,495,265
Bank repurchase agree- ments			1,189,920	60,780		1,250,700
	<u>975,992</u>	<u>49,300</u>	<u>6,167,959</u>	<u>26,401,823</u>		<u>33,595,074</u>
First mortgage loans, less net unamortized discount or premium of \$2,143,557 (Notes 1 and 6)	2,021,825	9,414,521	105,866,647	23,581,528	4,748,805	145,633,326
Home improvement loans	38,376					38,376
Deed of trust note receiv- able from Alaska State Housing Authority (Note 4)					3,900,000	3,900,000
Accrued interest receivable	28,984	79,601	900,576	227,465	60,885	1,297,511
Prepaid expenses	50,000					50,000
Office equipment and improve- ments, net of accumulated depreciation of \$4,159 (Note 1)	22,604					22,604
Bond issuance costs, net of amortization (Note 1)			396,418	48,000		444,418
Total Assets	<u>\$3,848,515</u>	<u>\$10,405,897</u>	<u>\$113,971,511</u>	<u>\$50,669,151</u>	<u>\$8,977,022</u>	<u>\$187,872,096</u>
LIABILITIES AND FUND BALANCES:						
Bonds and notes payable, less net unamortized dis- count or premium of \$1,136,999 (Note 3) -						
Mortgage bonds			\$107,685,140	\$49,212,861		\$156,898,001
Notes payable		\$10,000,089				10,000,089
Payable to the State of Alaska				500,000	\$8,674,782	9,174,782
Accrued interest payable		291,597	3,615,018	854,146	150,392	4,911,153
Accrued expenses	\$ 51,226	3,275	39,077	7,862	1,684	103,124
Total Liabilities	<u>51,226</u>	<u>10,294,961</u>	<u>111,339,235</u>	<u>50,574,869</u>	<u>8,826,358</u>	<u>181,087,149</u>
Fund balances, designated for -						
Possible mortgage loan losses (Note 5)	330,696					330,696
Special reserve (Note 3)	1,000,000					1,000,000
Purposes allowed within the respective funds (Note 6)	2,466,593	110,936	2,632,276	94,282	150,164	5,454,251
Total Fund Balances	<u>3,797,289</u>	<u>110,936</u>	<u>2,632,276</u>	<u>94,282</u>	<u>150,164</u>	<u>6,784,947</u>
Commitments (Note 7)						
Total Liabilities and Fund Balances	<u>\$3,848,515</u>	<u>\$10,405,897</u>	<u>\$113,971,511</u>	<u>\$50,669,151</u>	<u>\$8,977,022</u>	<u>\$187,872,096</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

STATEMENT OF REVENUES AND EXPENSES AND FUND BALANCES

	Six Months Ended May 31, 1977						
	Corporation Operating Fund	Housing Mortgage Note Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
Revenues:							
Interest income - Mortgages	\$ 83,726		\$345,747	\$4,287,119	\$2,010,708	\$166,050	\$ 6,893,350
Short-term invest- ments	50,426		212,626	107,285	427,007	6,009	803,353
	134,152		558,373	4,394,404	2,437,715	172,059	7,696,703
Loan fees	273,447				107,787		381,234
Total revenues	407,599		558,373	4,394,404	2,545,502	172,059	8,077,937
Operating expenses:							
Interest on notes and bonds			379,246	3,573,594	2,101,538	166,507	6,220,885
Mortgage service fees	3,284		14,267	193,142	84,668	2,964	298,325
General and adminis- trative expenses	177,933		14,792	10,888	7,256		210,869
Legal, accounting and trustee fees	74,851						74,851
Insured Mortgage Program (Note 6)					107,787		107,787
Interfund operating charge (credit)	(244,792)			166,704	78,088		
Total operating expenses	11,276		408,305	3,944,328	2,379,337	169,471	6,912,717
Revenues in excess of operating expenses	396,323		150,068	450,076	166,165	2,588	1,165,220
Contribution to State Mortgage Insurance Fund (Note 6)	109,000						109,000
Revenues in excess of expenses	287,323		150,068	450,076	166,165	2,588	1,056,220
Fund balance, beginning of period	3,797,289		110,936	2,632,276	94,282	150,164	6,784,947
Transfer of net assets applicable to matured bond anticipation notes to the Corporation Operating Fund (Notes 6 and 7)	130,391		(130,391)				
Fund balance, end of period (Notes 6 and 7)	\$4,215,003	-	\$130,613	\$3,082,352	\$ 260,447	\$152,752	\$ 7,841,167
	Six Months Ended May 31, 1976						
Revenues:							
Interest income - Mortgages	\$ 9,741		\$ 1,020	\$4,103,161	\$ 158,798	\$217,408	\$ 4,490,128
Short-term invest- ments	55,219	\$1,170,445	109,432	166,180	25,024	5,053	1,531,353
	64,960	1,170,445	110,452	4,269,341	183,822	222,461	6,021,481
Loan fees	102,877				24,273		127,150
Total revenues	167,837	1,170,445	110,452	4,269,341	208,095	222,461	6,148,631
Operating expenses:							
Interest on notes and bonds		736,564	79,083	3,624,104	164,878	207,754	4,812,383
Mortgage service fees	363			199,501	6,254	7,976	214,094
General and administra- tive expenses	246,907			11,021			257,928
Legal, accounting and trustee fees	48,122						48,122
Insured Mortgage Program (Note 6)					24,273		24,273
Interfund operating charge (credit)	(180,804)			180,804			
Total operating expenses	114,588	736,564	79,083	4,015,430	195,405	215,730	5,356,800
Revenues in excess of operating expenses	53,249	433,881	31,369	253,911	12,690	6,731	791,831
Contribution to State Mortgage Insurance Fund (Note 6)	100,000						100,000
Revenues in excess (less than) expenses	(46,751)	433,881	31,369	253,911	12,690	6,731	691,831
Fund balance, beginning of period	1,542,355	1,836,485		1,917,419		116,480	5,412,739
Transfer of net assets applicable to matured bond anticipation notes to the Corporation Operating Fund	2,270,366	(2,270,366)					
Fund balance, end of period	\$3,765,970	-	\$ 31,369	\$2,171,330	\$ 12,690	\$123,211	\$ 6,104,570

