

LEG. FINANCE - BILLS 1979 - 1980 1290

SB 161 cont., thru SB 165 127

1 by the governor shall be in writing and state the reason for removal.
2 If the legislature is not in session, the governor may suspend a member
3 of the board. Upon suspension, a vacancy is not created but the board
4 member may not participate in board business and may not be counted for
5 purposes of establishing a quorum. The joint session shall be held
6 within 30 days from the date of removal if the removal occurs while the
7 legislature is in session or within 30 days of convening of the legis-
8 lature if the legislature is not in session. If the legislature refuses
9 to consent to his removal, the board member shall be reinstated to his
10 position.

11 (b) A vacancy on the board shall be promptly filled by appointment
12 by the governor and confirmation by a majority of the members of the
13 legislature in joint session, and an appointee to fill a vacancy shall
14 hold office for the balance of the term for which his predecessor on the
15 board was appointed. If a vacancy arises on the board while the legis-
16 lature is not in session, the governor may appoint an interim board
17 member who shall exercise all powers of a permanent board member until
18 such time as the legislature in joint session fails to confirm the
19 appointment of the interim board member.

20 (c) A vacancy on the board does not impair the authority of a
21 quorum of the board to exercise all the powers and perform all the
22 duties of the board.

23 Sec. 37.13.080. QUALIFICATIONS OF BOARD OF TRUSTEES. (a) No
24 individual may be appointed to the board who has not been a resident of
25 the state for at least three years.

26 (b) No member of the board may hold any other state or federal
27 office, position or employment, either elective or appointive, except as
28 a member of the armed forces of the United States or of this state.

29 (c) At least three members of the board shall have recognized

1 competence and wide experience in finance, investments, or other busi-
2 ness management-related field.

3 Sec. 37.13.090. QUORUM. Three members of the board constitute a
4 quorum for the transaction of business and the exercise of the powers
5 and duties of the board.

6 Sec. 37.13.100. COMPENSATION OF TRUSTEES. Members of the board
7 receive an honorarium of \$250 for each meeting day if they attend the
8 meeting and are entitled to per diem and travel allowances as provided
9 by law for members of state boards and commissions.

10 Sec. 37.13.110. EMPLOYMENT OF PERSONNEL. The board may employ and
11 determine the salary of an executive director. The executive director
12 may, with the approval of the board, select and employ additional staff
13 as necessary. No employee of the corporation, including the executive
14 director, may be a member of the board. The executive director and all
15 other employees of the board are in the exempt service under AS 39.25.

16 Sec. 37.13.120. CONFLICTS OF INTEREST. (a) Members of the board
17 and the executive director are subject to the provisions of AS 39.50.

18 (b) If a member or employee acquires, owns or controls an in-
19 terest, direct or indirect, in an entity or project in which corporation
20 assets are invested, he shall immediately disclose the interest to the
21 board. The disclosure is a matter of public record and shall be in-
22 cluded in the minutes of the board meeting next following the disclo-
23 sure.

24 Sec. 37.13.130. POWERS AND DUTIES. (a) The prudent-man rule
25 shall be applied by the board in the management and investment of per-
26 manent fund assets. The prudent-man rule as applied to investments of
27 the corporation means that in making investments the board shall exer-
28 cise the judgment and care under the circumstances then prevailing which
29 an institutional investor of ordinary prudence, discretion, and intel-

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ligence exercises in the management of large investments entrusted to it not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income.

(b) The corporation assets shall only be used for income-producing investments.

(c) The board shall maintain a reasonable diversification among corporation investments unless under the circumstances it is clearly prudent not to do so.

(d) The board shall submit long-range and quarterly investment reports to the Legislative Budget and Audit Committee.

(e) The corporation may not borrow funds or guarantee from principal of the fund the obligations of others.

(f) The board may enter into and enforce all contracts necessary, convenient or desirable for purposes of the corporation.

(g) Subject to the limitations in (h) and (i) of this section, the board may invest corporation assets in

(1) obligations of, or obligations insured by or guaranteed by, the United States or agencies or instrumentalities of the United States;

(2) obligations secured by reserves paid in by the United States or agencies or instrumentalities of the United States or obligations of corporations in which the United States is a shareholder or member;

(3) certificates of deposit issued by United States domestic banks which are members of the Federal Deposit Insurance Corporation and which are secured as to the payment of principal and interest in accordance with Alaska law and for which a generally recognized secondary market exists;

1 (4) corporate debt securities which are rated AA or better by
2 a nationally recognized rating service;

3 (5) short-term corporate promissory notes of the highest
4 rating assigned by a nationally recognized rating service;

5 (6) bankers' acceptances drawn on and accepted by United
6 States banks each of which have a combined capital and surplus aggrega-
7 ting at least \$200,000,000;

8 (7) repurchase agreements, the securities underlying the
9 agreements being any of the items in (1) - (5) of this subsection;

10 (8) the guaranteed portion of Federal Small Business Admini-
11 stration loans;

12 (9) the portion of first lien real estate mortgages guaran-
13 teed by the Federal Veterans Administration;

14 (10) the portions of business and industrial loans made under
15 the Rural Development Act of 1972 which are guaranteed by the Farmer's
16 Home Administration;

17 (11) the guaranteed portion of Farmer's Home Administration
18 loans.

19 (h) Investments under (g)(4) of this section may not exceed 25 per
20 cent of the total investments of the fund. Investments under (g)(8) -
21 (11) of this section may not exceed in the aggregate 25 per cent of the
22 total investments of the fund.

23 (i) No portion of the assets of the fund may be used for the pur-
24 chase of bonds of a corporation, upon which any regular interest payment
25 has been defaulted within five years before purchase, except bonds never
26 in default but which have been outstanding for less than five years.

27 (j) The board shall establish and from time to time as necessary
28 modify guidelines for the investment of the assets of the corporation.
29 Before adoption of any guidelines the guidelines shall be reported to

the Legislative Budget and Audit Committee for review and comment.

(k) The board may invest corporation assets in in-state investments if the in-state investments

(1) have a risk level and expected yield comparable to alternate investment opportunities; and

(2) are included in the list of permissible investments in (g) of this section.

Sec. 37.13.140. GAINS AND LOSSES. At the end of each fiscal year, the total amount of losses on the sales of securities, not offset by gains on the sales of securities during that year, shall be computed, with a portion of these losses to be deducted each fiscal year from the income and the resulting amount of income added to the principal of the fund. Losses taken on the sales of securities shall be accumulated over a period equal to the average remaining life of the securities sold, unless these losses are offset by gains on future sales of securities. In any fiscal year in which the gains on the sales of securities exceed the losses on the sales of securities, the excess shall be added to the principal of the fund.

Sec. 37.13.150. INCOME. The interest received in a year is the income of the corporation for that year. The income available for disbursement shall be determined on an averaging basis. For the first five years, income will be the simple averaging of the annual current return at cost. Subsequently, there will be a moving average current return, in which the latest fiscal year will replace the oldest year. The income available for disbursement will be the lesser of the latest fiscal year's income, or the average annual current income for the past five fiscal years of the fund at cost, and after adjustment for capital losses charged to that fiscal year.

Sec. 37.13.160. BOARD BUDGET. The board's operating budget is

1 from the general fund and is subject to the Executive Budget Act (AS
2 37.07).

3 Sec. 37.13.170. AUDITS. The Legislative Budget and Audit Commit-
4 tee shall provide for an annual post audit and annual operational and
5 performance evaluations of the corporation's investments and investment
6 programs.

7 Sec. 37.13.180. REPORTS AND PUBLICATIONS. No later than Septem-
8 ber 30 of each year, the board shall publish a report of the corporation
9 for distribution to the governor, legislature, and the public. The
10 report shall be written in easily understandable language. The report
11 must include financial statements audited by independent outside audi-
12 tors, a statement of the amount of money received by the permanent fund
13 from each investment during the period covered, a statement of corpora-
14 tion investments including an appraisal at market value, a description
15 of corporation investment activity during the period covered by the
16 report, a comparison of the corporation performance with the intended
17 goals contained in AS 37.13.020, an examination of the impact of the
18 investment criteria of this chapter on the corporation portfolio with
19 recommendations of any needed changes and any other information the
20 board believes would be of interest to the governor, the legislature,
21 and the public. The annual income statement and balance sheet of the
22 corporation shall be published in at least one newspaper in each judi-
23 cial district. The income statement and balance sheet for the two
24 fiscal years preceding the publication of the election pamphlet under
25 AS 15.57 shall be included in that pamphlet. The board may also publish
26 other reports it considers desirable to carry out its purpose.

27 Sec. 37.13.190. TAX EXEMPTION. The corporation is exempt from all
28 taxes and assessments in the state. All security instruments issued by
29 the corporation, their transfer, and their income are exempt from all

taxes and assessments in the state.

Sec. 37.13.200. POLITICAL ACTIVITIES. The resources of the corporation may not be used to finance or influence any political activities.

Sec. 37.13.210. PUBLIC ACCESS TO INFORMATION. Information in the possession of the corporation is a public record, except that information which discloses the particulars of the business or affairs of a private enterprise or investor is confidential and is not a public record. Confidential information may be disclosed only for the purposes of an official law enforcement investigation or when its production is required in a court proceeding. These restrictions do not prohibit the publication of statistics presented in a manner that prevents the identification of particular reports, items, persons, or enterprises.

Sec. 37.13.220. DEFINITIONS. In this chapter,

(1) "board" means the Board of Trustees of the Alaska Permanent Fund Corporation;

(2) "corporation" means the Alaska Permanent Fund Corporation.

* Sec. 6. AS 39.25.110 is amended by adding a new paragraph to read:

(22) members of the board of trustees, the executive director, and staff of the Alaska Permanent Fund Corporation.

* Sec. 7. AS 39.50.200(9) is amended by adding a new subparagraph to read:

(QQ) Board of Trustees and executive director of the Alaska Permanent Fund Corporation.

* Sec. 8. TRANSITION. The commissioner of revenue shall transfer all funds of the Alaska permanent fund to the Alaska Permanent Fund Corporation established by this Act after request for transfer is made by the board of trustees of the corporation.

- 1 * Sec. 9. AS 37.10.065(c) is repealed.
- 2 * Sec. 10. AS 37.10.065(a) and (b) are repealed.
- 3 * Sec. 11. Section 10 of this Act takes effect upon transfer of the funds
- 4 of the Alaska permanent fund to the Alaska Permanent Fund Corporation as
- 5 provided in sec. 8 of this Act. The remainder of this Act takes effect
- 6 July 1, 1979.

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Notes on Amendments to SB 161

Page 4, line 10:

Present and projected commitments of Alaskan oil & gas receipts

25%	Committed to PF
25%	" to CIP General
5%	" to CIP Energy
5%	" to Renewable Resources
<u>60%</u>	Total Commitment
15%	SB 1 commitment to loan program
25%	Operating budget (NOTE: Section (3) will take 25%)
<u>40%</u>	

Page 5, line 15

Composition of Board of Trustees

1. Lt. Governor, Chairman
2. State Bond Committee
 - A. Commissioner Adm.
 - B. Commissioner Rev.
3. Commissioner of Natural Resources

Delete: Section 37.13.060 - 37.13.080

Delete: Section 37.13.100

Page 8, line 29

remove (;) and add "if other than an Alaskan bank."

