

LEG. FINANCE - BILLS 1983 - 1984 1875

HB 302 cont. - CSHB 302 1875

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

	Received		Approved		%	Denied		%
	No.	AMT.	No.	AMT.		No.	AMT.	
January 1982	450	40,279,950	343	31,147,200	76.22	107	9,132,750	23.78
February 1982	446	40,816,450	336	31,106,200	75.34	110	9,710,250	24.66
March 1982	411	40,131,000	325	32,271,450	79.08	86	7,859,550	20.92
April 1982	530	50,317,050	413	39,640,250	77.92	117	10,676,800	22.08
May 1982	575	55,219,350	457	44,687,300	79.48	118	10,532,050	20.52
June 1982	592	56,613,450	470	45,515,200	79.39	122	11,098,250	20.61
July 1982	589	57,157,550	451	44,062,150	75.57	138	13,095,400	23.43
August 1982	620	61,414,100	507	50,489,250	81.77	113	10,924,850	18.23
September 1982	512	50,046,650	414	40,777,100	80.86	98	9,269,550	19.14
October 1982	485	48,417,950	381	37,581,100	76.56	104	10,836,850	21.44
November 1982	422	42,590,900	345	34,871,750	81.75	77	7,719,050	18.25
December 1982	590	60,933,500	505	52,337,550	85.59	85	8,595,950	14.41
January 1983	583	59,433,100	495	50,336,550	84.91	86	8,956,550	14.75
February 1983	420	42,533,150	335	34,039,650	79.76	85	8,493,500	20.24
March 1983	631	63,280,000	548	55,010,950	86.85	73	7,247,400	11.57
April 1983	354	36,067,100	164	17,019,800	46.33	20	1,860,750	5.65

Month Appl. Rec.	Pending			In Process		
	No.	AMT.	%	No.	AMT.	%
January	2	140,000	.34	-0-		
March	7	695,650	1.11	3	326,000	4.75
April	32	3,407,650	9.04	138	13,778,900	38.98

ALASKA HOUSING FINANCE CORPORATION  
SUMMARY OF APPLICATIONS - MONTHLY  
VA GENERAL OBLIGATION

		Received		Approved		%	Denied		%
		No.	AMT.	No.	AMT.		No.	AMT.	
January	1983	3	377,850	3	377,850	100.00	-0-		
February	1983	218	23,831,700	196	21,387,750	89.91	22	2,443,950	10.09
March	1983	357	39,819,550	324	36,461,900	90.76	27	2,712,300	7.56
April	1983	96	10,683,100	75	8,401,650	78.12	9	998,950	9.38

Month Appl. Rec.	Pending			In Process		
	No.	AMT.	%	No.	AMT.	%
March	5	535,050	1.40	1	110,300	.28
April	10	1,090,500	10.42	2	192,000	2.08

## ALASKA HOUSING FINANCE CORPORATION

## SUMMARY OF STATE FINANCIAL SUPPORT

Special Mortgage Loan Purchase Program

FY 81		
	Appropriation	
	Mortgage Loans	\$236,000,000
	Cash	238,000,000
FY 82		222,000,000
FY 83		105,000,000

Mobile Home Loan Purchase Program

See Notes 1 and 2 for additional funds appropriated to purchase loans under this program.

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

Rural Non-Owner Occupied Mortgage Purchase Program

See Note 1 for additional funds appropriated to purchase loans under this program.

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

Rural Mortgage Loan Purchase Program

See Note 1 for additional funds appropriated to purchase loans under this program.

FY 79		
	Appropriation - Training Costs	100,000
	Hazard Insurance Fund	250,000
	Title Insurance Fund	250,000
	Mortgage Insurance Account	500,000
FY 80		
	Bond Sale to State of Alaska	(\$5,600,000 at 7 1/2%)
FY 81		
	Bond Sale to State of Alaska	(\$4,400,000 at 7 1/2%)
	Appropriations	
	Mortgage Purchases	6,500,000
	Title Insurance Fund	130,000
	Mortgage Insurance Fund	325,000

ALASKA HOUSING FINANCE CORPORATION

SUMMARY OF STATE FINANCIAL SUPPORT  
(Continued)

Home Ownership Assistance Program ("HOF" Fund)

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

State Mortgage Insurance Fund

Prior to FY 80	7,950,000
FY 80	3,000,000*
FY 81	12,500,000 (3)

* Total Appropriation	\$ 6,000,000
Less Amount Unavailable From Veterans Revolving Loan Fund	2,000,000
Less Amount For Mobile Home Insurance Funds Only	1,000,000
	<u>\$ 3,000,000</u>

Other State Loans

Loan For Multi-Family Project	(\$4,420,000 at 3.47%)
Loan For Rural Mortgages	(\$5,250,000 at 6.00%)
Loans To Fund Capital Reserve Requirement For Insured Mortgage Bond Program	(\$12,800,000) (4)

(1) Home Ownership Assistance Program appropriation to be utilized to purchase mortgages as follows:

Mobile Home Loans	\$18,000,000
Rural	20,000,000
Rural Non-Owner Occupied	5,000,000

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

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

(4) Interest rates on loans are equal to the earnings of the investments made with the loans.

# Special Mortgage Loan Purchase Program Conventional Loan



*The largest and most commonly utilized program is AHFC's Conventional or Regular Program.*

## Features

### Maximum Loan Amount

Single-Family  
Residence . . . . . \$160,500

Two-Family Residence . \$205,200

Minimum Down Payment . . . . . 5%

### Eligible Property

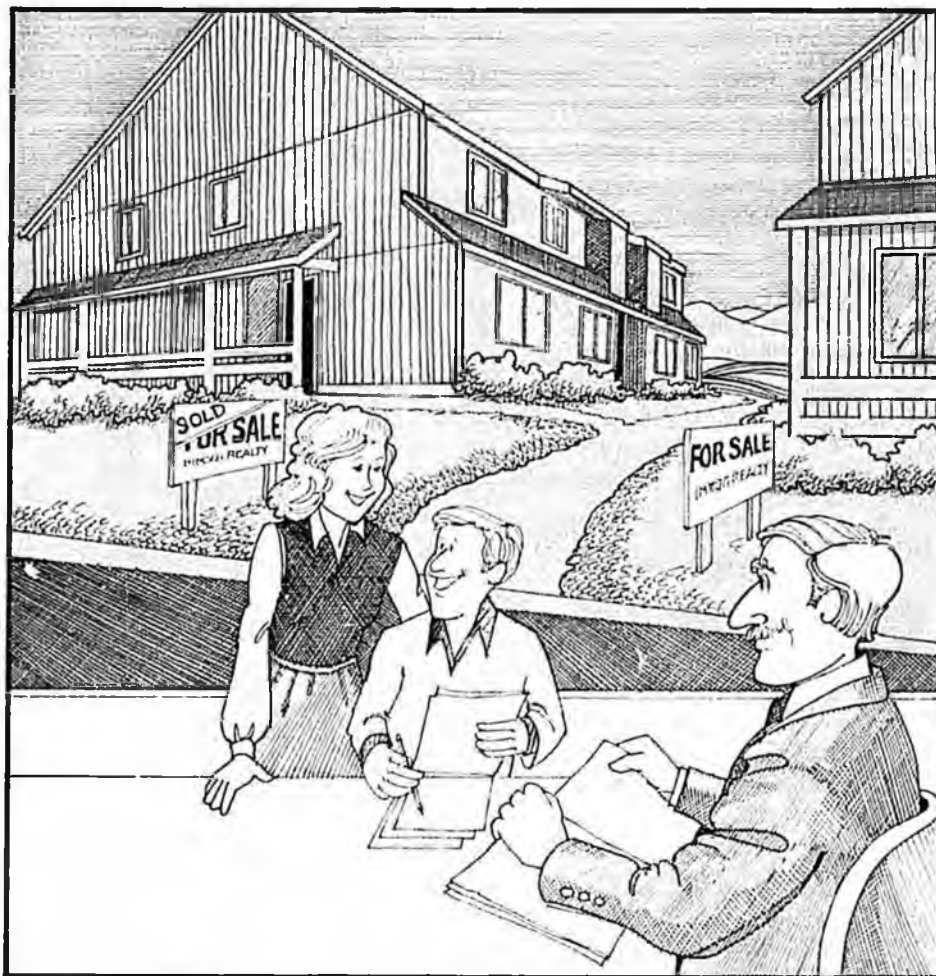
Owner-occupied single-family or duplex dwelling, including owner-occupied condominium units or units in a planned unit development (PUD).

VA guaranteed loans are allowed; however, down payments and maximum loan amounts will vary. The current maximum loan amount is \$135,000. Check with your lender for details.