See accompanying notes to financial statements

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

	Year Ended November 30, 1976						Combined
	Corporation Operating Fund	Housing Mortgage Note Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	
Revenues:							
Interest income - Mortgages	\$ 72,402		\$ 58,364	\$ 425,808	\$ 801,750	\$449,308	\$ 9,807,632
Short-term invest- ments	<u>117,504</u>	<u>\$1,170,445</u>	<u>347,719</u>	<u>315,046</u>	<u>137,586</u>	<u>10,521</u>	<u>2,098,821</u>
Loan fees	189,906	1,170,445	406,083	6,740,854	939,336	459,829	11,906,453
Total revenues	<u>470,287</u>	<u>1,170,445</u>	<u>406,083</u>	<u>8,740,854</u>	<u>1,050,926</u>	<u>459,829</u>	<u>12,488,330</u>
Operating expenses:							
Interest on notes and bonds		736,564	291,366	7,248,208	809,917	411,902	9,497,977
Mortgage service fees	1,363		3,761	394,140	32,819	14,243	446,326
General and admin- istrative expenses	436,667			22,041	2,319		461,027
Legal, accounting and trustee fees	108,203						108,203
Insured Mortgage Program (Note 6)					111,589		111,589
Interfund operating charge (credit)	<u>(361,609)</u>			<u>361,608</u>			
Total operating expenses	<u>184,625</u>	<u>736,564</u>	<u>295,147</u>	<u>8,025,997</u>	<u>956,644</u>	<u>426,145</u>	<u>10,625,122</u>
Revenues in excess of operating expenses	475,568	433,881	110,936	714,857	94,282	33,684	1,863,208
Contribution to State Mortgage Insurance Fund (Note b)	<u>491,000</u>						<u>491,000</u>
Revenues in excess (less than) expenses	(15,432)	433,881	110,936	714,857	94,282	33,684	1,372,208
Fund balance, beginning of period	1,542,355	1,836,485		1,917,419		116,480	5,412,739
Transfer of net assets applicable to matured bond anticipation notes to the Corporation Operating Fund	<u>2,270,366</u>	<u>(2,270,366)</u>					
Fund balance, end of period	<u>\$3,797,289</u>	<u>-</u>	<u>\$110,936</u>	<u>\$2,632,276</u>	<u>\$ 94,282</u>	<u>\$150,164</u>	<u>\$ 6,784,947</u>
	Year Ended November 30, 1975						
Revenues:							
Interest income - Mortgages	\$ 514	\$ 849,678		\$ 425,219		\$464,413	\$ 7,739,824
Short-term invest- ments	<u>91,417</u>	<u>2,827,101</u>		<u>553,563</u>		<u>19,055</u>	<u>3,491,136</u>
Loan fees	91,931	3,676,779		6,978,782		483,468	11,230,960
Total revenues	<u>215,579</u>	<u>3,676,779</u>		<u>6,978,782</u>		<u>483,468</u>	<u>11,446,539</u>
Operating expenses:							
Interest on notes and bonds		2,607,195		5,822,987		423,535	8,853,717
Mortgage service fees		25,112		316,078		11,593	352,783
General and admin- istrative expenses	136,207	41,921		27,176			205,304
Legal, accounting and trustee fees	153,108						153,108
Interfund operating charge (credit)	<u>(275,076)</u>			<u>275,076</u>			
Total operating expenses	<u>14,239</u>	<u>2,674,228</u>		<u>6,441,317</u>		<u>435,128</u>	<u>9,564,912</u>
Revenues in excess of expenses	293,271	1,002,551		537,465		48,340	1,881,627
Fund balance, beginning of period	1,059,072	1,023,946		1,379,954		68,140	3,531,112
Transfer of net assets applicable to matured bond anticipation notes to the Corpora- tion Operating Fund	<u>190,012</u>	<u>(190,012)</u>					
Fund balance, end of period	<u>\$1,542,355</u>	<u>\$ 1,836,485</u>	<u>-</u>	<u>\$1,917,419</u>	<u>-</u>	<u>\$116,480</u>	<u>\$ 5,412,739</u>

See accompanying notes to financial statements

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 purchasing of permanent mortgage loans for owner-occupied residential housing (which may include co-operative 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 the State. 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 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 \$172,980,000 Insured Mortgage Program Bonds to be outstanding following the issuance of the 1977 Third 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, creating a demand which exceeds the availability of new residential housing for persons of lower and moderate income. The Corporation believes that its Insured Mortgage Program is helping to meet this demand. The base annual income eligibility limit established by the Corporation for a family of four in the greater Anchorage area is \$31,270, subject to various adjustments. The maximum mortgage loan eligible for purchase in the greater Anchorage area by the Corporation is \$65,000.

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 Insurance Fund currently consists of an account (the "Insurance Account") which was created under a Mortgage Insurance Agreement dated December 6, 1975 (the "Agreement"), between the Corporation and the Commissioner of Commerce and Economic Development for the purpose of insuring the Corporation against 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 July 31, 1977, National Bank of Alaska held cash and securities aggregating \$2,741,971 in the Insurance Account. For additional information concerning receipts, disbursements and assets held by the Insurance Account, see Note 6 to the Corporation's Financial Statements attached as Exhibit A to this Official Statement.

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. The capital requirement of the Insurance Account in respect of subsequent series of Bonds has been funded by payments from the State aggregating \$1,895,000 pursuant to appropriations by the State Legislature for Insurance Account purposes and from contributions from the Corporation aggregating \$500,000. The capital requirement of the Insurance Account in respect of the 1977 Third Series Bonds will be funded by a payment from the State of \$605,000, the amount remaining available under a \$2,000,000 appropriation by the State on March 30, 1977, and by a payment from the unrestricted surplus funds of the Corporation of \$175,000. In order to sustain its Insured Mortgage Program at its current level through March 1978, the Corporation anticipates funding the Insurance Account from its unrestricted surplus funds in the amount of an additional \$825,000. Possible reimbursement of this amount and any further increase in the Insurance Account will depend upon future appropriations by the Legislature.

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 greater than 80%, be the subject of private mortgage insurance or federal insurance or guarantee, the benefits of which are payable before any loss on such mortgage loan is payable from the Insurance Account. The practice of the Corporation, however, in cases where the loan to value ratio of a mortgage loan is 80% or higher is to require that such mortgage loan be the subject of private mortgage insurance in an amount equal to 20% or 25% of such mortgage loan or be the subject of Federal insurance or guaranty.

In general, the Agreement requires that the 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 income 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

* The Corporation initially charged an insurance premium equal to 1/2% of the principal amount of each conventional mortgage loan financed under the Insured Mortgage Program. On January 24, 1977, in light of the absence of any claims against the Insurance Account, the Corporation discontinued charging an insurance premium. In the event the Insurance Account should be adversely affected by losses, the Corporation will consider re-establishing such a premium charge.

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 required to be deposited in the Insurance Account in respect of mortgage loans to be insured thereby, together with investment income, will continue to 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 reasonably 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 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".



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

3/3/76

FURTHER: None

Date: April 22, 1976

Mr. President:

The Committee on Finance has had CSHB 642 (Fin) special appropriation to mortgage insurance fund of Alaska Housing Finance Corp.

under consideration and (a majority of the committee) (the committee reports it back as follows)

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 _____ () new title () same title

() AND attaches a Letter of Intent () New Fiscal Note

() reports it back without recommendation

() and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Handwritten signatures]

Clem Tillion

[Signature]
Chairman

Original sponsors: Meekins, Dankworth,
Gruening, et al

Offered: 2/22/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 642 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND 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 \$1,720,000 is appropriated from the general fund
11 to the mortgage insurance fund of the Alaska Housing Finance Corporation for
12 the period beginning with the effective date of this Act and ending December
13 30, 1978 to be paid to the mortgage insurance fund in the amounts requested
14 by the corporation as necessary in connection with the issuance of insured
15 mortgage program bonds of the corporation.

16 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

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#

Original sponsors: Meekins, Dankworth,
Gruening, et al

Offered: 2/22/78
Referred: Rules

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Offered: 2/22/78
Referred: Rules

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TENTH LEGISLATURE - SECOND SESSION

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Alaska

HOUSING



FINANCE CORPORATION

February 10, 1978

6/28
1/15 - *see for*
1/15
10%
9 1/2%
9 3/4%
3/11/77
3rd floor
APB 8/6/1
John Crandall

Mr. John Crandall
Legislative Assistant
Alaska State Legislature
House of Representatives
Pouch "V"
Juneau, Alaska 99811

Dear John:

Reference our telephone conversation of February 9, 1978, I am providing for your review a synopsis of actions approved by the Board of Directors of Alaska Housing Finance Corporation at their meeting held on February 3, 1978.

1. Condominium Loans - 95% loan-to-value ratio (5% down payment) loans will be made on condominium projects that have FNMA or FHLMC approval.

90% loan-to-value ratio (10% down payment) loans on all condominium projects that do not have FNMA or FHLMC approval.

On new construction or conversions that are not to be FNMA or FHLMC approved, Alaska Housing Finance will prior approve project.

The same guidelines apply to PUD's.

2. Duplexes - On all duplexes, new or existing, 80% loan-to-value ratio (minimum down payment, 10% cash and secondary financing permitted for the other 10% down payment).

Maximum loan amount, \$90,000 in urban and suburban areas; \$130,000 maximum loan in rural areas.

3. Existing loan limits changed as follows:

Existing maximum loan of \$65,000 (90% loan-to-value ratio) is increased to \$75,000 (90% loan-to-value ratio).

Existing \$60,000 (95% loan-to-value ratio) increased to \$65,000 (95% loan-to-value ratio).