Page 9, lines 10-18, sections 8, 9, 10 & 11

delete any reference to less than 100% purchases

Add: (12) Insured real estate loans (private mortgage insurance)

(13) Loans or portion of loans guaranteed by a state agency.

Page 10, line 16-18

Delete

Page 10, line 19

between the words "interest" and "received" add the following:

"and net gains on sales of securities"

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Page 10, line 19

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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

3/23/90
Date

COMMITTEE REPORT HOUSE

FURTHER:

April 29, 1979

Date: 5/24/80

Mr. Speaker:

The Committee on FINANCE has had SB 165

"An Act making a special appropriation to the mortgage insurance fund of the Alaska Housing Finance Corporation; eff. date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with ^HCS for SB 165 same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

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**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

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CHAIRMAN

Original sponsors: Kerttula and Stimson

Funding Information

General Fund	\$11,090,290
Other Funds	2,000,000
	<u>\$13,090,290</u>

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 165

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making appropriations for operating and capital
7 expenses related to telecommunications; and providing
8 for an effective date."

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

10 * Section 1. The sum of \$5,072,250 is appropriated from the general fund
11 and the sum of \$2,000,000 is appropriated from program receipts to the Depart-
12 ment of Transportation and Public Facilities to be allocated as follows:

13 (1) \$975,750 for video uplink capabilities at earth stations in
14 Anchorage, Fairbanks, Juneau, Kotzebue, Unalakleet, Barrow, Kodiak, Bethel,
15 Nome, McGrath, Dillingham, and Aniak.

16 (2) \$300,000 for station transmitter links from instructional
17 television (ITV) production centers to earth stations in Anchorage,
18 Fairbanks, Juneau, Kotzebue, Unalakleet, Barrow, Kodiak, Bethel, Nome,
19 McGrath, Dillingham, and Aniak.

20 (3) \$30,000 for a Sitka microwave video interconnect to the Juneau
21 earth station.

22 (4) \$162,500 for video downlink retrofits to earth stations in
23 Anderson/Clear, Chistochina, Cordova, Cold Bay, Fort Yukon, Iliamna, King
24 Salmon, Naknek, Sand Point, Tanana, Unalaska, Valdez, and Yakutat.

25 (5) \$2,580,000 to purchase small earth stations for Angoon, Craig,
26 Kake, Ketchikan, Klukwan, Petersburg, Skagway, Wrangell, Pelican, Akiachak,
27 Akiak, Atmautluak, Birch Creek, Chevak, Chuathbaluk, Ouzinkie, Copper Center,
28 Delta Junction, Dot Lake, Eek, Egegik, Aleknagik, English Bay, Nondalton,
29 Glennallen, Healy, Hope, Kenai, Mentasta Lake, Nenana, Ninilchik, Northway,

1 Port Lions, Seward, Talkeetna, Tanacross, Teller, Tok, Tyonek, Cantwell,
2 Whittier, Willow, and Stebbins.

3 (6) \$525,000 for an instructional television interconnect to
4 schools or mini-tv at Angoon, Craig, Hydaburg, Kake, Ketchikan, Klukwan,
5 Petersburg, Skagway, Wrangell, Pelican, Akiachak, Akiak, Atmoutluak, Birch
6 Creek, Chevak, Chuathbaluk, Ouzinkie, Copper Center, Delta Junction, Dot
7 Lake, Eek, Egegik, Aleknagik, English Bay, Glennallen, Healy, Hope, Kenai,
8 Mentasta Lake, Nenana, Ninilchik, Northway, Port Lions, Seward, Talkeetna,
9 Tanacross, Teller, Tok, Tyonek, Wasilla, Whittier, and Willow.

0 (7) \$1,312,500 for an instructional television interconnect to
1 schools or mini-tv at Allakaket, Ambler, Anaktuvuk Pass, Anvik, Chalkyitsik,
2 Eagle Village, Emmonak, Gambell, Grading, Holy Cross, Hooper Bay, Haines,
3 Hoonah, Hughes, Huslia, Kaktovik, Kaltag, Kiana, King Cove, Kipnuk, Kivalina,
4 Koliganek, Larsen Bay, Mekoryuk, Mountain Village, Nikolai, Noatak, Noorvik,
5 Nuiqsut, Nulato, Old Harbor, Perryville, Pilot Point, Pt. Hope, Pt. Heiden,
6 St. George, St. Paul, Savoonga, Selawik, Shageluk, Shungnak, Takotna, Telida,
7 Tenakee Springs, Togiak, Venetie, Wainwright, Stony River, Sleetmute,
8 Buckland, Deering, Kobuk, Akhiok, Akutan, Alakanuk, Arctic Village, Atka,
9 Hydaburg, Beaver, Central, Chefnak, Circle, Chignik Bay, Chignik Lagoon,
0 Golovin, Stebbins, Crooked Creek, Eagle, Ekwook, Elim, False Pass, Koyuk,
1 Koyukuk, Iguigig, Ivanof Bay, Karluk, Kongiganek, Kotlik, Kwigillingok,
2 Marshall (Fortuna Ledge), Manley Hot Springs, Minto, Napakiak, Napaskiak,
3 Nelson Lagoon, New Stuyahok, Newtok, Nightmute, Nikolski, Nondalton, Pilot
4 Station, Rampart, Red Devil, Ruby, Russian Mission, St. Michael, St. Marys,
5 Seldovia, Shaktoolik, Sheldon's Point, Shishmaref, Stevens Village, Tooksook
6 Bay, Tununak, and White Mountain.

7 (8) \$1,037,500 to extend the satellite television demonstration
8 project to: Akhiok, Akiachak, Akiak, Akutan, Alakanuk, Arctic Village, Atka,
9 Atmoutluak, Beaver, Birch Creek, Buckland, Central, Chefnak, Chevak,

1 Chuathbaluk, Chignik Bay, Chignik Lagoon, Circle, Ouzinkie, Stebbins, Craig,
2 Crooked Creek, Deering, Eagle, Eek, Egegik, Aleknagik, Ekwok, Elim, English
3 Bay, False Pass, Golovin, Goodnews Bay, Healy, Hope, Iguigig, Ivanof Bay;
4 Karluk, Klukwan, Kobuk, Kongiganak, Kotlik, Koyuk, Koyukuk, Kwigillingok,
5 Kwethluk, Marshall (Fortuna Ledge), Manley Hot Springs, Mentasta Lake, Minto,
6 Napakiak, Napaskiak, Nelson Lagoon, New Stuyahok, Newtok, Nightmute, Nikolski,
7 Ninilchik, Northway, Pelican, Nondalton, Pilot Point, Pitkas Point, Rampart,
8 Red Devil, Ruby, Russian Mission, St. Michael, St. Marys, Seldovia,
9 Shaktoolik, Sheldon Point, Shishmaref, Stevens Village, Teller, Tooksook Bay,
10 Tununak, Tyonek, White Mountain, Tanana, Cantwell, Scammon Bay, and Pilot
11 Station.

12 (9) \$10,000 for cable system acquisition for satellite use support
13 in Pelican.

14 (10) \$34,000 for reimbursement to Hydaburg Cable TV for costs of
15 equipment acquisition in conjunction with the satellite television demonstra-
16 tion project.

17 (11) \$105,000 to purchase audio conference terminal equipment for
18 use in the instructional television education project.

19 * Sec. 2. The sum of \$253,000 is appropriated from the general fund to
20 the Alaska Public Broadcasting Commission to be allocated as follows:

21 (1) \$165,000 for satellite uplink to interconnect all public radio
22 stations in the Alaska Public Radio Network.

23 (2) \$35,000 for the cost of studio construction for the Alaska
24 Public Radio Network.

25 (3) \$53,000 for payment as a grant to the Raven Radio Foundation
26 Public Radio Station.

27 * Sec. 3. The sum of \$2,174,340 is appropriated from the general fund to
28 the Department of Transportation and Public Facilities for lease costs for

29 (1) a satellite tv transponder;

1 (2) audio conferencing; and

2 (3) instructional television interconnects.

3 * Sec. 4. The sum of \$770,500 is appropriated from the general fund to
4 the Department of Education for

5 (1) an instructional television production fund for K-12 programs
6 on Alaska topics;

7 (2) monthly television viewing guides for teachers;

8 (3) teacher training; and

9 (4) a pilot project in educational technology video disc use.

0 * Sec. 5. The sum of \$850,200 is appropriated from the general fund to
1 the University of Alaska for

2 (1) computer network expansion to all community colleges;

3 (2) part-time faculty telecommunications coordinators; and

4 (3) instructional telecommunications production and acquisition.

5 * Sec. 6. The sum of \$150,000 is appropriated from the general fund to
6 the Department of Education to conduct an instructional television education
7 pilot project in the NANA region.

8 * Sec. 7. The sum of \$700,000 is appropriated from the general fund to
9 the Department of Education for payment as grants to local education agencies
10 for the instructional television education program.

11 * Sec. 8. The sum of \$100,000 is appropriated from the general fund to
12 the Alaska Public Broadcasting Commission for payment of program grants to
13 local stations for program productions for the instructional education pro-
14 gram.

15 * Sec. 9. The sum of \$220,000 is appropriated from the general fund to
16 the Alaska Public Broadcasting Commission for production of a statewide news
17 program.

18 * Sec. 10. The sum of \$800,000 is appropriated from the general fund to
19 the University of Alaska, Geophysical Institute, northern remote sensing

laboratory. for "project quick look".

* Sec. 11. The appropriations made in secs. 1, 2, and 10 of this Act are for capital projects and are subject to AS 37.25.020.

* Sec. 12. The appropriations made in secs. 3 - 9 of this Act are for operating expenses. The unobligated and unexpended portions of the appropriations made in secs. 3 - 9 of this Act lapse into the general fund June 30, 1981.

* Sec. 13. Sections 3 - 9 of this Act take effect July 1, 1980.

* Sec. 14. Sections 1, 2, and 10 - 14 of this Act take effect immediately in accordance with AS 01.10.070(c).

Original sponsors: Kerttula and Stimson

Funding Information

General Fund	\$11,090,290
Other Funds	2,000,000
	<u>\$13,090,290</u>

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BY THE FINANCE COMMITTEE

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4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making appropriations for operating and capital
7 expenses related to telecommunications; and providing
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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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3 Hoonah, Hughes, Huslia, Kaktovik, Kaltag, Kiana, King Cove, Kipnuk, Kivalina,
4 Koliganek, Larsen Bay, Mekoryuk, Mountain Village, Nikolai, Noatak, Noorvik,
5 Nuiqsut, Nulato, Old Harbor, Perryville, Pilot Point, Pt. Hope, Pt. Heiden,
6 St. George, St. Paul, Savoonga, Selawik, Shageluk, Shungnak, Takotna, Telida,
7 Tenakee Springs, Togiak, Venetie, Wainwright, Stony River, Sleetmute,
8 Buckland, Deering, Kobuk, Akhiok, Akutan, Alakanuk, Arctic Village, Atka,
9 Hydaburg, Beaver, Central, Chefnak, Circle, Chignik Bay, Chignik Lagoon,
0 Golovin, Stebbins, Crooked Creek, Eagle, Ekwook, Elim, False Pass, Koyuk,
1 Koyukuk, Iguigig, Ivanof Bay, Karluk, Kongiganek, Kotlik, Kwigillingok,
2 Marshall (Fortuna Ledge), Manley Hot Springs, Minto, Napakiak, Napaskiak,
3 Nelson Lagoon, New Stuyahok, Newtok, Nightmute, Nikolski, Nondalton, Pilot
4 Station, Rampart, Red Devil, Ruby, Russian Mission, St. Michael, St. Marys,
5 Seldovia, Shaktoolik, Sheldon's Point, Shishmaref, Stevens Village, Tooksook
6 Bay, Tununak, and White Mountain.