## Type of Loan

Alaska Housing Finance Corporation utilizes a mortgage loan referred to as the Alaska Building Equity (ABE) Mortgage. There are many positive features to the ABE mortgage. The interest rate remains fixed for the entire life of the mortgage. Although there are moderate increases to the mortgage payment during the years four through nine, the borrower knows exactly what the monthly payments will be for the entire life of the mortgage. Since the interest rate remains fixed, all increases are applied to the principal balance, thus increasing the borrower's equity and repaying the loan within approximately sixteen years.

A detailed description of the ABE mortgage is available in AHFC's pamphlet entitled "Buying A Home In The Future?"



## Interest Rates

Interest rates charged by AHFC have been established by the Legislature and these rates will fluctuate according to the cost AHFC pays to obtain its funds. By law, AHFC is required to provide below market or subsidized rates to eligible borrowers on the first \$90,000 of the mortgage loan. For any portion above \$90,000, the borrower

is required to pay the cost AHFC pays to obtain its funds. Since AHFC interest rates are directly tied to the cost the Corporation must pay to obtain the funds, interest rates are SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. Consult your lender for the current AHFC interest rate for this program.

# Veterans Mortgage Program

*Alaska*  
HOUSING  
FINANCE  
CORPORATION

**To apply under this program, federal regulations require that individuals must be veterans as defined by the United States code.**

## Features

### Maximum Loan Amount

Single-Family Residence	\$160,500
Duplex	205,200
Triplex	247,650
Four-Plex	307,950

### Minimum Down Payment

Single-Family and Duplexes Residences	5%
Triplexes and Four-Plexes Residences	10%

### Eligible Properties

Owner-occupied single-family dwellings (including condominiums and units in a PUD) and multi-family dwellings up to and including four-plexes. If the residence is a multi-family dwelling, then all units must have been occupied as such for at least 5 years. For example, if the dwelling is a four-plex, it must have been occupied as a four-plex for 5 years.

VA guaranteed loans are allowed. However, down payments and maximum loan amounts will vary. Check with your lender for details.

### Type of Loan

The ABE mortgage structure applies to the Veterans Program. Under this type of mortgage, the interest rate is fixed, however, there are moderate increases to the mortgage payment in years four through nine. These increases are applied to the principal balance on the loan. Therefore, the loan is repaid in approximately 18 years. A detailed description of the ABE mortgage is available in AHFC's pamphlet entitled "Buying a Home in the Future?"

### Other Criteria

In November of 1982, the voters passed a constitutional amendment and a



bond proposition that allowed AHFC to issue tax-exempt bonds for the purpose of financing homes for qualified veterans. Since this program is regulated by the U.S. Department of Treasury, IRS, the borrower(s) must meet certain criteria to qualify.

1. The borrower(s) must be a qualified veteran. Temporary regulations of the IRS have implemented the meaning of "veteran" as defined in 38 U.S.C. 101(2). In order to apply under this program, the borrower(s) must submit documentation that they are a veteran under the federal definition.

A Certificate of Eligibility or a letter from the Federal Veterans Administration will be accepted as evidence of meeting this requirement. In some instances, it may take thirty (30) to sixty (60) days to obtain the Certificate of Eligibility. Therefore, if you are planning on applying under this program, you may want to start the process beforehand, as AHFC will not process any applications without the appropriate documentation.

2. Not more than 15% of the dwelling may be used for business or trade

(other than for renting one of the units, if the residence is a multi-family dwelling) and no portion of the property may be specifically designed for commercial use.

3. The borrower must occupy the residence or one unit of the residence as their primary dwelling. In addition, the loan must be paid in full, if you cease to occupy the residence or sell or transfer your ownership interest in the property.

4. Refinancing is prohibited under the Program. The proceeds of the loan must be used for new financing.

5. Excess land may not be financed. The real estate upon which the residence is located must be reasonably required to maintain the basic livability of the residence.

### Interest Rates

Mortgage interest rates are based on the interest rate for AHFC bonds plus the Corporation's operating costs and will vary from time to time. INTEREST RATES ARE SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. Consult your lender for the current AHFC rate on the Veterans Program.

# Mortgage Subsidy Tax Act Tax-Exempt Program



**Loans offered under the Tax-Exempt Program are subject to regulations and guidelines that have been developed by the U.S. Department of Treasury.**

## Features

### Acquisition Cost Limits\*

Single-Family - Existing  
Dwelling . . . . . \$104,986

Single-Family - New  
Construction . . . . . \$128,143

Duplex - Existing  
Dwelling (5 years) . . . \$122,829

Minimum Down Payment . . . . . 5%

### Eligible Property

Owner-occupied single-family dwellings, including condominiums and units in a PUD, and duplexes.

VA guaranteed loans are allowed. However, down payments and maximum loan amounts will vary. Check with your lender for details. In addition, a borrower may combine this program with the Pledged Account Mortgage Program (PAM) or the Homeownership Assistance Program (HOF). **IF THE TAX-EXEMPT PROGRAM IS COMBINED WITH EITHER THE PAM OR THE HOF, THE REQUIREMENTS OF BOTH PROGRAMS MUST BE MET.**

*\*Federal regulations require that the purchase price not exceed 110% of the average area purchase price. AHFC conducts studies on a periodic basis to determine the average area purchase prices for Alaska; therefore, the acquisition cost limit is subject to change.*

## Type of Loan

The ABC mortgage payment structure applies to the Tax-Exempt Program. Refer to AHFC's pamphlet entitled "Buying A Home In The Future?" for a detailed description of the ABE mortgage.



## Eligibility Criteria

Since this is a federally regulated program, there are several criteria a borrower must meet in order to qualify:

1. Ninety percent (90%) of the funds under this program will be allocated to borrowers who *have not* owned a home or had an ownership interest in a home, which was used as the borrower's primary residence, for the three years prior to the date of application. Ownership in rental property (as long as the borrower did not reside in the property) or vacation property is permitted.

The remaining 10% of the funds under this program will be allocated to HOF applicants who have previously owned or had an ownership interest in a home within the three years prior to the date of application.

2. Not more than 15% of the dwelling may be used for business or trade and no portion of the property may be specifically designed for commercial use.

3. All improvements, additions or alterations that the borrower(s) plans to make to the residence at the time of ownership, or within one year after the loan closes, must be reported. The cost of those improvements, when added to the original cost of the dwelling, may not exceed the maximum acquisition cost limits above.

4. All borrowers will be required to submit copies of their original tax returns which cover the past three years prior to date of application.

## Interest Rates

Mortgage interest rates are based on the interest rate for AHFC bonds plus the Corporation's operating costs and will vary from time to time. **INTEREST RATES ARE SUBJECT TO CHANGE WITHOUT PRIOR NOTICE.** As of the date of printing of this pamphlet, the interest rate on the first \$90,000 is 10% (9% for eligible state veterans). Consult your lender for the current AHFC rate on the Tax-Exempt Program.

# Triplex/Four-plex Mortgage Loan Purchase Program



**In 1982, the State enacted legislation that gave AHFC the authority to implement a loan purchase program for triplexes and four-plexes.**

## Features

### Maximum Loan Amount

Triplex . . . . . \$247,650  
Four-plex . . . . . \$307,950

Minimum Down Payment . . . . 10%

### Occupancy

The owner must occupy one unit of the mortgaged premises as his/her primary residence.

### Type of Loan

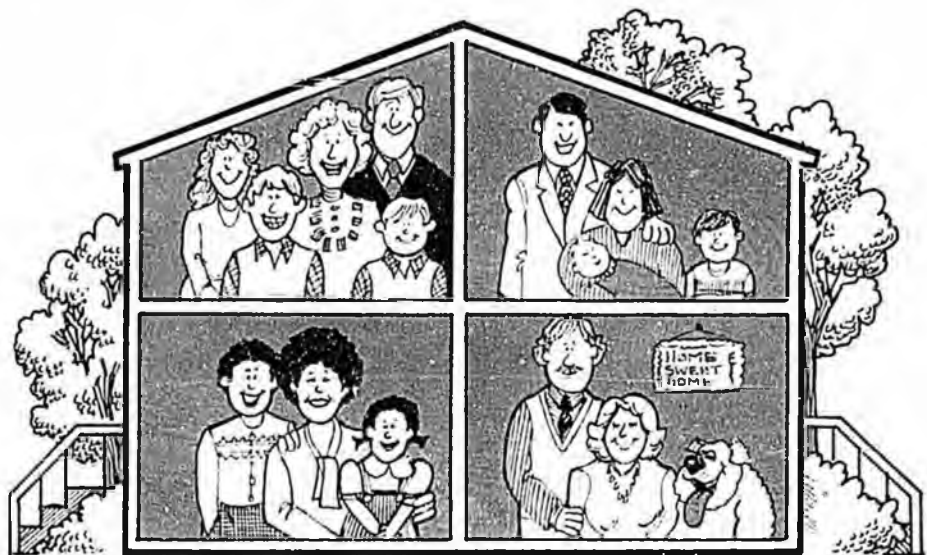
The ABE Mortgage payment structure applies to the triplex and four-plex program. Refer to the AHFC's pamphlet entitled "Buying A Home In The Future?" for further details.