3., Continued

This is appropriate to single-family residential and condominium/PUD units.

4. The Board refined the definitions of "urban", "rural", and "suburban", essentially as follows:

Urban - Municipality of Anchorage.

Suburban - Those towns and/or cities listed on Page 204, Alaska Blue Book, 1977, in the column headed "Population 1977 (estimated)". They are Kenai, Fairbanks, Valdez, Juneau, Ketchikan and Sitka, i.e., all towns/cities with populations of over 4,500, excluding Anchorage.

Other communities within the State are designated as rural.

5. Existing income limitations in all affected areas will be increased 5%.
6. Alaska Housing Finance Corporation is requesting \$2.6 million in funds from the State of Alaska under the Housing Development Fund Program for the purpose of purchasing mortgages for non-owner occupied, single-family and/or two-family residences in rural areas of Alaska.

It is the opinion of AHFC that this is within the suggestions offered by the Commissioner of Revenue and AHFC's further action will be contingent upon the terms and conditions outlined by the Commissioner of Revenue.


John, it is believed that as a result of refining the definition of "rural", as was done, this opens up many areas to our existing liberalized program for those areas, i.e., maximum loan amount on owner-occupied duplexes is \$130,000; maximum loan amount for single-family residences is \$90,000, and no income limitations. These changes in our program have been approved by the Board without an effective date. They will be placed in effect when the requested appropriation for the Mortgage Insurance Fund has been signed into law by the Governor and funds from the appropriation being available to AHFC. The necessity for this, John, is the fact that by opening up the loan program, as enunciated above, it is our belief that we will be the recipient of a considerable number of loan applications and we have a necessity to feel sure that we will be able to accommodate these applicants and obviously, in order to do so, we must have the funds available.

Mr. John Crandall
February 10, 1978

- 3 -

If I may be of further service or if you have any questions, please don't hesitate to contact me.

Sincerely,


Robert W. Sullivan
Executive Director

RWS:bj

Alaska HOUSING FINANCE CORPORATION



P.O. Box 1020, Anchorage, Alaska 99510

Cochran
7

TO: Mr. D. A. Wells
Manager, Mortgage Dept.

DATE: January 13, 1978

FROM: Michael J. Crum *mjc*
Loan Officer

RE: AHFC Market Data Report
April 15th through October 15, 1977

The attached documentation, pertaining to the six month period referenced above, is transmitted for your review.

Please note that the information regarding condominium activity is considered grossly unreliable due to the lack of adequate record keeping among individual Seller-Servicers. It may, however, enable the formulation of some generalized conclusions in this area.

In addition, information reported in the single family residence category (other than AHFC) is diluted by the failure of our largest Seller-Servicer, National Bank of Alaska, to provide specific statistical breakdowns for competing secondary markets.

Cognizant of these disclaimers of error, I am still convinced that the information provided is useful and the most accurate available.

I would direct your primary attention to the conclusion that the Corporation provided funding for 42% of those families purchasing single family residences in Alaska during the period involved. (Note: This percentage increases to 60% outside of the Municipality of Anchorage.) Further, we are purchasing more than 50% of residential loans insured by the Federal Government throughout the State.

These and related statistics make AHFC by far the largest purchaser of residential loans to Alaskans. They also make valid the argument that we are fulfilling our obligation to provide housing to deserving low to moderate income families.

AHFC MARKET DATA REPORT

SELLER/SERVICER COMBINED TOTALS (%'s)

REPORT PERIOD APR 15 '77 through OCT 15 '77

ALL SELLER/SERVICERS

SINGLE FAMILY RESIDENCES
(Including detached and Townhomes)

	AHFC		STATE (PERS)		FNMA/FHLMC/GNMA		OTHER*	
	#	\$	#	\$	#	\$	#	\$
TOTAL LOANS CLOSED	42%	38%	9%	12%	24%	23%	25%	27%
PROPERTY LOCATION: INSIDE MUNI. OF ANCH.	37%	33%	11%	13%	27%	26%	25%	28%
OUTSIDE MUNI. OF ANCH.	60%	58%	4%	4%	12%	13%	24%	25%
LOAN TYPE: FHA/VA	53%	50%	0	0	40%	44%	7%	6%
CONVENTIONAL	39%	35%	12%	14%	20%	19%	29%	32%

CONDOMINIUMS

	AHFC		STATE (PERS)		FNMA/FHLMC/GNMA		OTHER*	
	#	\$	#	\$	#	\$	#	\$
TOTAL LOANS CLOSED	34%	31%	16%	18%	30%	31%	20%	20%
PROPERTY LOCATION: INSIDE MUNI. OF ANCH.	33%	30%	17%	19%	34%	34%	16%	17%
OUTSIDE MUNI. OF ANCH.	36%	40%	8%	10%	0	0	56%	50%
LOAN TYPE: FHA/VA	0	0	0	0	100%	100%	0	0
CONVENTIONAL	35%	32%	16%	19%	28%	29%	21%	20%

Number of loans

\$ Dollar amount of loans

* Including special investors and loans retained for future sale

AHFC MARKET DATA REPORT

SELLER/SERVICER COMBINED TOTALS
ALL SELLER/SERVICERS

REPORT PERIOD APR 15, 1977 through OCT. 15, 1977

SINGLE FAMILY RESIDENCES
 (Including detached and Townhomes)

	AHFC		STATE (PERS)		FNMA/FHLMC/GNA		OTHER*	
	#	\$	#	\$	#	\$	#	\$
TOTAL LOANS CLOSED (177,018,850) (2,750 Loans)	1,151	67,271,350	260	20,724,800	651	41,181,850	688	47,840,850
PROPERTY LOCATION:								
INSIDE MUNI. OF ANCH.	806	47,460,050	238	19,249,400	582	36,986,700	551	39,352,250
OUTSIDE MUNI. OF ANCH.	345	19,811,300	22	1,475,400	69	4,195,150	137	8,488,600
LOAN TYPE:								
FHA/VA	277	16,586,800	0	0	209	14,460,300	38	2,147,650
CONVENTIONAL	874	50,684,550	260	20,724,800	442	26,721,550	650	45,693,200

CONDOMINIUMS *

	AHFC		STATE (PERS)		FNMA/FHLMC/GNA		OTHER*	
	#	\$	#	\$	#	\$	#	\$
TOTAL LOANS CLOSED (11,226,900)	75	3,524,150	35	2,010,700	68	3,511,550	45	2,180,500
PROPERTY LOCATION:								
INSIDE MUNI. OF ANCH.	66	3,159,200	33	1,922,650	68	3,511,550	31	1,726,250
OUTSIDE MUNI. OF ANCH.	9	364,950	2	88,050	0	0	14	454,250
LOAN TYPE:								
FHA/VA	0	0	0	0	7	394,050	0	0
CONVENTIONAL	75	3,524,150	35	2,010,700	61	3,117,500	45	2,180,500

Number of loans
 \$ Dollar amount of loans
 * Including special investors and loans retained for future sale

SUMMARY STATEMENT

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

Purpose. The \$40,000,000 1977 Third Series Bonds are being issued to provide funds to purchase from originating lending institutions mortgage loans for residential housing in the State 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 1977 Third Series Bonds will rank on a parity with the currently outstanding \$132,980,000 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 the State. 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 Programs.

Mortgage Loans. Mortgage loans which may be 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 be the subject of private or federal mortgage insurance to the extent that such ratio is greater than 80%.

Security. The 1977 Third 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. The \$1,000,000 Capital Reserve Fund Requirement in respect of the 1977 Third 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.

All mortgage loans purchased from Insured Mortgage Program Bond proceeds must be insured by the Insurance Account of the State Mortgage Insurance Fund established 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 at an amount at least equal to 2% of the unpaid principal amount of mortgage loans insured thereby. In connection with the issuance of the 1977 Third Series Bonds, the State will deposit \$605,000 in the Insurance Account pursuant to an appropriation for Insurance Account purposes by the State Legislature and the Corporation will deposit \$175,000 in the Insurance Account from its unrestricted surplus funds, as more fully explained herein under "The Insured Mortgage Program". At July 31, 1977, cash and securities aggregating \$2,741,971 were held by National Bank of Alaska as custodian of 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.