7 (8) \$1,037,500 to extend the satellite television demonstration
8 project to: Akhiok, Akiachak, Akiak, Akutan, Alakanuk, Arctic Village, Atka,
9 Atmoutluak, Beaver, Birch Creek, Buckland, Central, Chefnak, Chevak,

1 Chuathbaluk, Chignik Bay, Chignik Lagoon, Circle, Ouzinkie, Stebbins, Craig,
2 Crooked Creek, Deering, Eagle, Eek, Egegik, Aleknagik, Ekwok, Elim, English
3 Bay, False Pass, Golovin, Goodnews Bay, Healy, Hope, Iguigig, Ivanof Bay;
4 Karluk, Klukwan, Kobuk, Kongiganak, Kotlik, Koyuk, Koyukuk, Kwigillingok,
5 Kwethluk, Marshall (Fortuna Ledge), Manley Hot Springs, Mentasta Lake, Minto,
6 Napakiak, Napaskiak, Nelson Lagoon, New Stuyahok, Newtok, Nightmute, Nikolski,
7 Ninilchik, Northway, Pelican, Nondalton, Pilot Point, Pitkas Point, Rampart,
8 Red Devil, Ruby, Russian Mission, St. Michael, St. Marys, Seldovia,
9 Shaktoolik, Sheldon Point, Shishmaref, Stevens Village, Teller, Tooksook Bay,
10 Tununak, Tyonek, White Mountain, Tanana, Cantwell, Scammon Bay, and Pilot
11 Station.

12 (9) \$10,000 for cable system acquisition for satellite use support
13 in Pelican.

14 (10) \$34,000 for reimbursement to Hydaburg Cable TV for costs of
15 equipment acquisition in conjunction with the satellite television demonstra-
16 tion project.

17 (11) \$105,000 to purchase audio conference terminal equipment for
18 use in the instructional television education project.

19 * Sec. 2. The sum of \$253,000 is appropriated from the general fund to
20 the Alaska Public Broadcasting Commission to be allocated as follows:

21 (1) \$165,000 for satellite uplink to interconnect all public radio
22 stations in the Alaska Public Radio Network.

23 (2) \$35,000 for the cost of studio construction for the Alaska
24 Public Radio Network.

25 (3) \$53,000 for payment as a grant to the Raven Radio Foundation
26 Public Radio Station.

27 * Sec. 3. The sum of \$2,174,340 is appropriated from the general fund to
28 the Department of Transportation and Public Facilities for lease costs for

29 (1) a satellite tv transponder;

1 (2) audio conferencing; and

2 (3) instructional television interconnects.

3 * Sec. 4. The sum of \$770,500 is appropriated from the general fund to
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6 on Alaska topics;

7 (2) monthly television viewing guides for teachers;

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9 (4) a pilot project in educational technology video disc use.

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5 * Sec. 6. The sum of \$150,000 is appropriated from the general fund to
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8 * Sec. 7. The sum of \$700,000 is appropriated from the general fund to
9 the Department of Education for payment as grants to local education agencies
10 for the instructional television education program.

11 * Sec. 8. The sum of \$100,000 is appropriated from the general fund to
12 the Alaska Public Broadcasting Commission for payment of program grants to
13 local stations for program productions for the instructional education pro-
14 gram.

15 * Sec. 9. The sum of \$220,000 is appropriated from the general fund to
16 the Alaska Public Broadcasting Commission for production of a statewide news
17 program.

18 * Sec. 10. The sum of \$800,000 is appropriated from the general fund to
19 the University of Alaska, Geophysical Institute, northern remote sensing

1 laboratory, for "project quick look".

2 * Sec. 11. The appropriations made in secs. 1, 2, and 10 of this Act are
3 for capital projects and are subject to AS 37.25.020.

4 * Sec. 12. The appropriations made in secs. 3 - 9 of this Act are for
5 operating expenses. The unobligated and unexpended portions of the appro-
6 priations made in secs. 3 - 9 of this Act lapse into the general fund
7 June 30, 1981.

8 * Sec. 13. Sections 3 - 9 of this Act take effect July 1, 1980.

9 * Sec. 14. Sections 1, 2, and 10 - 14 of this Act take effect immediately
0 in accordance with AS 01.10.070(c).

Original sponsors: Kerttula and Stimson

Funding Information

General Fund	\$10,145,290	10,270,290	11,090,290
Other Funds	2,000,000		
	\$12,145,290	12,270,290	13,090,290

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 165

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making appropriations for operating and capital
7 expenses related to telecommunications; and providing
8 for an effective date."

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

10 * Section 1. The sum of ~~\$4,927,250~~^{5,072,250} is appropriated from the general fund
11 and the sum of \$2,000,000 is appropriated from program receipts to the
12 Department of Transportation and Public Facilities to be allocated as
13 follows:

14 (1) \$975,750 for video uplink capabilities at earth stations in
15 Anchorage, Fairbanks, Juneau, Kotzebue, Unalakleet, Barrow, Kodiak, Bethel,
16 Nome, McGrath, Dillingham, and Aniak.

17 (2) \$300,000 for station transmitter links from instructional
18 television (ITV) production centers to earth stations in Anchorage, Fairbanks,
19 Juneau, Kotzebue, Unalakleet, Barrow, Kodiak, Bethel, Nome, McGrath,
20 Dillingham, and Aniak.

21 (3) \$30,000 for a Sitka microwave video interconnect to the Juneau
22 earth station.

23 (4) \$162,500 for video downlink retrofits to earth stations in
24 Anderson/Clear, Chistochina, Cordova, Cold Bay, Fort Yukon, Iliamna, King
25 Salmon, Naknek, Sand Point, Tanana, Unalaska, Valdez, and Yakutat.

26 (5) ~~\$2,460,000~~^{2,580,000} to purchase small earth stations for Angoon, Craig,
27 Kake, Ketchikan, Klukwan, Petersburg, Skagway, Wrangell, Pelican, Akiachak,
28 Akiak, Atmautluak, Birch Creek, Chevak, Chuathbaluk, Ouzinkie, Copper
29 Center, Delta Junction, Dot Lake, Eek, Egegik, Aleknagik, English Bay,

Nonclerk

1 Glennallen, Healy, Hope, Kenai, Mentasta Lake, Nenana, Ninilchik, Northway,
2 Port Lions, Seward, Talkeetna, Tanacross, Teller, Tok, Tyonek, Cantwell,
3 Whittier, ~~and Willow.~~ ^{and} Stebbins.

4 (6) \$525,000 for an instructional television interconnect to
5 schools or mini-tv at Angoon, Craig, Hydaburg, Kake, Ketchikan, Klukwan,
6 Petersburg, Skagway, Wrangell, Pelican, Akiachak, Akiak, Atmautluak, Birch
7 Creek, Chevak, Chuathbaluk, Ouzinkie, Copper Center, Delta Junction, Dot
8 Lake, Eek, Egegik, ~~Ekwok~~ ^{Aleknagik}, English Bay, Glennallen, Healy, Hope, Kenai,
9 Mentasta Lake, Nenana, Ninilchik, Northway, Port Lions, Seward, Talkeetna,
10 Tanacross, Teller, Tok, Tyonek, Wasilla, Whittier, and Willow.

11 (7) \$1,312,500 for an instructional television interconnect to
12 schools or mini-tv at Allakaket, Ambler, Anaktuvuk Pass, Anvik, Chalkyitsik,
13 Eagle Village, Emmonak, Gambell, Grayling, Holy Cross, Hooper Bay, Haines,
14 Hoonah, Hughes, Huslia, Kaktovik, Kaltag, Kiana, King Cove, Kipnuk, Kivalina,
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21 Golovin, ~~Council~~ ^{Stebbins}, Crooked Creek, Eagle, Ekwok, Elim, False Pass, Koyuk,
22 Koyukuk, Iguigig, Ivanof Bay, Karluk, Kongiganek, Kotlik, Kwigillingok,
23 Marshall (Fortuna Ledge), Manley Hot Springs, Minto, Napakiak, Napaskiak,
24 Nelson Lagoon, New Stuyahok, Newtok, Nightmute, Nikolski, ~~Pedro Bay~~ ^{Nondolton}, Pilot
25 Station, Rampart, Red Devil, Ruby, Russian Mission, St. Michael, St. Marys,
26 Seldovia, Shaktoolik, Sheldon's Point, Shishmaref, Stevens Village, Tooksook
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2 Chuathbaluk, Chignik Bay, Chignik Lagoon, Circle, Ouzinkie, ^{Stebbins} Council, Craig,
3 Crooked Creek, Deering, Eagle, Eek, Egegik, Aleknagik, Ekwok, Elim, English
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3 in Pelican.

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5 equipment acquisition in conjunction with the satellite television demonstra-
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19 the Department of Education for payment as grants to local education agencies
20 for the instructional television education program.

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22 the Alaska Public Broadcasting Commission for payment of program grants to
23 local stations for program productions for the instructional education pro-
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25 * Sec. 9. The sum of \$220,000 is appropriated from the general fund to
26 the Alaska Public Broadcasting Commission for production of a statewide news
27 program.

28 * Sec. 10. The appropriations made in secs. 1 and 2 of this Act are for
29 capital projects and are subject to AS 37.25.020.

→ Add new Sec. 10. attached
11

1 * Sec. ¹²~~11~~. The appropriations made in secs. 3 - 9 of this Act are for
2 operating expenses. The unobligated and unexpended portions of the appro-
3 priations made in secs. 3 - 9 of this Act lapse into the general fund
4 June 30, 1981.

5 * Sec. ¹³~~12~~. Sections 3 - 9 of this Act take effect July 1, 1980.

6 * Sec. ¹⁴~~13~~. Sections 1, 2, and 10 - 13 of this Act take effect immediately
7 in accordance with AS 01.10.070(c).

HCSSB 165

Add a new Section 10. The sum of \$800,000 is appropriated from the general fund to the University of Alaska Geophysical Institute, northern remote sensing laboratory for "project quick look".