### Qualifying for a Triplex - Four-Plex Mortgage Loan

When determining the individual's ability to pay the mortgage debt, AHFC, as a guideline, uses ratios of 28/36. The total monthly payment generally should not exceed the net monthly operating income plus twenty-eight percent (28%) of the borrower's gross stable monthly income. In addition, the overall debt obligation, which is the total monthly payment plus all other obligations of the borrower should not exceed the net monthly operating income plus thirty-six percent (36%) of the borrower's gross stable monthly income. The example illustrates how the ratios are utilized in determining if the borrower qualifies for the mortgage loan.

### Interest Rates

Mortgage interest rates are based on the cost the Corporation must pay to obtain its funds and will vary at times. Interest rates are SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. Consult your lender for the current AHFC interest rate for this program.



### Loan Characteristics

Total mortgage payment . . .	\$1,800	Monthly net operating income . . . . .	\$1,100
Borrower's monthly income . . . . .	\$3,200	(Rental income less operating expenses)	
Borrower's other obligations . . . . .	\$ 400		

### Borrower's Qualifications

1. 28% of borrower's stable monthly income	$\$3,200 \times 28\%$	=	<u>\$ 896</u>
2. Monthly net operating income		=	<u>\$1,100</u>
3. Total lines 1 and 2		=	<u>\$1,996</u>
4. Proposed mortgage payment		=	<u>\$1,800</u>

Line four (4) should not exceed line three (3).

1. 36% of borrower's stable monthly income	$\$3,200 \times 36\%$	=	<u>\$1,152</u>
2. Monthly net operating income		=	<u>\$1,100</u>
3. Total lines 1 and 2		=	<u>\$2,252</u>
4. Proposed mortgage payment		=	<u>\$1,800</u>
5. Borrower's other obligation		=	<u>\$ 400</u>
6. Total line 4 and 5		=	<u>\$2,200</u>

Line six (6) should not exceed line three (3).

# Pledged Account Mortgage (PAM)



*The Pledged Account Mortgage is designed for those individuals who have ample savings yet their present monthly income does not yet meet the minimum monthly income requirements.*

## Features

### Maximum Loan Amount:

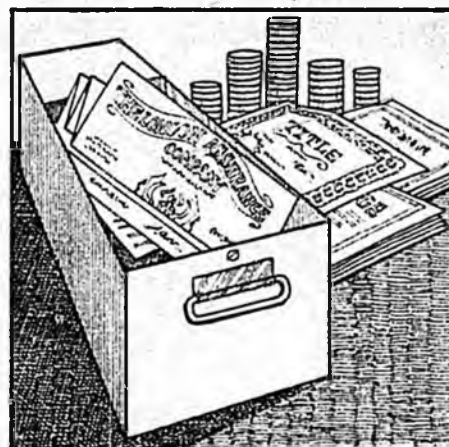
- Single-Family Residence . . . . . \$160,500
- Two-Family Residence . \$205,200

### Eligible Property:

Owner-occupied single-family dwellings, including condominiums and units in a PUD, and duplexes.

## Type of Loan

The ABE mortgage payment structure applies to the PAM Program. Refer to AHFC's pamphlet entitled "Buying A Home In The Future?" for a detailed description of the ABE Mortgage.



When combined with the Alaska Building Equity (ABE) Mortgage, the PAM offers the benefits of early loan retirement with the additional advantage of lower first year payments. The example demonstrates how the PAM benefits the borrower.

## Interest Rates

Mortgage interest rates are based on the interest rate for AHFC bonds plus the Corporation's operating costs and will vary from time to time. Consult your lender for the current AHFC rate on the Pledged Account Mortgage.

## How Does the PAM Work?

The program allows the borrower to purchase a home based upon potential earnings rather than solely what is earned at present. Generally speaking, it is anticipated that the borrower making application under this program would typically be in a line of employment which demonstrates upward mobility. For some, the PAM means the ability to buy a more expensive home than they would normally qualify for.

The key to the PAM program is the unique use of the borrower's down payment. Rather than using the down payment solely to create equity, a portion is placed into a pledged savings account. Money is drawn out of the pledged account each month for the length of the pledged plan to supplement the out-of-pocket monthly payments. At the same time, the pledged account earns interest at the regular savings rate.

## Loan Characteristics

	PAM	CONVENTIONAL LOAN
Value of Property . . . . .	\$85,000	\$85,000
Mortgage Amount . . . . .	79,850	77,000
Down Payment . . . . .	8,000	8,000
To Equity . . . . .	5,150	8,000
To Pledged Savings . . . . .	2,850	-0-
Interest Rate . . . . .	12.375	12.375

Year	Out-of-Pocket Borrower's Portion	Amount From Pledge Savings	Total Payment	Standard ABE Loan
1	\$ 758.69	85.78	\$ 844.47	\$ 814.35
2	775.12	69.35	844.47	814.35
3	791.91	52.56	844.47	814.35
4	851.29	35.41	886.70	855.07
5	913.14	17.89	931.03	897.82
6	977.58	-0-	977.58	942.71
7	1,026.46	-0-	1,026.46	989.85
8	1,077.78	-0-	1,077.78	1,039.34
9-Life of Mortgage	1,131.67	-0-	1,131.67	1,091.31

With a PAM/ABE Mortgage, the borrower's first year out-of-pocket expense for principal and interest is \$758.69 per month. If the entire \$8,000.00 down payment was applied towards only the equity, the borrower's first year out-of-pocket expense for principal and interest would be \$814.35 per month.

# Second Mortgage Loan Purchase Program



**In 1982, AHFC implemented its Second Mortgage Loan Purchase Program. The program can be divided into three categories:**

- 1) Second Mortgages for the purchase of a residence;**
- 2) Home Improvement Loans (HIL) financed through the sale of tax-exempt bonds; and**
- 3) Home Improvement Loans (HIL) financed through the sale of taxable bonds.**

## 1. Seconds for Purchase

Proceeds of a second mortgage must be used for the purchase of an owner-occupied single-family residence or duplex, where the dwelling is subject to an existing first mortgage.

### Maximum Loan Amount

The total-financing-to-value may not exceed 90% of the market value or sales price—whichever is less—and the sum of the first when combined with the second may not exceed AHFC's current loan maximums of \$160,500 for a single-family dwelling and \$205,200 for a duplex.

### Eligible Property

Owner-occupied single-family dwellings (including condominiums or PUDs) and duplexes. Mobile homes, vacation or rental properties are NOT eligible.

### Loan Terms

Up to \$6,450 . . . . . 5 years  
\$ 6,500 - \$12,450 . . . . . 10 years  
\$12,500 - and up . . . . . 15 years

## 2. Home Improvement Loan Tax-Exempt Program

The HIL tax-exempt program is regulated by the federal government. Guidelines for the program have been developed by the U.S. Department of Treasury.

### Maximum Loan Amount

\$15,000. However, the total-financing-to-value may not exceed 90% of the completed market value and the sum of the first and second may not exceed AHFC's loan maximums of \$160,500

for a single family dwelling and \$205,200 for a duplex.

### Eligible Improvements

Those which improve the basic livability or energy efficiency of the dwelling including modernization and additions. Recreational or entertainment facilities are prohibited.

### Eligible Property

Owner-occupied single-family dwellings (including condominiums or PUDs) and duplexes. Mobile homes, vacation or rental properties are NOT eligible.

### Loan Terms

Up to \$6,450 . . . . . 5 years  
\$ 6,500 - \$12,450 . . . . . 10 years  
\$12,500 - \$15,000 . . . . . 15 years

## 3. Home Improvement Loan Taxable Program

### Maximum Loan Amount

The total-financing-to-value may not exceed 90% of the market value—as completed—and the sum of the first and the second may not exceed AHFC's loan maximums of \$160,500 for a single-family dwelling and \$205,200 for a duplex.

### Eligible Improvements

Those which improve the basic livability or energy efficiency of the dwelling, including completions or additions.

### Eligible Property

Owner-occupied single-family dwellings (including condominiums or PUDs) and duplexes. Mobile homes, vacation or rental properties are NOT eligible.