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

OFFICIAL STATEMENT

\$40,000,000

ALASKA HOUSING FINANCE CORPORATION

Insured Mortgage Program Bonds, 1977 Third 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 Third Series (the "1977 Third 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 Third 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 Third Series Supplemental Resolution adopted by the Corporation on September 29, 1977 (the "Supplemental Resolution"). The 1977 Third 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 home mortgage 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, under its "Housing Mortgage Program", the purchase from lending institutions of mortgage loans which were primarily federally insured or guaranteed. 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 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 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. 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. On May 12, 1977, Elma L. Johnson, Finance Officer of the Corporation since its inception, became Acting Executive Director following the resignation of the Executive Director. The Corporation's directors and principal staff officer are as follows:

Directors

Richard T. Hall, Chairman, Anchorage
Senior Vice-President, National Bank of Alaska

H. Phillip Hubbard, Juneau
Commissioner of Commerce and Economic Development of the State

Carolyn G. Bushey, Fairbanks
Housewife

Robert L. Carnahan, Anchorage
Vice-President, Alaska Constructors, Inc.

Perry R. Eaton, Anchorage
Vice-President, United Bank Alaska

Charles W. Guinn, Bethel
Owner of hardware and lumber company

Franklin C. Roppel, Ketchikan
Sawmills Coordinator, Louisiana-Pacific Corporation (Ketchikan Division)

Officer

Elma L. Johnson, Anchorage
Acting Executive Director and Finance Officer

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 \$106,500 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 July 31, 1977, by (i) a portfolio of mortgage loans having an aggregate unpaid principal balance of \$103,534,255, (ii) other investments and cash aggregating \$6,066,374 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 \$20,867,428. 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 Third Series Bonds or any other Insured Mortgage Program Bonds issued pursuant to the Insured Mortgage Program.

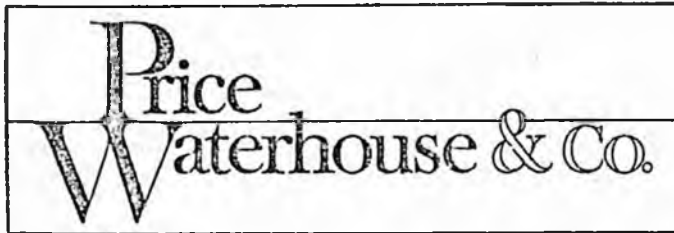
Notes

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 was 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 was deposited in a Note Account used to accumulate mortgage loans which may be permanently financed under either the Housing Mortgage Program or the Insured Mortgage Program. At July 31, 1977, mortgage loans aggregating \$14,561,300, were held in the Note Account. Upon the issuance of the 1977 Third 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 deposited in the Note Account in exchange for the conveyance of the mortgage loans held in the Note Account. Moneys so deposited may be re-employed to accumulate additional mortgage loans in anticipation of permanent financing under the Corporation's bond programs. As the 1977 First Series 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

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 for the purpose of financing a 98-unit housing project in Juneau and providing single-family mortgage loans in remote areas of the State. The outstanding balance of Housing Development Fund Notes at July 31, 1977, was \$6,876,374. 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.



601 WEST FIFTH AVENUE, ANCHORAGE, ALASKA 99501 - 907-279-1424

August 12, 1977

To the Board of Directors
Alaska Housing Finance Corporation

In our opinion, the accompanying balance sheets 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 May 31, 1977 and November 30, 1976, and the results of its operations and the changes in its financial position for the six months ended May 31, 1977 and 1976 and the years ended November 30, 1976 and 1975, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were 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.

Price Waterhouse & Co.

ALASKA HOUSING FINANCE CORPORATION

BALANCE SHEET

May 31, 1977

	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
ASSETS:						
Cash (Note 5) -						
Demand deposits	\$ 69,144	\$ 66,327	\$ 562,751	\$ 106,025	\$ 4,130	\$ 808,377
Savings accounts	1,041,324				170,341	1,211,665
Held in trust		3,460	44,986	4,402		52,848
	<u>1,110,468</u>	<u>69,787</u>	<u>607,737</u>	<u>110,427</u>	<u>174,471</u>	<u>2,072,890</u>
Short-term investments (Notes 1 and 3) -						
Certificates of deposit		10,295,000	4,692,787	21,815,574		36,803,361
U.S. Treasury				4,492,888		4,492,888
Bank repurchase agreements	1,551,124	222,600	1,893,500	356,700	14,500	4,038,424
	<u>1,551,124</u>	<u>10,517,600</u>	<u>6,586,287</u>	<u>26,665,162</u>	<u>14,500</u>	<u>45,334,673</u>
First mortgage loans, less net unamortized discount or premium of \$2,139,878 (Notes 1, 2 and 6)	1,509,763	14,898,297	104,610,237	62,467,549	3,007,437	186,493,283
Home improvement loans	33,906					33,906
Deed of trust note receivable from Alaska State Housing Authority (Note 4)					3,900,000	3,900,000
Accrued interest receivable	12,623	121,096	839,210	564,215	108,311	1,645,455
Office equipment and im- provements, net of ac- cumulated depreciation of \$5,278 (Note 1)	26,592					26,592
Bond issuance costs, net of amortization (Note 1)	3,790		385,530	204,198		593,518
Interfund receivable (payable)		(212,489)		212,489		
Total Assets	<u>\$4,248,266</u>	<u>\$25,394,291</u>	<u>\$113,029,001</u>	<u>\$90,224,040</u>	<u>\$7,204,719</u>	<u>\$240,100,317</u>
LIABILITIES AND FUND BALANCES:						
Bonds and notes payable, less net unamortized discount or premium of \$1,792,200 (Notes 3 and 4) -						
Mortgage bonds			\$106,344,142	\$83,528,658		\$189,872,800
Notes payable		\$25,000,746				25,000,746
Payable to the State of Alaska				3,998,000	\$6,931,871	10,929,871
Accrued interest payable		257,993	3,564,593	2,391,422	119,030	6,333,038
Accrued expenses	\$ 33,263	4,930	37,914	45,513	1,066	122,695
Total Liabilities	<u>33,263</u>	<u>25,263,678</u>	<u>109,946,649</u>	<u>89,963,593</u>	<u>7,051,967</u>	<u>232,259,150</u>
Fund balances, designated for -						
Possible mortgage loan losses (Note 5)	184,451					184,451
Purposes allowed within the respective funds (Notes 6 and 7)	4,030,552	130,613	3,082,352	260,447	152,752	7,656,716
Total Fund Balances	<u>4,215,003</u>	<u>130,613</u>	<u>3,082,352</u>	<u>260,447</u>	<u>152,752</u>	<u>7,841,167</u>
Commitments (Note 7)						
Total Liabilities and Fund Balances	<u>\$4,248,266</u>	<u>\$25,394,291</u>	<u>\$113,029,001</u>	<u>\$90,224,040</u>	<u>\$7,204,719</u>	<u>\$240,100,317</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