Get Changes

Original sponsors: Kerttula and Stimson

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Other Funds	2,000,000
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Alaska HOUSING  FINANCE CORPORATION

February 21, 1979

Hon. Terry Gardiner
Pouch V
Juneau, Alaska 98111

Dear Representative Gardiner:

I am enclosing a status report on the rural housing program which was authorized by the legislature in 1978 under AS 18.56.090(25). As you can see, we have put a great deal of time, effort and money into establishing this program to fulfill what we feel is the legislative intent for this program. You must also keep in mind that this has to be a viable and ongoing program in order to meet the needs of the bush communities. We, therefore, designed our loan criteria around what we feel is prudent business practice. We can foresee, if our criteria is followed, that in not too many years, this program would be in a position to command the sale of bonds in the public market, and be self-sustaining without the need for money being provided from the State's general fund to purchase all the mortgages created under the program. It appears the State is short of funds, and by creating a viable program, we feel it would be good for the taxpayer and still serve the needs of our remote communities.

AHFC was created in 1971 for the primary purpose of increasing the supply of housing in the State for persons of lower and moderate income and for persons residing in remote, underdeveloped or blighted areas of the State. We have a total of 7,023 loans in our portfolio totaling \$377,433,000. There is a total of \$420,460,000 bonds outstanding from a total issued of \$428,725,000 and with the sale this week of an additional \$72 million issue, AHFC will have provided over \$500 million for housing throughout the State of Alaska with the use of the tax-exempt bond market and not the taxpayers dollars.

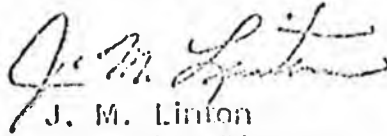
In order to continue providing the much needed housing for our State, it is necessary for the legislature to appropriate money for the Mortgage Insurance Fund. This amount is equal to 2% of the bonds issued on the public market. We leverage this 2% figure on a 50 to 1 basis in selling the bonds; i.e., \$1 million of appropriated funds allows us to sell \$50 million in bonds. AHFC has requested by resolution of the Board of Directors, an appropriation for fiscal year 1980 of \$65 million. It is anticipated we will need \$4 million in our regular loan program with an additional \$1 million for anticipated impact in loan applications from Alaska Veterans since their program has been sus-

February 21, 1979
Page Two

Senate - RLS
pending. House Bill 165 has been introduced requesting an appropriation of \$5 million. The continuation of our regular program will lend credence to our ability to go to the bond market in the future for the rural program that we want to institute as soon as possible.

Your support for our appropriation is necessary so AHFC can continue to provide funds at reasonable rates to the people of our State.

Sincerely,



J. M. Linton
Executive Director

JML:jr

Enclosure

P.O. Box 1020, Anchorage, Alaska 99510

TO: J. M. Linton
Executive Director

DATE:

April 3, 1979

FROM: James P. Kennedy
Rural Program Coordinator

Re: FIRE AND EXTENDED COVERAGE AVAILABILITY IN REMOTE AREAS

Corron & Black/Dawson & Co. is providing fire protection under the "Remote Rural Housing Program" at very reasonable rates. The houses must be within 1/2 mile of another residence and have two hand-held fire extinguishers.

Premium rates in rural areas of Southeast Alaska will be approximately 25% lower than those listed below.

In addition there is a small one-time surcharge or brokerage fee of no more than \$125.00.

Comparison

Using a \$75,000 value, exclusive of land value, the following annual premiums apply:

	Anchorage		Home		Bethel		Unprotected	
	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual
FIRE	\$ 23.83	\$ 286.00	\$42.25	\$507.00	\$55.92	\$671.00	\$66.67	\$800.00
TAXES	123.33	1,480.00	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	\$147.16	\$1,766.00	\$42.25	\$507.00	\$55.92	\$671.00	\$66.67	\$800.00
		2.81		6.76		2.95		10.67

Based on these figures the monthly cost for coverage in an "unprotected" rural area will be approximately 45% of the cost to a homeowner in Anchorage.

JPK/djd

P.O. Box 1020, Anchorage, Alaska 99510

TO: J. M. Linton, Executive Director

DATE: February 20, 1979

FROM: James P. Kennedy, Rural Program Coordinator *JPK*

Re: Rural Housing Program
Summary of Events

The Rural Program Coordinator was hired July 10, 1978 to assist in the implementation of the Rural Housing Program. With the Executive Director of AHFC, we began to develop the Rural Program guidelines and criteria. In addition, a good deal of time was spent reviewing existing and past Federal and State housing programs and the causes of failure of many of these programs. From the beginning the "Rural Housing Program" was designed to be efficient, simple, and secure. Early on we developed simplified Loan Application forms, Property Appraisal forms, Verification forms and a simplified Seller/ Servicer Guide.

On July 28, 1978, the Program Coordinator first met with Mr. Pat Pletnikoff, President of the Association of Alaska Housing Authorities and Executive Director of the Aleutian Housing Authority. We reviewed the program guidelines and the proposed loan criteria. We also discussed the participation of the individual Housing Authorities in the program. Mr. Pletnikoff was supportive. He and his staff have helped coordinate the efforts of AHFC and the Regional Housing Authorities since that time. He also provided the necessary exchange of information required to finalize the criteria to be used.

On August 2, 1978, we visited Nome to discuss the program with Charles Nelson of the Bering Straits Regional Housing Authority and other interested persons in the Nome area. They expressed interest, support, and a willingness to participate in the program.

On August 3, 1978, we requested any final recommendations and comments from all of the Regional Housing Authorities and further requested that individuals be identified to receive training as loan originators. That request was followed up on August 15.

On August 18, we went to Barrow with the same intent of soliciting support and participation in the program. The North Slope Borough Housing Authority expressed continued support.

February 20, 1979
Page 2

Throughout this period of time we worked with title insurance and mortgage insurance companies to develop mechanisms for adequate security of the Rural program loans. We also wrote "plain language" Note and Deed of Trust Documents in order to help make the mortgage loan more understandable to the ultimate rural borrower.

On September 19, a progress report (attached) was sent to the AHFC Board chairman and all Board members. The prime difficulty was the lack of Housing Authority Personnel available to attend the training session.

A three-day tour of rural communities with representatives of TICOR Mortgage Insurance Co. was conducted on September 26, 27, and 28. The tour was to familiarize them with the condition of the home to be insured as well as with the economic condition in rural areas. (Barrow, Bethel, Marshall, and Kotzebue)

The Program Coordinator attended the meeting of the Association of Alaska Housing Authorities held in Kodiak October 3, 1978. Some of the Housing Authorities had become hesitant to get involved, and others had workload and budget problems that prevented them from sending any of their staff to the proposed training session. This difficulty was expressed in the October 17 progress report the AHFC Board Chairman and all board members. With the assistance of the Aleutian and AVCP Regional Housing Authorities, others were again encouraged to participate. The October 27 meeting of the Association resulted in firm commitments from the AVCP, Aleutian, Bering Straits, and KANA Regional Housing Authorities. We also received commitments for future participation from the Bristol Bay and Tlingit-Haida Housing Authorities.

With these commitments we scheduled and conducted the planned training in Anchorage. From November 27 through December 15, Housing Authority personnel were trained in loan origination, loan processing, loan closing, and loan servicing. Classroom instructions were conducted in the offices of AHFC, and "on the job training" was conducted at the First National Bank of Anchorage, Alaska National Bank of the North and United Bank Alaska. [At this point, we felt the Housing Authority personnel were sufficiently trained and equipped to implement the program. On January 15, 1979, the staff of AHFC recommended to the Board of Directors final approval and implementation of the new "Rural Housing Program" along with some other policy changes designed to encourage the availability of AHFC loans in rural areas. Those recommendations were not approved at the February 7th meeting of the Board held in Juneau.]

The staff of AHFC desires, and is ready to implement and administer, a sound and effective "Rural Housing Program" as soon as possible.

RURAL HOUSING PROGRAM

The purpose of the proposed rural housing program is to expand the activities of AHFC to permit the financing of homes in rural areas of the State for those borrowers who can afford the cost of homeownership, but for whom financing has been unavailable.

The current AHFC programs can and do meet a portion of the market in rural areas. The proposed rural housing program will increase the scope and availability of home financing. The following represents some of the factors that were considered, as problem areas in the development of a viable, ongoing program.

- 1). Lack of an existing lender competent and willing to originate and service loans in rural areas.
- 2). Difficulty in obtaining mortgage insurance, title insurance, and fire insurance, in some cases.
- 3). Lack of suppliers of new housing.
- 4). Borrowers income source that is not suitable to the usual monthly payments.

The elements that provide for these factors are:

- 1). The Regional Housing Authorities will supplement the usual lenders in rural areas. They have provided personnel for specialized training in loan origination, loan processing, loan closing and loan servicing. They possess specialized knowledge of housing in remote areas. They have first hand knowledge of, and regular contact with those who will be borrowers under the program. They are active residents of the areas to be served.
A loan committee representing the Housing Authorities and AHFC will review loan submissions. The committee has provided input for establishing loan criteria and policy and will supervise the seller/servicers.
- 2). A good deal of consideration was given to the problem of mortgage security. Private mortgage insurance is available in most every case, at a cost comparable to other areas of the State. Title insurance is available in most every case. The major problem is the high cost of the necessary survey. We believe that a marketable title does increase the value of real property substantially so we will allow the cost of the survey to be added to the value. Our loan would then finance a large portion of that cost.

We further believe that adequate fire insurance is critical, particularly in rural areas, not only for the protection of AMFC and its bond holders, but ultimately for the homeowner himself. Until alternate sources of fire insurance are available we see no way to avoid this cost. It should also be noted that the generally higher monthly cost of fire insurance is offset somewhat by the lack of property taxes in most rural areas. Providing for alternative methods of hazard insurance is a political discussion of State and Federal Governments.

- 3). We believe there is a great potential for cooperation between the Native Regional Corporations and the Regional Housing Authorities in developing reliable suppliers of new housing. There is also the potential for cooperation between the Housing Authorities and existing lenders for interim financing. The readily available long-term financing commitments will, in turn, make construction financing more attractive.
- 4). The proposed rural housing program allows for payment schedules other than monthly when the income source of the borrower dictates.

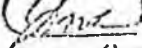

We believe that the loan criteria (summary attached) developed in cooperation with the Housing Authorities and others meets a need for unsubsidized residential financing. At the same time the criteria provides for prudent lending practices to adequately protect the Housing Authorities, AMFC, its bond holders, and the potential borrowers.

HOUSING FINANCE CORPORATION

P.O. Box 1020, Anchorage, Alaska 99510

TO: All Board Members

DATE: January 15, 1979

FROM: J. H. Linton, Executive Director 
and James P. Kennedy, Rural Program Coordinator 

SUBJECT: Staff Recommendation for "Remote Rural Housing Program"

Only the participating Regional Housing Authorities will originate and service loans under the "Remote Rural Housing Program." They will originate loans in the major "hub" communities as well as the more remote areas, and will benefit from the portfolio mix thus achieved. They will not be able to originate loans for purchase under any of AHFC's existing programs. The Housing Authorities will contribute to a "loan committee" that will review all submissions, develop reliable suppliers of new housing, and will periodically review and make recommendations concerning loan criteria. In addition, the "loan committee" will supervise the Seller/Serviceers and will assist in dealing with and correcting default situations.

Existing AHFC Seller/Serviceers will continue to originate and service loans under present AHFC programs. They will further benefit as construction lenders with "take-out" commitments processed through the Housing Authorities. It is further recommended that where appropriate, the existing AHFC rural programs be modified to encourage lender's more active participation in remote areas. For example: AHFC will pay $\frac{1}{2}$ of 1% servicing fee to lenders on those loans originated in remote areas.