## Loan Terms

Up to \$6,450 . . . . . 5 years  
\$ 6,500 - \$12,450 . . . . . 10 years  
\$12,500 - and up . . . . . 15 years

## Interest Rates

As with AHFC's first mortgage program, the interest rate is governed by the Legislature and may fluctuate depending on the cost the Corporation must pay to obtain its funds. Interest rates are SUBJECT TO CHANGE WITHOUT PRIOR NOTICE.

By Law, AHFC is allowed to loan up to \$90,000 under the first mortgage program at a subsidized rate. For any portion above \$90,000, the borrower is required to pay an interest rate equal to the cost of funds. The Seconds Program works in the same manner. However, please remember, if the existing first mortgage is a subsidized AHFC loan, the outstanding principal balance of the first mortgage must be subtracted from the \$90,000 to determine the amount of the second that will be eligible for the subsidized rate. This formula applies to all three categories of the Second Mortgage Loan Program

As of the date of printing of this pamphlet, a second mortgage loan under the tax-exempt program could be as low as 10% (9% for eligible State veterans). Under the taxable home improvement loan program and the seconds for purchase program, the lowest possible rate is 12-3/8% (11-3/8% for eligible State veterans). Consult your lender for the current interest rates for these programs.

**Here are some of the most frequently asked questions about the Alaska Building Equity Mortgage.**

- Q.** Why has AHFC changed its present method of mortgage loan financing?
- A.** AHFC receives the majority of its funds by selling bonds in the capital markets. In the past AHFC has sold bonds that mature after a twenty-year period. The ABE program allows AHFC to sell 10-year bonds which have a lower interest cost and broader market acceptance.
- Q.** Does the ABE mortgage change the current eligibility requirements?
- A.** No. The increase in payment does not occur until the fourth year of the loan. AHFC's analysis for eligibility will be based upon current income in relation to the monthly payments to be made in the first year. The first year's payment is the same as if the loan were amortized over a thirty-year period. However, in light of the moderate increases beginning in year four, the analysis will examine the borrower's stability and/or upward mobility of employment.
- Q.** Does the interest rate increase at any time during the life of the mortgage?
- A.** No. The ABE mortgage provides for a fixed interest rate. The increases in payments are strictly for the purpose of reducing the principal balance.
- Q.** Does the ABE structure apply to all AHFC programs?
- A.** Yes. The ABE structure applies to all existing first mortgage programs financed through the sale of bonds. The ABE structure *does not* apply to the Corporation's Second Mortgage Loan Program.
- Q.** Does the ABE program have any effect on my existing AHFC loan?
- A.** No. The ABE program is not retroactive to existing AHFC loans.
- Q.** If I have an existing AHFC 30 year term mortgage may I refinance that loan with the ABE mortgage?
- A.** No. AHFC does not have the authority to refinance a loan whether the loan is held by the Corporation or another investor. AHFC is limited to purchasing newly originated first and second deeds of trust.
- Q.** If I am applying for a Homeownership Assistance Loan (HOF), how will the ABE mortgage effect me?
- A.** Since the ABE structure applies to all AHFC first mortgage programs, individuals under the Homeownership Assistance Program will also be required to increase their payments. It is important to remember, however, that the increases are gradual and moderate and they *do not begin until the 4th year of the loan.*
- Q.** Will my subsidy under the Homeownership Assistance Program increase as my payments increase?
- A.** No. If you are still under the program at the beginning of the fourth year, then the subsidy calculation will take into consideration the increase in payments as well as your increases in salary. However, the amount of subsidy that you receive will not increase.
- Q.** How are the additional increases in payments applied?
- A.** The amount of the increase is applied directly to the principal, thus, increasing your equity and reducing the term of the loan.
- Q.** What happens if I make additional payments on my principal balance during the first year? Do these payments reduce future payments?
- A.** No. The ABE mortgage allows the borrower to make "lump-sum" payments that are applied to the principal. Additional payments reduce the life of the mortgage, however, they do not effect the required monthly payments.
- Q.** How am I notified of the increase in payments each year?
- A.** Your lender will notify you of the date and the amount of any increase.

P.O. Box 1020  
Anchorage, Alaska 99510  
(907) 276-5599



*Alaska* HOUSING FINANCE CORPORATION



## BUYING A HOME IN THE FUTURE?

**Alaska Housing Finance Corporation wants you to know the facts about the Alaska Building Equity (ABE) Mortgage.**

**This pamphlet explains how the ABE mortgage works and how you, the home buyer, will benefit from this financing method.**

### FEATURES

The interest rate remains fixed for the entire life of the mortgage. The initial monthly payments are the same as those which would be required for a 30 year level monthly payment fixed rate mortgage. The monthly payments are increased by 5% for each year at the beginning of years four through nine. Since the interest rate is fixed, the increased portion of the monthly payment is applied to the outstanding principal of the mortgage loan. As a result, the loan is fully repaid within 16 years. Additionally, the amount of total interest paid during the life of the mortgage is approximately half of that paid were the same loan to be repaid over a 30 year period.

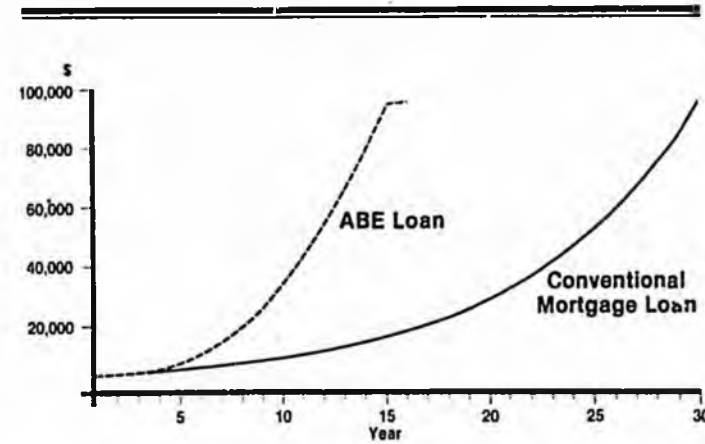
### ADVANTAGES TO THE BORROWER

**LOWER MORTGAGE RATE:** Mortgages in excess of \$90,000 will immediately benefit from the reduction in the borrowing costs of AHFC. When AHFC's costs of funds are reduced to a level within 3% of the interest rate previously in effect for the first \$90,000 of a mortgage loan, all borrowers will benefit from the reduction.

### INCREASED RATE

**OF EQUITY OWNERSHIP:** Since the increased portion of the monthly payment is applied to principal, the borrower's equity in the residence increases far more quickly than with a conventional mortgage.

Comparison of Cumulative Equity Balance



**FIXED PAYMENT SCHEDULE:** Unlike the majority of alternative mortgages currently offered elsewhere, the borrower knows exactly what the monthly payments will be over the life of the mortgage. Even though increases are made to the required monthly payments, they are known well in advance. This allows the borrower the opportunity for accurate financial planning.

### INCREASES ARE

**GRADUAL AND MODERATE:** There are no increases until the beginning of the 4th year. The required increase of 5% in that year's monthly payments for a \$90,000 loan would amount to \$47.59. Payments are increased only

six times during the life of the mortgage. The maximum increase for a \$90,000 loan will be \$60.74 which will occur at the beginning of the 9th year. No subsequent increases will be required.

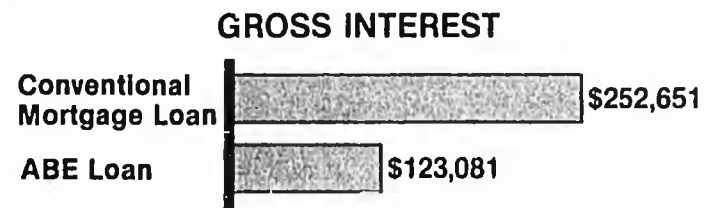
### LOWER MORTGAGE

**INSURANCE PREMIUM:** Private mortgage insurance is currently required to be carried until the loan-to-value ratio reaches 80%. This same insurance will be necessary for the ABE mortgages. The cost of insurance premium renewals is 1/4 of 1% annually which is paid by the borrower. With an initial loan-to-value ratio of 95%, the ABE loan decreases to the 80% level in approximately half the time required for a 30 year conventional mortgage.

### COMPARISON OF ANNUAL PRINCIPAL AND GROSS INTEREST PAYMENTS:

**INTEREST PAYMENTS:** On a loan amount of \$90,000, amortized over a 30 year period, the borrower pays four times the original cost of the dwelling with 74% of this amount in interest payments. Because the ABE loan is completely paid off in the 16th year, the borrower will pay approximately one-half the interest costs of the standard 30 year term mortgage.