BALANCE SHEET

November 30, 1976

	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
ASSETS:						
Cash (Note 5) -						
Demand deposits	\$ 66,188	\$ 18,764	\$ 565,753	\$ 125,785		\$ 776,490
Savings accounts	644,546				\$ 267,332	911,878
Held in trust		843,711	74,158	284,550		1,202,419
	<u>710,734</u>	<u>862,475</u>	<u>639,911</u>	<u>410,335</u>	<u>267,332</u>	<u>2,890,787</u>
Short-term investments (Note 1) -						
Certificates of deposit	975,992	49,300	4,978,039	21,845,778		27,849,109
U.S. Treasury				4,495,265		4,495,265
Bank repurchase agree- ments			1,189,920	60,780		1,250,700
	<u>975,992</u>	<u>49,300</u>	<u>6,167,959</u>	<u>26,401,823</u>		<u>33,595,074</u>
First mortgage loans, less net unamortized discount or premium of \$2,143,557 (Notes 1 and 6)	2,021,825	9,414,521	105,866,647	23,581,528	4,748,805	145,633,326
Home improvement loans	38,376					38,376
Deed of trust note receiv- able from Alaska State Housing Authority (Note 4)					3,900,000	3,900,000
Accrued interest receivable	28,984	79,601	900,576	227,465	60,885	1,297,511
Prepaid expenses	50,000					50,000
Office equipment and improve- ments, net of accumulated depreciation of \$4,159 (Note 1)	22,604					22,604
Bond issuance costs, net of amortization (Note 1)			396,418	48,000		444,418
Total Assets	<u>\$3,848,515</u>	<u>\$10,405,897</u>	<u>\$113,971,511</u>	<u>\$50,669,151</u>	<u>\$8,977,022</u>	<u>\$187,872,096</u>
LIABILITIES AND FUND BALANCES:						
Bonds and notes payable, less net unamortized dis- count or premium of \$1,136,999 (Note 3) -						
Mortgage bonds			\$107,685,140	\$49,212,861		\$156,898,001
Notes payable		\$10,000,089				10,000,089
Payable to the State of Alaska				500,000	\$8,674,782	9,174,782
Accrued interest payable		291,597	3,615,018	854,146	150,392	4,911,153
Accrued expenses	\$ 51,226	3,275	39,077	7,862	1,684	103,124
Total Liabilities	<u>51,226</u>	<u>10,294,961</u>	<u>111,339,235</u>	<u>50,574,869</u>	<u>8,826,358</u>	<u>181,087,149</u>
Fund balances, designated for -						
Possible mortgage loan losses (Note 5)	330,696					330,696
Special reserve (Note 3)	1,000,000					1,000,000
Purposes allowed within the respective funds (Note 6)	2,466,593	110,936	2,632,276	94,282	150,164	5,454,251
Total Fund Balances	<u>3,797,289</u>	<u>110,936</u>	<u>2,632,276</u>	<u>94,282</u>	<u>150,164</u>	<u>6,784,947</u>
Commitments (Note 7)						
Total Liabilities and Fund Balances	<u>\$3,848,515</u>	<u>\$10,405,897</u>	<u>\$113,971,511</u>	<u>\$50,669,151</u>	<u>\$8,977,022</u>	<u>\$187,872,096</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

STATEMENT OF REVENUES AND EXPENSES AND FUND BALANCES

Six Months Ended May 31, 1977

	Corporation Operating Fund	Housing Mortgage Note Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
Revenues:							
Interest income - Mortgages	\$ 83,726		\$345,747	\$4,287,119	\$2,010,708	\$166,050	\$ 6,893,350
Short-term invest- ments	50,426		712,626	107,285	427,007	6,009	803,353
	134,152		558,373	4,394,404	2,437,715	172,059	7,696,703
Loan fees	273,447				107,787		381,234
Total revenues	407,599		558,373	4,394,404	2,545,502	172,059	8,077,937
Operating expenses:							
Interest on notes and bonds			379,246	3,573,594	2,101,538	166,507	6,220,885
Mortgage service fees	3,284		14,267	193,142	84,668	2,964	298,325
General and adminis- trative expenses	177,933		14,792	10,888	7,256		210,009
Legal, accounting and trustee fees	74,851						74,851
Insured Mortgage Program (Note 6)					107,787		107,787
Interfund operating charge (credit)	(244,792)			166,704	78,088		
Total operating expenses	11,276		408,305	3,944,328	2,379,337	169,471	6,912,717
Revenues in excess of operating expenses	396,323		150,068	450,076	166,165	2,588	1,165,220
Contribution to State Mortgage Insurance Fund (Note 6)	109,000						109,000
Revenues in excess of expenses	287,323		150,068	450,076	166,165	2,588	1,056,220
Fund balance, beginning of period	3,797,289		110,936	2,632,276	94,282	150,164	6,784,947
Transfer of net assets applicable to matured bond anticipation notes to the Corporation Operating Fund (Notes 6 and 7)	130,391		(130,391)				
Fund balance, end of period (Notes 6 and 7)	\$4,215,003		\$130,613	\$3,082,352	\$ 260,447	\$152,752	\$ 7,841,167

Six Months Ended May 31, 1976

Revenues:							
Interest income - Mortgages	\$ 9,741		\$ 1,020	\$4,103,161	\$ 158,798	\$217,408	\$ 4,490,128
Short-term invest- ments	55,219	\$1,170,445	109,432	166,180	25,024	5,053	1,531,353
	64,960	1,170,445	110,452	4,269,341	183,822	222,461	6,021,481
Loan fees	102,877				24,273		127,150
Total revenues	167,837	1,170,445	110,452	4,269,341	208,095	222,461	6,148,631
Operating expenses:							
Interest on notes and bonds		736,564	79,083	3,624,104	164,878	207,754	4,812,383
Mortgage service fees	363			199,501	6,254	7,976	214,094
General and administra- tive expenses	246,907			11,021			257,928
Legal, accounting and trustee fees	48,122						48,122
Insured Mortgage Program (Note 6)					24,273		24,273
Interfund operating charge (credit)	(180,804)			180,804			
Total operating expenses	114,588	736,564	79,083	4,015,430	195,405	215,730	5,356,800
Revenues in excess of operating expenses	53,249	433,881	31,369	253,911	12,690	6,731	791,831
Contribution to State Mortgage Insurance Fund (Note 6)	100,000						100,000
Revenues in excess (less than) expenses	(46,751)	433,881	31,369	253,911	12,690	6,731	691,831
Fund balance, beginning of period	1,542,355	1,836,485		1,917,419		116,480	5,412,739
Transfer of net assets applicable to matured bond anticipation notes to the Corporation Operating Fund	2,270,366	(2,270,366)					
Fund balance, end of period	\$3,765,970		\$ 31,369	\$2,171,330	\$ 12,690	\$123,211	\$ 6,104,570

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

STATEMENT OF REVENUES AND EXPENSES AND FUND BALANCES

	Year Ended November 30, 1976						Combined
	Corporation Operating Fund	Housing Mortgage Note Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	
Revenues:							
Interest income - Mortgages	\$ 72,402		\$ 58,364	\$ 6,425,808	\$ 801,750	\$ 449,308	\$ 9,807,632
Short-term investments	117,504	\$ 1,170,445	347,719	315,046	137,586	10,521	2,098,821
Loan fees	189,906 470,287	1,170,445	406,083	8,740,854	939,336 111,590	459,829	11,906,453 581,877
Total revenues	660,193	1,170,445	406,083	8,740,854	1,050,926	459,829	12,486,330
Operating expenses:							
Interest on notes and bonds		736,564	291,386	7,248,208	809,917	411,902	9,497,977
Mortgage service fees	1,363		3,761	394,140	32,819	14,243	446,326
General and administrative expenses	436,667			22,041	2,319		461,027
Legal, accounting and trustee fees	108,203						108,203
Insured Mortgage Program (Note 6)					111,589		111,589
Interfund operating charge (credit)	(361,698)			361,698			
Total operating expenses	184,625	736,564	295,147	8,025,997	956,644	426,145	10,625,122
Revenues in excess of operating expenses	475,568	433,881	110,936	714,857	94,282	33,684	1,863,208
Contribution to State Mortgage Insurance Fund (Note 6)	491,000						491,000
Revenues in excess (less than) expenses	(15,432)	433,881	110,936	714,857	94,282	33,684	1,372,208
Fund balance, beginning of period	1,542,355	1,836,485		1,917,419		116,480	5,412,739
Transfer of net assets applicable to matured bond anticipation notes to the Corporation Operating Fund	2,270,366	(2,270,366)					
Fund balance, end of period	\$ 1,797,289		\$ 110,936	\$ 2,632,276	\$ 94,282	\$ 150,164	\$ 6,784,947
	Year Ended November 30, 1975						
Revenues:							
Interest income - Mortgages	\$ 514	\$ 849,678		\$ 6,425,219		\$ 464,413	\$ 7,739,824
Short-term investments	91,417	2,827,101		553,563		19,055	3,491,136
Loan fees	91,931 215,579	3,676,779		6,978,782		483,468	11,230,960 15,579
Total revenues	307,510	3,676,779		6,978,782		483,468	11,446,539
Operating expenses:							
Interest on notes and bonds		2,607,195		5,822,987		423,535	8,853,717
Mortgage service fees		25,112		316,078		11,593	352,783
General and administrative expenses	136,207	41,921		27,176			205,304
Legal, accounting and trustee fees	153,108						153,108
Interfund operating charge (credit)	(275,076)			275,076			
Total operating expenses	14,239	2,674,228		6,441,317		435,128	9,564,912
Revenues in excess of expenses	293,271	1,002,551		537,465		48,340	1,881,627
Fund balance, beginning of period	1,059,072	1,023,946		1,379,954		68,140	3,531,112
Transfer of net assets applicable to matured bond anticipation notes to the Corporation Operating Fund	190,012	(190,012)					
Fund balance, end of period	\$ 1,542,355	\$ 1,836,485		\$ 1,917,419		\$ 116,480	\$ 5,412,739