This recommendation is made for the following reasons:

From the beginning the "Remote Rural Housing Program" was conceived as a special purpose program. A separate and distinct insurance account and funding is required. It is felt that the legislative intent of amendments to Section 11, AS 18.55.997 and Section 7, AS 18.56.090, authorizing the Regional Housing Authorities to make and sell loans to AHFC, and authorizing AHFC to purchase Housing Authority loans, was to establish the Seller/Serviceer arrangement under this program.

The Regional Housing Authorities have provided personnel for specialized training. These personnel are residents of the rural areas they will serve. They are knowledgeable of the housing needs and have a first-hand knowledge of, and regular contact with, those who will be borrowers under the program.

January 15, 1979

Initially, there will be approximately \$9 million available to the Housing Authorities. If those funds were allocated among our existing Seller/Serviceers as well as the participating Housing Authorities, they would be spread very thinly. It is necessary for the continued success of the program for the Housing Authorities to develop a portfolio of sufficient size to cover their administrative costs. Their only income will be derived from origination and servicing fees of Rural Program loans as they have no deposit base from which to work.

Finally, this recommendation provides a basis for a mutually beneficial cooperative relationship between the Housing Authorities and our existing Seller/Serviceers. It will provide our existing Seller/Serviceers additional incentive to become more actively involved in the remote, underdeveloped, and blighted areas of the State. It will demonstrate to legislative bodies AHFC's dedication to more vigorous involvement in all rural areas. It will not limit the funds available to the Housing Authorities, and it will increase AHFC's overall portfolio ratio of "rural" to "urban" and "suburban" loans.

SUMMARY OF LOAN CRITERIA

REMOTE RURAL HOUSING PROGRAM

1). Loans eligible for purchase:

- a). Loans to finance the purchase of a dwelling designed for the residential use and intended as the principle residence of the borrower(s).
- b). Loans to owner/builders which constitute the first permanent financing on a newly constructed residential dwelling, the construction of which was financed by the owner or a lender, provided that the loan to be purchased does not exceed 80% of the appraised value.

2). Basic Criteria for single family dwellings:

<u>Max.</u>	<u>Min.</u>	<u>Term</u>	<u>PMI Req.</u>
<u>Loan Amount</u>	<u>Down Payment</u>		
\$90,000	10%	30 yrs.	y
\$75,000	5%	20 yrs.	yes

3). Basic Criteria for duplex loans:

<u>Max.</u>	<u>Min.</u>	<u>Term</u>	<u>PMI Req.</u>
<u>Loan Amount</u>	<u>Down Payment</u>		
\$130,000	20%	30 yrs.	No*

* 10% secondary financing allowable. PMI is required on duplex loans with less than 20% equity contributed by the borrower.

4). Lien requirement: Each mortgage purchased under the Remote "Rural Housing Program" must meet the following criteria:

- a). Constitute a first lien, subject only to permitted encumbrances, on real estate in fee simple, or on a leasehold having a term necessary to secure the Corporation's interest (not less than 10 years past the term of the mortgage).
- b). Be a mortgage loan for completed, owner-occupied residential housing located in a "rural" area as defined in AS 18.55.997 as from time to time amended.
- c). Be insured by a policy of title insurance acceptable to the Corporation.

5). Fees:

- a). ARFC Loan Commitment Fee is 1/2 of 1% of the loan amount.

REMOTE RURAL HOUSING PROGRAM

- b). Seller/Serviceers may charge an origination fee of 1% of the loan amount.
- c). ARFC will pay a servicing fee of $\frac{1}{2}$ of 1%.
- 6). Income Limits: None
- 7). Interest Rate: No rate will be guaranteed.

P.O. Box 1020, Anchorage, Alaska 99510

Perry R. Eaton
Chairman of the Board

DATE: September 19, 1978

FROM: Jay Kennedy
Rural Program Coordinator

Re: Rural Housing Program, Progress Report

1. The following work has been completed:

a. I was hired as program coordinator effective July 3, 1978.

b. In coordination with the Association of Alaska Housing Authorities there has been a slight modification of the proposed program. The Association will act as the "Seller/Service" per se, with the various regional housing authorities acting as loan originators in their respective areas. This was done with an eye toward more efficiency, stability, and economy in loan servicing, and to avoid unnecessary duplication of effort and staff.

c. The Program Coordinator has prepared the training program including the necessary study aids, training schedule and publications that will be required. Included in these publications are the following:

1). A revised Seller/Service Guide specifically for the rural program.

2). Revised "plain language" Note and Deed of Trust forms for use in the rural program.

3). Appraisal forms, application forms and the numerous verification documents have been modified to better meet the requirements of the rural program.

d. The various local banks who have volunteered their services for providing "on the job training" for the trainees have confirmed this interest and support.

e. The AMIC Bond Counsel and Bond underwriters are prepared to issue and sell bonds to the Department of Revenue.

Perry R. Eaton

-2-

September 19, 1978

2. The following work is in progress:

- a. The Regional Housing Authorities and the Association of Alaska Housing Authorities are identifying the individuals who will receive training as Loan Originators, Seller/Serviceers and individuals who will form the Loan Committee. This needs to be done before a firm date to begin training is set. Training is tentatively scheduled to begin October 16, 1978, and end November 10, 1978.
- b. Representatives of Ticor Mortgage Insurance Company will be touring some rural areas of the state with the Program Coordinator the week of the 25th of September. Mr. Robert Sullivan, an interested member of the banking community, will also accompany that tour.

I will provide you with follow-up information on the results of that tour. I will also provide you with the finalized training schedule and the results of decisions made by agencies other than AHFC. The Rural Housing Program should be fully functional by December 1, 1978.

DPK/cjd

RURAL PROGRAM TRAINING OUTLINE

I. INTRODUCTION AND OVERVIEW. The AHFC Rural Program

II. THE SELLER/SERVICERS GUIDE. Review and Discussion

III. MAKING THE LOAN

A. Origination

1. Letting the People Know
2. The Initial Interview to Gain Knowledge of the Borrower
 - a. Reviewing the Sales Agreement
 - b. Taking the Application
 - c. Forms Completion
 - d. Good Faith Cost Estimate. (RESPA)
 - e. Analysis

B. Processing

1. Verification (Borrower(s) Desire and Ability to Pay)
 - a. Verification of Employment (Income)
 - b. Verification of Funds
 - c. Verification of Credit
2. Verification (Suitability of Property)
 - a. Appraisal
 - b. Survey
 - c. Inspection
 - d. Title Report
3. Additional Requirements
 - a. Preliminary Commitment for Title Insurance
 - b. Fire Insurance
 - c. Mortgage Insurance
 - d. Payoff Information
4. The Completed Loan Package
5. The Loan Committee
6. AHFC Approval and Commitment to Purchase.

C. Closing

1. Cost Disclosure HUD-1
2. Clearing Title Exceptions
3. Preparation of the Note
4. Preparation of the Deed
5. Preparation of the Assignment
6. Closing
7. Recording
8. Disbursement

D. Shipping

1. Documents Required by AHFC
2. Documents Held by Seller/Service

IV. SERVICING THE LOAN

- A. Collection of Payments
- B. Administration of Reserves
- C. Records Keeping and Accounting Practices
- D. Default

STATE
of ALASKA

MEMORANDUM

TO: Honorable John C. Sackett
Chairman, Senate Finance
Committee
Alaska State Senate

DATE: April 18, 1979

FILE NO:

TELEPHONE NO:

FROM: Bertram L. Wagnon, Deputy Commissioner
Department of Commerce and Economic
Development

SUBJECT:

The Alaska Housing Finance Corporation on April 16 approved a new class of borrowers known as "Veterans." In addition, the loan limits and income limits were raised. A program to implement purchasing loans is now contingent upon AHFC providing funding for the 2% contribution to the mortgage insurance fund.

BLW/slp22H

TELEGRAM

NSA ALASKA COMMUNICATIONS, INC.

PHONE: 325-2442

UNIVERSITY AVENUE, ANCHORAGE, ALASKA 99502

02012 ANCHORAGE ALASKA 26 04-18 916A AST

STR APR 18 PM 12 33

FMS DEPT OF COMMERCE AND ECONOMIC DEVELOPMENT 465-2500

ATTN DEBBIE POUCH D

2100

JUNEAU AK 99811

IN RESPONSE TO HOUSE VERSION OF AHFC MORTGAGE INSURANCE FUND
REQUEST, I WOULD RECOMMEND PASSAGE OF SENATE BILL 155 AT THE
EARLIEST POSSIBLE DATE.

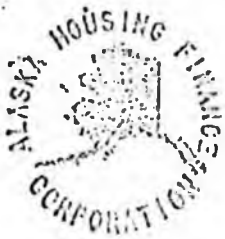
J W LINTON EXECUTIVE DIRECTOR ALASKA

HOUSING FINANCE CORPORATION

RECEIVED

APR 17 1979

OFFICE OF THE
COMMISSIONER



P.O. Box 1020
Anchorage, AK.
99510

TO: Bert Wagon
Deputy Commissioner
E. L. Johnson
FROM: Elma L. Johnson
Finance Officer

DATE: April 17, 1979

RECEIVED
IN
APR 13 1979

OFFICE OF THE
COMMISSIONER

Pursuant to your phone call of this date requesting copies of action taken by the Board of Directors of Alaska Housing Finance Corporation at their Annual meeting on April 16, 1979, I am enclosing copies of two resolutions that were approved for adoption. Please note the three red asterisks located on pages 2, 3, and 4 of the Emergency Regulations. An amendment to these regulations was adopted to allow the Fairbanks North Star Borough the same loan amounts as the remote, underdeveloped or blighted areas. In all other respects, both resolutions were approved as shown.

Additional information will be sent to you as soon as it is available.

RESOLUTION ADOPTING AMENDMENTS TO
THE REGULATIONS OF THE CORPORATION.

BE IT RESOLVED by the Board of Directors of Alaska Housing Finance Corporation as follows:

1. The Corporation, having duly given public notice of the proposed action by publishing notice thereof in at least three (3) newspapers of general circulation in the State and otherwise complying with the provisions of AS 18.56.088(d), and having held public hearings thereon on March 19, 1979, hereby adopts the following amendments to its regulations:

(a) 3 AAC 92.020 is amended by adding the following subparagraph thereto:

(c) The borrower is a Veteran qualifying for a mortgage loan for a single-family residence pursuant to AS 26.15.130 and the Regulations published thereunder as certified by the Department of Commerce and Economic Development in such form as shall be satisfactory to the Executive Director.

(b) 3 AAC 92.060(16) is amended to read as follows:

(16) "remote, underdeveloped or blighted" area for purposes of AS 18.56.088(c)(1) is defined as all areas of the state situate outside the boundaries of the Municipality of Anchorage, the Fairbanks North Star Borough, the City and Borough of Juneau, and the Ketchikan Gateway Borough. The area within the Municipality of Anchorage may be referred to as category "C", the area within the Fairbanks North Star Borough, the City and Borough of Juneau, and the Ketchikan Gateway Borough may be referred to as category "B", and all other areas of the State may be referred to as category "A". The aforesaid political subdivisions each contain a population of 10,000 or more according to the latest estimate for state revenue sharing prepared by the Department of Community and Regional Affairs.