Comparison of Annual Principal and Gross Interest Payments

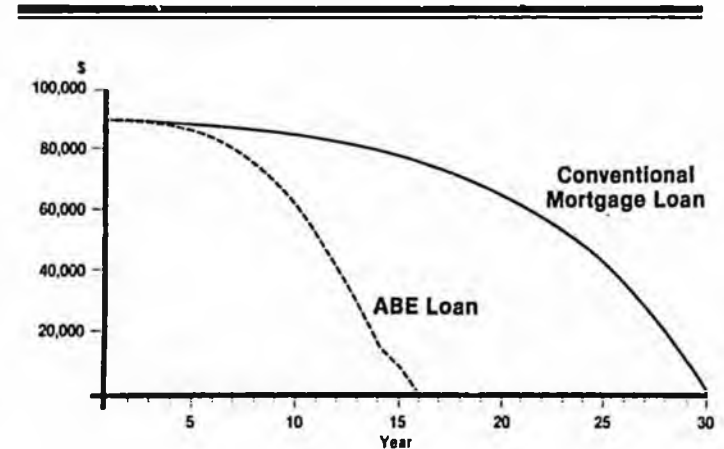


Analysis of Effect of Increases in Borrower's Income Relative to Increased Monthly Payments Required With An Alaska Building Equity (ABE) Mortgage (5% Increases in Years 4 through 9)

Year	Principal and Interest Payment	Total Mortgage Payment*	6% Annual Increase		10% Annual Increase	
			Income	Ratio	Income	Ratio
Year 1	\$ 951.81	\$ 1,081.81	\$ 3,864.00	28%	\$ 3,864.00	28%
Year 2	951.81	1,081.81	4,096.00	26%	4,250.00	25%
Year 3	951.81	1,081.81	4,342.00	25%	4,675.00	23%
Year 4	999.40	1,129.40	4,602.00	25%	5,143.00	22%
Year 5	1,049.37	1,179.37	4,878.00	24%	5,657.00	21%
Year 6	1,101.84	1,231.84	5,171.00	24%	6,223.00	20%
Year 7	1,156.93	1,286.93	5,481.00	23%	6,845.00	19%
Year 8	1,214.78	1,344.78	5,810.00	23%	7,530.00	18%
Year 9	1,275.52	1,405.52	6,159.00	23%	8,283.00	17%
Year 10	1,275.52	1,405.52 +	6,528.00	22%	9,111.00	15%

\* Includes \$130 for reserves.  
+ The payment remains unchanged for the duration of the mortgage.  
Figures based on a \$90,000 loan amount with an interest rate of 12.375%.

Comparison of Annual Outstanding Loan Balance



### COMPARISON OF ANNUAL OUTSTANDING LOAN BALANCE:

Because the ABE structure carries a fixed interest rate, the amount of the increases beginning in year four and ending in year nine are applied directly to the principal balance. Thus, the borrower realizes a rapid growth in the equity and complete repayment of the loan during the 16th year.

## ADVANTAGES TO THE STATE OF ALASKA AND AHFC

### CONTINUED AVAILABILITY OF FUNDS:

With the more rapid payment and shortened life of the mortgage, AHFC's efforts to access shorter-term capital markets are enhanced. The long-term markets require higher yields, generally reflecting the lack of demand for this type of security by investors. With a shorter-term bond, a larger portion of the initial subsidy AHFC must contribute to a bond issue is returned at a much earlier date. Approximately 40% of the initial assets pledged to a ten-year bond issue would return to AHFC free of any obligation upon repayment of the bonds in the 10th year. The return of these assets will have a positive effect by reducing the amount of funds AHFC must request from the State in the future to keep the program operational.

**LOWER BORROWING COSTS:** AHFC will be able to sell a single-term ten-year bond issue which will result in an approximate 1% savings in interest costs compared to the method of financing currently utilized.

**DECREASED SUBSIDY COST:** Utilizing the shorter-term bond will reduce subsidy costs by more than 25% over that expected to be incurred employing the methods of financing available with 30 year mortgages. Further, because the current bond structure requires such a large amount of State subsidy, continued operation of the programs could be financially restricted.



# The Home Buying Process



**Your home may be the most important investment of your lifetime. So before you decide to purchase, you will want to investigate all possible aspects. This pamphlet is designed to aid you in understanding the steps involved in buying a home.**

## 1. What Can You Afford

Once you have made the decision to buy a home, the first question most people ask is, "What can I afford?" You've probably heard various rules-of-thumb for estimating what you can afford and such rules are useful in arriving at a ballpark figure. When determining the individual's ability to pay the monthly mortgage debt, AHFC, as a guideline, uses ratios of 28/36. This means that the monthly mortgage payment (which includes principal, interest, taxes, insurance, and homeowner association dues) should not exceed 28% of the borrower's gross stable monthly income. The 36% ratio applies to the overall debt obligation: mortgage payment plus all other obligations i.e. charge cards, automobile loan, child support, etc., and should not exceed 36% of the borrower's gross stable monthly income.

Now that you have a general idea of what you can afford on a monthly basis, the next question is "In what price range of homes should I be looking?" Depending on the interest rate, the term of the loan, and how much money you're willing to put down, your monthly house payment can vary greatly. The following chart should, however, give you some indication of your price range. (See Page 2)

With the purchase of a home comes many unexpected expenses. It is wise to remember that in addition to loan payments, your monthly costs will include payments for taxes, insurance, maintenance and utilities. Utilities alone, such as water, sewage, refuse, gas and electricity can increase your



costs substantially. Therefore, before you purchase a home, it is wise to ask the seller to provide you with past monthly statements of these costs. Or, if it is new construction, you may wish to contact the utility companies in the area. Unless you are willing to adhere to a very strict budget, you will probably be more comfortable with a home loan payment that is less than the maximum amount you can afford.

## 2. Cash Needed

Along with determining what your monthly payment will be, you will need to consider the amount required for settlement costs. Settlement costs, in addition to the down payment, include fees charged by the lender, appraiser, title company, etc. for services and can range from several hundred to several

thousand of dollars. The lender is required to send you an estimate of these settlement costs within three days after you have applied for the loan.

Although local custom usually determines who pays for what costs, you or the seller, you may be able to negotiate some of these fees. The results of any negotiations should be included in your written purchase agreement.

For a full explanation of different types of settlement fees, get a copy of the booklet on settlement costs, prepared by U.S. Department of Housing and Urban Development (HUD). This booklet is available free from lenders and HUD offices.

**\*Approximate Monthly Principal Interest**

Loan Amount	9%	10%	11%	12%	13%	14%	15%	16%
\$ 70,000	\$ 563.50	\$ 614.60	\$ 667.10	\$ 720.30	\$ 774.90	\$ 829.50	\$ 885.50	\$ 941.50
80,000	644.00	702.40	762.40	823.20	885.60	948.00	1,012.00	1,076.00
90,000	724.50	790.20	857.70	926.10	996.30	1,066.50	1,138.50	1,210.50
100,000	805.00	878.00	953.00	1,029.00	1,107.00	1,185.00	1,265.00	1,345.00
110,000	885.50	965.80	1,048.30	1,131.90	1,217.70	1,303.50	1,391.50	1,479.50
120,000	966.00	1,053.60	1,143.60	1,234.80	1,328.40	1,422.00	1,518.00	1,614.00
130,000	1,046.50	1,141.40	1,238.90	1,337.70	1,439.10	1,540.50	1,644.50	1,748.50
140,000	1,127.00	1,229.20	1,334.20	1,440.60	1,549.80	1,659.00	1,771.00	1,883.00

\*The amounts shown above are for principal and interest only. They do not include payment for taxes, insurance or homeowner's association dues, if applicable. The monthly principal and interest has been calculated by amortizing the loan over a 30 year period. It is important to remember that AHFC utilizes the ABE mortgage structure and these payments will realize a 5% increase in years four through nine. A detailed description of the ABE mortgage is available in AHFC's pamphlet entitled "Buying A Home In The Future?"

Generally, under all AHFC programs, you will be required to make a down payment of not less than 5% of the sales price or appraised value of the dwelling, whichever is less. Your lender will charge a fee for originating the loan and, in addition, you will be required to pay a commitment fee which is one-half of one percent of the loan amount. Other costs may include such items as: fees for title insurance; the appraisal; the credit report; reimbursement to the seller for pre-paid assessments or taxes; etc. Although it is difficult to estimate, if you plan to put 5% down, your total settlement cost should generally not exceed 10% of the sales price of the dwelling.