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

RURAL HOUSING PROGRAM

FINANCING PLAN

DRAFT FOR DISCUSSION - MARCH 30, 1978

Prepared by:
Dean Witter Reynolds Inc., New York
For
Alaska Housing Finance Corporation
With Direction from and
Assistance of the AHFC Staff

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- I Introduction and Purpose of New Program
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- V Bonds and Notes - Security
- VI Follow-up
- VII Funding

Appendix A - Letter from Dean Witter Reynolds Inc.

Appendix B - Official Statement from latest AHFC Bond Issue

I INTRODUCTION

The Corporation's Financing Programs

The Corporation was created by the Alaska Legislature in 1971 as a public corporation and government instrumentality of the State for the purpose of increasing the supply of decent, safe and sanitary housing for persons of lower and moderate income and, by amendment in April, 1972, to promote 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 was designed to be self-supporting with some credit support by the State but not subsidy.

Since its establishment the Corporation's activities have involved, under its "Housing Mortgage Program", the purchase from lending institutions of mortgage loans which were primarily federally insured or guaranteed. Implementing a June, 1975, amendment to the Act, 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 insured under a State Mortgage Insurance Fund administered by the Commissioner of Commerce and Economic Development of the State and meet certain other criteria.

The Corporation presently has outstanding \$105,240,000 principal amount of Housing Mortgage Bonds secured at December 31, 1977, by (i) a portfolio of mortgage loans having an aggregate unpaid principal balance of \$99,905,365, (ii) other investments and cash aggregating \$7,942,510 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 \$21,049,574.

The \$219,800,000 Insured Mortgage Program Bonds are secured by a mortgage portfolio of approximately \$203,000,000 (when current purchases from commitments are complete) and a Capital Reserve Fund of \$22,016,500 (\$12,794,000 supplied by loans from the Commissioner of Revenue). The mortgage portfolio itself is secured by the Insurance Account of the State Insurance Fund and must either (1) have a loan to value ratio at the time of insurance of less than 80% or (2) to the extent that the loan to value ratio is greater than 80%, be the subject of private mortgage insurance or federal insurance or guarantee, the benefits of which are payable to the Corporation before any loss on such mortgage loan is payable from the Insurance Account. At December 31, 1977, National Bank of Alaska held cash and securities aggregating \$3,556,803 in the Insurance Account, \$3,419,195 of which represented the capital in the Insurance Account.

In addition to the two marketable bond programs, Housing Development Fund Notes in the aggregate amount of \$9,150,000 have been sold by the Corporation to the Commissioner of Revenue of the State and proceeds thereof have been deposited in the Housing Development Fund for the purpose of financing a housing project in Juneau and providing single-family mortgage loans in remote areas of the State. The outstanding balance of Housing Development Fund Notes at December 31, 1977, was \$6,798,654. No portion of the proceeds of sale of Bonds or revenues pledged under the bond programs are deposited in the Housing Development Fund and such Fund stands entirely on its own. A default under

this program would affect only the holders of the Housing Development Fund Notes technically. However, the Corporation cannot avoid at least some psychological effect on the public market if activities under the Fund are not administered with extreme care and if the Fund does not enjoy full support of the State for high-risk undertakings.

Purpose of the proposed Rural Housing Program

The purpose of the proposed new rural housing program described herein is to expand the activities of the Corporation - regardless of present lack of conventional mortgage lending mechanisms - to permit the financing of a home for any Alaskan anywhere in the State he may reside so long as he has a source of income sufficient to support the cost of such home. The present enabling legislation, and the Housing Development Fund, will provide the basic foundation for this new program.

However, neither the Corporation's existing programs nor the new Rural Housing Program are designed, in themselves, to provide financing for homes beyond the financial means of the potential occupants. Such practice requires a state or federal subsidy program which may be administered with, or independently of, a financing program, but which requires ongoing appropriations for such subsidies. The Corporation currently finances several projects subject to Federal subsidy and plans additional projects using the Federal Section 8 rent subsidy program this year. Other than Public Housing for the very low income (administered in Alaska by ASHA) the "Section 8" program is the only significant housing subsidy program available today. This is designed primarily for use with rental housing in established urban areas, and is not appropriate for use in dealing with a rural housing problem in Alaska or elsewhere. Neither the Federal government, nor any state to our knowledge, has a viable subsidy program for owner-occupied single-family housing, which would be the primary housing required for rural areas.

The question of subsidizing housing for a segment of the Alaska population out of state revenues, and thus a charge against the general taxpayer, is beyond the scope of this report. Such subsidy is a political decision, and properly dealt with by the Alaska government, and not the Corporation. However, the Corporation and its investment bankers are available to consult with representatives of the state on the investment banking implications of any subsidy program the state may wish to create and implement.

Should the state create a subsidy or grant program for rural housing the allocation of such subsidies and the administration of this part of the program should come under a department or agency of the state staffed with personnel competent in welfare matters. While AHFC might administer a loan program with payments partially subsidized, it should not attempt to act as a combined social and financial agency or both functions are apt to suffer.

II RURAL HOUSING PROGRAM

The outline of the proposed Rural Housing Program which follows should be viewed as a preliminary draft rather than a final program, since it necessarily involves entities other than the Corporation which can and should contribute to the final product.

A. The current AHFC program can and does reach a portion of the market for the financing of rural housing. Therefore, this program will finance only loans which are beyond the scope of the current AHFC mechanisms for one or more of the following reasons:

1. Lack of a lender, equivalent to the present private market seller-servicers, competent to originate and service loans in rural areas, and who understands the borrower and the environment in which he resides.
2. Lack of AHFC personnel capable of assessing risks of "non-standard" loans, and the prohibitive cost of attempting this with full time Anchorage based personnel.
3. Lack of usual mortgage security, i.e., title insurance and fire insurance, in some cases.
4. Lack of traditional suppliers of new housing.
5. Lack of potential owner income source suitable to usual monthly payment mortgage loan.