2. This resolution shall take effect immediately.

RESOLUTION ADOPTING EMERGENCY REGULATIONS
OF THE ALASKA HOUSING FINANCE CORPORATION.

BE IT RESOLVED by the Board of Directors of Alaska Housing Financing Corporation as follows:

1. Pursuant to AS 18.56.088(e) it is hereby determined that an emergency exists requiring the immediate amendment of the Corporation's regulations and that the adoption of the amendment is necessary for the immediate preservation of the orderly operation of the Corporation's loan and bonding programs. The statement of facts which constitute the emergency are as follows:

The building season in Alaska is fast approaching and the Corporation's borrowing and lending limits have not kept pace with inflation in the State of Alaska. Therefore, numerous persons of lower or moderate income will be ineligible for residential mortgage loans unless the Corporation takes immediate action to increase the adjusted income for borrowers who are persons of lower or moderate income, as well as to increase the maximum loan amount. The Corporation has not acted since May, 1978, to increase permitted adjusted gross income or loan amounts. During this period of time the rate of inflation in Alaska has exceeded 10%. The imminence of the building season and the other factors cited above makes immediate action necessary in order to preserve the orderly operation of the Corporation's loan and bonding programs.

2. Pursuant to the finding in section 1 hereof, the Corporation hereby adopts the following amendments to its Regulations:

(a) 3 AAC 92.020 is amended to read as follows:

3 AAC 92.020. BORROWER ELIGIBILITY. A person is eligible for a residential mortgage loan to finance the purchase of a dwelling designed for residential use and intended as the principal residence of the borrower pursuant to AS 18.56. A loan to finance the purchase of a dwelling includes a loan to an owner/builder constituting the first permanent financing of a dwelling which has been newly constructed by the owner/builder. To be eligible one of the following requirements must be met:

(a) The borrower is a person of lower or moderate income which is defined by area in Alaska to be persons with adjusted income per family listed below

Adjusted Income by Size of Family

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
Dist. 1	Ketchikan, Prince of Wales	25,500	29,100	33,400	36,400	38,700	41,000	43,200
Dist. 2	Wrangell	26,400	30,200	34,600	37,700	40,100	42,500	44,800
Dist. 3	Sitka	26,400	30,200	34,600	37,700	40,100	42,500	44,800
Dist. 4	Juneau	25,500	29,100	33,400	36,400	38,700	41,000	43,200
Dist. 5	Lynn Canal	27,400	31,300	35,800	39,200	41,600	44,100	46,500
Dist. 6	Cordova, Valdez	29,500	33,700	38,500	42,200	44,800	47,400	50,000
Dist. 7	Mat-Su Borough	26,400	30,200	34,600	37,700	40,100	42,500	44,800
Dist. 8	Anchorage	25,500	29,100	32,800	36,400	38,700	41,000	43,200
Dist. 9	Seward	27,400	31,300	35,800	39,200	41,600	44,100	46,500
Dist. 10	Kenai, Cook Inlet	27,400	31,300	35,800	39,200	41,600	44,100	46,500
Dist. 11	Kodiak	27,400	31,300	35,800	39,200	41,600	44,100	46,500
Dist. 12	Aleutian Islands	32,900	37,700	42,800	47,000	50,000	52,900	55,900
Dist. 13	Bristol Bay	32,900	37,700	42,800	47,000	50,000	52,900	55,900
Dist. 14	Bethel	34,200	39,000	46,800	48,800	51,900	54,900	58,000
Dist. 15	Aniak, Cantwell, McGrath, Nenana, Hinto	35,400	40,500	46,000	50,600	53,800	57,000	65,200
Dist. 16a	S. of Arctic Circle- Fairbanks, Fort Yukon	29,500	33,700	37,900	42,200	44,800	47,400	50,100
Dist. 16b	N. of Arctic Circle	35,400	40,500	46,000	50,600	53,800	54,900	65,200
Dist. 17	Barrow, Kotzebue	35,400	40,500	46,000	50,600	53,800	54,900	65,200
Dist. 18	Nome	34,200	39,000	43,900	48,800	51,900	54,900	58,000
Dist. 19	Wade Hampton	34,200	39,000	46,800	48,800	51,900	54,900	58,000

(b) The dwelling for which a loan is sought is located in a [rural] remote, underdeveloped or blighted area.

(b) 3 AAC 92.030(b) is amended to read as follows:

(b) A residential mortgage loan purchased by the Corporation in order to finance a single-family residence shall contain the following terms and conditions:

(1) the loan must not exceed [~~\$75,000~~] \$82,500, except that the amount of a mortgage loan for a residence located in a [rural] remote, underdeveloped or blighted area must not exceed \$90,000;
And the Fairbanks North Star Borough

(2) the loan-to-value ratio for loans purchased in connection with the special rural housing program established under AS 18.56.090 must be no greater than 90 percent for loans in excess of \$75,000 and no greater than 95 percent for loans of \$75,000 or less and the

loan-to-value ratio for all other loans must be no greater than 90 percent for loans in excess of \$72,500 [\$65,000], and no greater than 95 percent for loans of \$72,500 [\$65,000] and less, except that (i) the loan-to-value ratio on loans insured by FHA shall be limited to the amount allowed by FHA regulations, and (ii) the downpayment together with the amount of the guarantee of the loan by the Federal Veterans Administration must equal at least 25 percent of the value on loans guaranteed by the Federal Veterans Administration; and

(3) the single-family residence must be occupied by the owner.

(c) 3 AAC 92.030(c)(1), (c)(2)(a) and (d)(1) are amended to read as follows:

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

(1) the loan must not exceed \$82,500 [\$75,000], except that the amount of a mortgage loan for a unit in a condominium or PUD project located in a [rural] remote, underdeveloped or blighted area must not exceed \$90,000; Near The Fairbanks North Star Borough

(2)(A) the loan-to-value ratio for a unit in a condominium or PUD project for a loan purchased in connection with the special rural housing program established under AS 18.56.090 must be no greater than 90 percent for loans in excess of \$75,000 and no greater than 95 percent for loans of \$75,000 or less, and the loan-to-value ratio for all other loans for a unit in an FNMA or FHLMC approved condominium or PUD project must be no greater than 90 percent for loans in excess of \$72,500 [\$65,000] and 95 percent for loans of \$72,500 [\$65,000] and less, except that if the loan is insured by FHA, the loan-to-value ratio shall be the percentage permitted by FHA regulations and if the loan is guaranteed by the Veterans Administration, the loan-to-value requirement is met if the amount of the guarantee and the amount of the downpayment equal at least 25 percent of the value, and

(d) A residential mortgage loan purchased by the Corporation in order to finance a duplex shall contain the following terms and conditions:

(1) the loan must not exceed \$90,000 except that the amount of a mortgage loan for a duplex in a [rural]

remote, underdeveloped or blighted area must not exceed
\$130,000.

FROM THE AIRBORNE PHOTO CENTER
BEREAVEMENT

3. This resolution shall take effect immediately. The Board shall give notice of the adoption of this resolution within ten (10) days hereof and shall comply with the procedure for amendment of regulations set forth in AS 18.56.088(d) within 120 days hereof.

Funding Information
General Fund \$5,000,000
Other Funds -0-
\$5,000,000

Introduced: 2/13/79
Referred: Commerce and
Finance

1 IN THE SENATE

BY KERTTULA AND STIMSON

2 SENATE BILL NO. 165

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

10 * Section 1. The sum of \$5,000,000 is appropriated from the general fund
11 to the state mortgage insurance fund of the Alaska Housing Finance Corpora-
12 tion established in AS 18.56.095 for the issuance of insured mortgage program
13 bonds of the corporation.

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

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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

3/23/90
Date

SB165

SENATE FINANCE COMMITTEE
BILL CHECKLIST

- 1. Committee Copy-Current Bill ✓
- 2. History Cover Form ✓
- 3. Printed Copies:
 - Original Bill ✓
 - Committee Substitutes or Amendments 11
- 4. SFC Committee Report Form ✓
- 5. Fiscal Information:
 - Note in File _____
 - Note Requested _____ Date _____
 - Other Financial Backup _____
 - (See Below) _____
- 6. Backup:
 - Handouts _____
 - Letter from Governor _____
 - Letter from Sponsor _____
 - Completed Committee Reports _____
 - Committee Committee ✓
 - Other _____

Funding Information
General Fund \$5,000,000
Other Funds -0-
\$5,000,000

Introduced: 2/13/79
Referred: Commerce and
Finance

1 IN THE SENATE

BY KERTTULA AND STIMSON

2 SENATE BILL NO. 165

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

10 * Section 1. The sum of \$5,000,000 is appropriated from the general fund
11 to the state mortgage insurance fund of the Alaska Housing Finance Corpora-
12 tion established in AS 18.56.095 for the issuance of insured mortgage program
13 bonds of the corporation.

14 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

MEMORANDUM

~~Q In
Jannard
Hrd me.~~

Jay Filbeck
in all Bill File

TO: Senator John Sackett
Chairman
Senate Finance Committee

FROM: Garrey M. Peska *GMP*
Administrative Assistant

DATE: April 18, 1979

RE: LOAN FUND BILLS

SB 147

1. Allows the interest rates for the loans to "float" at within 1/4% of the current yield on Federal National Mortgage Association (F.N.M.A.) conventional home mortgages.
2. Changes provisions of the laws that said the Department of Revenue shall buy all loans offered to may buy all loans offered.

SB 165

Appropriates \$5,000,000 to AHFC's mortgage insurance fund.

SB 205

Appropriates \$1,000,000 to AHFC's insurance fund for mobile home financing.

1978: Use approx. [#] 1.0 m.

for rural housing —
located at 10-1

M E M O R A N D U M

3/14/0 9 M. to Doc in 30 days

TO: Senator Sackett
FM: Nancy Harvey *see*
RE: AHFC Remote Rural Housing Program

April 12, 1979

A telegram received this week from Perry Eaton, Chairman of the Alaska Housing Finance Corporation, informed us that the Board of Directors had approved, without amendment, the Remote Rural Housing Program. The following is a brief explanation of the program.

Since the current AHFC program already reaches a portion of the market for the financing of rural housing, the remote rural housing program is designed to finance loans which are beyond the scope of the current AHFC program.

There are several essential elements of the rural program, including:

* Native corporations (or their subsidiaries), local governments, non-profit corporations, or traditional lenders willing to provide specialized personnel, will replace the usual banks, savings banks or mortgage banks as the seller-servicers.

* 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 of those listed above. The Committee 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. The Committee will also supervise the seller-servicer will also be a responsibility of the Committee.

* Where proposed locations of housing would result in an inability to get title and fire insurance, or where it would be exceedingly expensive, the Committee will be empowered to waive such requirements and substitute safeguards as they deem appropriate.

* Through its seller-servicers the Committee will assume responsibility for locating and developing reliable suppliers of the new or rehabilitated housing to be financed.