**3. How to Find the Right House**

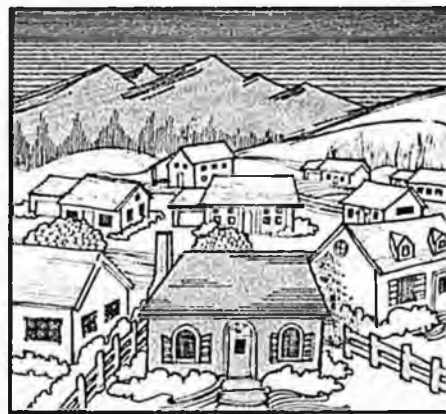
Before you begin looking for the house which best meet your needs, you should consider the various neighborhoods and the types of ownerships.

**Selecting An Area**

Your financial status, as well as your personal happiness, can be greatly affected by your choice of neighborhood. For instance, a neighborhood where there is no road maintenance may not only cause you access problems in the winter, but may also affect resale at a later date.

Distance from your job is also important. Initially, it may sound exciting

to live in a secluded, unpopulated environment. However, you should consider how far you are willing to commute and the cost of commuting each day to your job. Before you buy that home in the woods, drive back and forth during peak traffic hours and determine how long the commute will take.



**Type of Ownership**

Do you want to live in a house, condominium or a planned unit development (PUD) project? Owning either a condominium or a unit in a PUD is significantly different from owning a house. If you buy either of these two dwellings, you will be required to pay monthly dues to the Home Owners Association. These dues cover the cost of maintenance for common areas such as lawn or recreation facilities. In some instances, the dues also include certain utility costs and road

maintenance. Before buying a condominium or a unit in a PUD project, check with the Association and find out exactly how much your monthly fees will be and what services are provided by the Home Owners Association.

**Where To Look**

There are various ways to shop for the house that is right for your family. You can find out about homes for sale by reading the advertisement in the real estate section of the local newspapers; taking a drive through neighborhoods you find attractive; or by consulting a real estate agent in your area. Real estate agents are customarily paid by the seller of the home, so you won't be required to pay the agent directly. However, bear in mind, that the agent's fee might be added to the price of the home.



**4. Making an Offer**

When you have found the home you want to purchase, you must then decide what price to offer the seller. The contract is drawn up, stating the terms of the sale, and is submitted to the seller who either accepts, rejects or amends the offer and sends it back to you. It will go back and forth as many times as necessary to reach agreement. Only when it is satisfactory to each of you, should both of you sign it.

At the time you sign the contract, you will be asked to make a deposit, called the "earnest money." The amount will vary depending on what you are willing to give and the seller is willing to accept. The deposit is usually applied to the down payment or your share of the settlement costs. If the sale falls through, the deposit will either be kept by the seller or returned to you, depending on the terms of your purchase contract.

**5. Arranging Financing**

There are a number of ways to finance the purchase of a home. One, of course, is payment of the whole price in cash. However, most people purchase by making a down payment and then obtaining financing through a mortgage loan. In very simple terms, a mortgage loan is a special loan for purchasing a piece of property. The lender supplies the cash to buy the home. You, the borrower, sign a legal document which obligates you to repay the lender. The house and lot are pledged as security. If the borrower fails to make payments (defaults), the lender has the legal right to take over the property and the borrower may lose any equity he has acquired.

For your convenience a list of the AHFC approved mortgage lenders is provided at the end of this pamphlet.

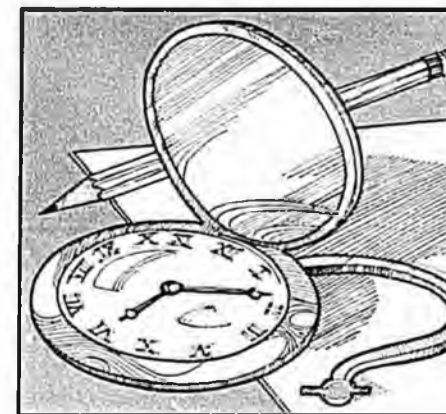
**6. The Application Process**

Once you have found acceptable financing, make an appointment with the lender to formally apply for the loan. During the meeting, you will be asked to provide information regarding: your income, cash and/or assets available to close the loan, job history, terms and amount of other debt obligations, information on the dwelling you plan to purchase, etc. You will also

be asked to sign several documents which will enable the lending institution to verify the statements you have given.

Depending on your particular circumstances or the type of home loan, you may also be asked to provide:

- Tax returns for the past three years
- Divorce Decree
- Child support or alimony settlement
- Two years tax returns and current financial statements (for self-employed)
- Two years tax returns and current year-to-date income figures (professions where income may fluctuate)



**The Time Element**

You can expect the lending institutions to complete your package and have it submitted to AHFC within about three or four weeks. However, if you have held various jobs within the past two years; the majority of your credit references are out-of-state; or there are extenuating circumstances, the process will take longer: up to six or eight weeks.

Once the complete loan package is submitted to AHFC, experience has shown that the "turnaround" time (time it takes AHFC to review the submission and send it back to the lender) can be as many as twenty-one (21) days to as few as three (3) days. The range can be attributed to peak buying periods which normally run from June through November.

A detailed review of the application process, is available in AHFC's booklet entitled "Preparing for Homeownership". This booklet is available free from participating lenders and the AHFC office.

**7. Closing the Deal**

Closing is the final step and concludes the mortgage loan transaction. At this time, you will be required to pay the remaining settlement costs to effect the closing of the mortgage loan. The escrow agent or lender disburses the funds from the mortgage loan to the seller of the property and you sign a note which obligates you to repay the funds. The deed for the property is recorded after the closing and then mailed to you.

**The Time Element**

Depending on the paperwork involved and the volume of loans at your lending institution, you can expect to close on the loan anywhere from three days to three weeks after the loan has been approved.

**Approved Alaska Housing Seller/Service**

- Alaska Bank of Commerce
- Alaska Continental Bank
- Alaska Federal Savings & Loan Association
- Alaska Mutual Bank
- Alaska National Bank of the North
- Alaska Pacific Bank
- Alaska School Employees Federal Credit Union
- Alaska State Bank
- Alaska Teamsters Federal Credit Union
- Alaska USA Federal Credit Union
- Arctic First Federal Savings
- B.M. Behrends Bank
- City Deposit Corporation
- Colonial Mortgage Services Co.
- First Alaska Mortgage & Escrow First Bank
- First Federal Savings & Loan
- First National Bank of Anchorage
- First National Bank of Fairbanks
- Frontier Saving & Loan Association
- General Electric Mortgage Corporation
- Home Savings & Loan Association
- Lomas & Nettleton
- Mt. McKinley Mutual Savings Bank
- National Bank of Alaska
- Peninsula Savings & Loan
- Peoples Bank & Trust
- Rainier Mortgage Company
- Security National Bank
- Security Pacific Mortgage
- Spokane Mortgage Company
- Suburban Mortgage Trust
- United Bank of Alaska

## ALASKA HOUSING FINANCE CORPORATION

FY 84 Capital Budget Request  
Home Ownership Fund/Mobile Home Loan Program

The Corporation's original capital budget submission requested a \$50 million appropriation to the Home Ownership Fund to be invested in mobile home loans. The earnings of the Home Ownership Fund are used to provide mortgage payment assistance under the Home Ownership Assistance Program, which effectively takes a borrowers monthly mortgage payments down as low as that amount which would be required were the loan to have been made at a 6 percent interest rate. The budget submission acknowledged that the existing assets of the Home Ownership Fund would be sufficient to meet anticipated demand for mortgage assistance for FY 84 without additional funding. The Mobile Home Loan Program, however, was determined to require a \$50 million appropriation for FY 84 and the Corporation recommended it technically go to the Home Ownership Fund with a requirement that it be used to originate mobile home loans.

The \$50 million appropriation request for the Mobile Home Loan Program anticipated a total demand of \$60 million with the \$10 million difference made up from net earnings of the HOF Fund and anticipated loan prepayments. The Corporation has reviewed both the estimated demand and required appropriation and recommends no change in the request.

The estimated demand for mobile home loan financing has been revised to \$75 million. This projection is based upon recent activity experienced by the Corporation and anticipated increases for FY 84 resulting from normal appreciation and program growth. As a result of net earnings and loan prepayments, now expected in excess of the levels reflected in the original budget request, the projected \$15 million increase in loan demand can be accommodated by internally generated cash flow.