B. Essential elements of the new program which will provide for the above are:

1. Native corporations (or their subsidiaries), local governments, non-profit citizen groups, or traditional lenders willing to provide specialized personnel, will supplement or replace the usual banks, savings banks or mortgage banks as the seller-servicers. The primary qualification will be (1) first hand knowledge of, and regular contact with, those who will be borrowers under the program and (2) currently active residents of the areas to be served.
2. A Rural Program Policy and Loan Committee will be established by the AHFC Board consisting of one of its own members and four to six members selected from among those entities listed in (1) above. The Committee will thus have the first hand knowledge to assess the viability of a particular loan and borrower, and will be responsible for establishing loan criteria and policy and for providing specific approval of each loan to be recommended to the AHFC Board for final endorsement. Supervision of the seller-servicers will be a prime responsibility of this Committee which will be expected to deal with and correct any default situations.
3. Where proposed housing locations would result in an inability to get title and fire insurance, or where such would be prohibitively expensive, the Committee will be empowered to specifically waive such requirements, substituting other safeguards as they deem appropriate. A plan for partial or total recourse to the loan originator will be developed for such situations.
4. Through its "seller-servicers" organizations the Committee will assume some responsibility for developing reliable suppliers of new housing to be financed. An example might be a Native Corporation sponsored builder of prefabricated modular housing units suitable for shipment to, and personally in, remote areas.

5. With the aid of the AHFC staff and its investment bankers and attorneys, the Committee will design loan documents appropriate to borrowers who have seasonal incomes, good and bad years, etc. In other words, the loan will be tailored to the special needs of the rural borrower.

III RURAL LOAN INSURANCE ACCOUNT

Basic security for rural loans made by AHFC will be provided by a new, separate and distinct Insurance Account under the presently established State Insurance Fund. This account will be administered in much the same way as the existing Insurance Account but with higher capital requirements (possibly 10% instead of 2%) because such Account will be the only insurance for rural loans and because the risks involved in the program will be difficult to assess until some experience has been achieved. The "moral obligation" appropriation back-up will be the ultimate guarantee of the viability of the insurance commitment, and this will afford the opportunity for the Commissioner of Commerce and the Legislature to assess the program's workability and take corrective action if necessary.

An appropriation separate and apart from that for the present Insurance Account will be needed. We suggest an initial \$1 million allowing \$10 million in loans for the trial period, after which the Legislature will be better able to determine the ongoing needs of the program.

IV LOAN RATES & FEES

A rate for Rural Housing Loans will be determined by adding to the AHFC Net Interest Cost for Rural Housing Bonds (adjusted for cost of issuance) a mark-up for administration by AHFC and a Servicing fee to the seller-servicer (see II-B-1). In addition, there would be either a one time or annual insurance premium similar to FHA or private mortgage insurance. Such fee might be higher for loans where usual title or fire insurance requirements have been waived. Loans also would likely be made with some initial charge, a portion going to AHFC as commitment fee, a portion going to Policy & Loan Committee for administrative and travel expenses, and a portion being retained by the originator (normally the seller-servicer).

V BONDS AND NOTES

With criteria and methods similar to those above, we believe the Rural Housing Bonds and Notes will initially qualify for investment of surplus funds by the Commissioner of Revenue, and we suggest the first \$10 million be sold in this manner at a rate approximately equal to the AHFC's current estimated borrowing rate for its other programs. Once the program has proven itself and the soundness of the Insurance Account established (probably several years or until the program reaches \$50 million in size) our investment bankers believe there will be a public market for these securities.

A 10% reserve fund, funded out of bond proceeds and with characteristics similar to those used under the Insured Mortgage Program, would be employed with the same "moral obligation" back-up.

VI FOLLOW-UP

This draft-for-discussion will be updated and revised by AHFC incorporating comments by the Legislature, the Corporation Board, and others as appropriate.

Once a final financing plan has been approved by the AHFC Board, the Corporation will work with Bond Counsel and its investment bankers in preparing the necessary documents and putting the new Rural Housing Program in effect. Documents and securities will be structured so they will be appropriate for resale in the public market at a future date without the cost of a refunding.

VII FUNDING

Legislative action required for the above plan would include an appropriation of \$1,000,000 for the Rural Housing Insurance Account of the State Insurance Fund, and possibly a \$100,000 appropriation to the Corporation to reimburse it for training costs of the new seller-servicer personnel who will be key elements in this new program.

The plan for the initial sale of Bonds to the Commissioner of Revenue is, of course, subject to his approval.

Further Legislative actions are probably not required, but this would be reviewed with Bond Counsel before a final decision is made.

DEAN WITTER REYNOLDS INC.
150 Liberty Street, New York, NY 10006 Telephone (212) 437-3000



March 23, 1978

ALASKA HOUSING FINANCE CORPORATION:

This discussion draft of a financing plan for an AHFC Rural Housing Program has been proposed by Dean Witter Reynolds at the request of your Executive Director. Our recommendations are based, in part, on exploratory discussions with your Executive Director, Finance Officer and Bond Counsel, but reflect much that is preliminary original thinking on our part.

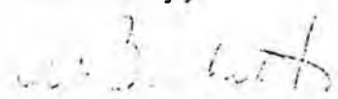
The proposed program has not been reviewed with any of the organizations and persons, other than AHFC, who would necessarily be involved. Consequently, we at this time accept full responsibility for the contents herein.

Mr. Brantley Barr, the author of this proposal, while an employee of another New York investment banking house, developed in 1971 and 1972 the original financing plan for AHFC's Housing Mortgage Program, and assisted with the two major amendments to the enabling legislation. Beginning in 1975, Dean Witter & Co. (our predecessor firm) was involved first as financial advisor, then as managing underwriter, to AHFC. Both Mr. Barr and Mr. Thomas Westhoff of our San Francisco office have provided the major investment banking services to AHFC, as well as the ideas for its newer programs.

Mr. Barr was affiliated with the American Telephone and Telegraph Company for 15 years before coming to Wall Street in 1968. He is well known for his original creative work with several state housing agencies, and has developed a number of financing concepts that are widely accepted in the municipal bond industry today. Our work for AHFC is a priority assignment for Mr. Barr, and he is available to the Corporation at any time for assistance on financial matters with the full support of our staff both in New York and San Francisco.

We are pleased to submit the following proposal for discussion and review by yourselves as well as others you feel should be involved.

Sincerely,


Alfred J. Bianchetti
Senior Vice President

NEW ISSUE**RATING: Standard & Poor's: A**

In the opinion of Bond Counsel, interest on the 1978 First Series Bonds is exempt from federal income taxes under existing law, 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, is a "substantial user" of the facilities financed from proceeds of the Bonds or a "related person". Under the Act, the 1978 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**\$47,225,000****Alaska Housing Finance Corporation****Insured Mortgage Program Bonds, 1978 First Series**

Dated: March 1, 1978

Due: December 1, as shown below

The 1978 First Series Bonds maturing after December 1, 1987, 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 1978 First Series Term Bonds due December 1, 2007, are redeemable in part at par at any time, as more fully set forth herein. The 1978 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 1978 First Series Bonds".

Interest is payable semi-annually on June 1 and December 1, commencing December 1, 1978 (nine months' interest). The 1978 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 whole 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 Bankers Trust Company, New York, New York, are the Paying Agents.

MATURITY SCHEDULE**\$11,850,000 Serial Bonds**

<u>Maturity</u> <u>(December 1)</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u> <u>or Price</u>	<u>Maturity</u> <u>(December 1)</u>	<u>Amount</u>	<u>Coupon</u>	<u>Price</u>
1978	\$100,000	6.25%	3.75%	1986	\$ 825,000	5.30%	100%
1979	550,000	6.25	4.25	1987	900,000	5.40	100%
1980	575,000	6.25	4.50	1988	950,000	5.50	100%
1981	625,000	6.25	4.75	1989	1,000,000	5.60	100%
1982	650,000	4.90	100	1990	1,075,000	5.70	100%
1983	700,000	5.00	100	1991	1,150,000	5.75	100%
1984	750,000	5.10	100	1992	1,200,000	5.75	100%
1985	800,000	5.20	100				

\$35,375,000 6³/₈% Term Bonds due December 1, 2007; Price: 100%*(Accrued Interest To Be Added)*

The 1978 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 purchasing mortgage loans. Bonds issued under the Corporation's General Insured Mortgage Program Bond 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, which is required to be maintained at an amount at least equal to 2% of the unpaid principal of mortgage loans insured thereby. In addition, all such mortgage loans must have an original loan to value ratio of less than 80% or be the subject of private or federal mortgage insurance to the extent that such ratio is greater than 80%. The Bonds are also secured by the Capital Reserve Fund held by the Trustee.