* With the aid of the AHFC staff, investment bankers and attorneys, the Committee will design loan documents appropriate to borrowers who have seasonal incomes, good and bad years, etc.

According to AHFC Director, Jack Linton, (in a memo to the board of directors) there will initially be \$9 million available to the Housing Authorities for the purposes of this program.

Under the Remote Rural Housing Program there are two types of loans eligible for purchase:

1. Loans to finance the purchase of a dwelling designed for the residential use and intended as the principle residence of the borrower.

2. Loans to owner/builders which constitute the first permanent financing on a newly constructed residential dwelling. The construction of which was financed by the owner or a lender, provided that the loan to be purchased does not exceed 80% of the appraised value.

Fees for the program are as follows:

- * AHFC Loan Commitment Fee is 1/2 of 1% of the loan amount.
- * Seller/Serviceicers may charge an origination fee of 1% of the loan amount.
- * AHFC will pay a servicing fee of 1/2 of 1%.

Attached is a list of the regional housing authorities.

REGIONAL HOUSING AUTHORITIES

ALASKA STATE HOUSING AUTHORITY

ALEUTIAN HOUSING AUTHORITY

ARCTIC SLOPE REGIONAL HOUSING AUTHORITY

AVCP REGIONAL HOUSING AUTHORITY

BERING STRAITS REGIONAL HOUSING AUTHORITY

BRISTOL BAY REGIONAL HOUSING AUTHORITY

COOK INLET NATIVE HOUSING AUTHORITY

COPPER RIVER BASIN REGIONAL HOUSING AUTHORITY

INTERIOR REGIONAL HOUSING AUTHORITY

KANA REGIONAL HOUSING AUTHORITY

METLAKATLA HOUSING AUTHORITY

NANA REGIONAL HOUSING AUTHORITY

NORTH PACIFIC RIM HOUSING AUTHORITY

NORTH SLOPE BOROUGH HOUSING AUTHORITY

TLINGIT-HAIDA REGIONAL HOUSING AUTHORITY

Alaska HOUSING FINANCE CORPORATION



February 21, 1979

Hon. Terry Gardiner
Pouch V
Juneau, Alaska 98111

Dear Representative Gardiner:

I am enclosing a status report on the rural housing program which was authorized by the legislature in 1978 under AS 18.56.090(25). As you can see, we have put a great deal of time, effort and money into establishing this program to fulfill what we feel is the legislative intent for this program. You must also keep in mind that this has to be a viable and ongoing program in order to meet the needs of the bush communities. We, therefore, designed our loan criteria around what we feel is prudent business practice. We can foresee, if our criteria is followed, that in not too many years, this program would be in a position to command the sale of bonds in the public market, and be self-sustaining without the need for money being provided from the State's general fund to purchase all the mortgages created under the program. It appears the State is short of funds, and by creating a viable program, we feel it would be good for the taxpayer and still serve the needs of our remote communities.

AHFC was created in 1971 for the primary purpose of increasing the supply of housing in the State for persons of lower and moderate income and for persons residing in remote, underdeveloped or blighted areas of the State. We have a total of 7,023 loans in our portfolio totaling \$377,433,000. There is a total of \$420,460,000 bonds outstanding from a total issued of \$428,725,000 and with the sale this week of an additional \$72 million issue, AHFC will have provided over \$500 million for housing throughout the State of Alaska with the use of the tax-exempt bond market and not the taxpayers dollars.

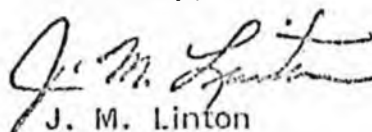
In order to continue providing the much needed housing for our State, it is necessary for the legislature to appropriate money for the Mortgage Insurance Fund. This amount is equal to 2% of the bonds issued on the public market. We leverage this 2% figure on a 50 to 1 basis in selling the bonds; i.e., \$1 million of appropriated funds allows us to sell \$50 million in bonds. AHFC has requested by resolution of the Board of Directors, an appropriation for fiscal year 1980 of \$85 million. It is anticipated we will need \$4 million in our regular loan program with an additional \$1 million for anticipated impact in loan applications from Alaska Veterans since their program has been sus-

February 21, 1979
Page Two

Senate - RJS
pend. ~~House~~ Bill 165 has been introduced requesting an appropriation of \$5 million. The continuation of our regular program will lend credence to our ability to go to the bond market in the future for the rural program that we want to institute as soon as possible.

Your support for our appropriation is necessary so AHFC can continue to provide funds at reasonable rates to the people of our State.

Sincerely,



J. M. Linton
Executive Director

JML:jr

Enclosure



P.O. Box 1020, Anchorage, Alaska 99510

TO: J. M. Linton
Executive Director

DATE: April 3, 1979

FROM: James P. Kennedy
Rural Program Coordinator

Re: FIRE AND EXTENDED COVERAGE AVAILABILITY IN REMOTE AREAS

Corron & Black/Dawson & Co. is providing fire protection under the "Remote Rural Housing Program" at very reasonable rates. The houses must be within 1/2 mile of another residence and have two hand-held fire extinguishers.

Premium rates in rural areas of Southeast Alaska will be approximately 25% lower than those listed below.

In addition there is a small one-time surcharge or brokerage fee of no more than \$125.00.

Comparison

Using a \$75,000 value, exclusive of land value, the following annual premiums apply:

	Anchorage		Nome		Bethel		Unprotected	
	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual
FIRE	\$ 23.83	\$ 286.00	\$42.25	\$507.00	\$55.92	\$671.00	\$66.67	\$800.00
TAXES	<u>123.33</u>	<u>1,480.00</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTAL	\$147.16	\$1,766.00	\$42.25	\$507.00	\$55.92	\$671.00	\$66.67	\$800.00
		3.21		6.76		2.95		10.67

Based on these figures the monthly cost for coverage in an "unprotected" rural area will be approximately 45% of the cost to a homeowner in Anchorage.

JPK/djd

P.O. Box 1020, Anchorage, Alaska 99510

TO: J. M. Linton, Executive Director

DATE: February 20, 1979

FROM: James P. Kennedy, Rural Program Coordinator 

Re: Rural Housing Program
Summary of Events

The Rural Program Coordinator was hired July 10, 1978 to assist in the implementation of the Rural Housing Program. With the Executive Director of AHFC, we began to develop the Rural Program guidelines and criteria. In addition, a good deal of time was spent reviewing existing and past Federal and State housing programs and the causes of failure of many of these programs. From the beginning the "Rural Housing Program" was designed to be efficient, simple, and secure. Early on we developed simplified Loan Application forms, Property Appraisal forms, Verification forms and a simplified Seller/ Servicer Guide.

On July 28, 1978, the Program Coordinator first met with Mr. Pat Pletnikoff, President of the Association of Alaska Housing Authorities and Executive Director of the Aleutian Housing Authority. We reviewed the program guidelines and the proposed loan criteria. We also discussed the participation of the individual Housing Authorities in the program. Mr. Pletnikoff was supportive. He and his staff have helped coordinate the efforts of AHFC and the Regional Housing Authorities since that time. He also provided the necessary exchange of information required to finalize the criteria to be used.

On August 2, 1978, we visited Nome to discuss the program with Charles Nelson of the Bering Straits Regional Housing Authority and other interested persons in the Nome area. They expressed interest, support, and a willingness to participate in the program.

On August 3, 1978, we requested any final recommendations and comments from all of the Regional Housing Authorities and further requested that individuals be identified to receive training as loan originators. That request was followed up on August 15.

On August 18, we went to Barrow with the same intent of soliciting support and participation in the program. The North Slope Borough Housing Authority expressed continued support.

February 20, 1979
Page 2

Throughout this period of time we worked with title insurance and mortgage insurance companies to develop mechanisms for adequate security of the Rural program loans. We also wrote "plain language" Note and Deed of Trust documents in order to help make the mortgage loan more understandable to the ultimate rural borrower.

On September 19, a progress report (attached) was sent to the AHFC Board chairman and all Board members. The prime difficulty was the lack of Housing Authority Personnel available to attend the training session.

A three-day tour of rural communities with representatives of TICOR Mortgage Insurance Co. was conducted on September 26, 27, and 28. The tour was to familiarize them with the condition of the home to be insured as well as with the economic condition in rural areas. (Barrow, Bethel, Marshall, and Kotzebue)

The Program Coordinator attended the meeting of the Association of Alaska Housing Authorities held in Kodiak October 3, 1978. Some of the Housing Authorities had become hesitant to get involved, and others had workload and budget problems that prevented them from sending any of their staff to the proposed training session. This difficulty was expressed in the October 17 progress report the AHFC Board Chairman and all board members. With the assistance of the Aleutian and AVCP Regional Housing Authorities, others were again encouraged to participate. The October 27 meeting of the Association resulted in firm commitments from the AVCP, Aleutian, Bering Straits, and KANA Regional Housing Authorities. We also received commitments for future participation from the Bristol Bay and Tlingit-Haida Housing Authorities.

With these commitments we scheduled and conducted the planned training in Anchorage. From November 27 through December 15, Housing Authority personnel were trained in loan origination, loan processing, loan closing, and loan servicing. Classroom instructions were conducted in the offices of AHFC, and "on the job training" was conducted at the First National Bank of Anchorage, Alaska National Bank of the North and United Bank Alaska. [At this point, we felt the Housing Authority personnel were sufficiently trained and equipped to implement the program. On January 15, 1979, the staff of AHFC recommended to the Board of Directors final approval and implementation of the new "Rural Housing Program" along with some other policy changes designed to encourage the availability of AHFC loans in rural areas. Those recommendations were not approved at the February 7th meeting of the Board held in Juneau.]

The staff of AHFC desires, and is ready to implement and administer, a sound and effective "Rural Housing Program" as soon as possible.

RURAL HOUSING PROGRAM

The purpose of the proposed rural housing program is to expand the activities of AHFC to permit the financing of homes in rural areas of the State for those borrowers who can afford the cost of homeownership, but for whom financing has been unavailable.

The current AHFC programs can and do meet a portion of the market in rural areas. The proposed rural housing program will increase the scope and availability of home financing. The following represents some of the factors that were considered, as problem areas in the development of a viable, ongoing program.

- 1). Lack of an existing lender competent and willing to originate and service loans in rural areas.
- 2). Difficulty in obtaining mortgage insurance, title insurance, and fire insurance, in some cases.
- 3). Lack of suppliers of new housing.
- 4). Borrowers income source that is not suitable to the usual monthly payments.

The elements that provide for these factors are:

- 1). The Regional Housing Authorities will supplement the usual lenders in rural areas. They have provided personnel for specialized training in loan origination, loan processing, loan closing and loan servicing. They possess specialized knowledge of housing in remote areas. They have first hand knowledge of, and regular contact with those who will be borrowers under the program. They are active residents of the areas to be served.

A loan committee representing the Housing Authorities and AHFC will review loan submissions. The committee has provided input for establishing loan criteria and policy and will supervise the seller/servicers.
- 2). A good deal of consideration was given to the problem of mortgage security. Private mortgage insurance is available in most every case, at a cost comparable to other areas of the State. Title insurance is available in most every case. The major problem is the high cost of the necessary survey. We believe that a marketable title does increase the value of real property substantially so we will allow the cost of the survey to be added to the value. Our loan would then finance a large portion of that cost.