Mobile Home Loan Program  
FY 84 Projected Demand  
Page 2

The following exhibits are attached as a background information on the Mobile Home Loan Program and its activity:

Summary of Program Criteria	Exhibit A
Summary of Mobile Home Loan Applications	Exhibit B
Loan Summary - Mortgage Purchaed Mobile Home	Exhibit C
Summary of Projected Demand and Proposed Sources of Funding	Exhibit D

# Home Ownership Assistance Program (HOF)

EXHIBIT I



**The Home Ownership Assistance Program was designed specifically to meet the needs of the low to moderate income family.**

## Features

### Maximum Loan Amount

The purchase price and appraised value shall not exceed:

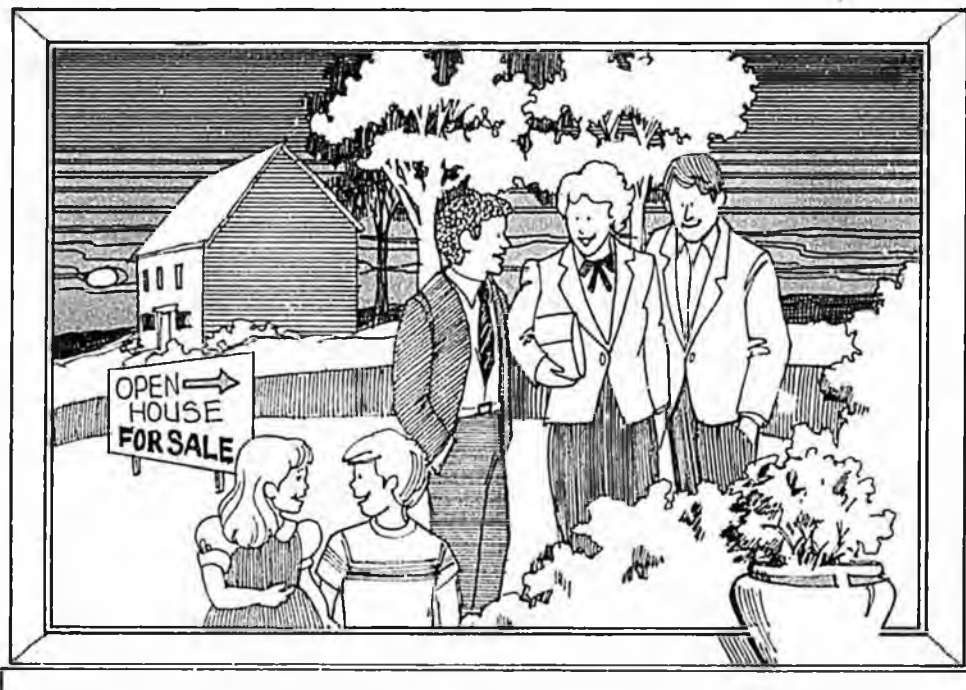
- \$ 80,000 - 1 & 2 member family
- \$ 85,000 - 3 member family
- \$ 90,000 - 4 member family
- \$100,000 - 5 or more member family

Family, for these purposes, is defined as: Any individual executing the note and Deed of Trust, and their dependents who reside in the dwelling on a permanent basis.

Minimum Down Payment 5%

### Eligible Property

Owner-occupied single-family residences. This would include condominiums or units in PUD projects. Mobile homes and multi-family units are not permitted.



## Type of Loan

The ABE mortgage payment structure applies to the HOF Program. Refer to AHFC's pamphlet entitled "Buying A Home In the Future?" for a detailed description of the ABE Mortgage. All applications for the HOF Program must be submitted under the Tax-Exempt Program. For details on the Tax-Exempt Program refer to AHFC's pamphlet entitled "Mortgage Subsidy Tax Act, Tax-Exempt Program."

### Borrower's Requirement

Since the program provides an additional subsidy payment, there are several requirements that an individual must meet.

#### 1. Maximum Annual Income:

Low to moderate borrowers are defined to be persons with gross household

incomes not to exceed the following:

Base Income Limitation	\$26,000
Each Additional Adult	1,000
One Child	5,000
Two Children	7,500
Each Additional Child (over the number 2)	1,000

*Example: The income limitation for a household consisting of two (2) adults and three (3) children is \$35,500:*

Base Limitation	
(1 adult)	\$26,000
Additional Adult	1,000
Two Children	7,500
1 Additional Child	1,000
	<u>\$35,500</u>

Household, for these purposes, is defined as: All persons who occupy

the home on a permanent basis, as a full or part-time resident.

#### 2. Maximum Assets

To be eligible for the HOF program the household may not own assets at the time of application which exceed twice the maximum household income limit. If a borrower is over 65, this amount is raised to three times the maximum income figure.

#### What Constitutes An Asset?

When reviewing a loan application, AHFC will consider the gross value of all assets belonging to the applicant. Therefore, even if you do not own property free and clear, you will be required to report the gross market value of that property regardless of any outstanding loan.

### Calculation of Subsidy

The HOF Program assists the borrower by subsidizing a portion of the monthly payment. The amount of subsidy a borrower receives is based on the lesser of the following:

Formula 1: Principal and interest (P & I) calculated at the current interest rate, less the P & I at 6%.

Formula 2: P & I calculated at the current rate, less 20% of the gross monthly household income.

In addition, the subsidy may not reduce the total monthly payment (P & I plus taxes and insurance) to less than 28% of the gross monthly household income. If the subsidy is less than \$50.00 per month, the borrower may not apply under the HOF Program.

An example of the subsidy calculation is shown below.

### Recertification

Borrowers under the HOF Program are recertified on an annual basis to determine how much assistance they are to receive. The borrower enters into an Assistance Agreement with AHFC in which they agree to furnish information regarding their income so the amount of subsidy can be correctly figured. The agreement expires on December 31 of each year and the borrower must recertify by April 15 of the following year. AHFC will

automatically extend the agreement until the April 15 date.

Using the same calculation as in the example, the new subsidy is determined based on current income. At this point, the subsidy may be decreased, remain the same or eliminated, but at no time will the subsidy be increased. In addition, based on all income received during the past year, AHFC determines if any excess subsidy was paid. Any excess subsidy must be repaid to AHFC. Therefore, while the recertification is only performed annually, you may want to report increases in income immediately to the lender to avoid receiving excess subsidy.

### Frequently Asked Questions

**Q.** Once my income reaches the maximum income limit, do I no longer receive a subsidy?

**A.** No. The income limits only apply when you first enter the program.

**Q.** At what point do I no longer receive the subsidy?

**A.** Other than for the reasons in your Assistance Agreement (i.e., no longer occupying the property), the subsidy ends when:

(a) 20% of your gross monthly household income makes the principal and interest payment; or

(b) 28% of your gross monthly household income makes the principal and interest payment plus pays the taxes and insurance; or

(c) the subsidy is less than \$50.00.

**Q.** Will I be notified when it is time to recertify and what documents will I have to provide?

**A.** Yes, you will be notified by the lender. You must provide a complete copy of your income tax return, sign a verification of employment (so the lender can verify your past and current earnings), and provide any other documents that may be requested regarding your income for such things as child support and unemployment compensation.

**Q.** Can the April 15 date be extended?

**A.** Yes. You must request the extension through your lender in writing and the request must include a copy of the request to extend the filing of your federal tax return.

**Q.** What happens if I don't recertify?

**A.** If you fail to recertify, all subsidy paid by AHFC during the previous year and to-date must be repaid to AHFC.

**Q.** How am I notified about excess subsidy I might owe and how long do I have to repay it?

**A.** You will be notified in writing by the lender. The repayment schedule will be based on the amount you owe. If you disagree with the amount or need additional time to repay the excess subsidy, you have ten (10) days in which to notify the lender in writing.

**Q.** Once I'm no longer receiving a subsidy, can I go back on subsidy if my income decreases?

**A.** No. Once the subsidy has ended, you may not go back on subsidy.

### EXAMPLE:

A. Loan Amount	\$80,750
B. Gross Monthly Income (GMI)	\$ 2,500
C. 28% of GMI	\$700
D. Taxes, Insurance, PMI, Homeowners Association Dues	\$100
1. P&I @ current rate (10%)	\$708.66
2. P&I @ 6%	484.50
3. Formula 1 (1 minus 2)	\$224.16
4. P&I @ current rate (10%)	\$708.66
5. Less 20% GMI	500.00
6. Formula 2 (4 minus 5)	\$208.66
7. Subsidy (lesser of 3 or 6)	\$208.66
8. Borrower's monthly P&I (1 minus 7)	\$500.00
9. Other Housing Expenses (D)	100.00
10. Total Payment	\$600.00

\*11. Ratio (10 divided by B) . . . . . 24%

\*This figure is less than 28%, thus the subsidy is reduced by \$100 (C minus 10). The amount of subsidy is \$108.66.

## MOBILE HOME PROGRAM

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UNLIKE OTHER PROGRAMS OFFERED BY AHFC, THE MOBILE HOME PROGRAM IS FINANCED DIRECTLY THROUGH APPROPRIATIONS FROM THE STATE OF ALASKA RATHER THAN THE SALE OF BONDS, THEREFORE, THE MOBILE HOME PROGRAM IS NOT INCLUDED IN THE ABE MORTGAGE STRUCTURE.