The Corporation has no taxing power. The 1978 First Series 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 1978 First Series Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Wohlforth & Flint Anchorage, Alaska, Bond Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, Cravath, Swaine & Moore, New York, New York.

It is expected that the 1978 First Series Bonds in definitive form will be available for delivery in New York, New York, on or about March 10, 1978.

Dean Witter Reynolds Inc.**Bache Halsey Stuart Shields***Incorporated***Merrill Lynch, Pierce, Fenner & Smith***Incorporated***John Nuveen & Co.***Incorporated*

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.

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SUMMARY STATEMENT

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

Purpose. The \$47,225,000 1978 First Series Bonds are being issued to provide funds to purchase mortgage loans for residential housing in the State 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 1978 First Series Bonds will rank on a parity with the currently outstanding \$172,575,000 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 the State. Since its establishment, the Corporation's activities have involved the purchase under its Mortgage Purchase Program of mortgage loans which were primarily federally insured or guaranteed 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 Programs.

Mortgage Loans. Mortgage loans which may be 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 be the subject of private or federal mortgage insurance to the extent that such ratio is greater than 80%.

Security. The 1978 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. The \$4,722,500 Capital Reserve Fund Requirement in respect of the 1978 First Series Bonds will be provided from proceeds of the 1978 First Series Bonds. 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.

All mortgage loans purchased from Insured Mortgage Program Bond proceeds must be insured by the Insurance Account of the State Mortgage Insurance Fund established 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 at an amount at least equal to 2% of the unpaid principal amount of mortgage loans insured thereby. The capital requirement of the Insurance Account with respect to mortgage loans purchased from 1978 First Series Bond proceeds will be funded by payments aggregating \$825,000 from the unrestricted surplus funds of the Corporation which will be paid in installments by the Corporation as such mortgage loans are purchased, unless such amount is provided by a proposed appropriation by the State Legislature, all as more fully explained herein under "The Insured Mortgage Program". At December 31, 1977, National Bank of Alaska held cash and securities aggregating \$3,556,803 as custodian for the Insurance Account, \$3,419,195 of which represented the capital in the Insurance Account. The amount of capital currently exceeds the capital requirement of the Insurance Account (currently 2% of the unpaid principal amount of the mortgage loans insured thereby) and, after giving effect to the purchase of mortgage loans which the Corporation expects to purchase for deposit in existing Mortgage Loan Accounts, such excess will be approximately \$182,000 and subject to withdrawal by the Corporation. 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.

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

OFFICIAL STATEMENT

\$47,225,000

ALASKA HOUSING FINANCE CORPORATION

Insured Mortgage Program Bonds, 1978 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, 1978 First Series (the "1978 First Series Bonds"). Information contained on the cover page, in the Summary Statement and in the Exhibits 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 1978 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 1978 First Series Supplemental Resolution adopted by the Corporation on February 21, 1978 (the "Supplemental Resolution"). The 1978 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 home mortgage 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, under its "Housing Mortgage Program", the purchase from lending institutions of mortgage loans which were primarily federally insured or guaranteed. 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 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 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. 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

<u>Name</u>	<u>Occupation</u>
Richard T. Hall, Chairman	Senior Vice President, National Bank of Alaska, Anchorage, Alaska
H. Phillip Hubbard	Commissioner of Commerce and Economic Development, State of Alaska, Juneau, Alaska
Carolyn G. Bushey	Housewife, Fairbanks, Alaska
Robert L. Carnahan	Vice President, Alaska Constructors, Inc., Anchorage, Alaska
Perry R. Eaton	Vice President, United Bank Alaska, Anchorage, Alaska
Charles W. Guinn	Owner of hardware and lumber company, Bethel, Alaska
Franklin C. Roppel	Sawmills Coordinator, Louisiana-Pacific Corporation (Ketchikan Division), Ketchikan, Alaska

Principal Staff Officers

<u>Name and Title</u>	<u>Year First Appointed</u>	<u>Background</u>
Robert W. Sullivan, Executive Director	1978	Former Vice President, Alaska Mutual Savings Bank; former Vice President, National Bank of Alaska; former Vice President, First City National Bank of Houston; former Assistant Vice President, First National Bank of Denver; Retired Lt. Colonel, U. S. Army.
Elma L. Johnson Finance Officer	1975	Former Acting Executive 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.

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 \$105,240,000 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 December 31, 1977, by (i) a portfolio of mortgage loans having an aggregate unpaid principal balance of \$99,905,365, (ii) other investments and cash aggregating \$7,942,510 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 \$21,049,574. 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 1978 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. The proceeds of the 1977 First Series Notes were used to provide funds to purchase mortgage loans to be held in the 1977 First Series Note Fund until such mortgage loans could be permanently financed under either the Housing Mortgage Program or the Insured Mortgage Program. At December 31, 1977, mortgage loans aggregating \$11,431,272 were held in the 1977 First Series Note Fund. Upon the issuance of the 1978 First Series Bonds, bond proceeds equal to the unamortized principal balance of the mortgage loans held in the 1977 First Series Note Fund, plus accrued interest, will be deposited in such Fund in exchange for the conveyance of the mortgage loans held therein. The moneys so deposited will be used, together with other moneys on deposit in the 1977 First Series Note Fund, to pay at maturity the 1977 First Series Notes. On March 10, 1978, the Corporation plans to issue \$25,000,000 Mortgage Program Notes, 1978 First Series (the "1978 First Series Notes"), due March 14, 1979, the proceeds of which will be employed to accumulate mortgage loans in anticipation of permanent financing under the Corporation's bond programs.

In order to afford additional security for the holders of the 1978 First Series Notes, the Corporation entered into an agreement dated February 21, 1978, 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 1978 First Series Notes at maturity, the Commissioner will purchase from the Note Fund an 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. The presently outstanding 1977 First Series Notes are secured by a similar agreement dated January 18, 1977, between the Corporation and the Commissioner of Revenue.

Housing Development Fund

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 for the purpose of financing a 98-unit housing project in Juneau and providing single-family mortgage loans in remote areas of the State. The outstanding balance of Housing Development Fund Notes at December 31, 1977, was \$6,798,654. No portion of the proceeds of sale of Bonds or revenues pledged under the Resolution will be de-

posited 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 purchasing of permanent mortgage loans for owner-occupied residential housing (which may include co-operative 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 the State. 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 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 \$219,800,000 Insured Mortgage Program Bonds to be outstanding following the issuance of the 1978 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, creating a demand which exceeds the availability of new residential housing for persons of lower and moderate income. The Corporation believes that its Insured Mortgage Program is helping to meet this demand. The base annual income eligibility limit established by the Corporation for a family of four in the greater Anchorage area is \$31,270, subject to various adjustments. The maximum mortgage loan eligible for purchase in the greater Anchorage area by the Corporation is \$65,000.

The State Mortgage Insurance Fund

The State Mortgage Insurance Fund (the "Insurance Fund") was created by the Act and currently consists of an account (the "Insurance Account") which was created by a Mortgage Insurance Agreement dated December 6, 1975 (the "Agreement"), between the Corporation and the Commissioner of Commerce and Economic Development for the purpose of insuring the Corporation against 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 December 31, 1977, National Bank of Alaska held cash and securities aggregating \$3,556,803 in the Insurance Account, \$3,419,195 of which represented the capital in the Insurance Account. The amount of capital currently exceeds the capital requirement of the Insurance Account and, accordingly, the Corporation has the right to withdraw a portion of the capital as described below. For additional information concerning the assets, liabilities, revenues and expenses of the Insurance Account, see Note 5 to the financial statements attached as Exhibit A to this Official Statement.

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. The capital requirement of the Insurance Account in respect of subsequent series of Bonds has been funded by payments from the State aggregating \$2,500,000 pursuant to appropriations by the State Legislature for Insurance Ac-