We further believe that adequate fire insurance is critical, particularly in rural areas, not only for the protection of AHFC and its bond holders, but ultimately for the homeowner himself. Until alternate sources of fire insurance are available we see no way to avoid this cost. It should also be noted that the generally higher monthly cost of fire insurance is offset somewhat by the lack of property taxes in most rural areas. Providing for alternative methods of hazard insurance is a political discussion of State and Federal Governments.

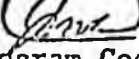

- 3). We believe there is a great potential for cooperation between the Native Regional Corporations and the Regional Housing Authorities in developing reliable suppliers of new housing. There is also the potential for cooperation between the Housing Authorities and existing lenders for interim financing. The readily available long-term financing commitments will, in turn, make construction financing more attractive.
- 4). The proposed rural housing program allows for payment schedules other than monthly when the income source of the borrower dictates.

We believe that the loan criteria (summary attached) developed in cooperation with the Housing Authorities and others meets a need for unsubsidized residential financing. At the same time the criteria provides for prudent lending practices to adequately protect the Housing Authorities, AHFC, its bond holders, and the potential borrowers.

P.O. Box 1020, Anchorage, Alaska 99510

TO: All Board Members

DATE: January 15, 1979

FROM: J. M. Linton, Executive Director 
and James P. Kennedy, Rural Program Coordinator 

Subject: Staff Recommendation for "Remote Rural Housing Program"

Only the participating Regional Housing Authorities will originate and service loans under the "Remote Rural Housing Program." They will originate loans in the major "hub" communities as well as the more remote areas, and will benefit from the portfolio mix thus achieved. They will not be able to originate loans for purchase under any of AHFC's existing programs. The Housing Authorities will contribute to a "loan committee" that will review all submissions, develop reliable suppliers of new housing, and will periodically review and make recommendations concerning loan criteria. In addition, the "loan committee" will supervise the Seller/ Servicers and will assist in dealing with and correcting default situations.

Existing AHFC Seller/Servicers will continue to originate and service loans under present AHFC programs. They will further benefit as construction lenders with "take-out" commitments processed through the Housing Authorities. It is further recommended that where appropriate, the existing AHFC rural programs be modified to encourage lender's more active participation in remote areas. For example: AHFC will pay $\frac{1}{2}$ of 1% servicing fee to lenders on those loans originated in remote areas.

This recommendation is made for the following reasons:

From the beginning the "Remote Rural Housing Program" was conceived as a special purpose program. A separate and distinct insurance account and funding is required. It is felt that the legislative intent of amendments to Section 11, AS 18.55.997 and Section 7, AS 18.56.090, authorizing the Regional Housing Authorities to make and sell loans to AHFC, and authorizing AHFC to purchase Housing Authority loans, was to establish the Seller/Servicer arrangement under this program.

The Regional Housing Authorities have provided personnel for specialized training. These personnel are residents of the rural areas they will serve. They are knowledgeable of the housing needs and have a first-hand knowledge of, and regular contact with, those who will be borrowers under the program.

January 15, 1979

Initially, there will be approximately \$9 million available to the Housing Authorities. If those funds were allocated among our existing Seller/Servicers as well as the participating Housing Authorities, they would be spread very thinly. It is necessary for the continued success of the program for the Housing Authorities to develop a portfolio of sufficient size to cover their administrative costs. Their only income will be derived from origination and servicing fees of Rural Program loans as they have no deposit base from which to work.

Finally, this recommendation provides a basis for a mutually beneficial cooperative relationship between the Housing Authorities and our existing Seller/Servicers. It will provide our existing Seller/Servicers additional incentive to become more actively involved in the remote, underdeveloped, and blighted areas of the State. It will demonstrate to legislative bodies ANFC's dedication to more vigorous involvement in all rural areas. It will not limit the funds available to the Housing Authorities, and it will increase ANFC's overall portfolio ratio of "rural" to "urban" and "suburban" loans.

SUMMARY OF LOAN CRITERIA

REMOTE RURAL HOUSING PROGRAM

1). Loans eligible for purchase:

- a). Loans to finance the purchase of a dwelling designed for the residential use and intended as the principle residence of the borrower(s).
- b). Loans to owner/builders which constitute the first permanent financing on a newly constructed residential dwelling, the construction of which was financed by the owner or a lender, provided that the loan to be purchased does not exceed 80% of the appraised value.

2). Basic Criteria for single family dwellings:

<u>Max.</u> <u>Loan Amount</u>	<u>Min.</u> <u>Down Payment</u>	<u>Term</u>	<u>PMI Req.</u>
\$90,000	10%	30 yrs.	yes
\$75,000	5%	20 yrs.	yes

3). Basic Criteria for duplex loans:

<u>Max.</u> <u>Loan Amount</u>	<u>Min.</u> <u>Down Payment</u>	<u>Term</u>	<u>PMI Req.</u>
\$130,000	20%*	30 yrs.	No*

* 10% secondary financing allowable. PMI is required on duplex loans with less than 20% equity contributed by the borrower.

4). Lien requirement: Each mortgage purchased under the Remote "Rural Housing Program" must meet the following criteria:

- a). Constitute a first lien, subject only to permitted encumbrances, on real estate in fee simple, or on a leasehold having a term necessary to secure the Corporation's interest (not less than 10 years past the term of the mortgage).
- b). Be a mortgage loan for completed, owner-occupied residential housing located in a "rural" area as defined in AS 18.55.997 as from time to time amended.
- c). Be insured by a policy of title insurance acceptable to the Corporation.

5). Fees:

- a). AHFC Loan Commitment Fee is $\frac{1}{2}$ of 1% of the loan amount.

REMOTE RURAL HOUSING PROGRAM

- b). Seller/Serviceirs may charge an origination fee of 1% of the loan amount.
 - c). AHFC will pay a servicing fee of $\frac{1}{2}$ of 1%.
- 6). Income Limits: None
- 7). Interest Rate: No rate will be guaranteed.

TO: Perry R. Eaton
Chairman of the Board

DATE: September 19, 1978

FROM: Jay Kennedy
Rural Program Coordinator

Re: Rural Housing Program, Progress Report

1. The following work has been completed:

- a. I was hired as program coordinator effective July 3, 1978.
- b. In coordination with the Association of Alaska Housing Authorities there has been a slight modification of the proposed program. The Association will act as the "Seller/Service" per se, with the various regional housing authorities acting as loan originators in their respective areas. This was done with an eye toward more efficiency, stability, and economy in loan servicing, and to avoid unnecessary duplication of effort and staff.
- c. The Program Coordinator has prepared the training program including the necessary study aids, training schedule and publications that will be required. Included in these publications are the following:
 - 1). A revised Seller/Service Guide specifically for the rural program.
 - 2). Revised "plain language" Note and Deed of Trust forms for use in the rural program.
 - 3). Appraisal forms, application forms and the numerous verification documents have been modified to better meet the requirements of the rural program.
- d. The various local banks who have volunteered their services for providing "on the job training" for the trainees have confirmed this interest and support.
- e. The AHFC Bond Counsel and Bond underwriters are prepared to issue and sell bonds to the Department of Revenue.

September 19, 1978

2. The following work is in progress:

- a. The Regional Housing Authorities and the Association of Alaska Housing Authorities are identifying the individuals who will receive training as Loan Originators, Seller/Serviceers and individuals who will form the Loan Committee. This needs to be done before a firm date to begin training is set. Training is tentatively scheduled to begin October 16, 1978, and end November 10, 1978.
- b. Representatives of Tigor Mortgage Insurance Company will be touring some rural areas of the state with the Program Coordinator the week of the 25th of September. Mr. Robert Sullivan, an interested member of the banking community, will also accompany that tour.

I will provide you with follow-up information on the results of that tour. I will also provide you with the finalized training schedule and the results of decisions made by agencies other than AHFC. The Rural Housing Program should be fully functional by December 1, 1978.

JPK/djd

RURAL PROGRAM TRAINING OUTLINE

- I. INTRODUCTION AND OVERVIEW.
The AHFC Rural Program
- II. THE SELLER/SERVICERS GUIDE.
Review and Discussion
- III. MAKING THE LOAN
 - A. Origination
 1. Letting the People Know
 2. The Initial Interview to Gain Knowledge of the Borrower
 - a. Reviewing the Sales Agreement
 - b. Taking the Application
 - c. Forms Completion
 - d. Good Faith Cost Estimate. (RESPA)
 - e. Analysis
 - B. Processing
 1. Verification (Borrower(s) Desire and Ability to Pay)
 - a. Verification of Employment (Income)
 - b. Verification of Funds
 - c. Verification of Credit
 2. Verification (Suitability of Property)
 - a. Appraisal
 - b. Survey
 - c. Inspection
 - d. Title Report
 3. Additional Requirements
 - a. Preliminary Commitment for Title Insurance
 - b. Fire Insurance
 - c. Mortgage Insurance
 - d. Payoff Information
 4. The Completed Loan Package
 5. The Loan Committee
 6. AHFC Approval and Commitment to Purchase.
 - C. Closing
 1. Cost Disclosure HUD-1
 2. Clearing Title Exceptions
 3. Preparation of the Note
 4. Preparation of the Deed
 5. Preparation of the Assignment
 6. Closing
 7. Recording
 8. Disbursement
 - D. Shipping
 1. Documents Required by AHFC
 2. Documents Held by Seller/Servicer

IV. SERVICING THE LOAN

- A. Collection of Payments
- B. Administration of Reserves
- C. Records Keeping and Accounting Practices
- D. Default

STATE OF ALASKA
Inter-Department Route Slip

TO:
MAIL STATION NUMBER 3100

DEPARTMENT SENATE FINANCE COMMITTEE

ATTENTION HON. JOHN C. SACKETT, CHAIRMAN

- | | |
|--|--|
| <input type="checkbox"/> Approval | <input type="checkbox"/> Note & Return |
| <input type="checkbox"/> Signature | <input type="checkbox"/> Initial & Return |
| <input type="checkbox"/> Comment | <input type="checkbox"/> Return As Requested |
| <input type="checkbox"/> Contact Me | <input type="checkbox"/> Return For Approval |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action |
| <input type="checkbox"/> For Your File | <input type="checkbox"/> Your Information |

Remarks:

*Put on Jim's desk
my bag 9 AM.*

FROM:
MAIL STATION NUMBER 0800

DEPARTMENT COMMERCE & ECONOMIC DEVELOPMENT

BY B. Wagon DATE 4/19/79

STATE
of ALASKA

MEMORANDUM

TO: Honorable John C. Sackett
Chairman, Senate Finance
Committee
Alaska State Senate

DATE: April 18, 1979

FILE NO:

TELEPHONE NO:

FROM: Bertram L. Wagon, Deputy Commissioner
Department of Commerce and Economic
Development

SUBJECT:

The Alaska Housing Finance Corporation on April 16 approved a new class of borrowers known as "Veterans." In addition, the loan limits and income limits were raised. A program to implement purchasing loans is now contingent upon AHFC obtaining funding for the 2% contribution to the mortgage insurance fund.

BLW/slp22H