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FEATURES

Maximum Loan Amount           \$ 72,500

Minimum Down Payment           5%

Maximum Term

The maximum term is 20 years or the remaining economic life of the dwelling, whichever is less.

Eligible Property

Owner-occupied mobile homes containing not less than 600 square feet of gross living area.

VA Guaranteed or FHA insured loans are allowable. However, down payments and maximum loan amounts will vary. Check with your lender for details.

OTHER CRITERIA

1. AHFC will not consider the purchase of a mobile home loan for a borrower who currently owns a residence within the State of Alaska.
2. Personal property (furniture and appliances) that may be included in the sale of the mobile home is limited to \$1,500.00. The mobile home may contain personal property valued at more than \$1,500.00, however, AHFC will

not consider the amount over \$1,500.00 in the value of the mobile home. Other personal property such as lean-tos, wanigans, storage sheds, etc. shall not be a part of the appraised value but will be taken as part of the collateral.

3. The mobile home may be located in a mobile home park that has been approved by AHFC, on leased land or on an individual lot. You should consult your lender for specific details if you plan on placing the mobile home on leased land or on a lot.
4. No secondary financing is permitted.

INTEREST RATES

The interest rate under this program follows those established under the Special Mortgage Loan Purchase Program and will vary from time to time. Interest rates are SUBJECT TO CHANGE WITHOUT PRIOR NOTICE. As of the date of printing of this pamphlet, the interest rate under the Mobile Home Program is 12 3/8% (11 3/8% for eligible State veterans). Consult your lender for the current interest rate for this program.

ALASKA HOUSING FINANCE CORPORATION  
SUMMARY OF APPLICATIONS - MONTHLY  
MOBILE HOMES

		Received		Approved		%	Denied		%
		No.	AMT.	No.	AMT.		No.	AMT.	
January	1982	126	3,318,800	110	2,969,750	87.30	16	349,050	12.70
February	1982	100	2,562,600	85	2,146,500	85.00	15	416,100	15.00
March	1982	132	3,766,900	118	3,244,750	89.39	14	522,150	10.61
April	1982	183	5,401,450	161	4,706,250	87.98	22	695,200	12.02
May	1982	180	5,278,850	150	4,436,650	83.33	30	842,200	16.67
June	1982	216	6,617,800	188	5,752,400	87.04	28	865,400	12.96
July	1982	158	5,027,100	131	4,078,300	82.91	27	948,800	17.09
August	1982	201	5,979,700	163	4,819,250	81.09	38	1,160,450	18.91
September	1982	227	7,290,900	203	6,367,250	89.43	24	923,650	10.57
October	1982	211	6,749,750	192	6,082,700	91.00	19	667,050	9.00
November	1982	190	6,018,850	155	4,747,550	81.58	35	1,271,300	18.42
December	1982	173	5,746,400	157	5,114,600	90.75	16	631,800	9.25
January	1983	133	4,392,350	120	3,965,150	90.23	13	427,200	9.77
February	1983	129	4,527,850	112	3,889,450	86.82	17	638,400	13.18
March	1983	181	5,740,550	167	5,359,200	92.27	14	381,350	7.73
April	1983	74	2,405,200	47	1,554,850	63.52	2	67,900	2.70

Month Appl. Rec.	Pending			In Process		
	No.	AMT.	%	No.	AMT.	%
April	2	56,250	2.70	23	726,200	31.08

## ALASKA HOUSING FINANCE CORPORATION

LOAN SUMMARY - MORTGAGES PURCHASED  
RECEIVING HOME OWNERSHIP SUBSIDY

	<u>FY '81</u>	<u>%</u>	<u>FY '82</u>	<u>%</u>	<u>JULY - MARCH FY '83</u>	<u>%</u>
Sales Price	67,142		68,684		74,217	
Appraised Value	68,318		69,568		75,119	
Note Amount	63,183		64,381		69,671	
Monthly Income	1,905		1,932		1,990	
Age of Borrower	29.6		30.0		29.7	
Size of Household	1.8		1.9		1.9	
Loan to Sales Price Ratio	94.10		93.74		93.87	
Weighted Average Int. Rate	9.98		11.12		10.49	
Monthly P & I Payment			620.18		636.79	
Dwelling Type						
SFR	227	59.58	398	44.08	302	42.00
Condo	141	37.01	487	53.93	412	57.30
PUD	13	3.41	18	1.99	5	.70
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>719</u>	<u>100.00</u>
New/Existing						
New	57	14.96	272	30.12	497	69.12
Existing	324	85.04	631	69.88	222	30.88
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>719</u>	<u>100.00</u>
First Time Homeowner						
Yes	289	75.85	639	70.76	549	76.36
No	92	24.15	264	29.24	170	23.64
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>719</u>	<u>100.00</u>
Insurance Type						
FHA	-	-	-	-	-	-
VA	-	-	-	-	-	-
CONV	381	100.00	903	100.00	719	100.00
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>719</u>	<u>100.00</u>
Eligible State Veteran	7	1.84	11	1.22	54	7.51
Non-Eligible State Veteran	374	98.16	892	98.78	665	92.49
	<u>381</u>	<u>100.00</u>	<u>903</u>	<u>100.00</u>	<u>719</u>	<u>100.00</u>
Original Balance	24,072,600.00		58,136,000.00		50,093,400.00	

## ALASKA HOUSING FINANCE CORPORATION

LOAN SUMMARY - MORTGAGES PURCHASED  
MOBILE HOMES

	<u>FY '81</u>	<u>%</u>	<u>FY '82</u>	<u>%</u>	<u>JULY - MARCH FY' 83</u>	<u>%</u>
Sales Price	25,971		27,966		34,016	
Appraised Value	26,553		29,160		34,953	
Note Amount	23,558		25,878		31,067	
Monthly Income	2,450		2,710		2,894	
Age of Borrower	32.0		32.9		32.1	
Size of Household	2.5		2.6		2.6	
Loan to Sales Price Ratio	90.71		92.54		91.33	
Weighted Average Int. Rate	10.71		11.34		11.85	
Monthly P & I Payment			285.20		349.42	
Dwelling Type						
Mobile Homes	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>1,426</u>	<u>100.00</u>
New/Existing						
New	36	6.45	132	9.97	331	23.21
Existing	<u>522</u>	<u>93.55</u>	<u>1,192</u>	<u>90.03</u>	<u>1,095</u>	<u>76.79</u>
	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>1,426</u>	<u>100.00</u>
First Time Homeowner						
Yes	364	65.23	840	63.44	941	65.99
No	<u>194</u>	<u>34.77</u>	<u>484</u>	<u>36.56</u>	<u>485</u>	<u>34.01</u>
	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>1,426</u>	<u>100.00</u>
Insurance Type						
FHA	-	-	-	-	-	-
VA	4	.72	74	5.59	176	12.34
CONV	<u>554</u>	<u>99.28</u>	<u>1,250</u>	<u>94.41</u>	<u>1,250</u>	<u>87.66</u>
	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>1,426</u>	<u>100.00</u>
Eligible State Veteran	1	.18	71	5.36	172	12.06
Non-Eligible State Veteran	<u>557</u>	<u>99.82</u>	<u>1,253</u>	<u>94.64</u>	<u>1,254</u>	<u>87.94</u>
	<u>558</u>	<u>100.00</u>	<u>1,324</u>	<u>100.00</u>	<u>1,426</u>	<u>100.00</u>
Original Balance			13,145,460.00		34,263,450.00	
					44,301,200.00	

cf19

## ALASKA HOUSING FINANCE CORPORATION

Summary of Projected Demand and Proposed Sources of Funding  
Mobile Home Loan ProgramSummary of Projected Demand

Mobile home loan approvals April 1, 1982 through March 31, 1983	\$59,318,750
Appreciation and growth adjustment (1)	<u>14,829,688</u>
CALCULATED DEMAND	<u>\$74,148,438</u>
ROUNDED TO	<u>\$75,000,000</u>

Summary of Proposed Sources of Funding

Appropriation Request	\$50,000,000
Estimated amounts in the Home Ownership Fund available for mobile home loan originations:	
As of June 30, 1983 (2)	4,000,000
FY 84 Net earnings (\$8,000,000) and prepayments (\$11,000,000)	19,000,000
Estimated Mortgage repayments in the State Appropriated Loan Fund available for mobile home loan originations:	
Through June 30, 1983 (3)	<u>2,000,000</u>
	<u>\$75,000,000</u>

- (1) Assumes 15 percent appreciation and 5 percent program growth applied to the April 1982 - March 1983 approvals, adjusted to reflect the 3 month period discrepancy.
- (2) Approximately \$16 million of the FY 83 mobile home loan program activity is expected to be financed from the earnings of, and mortgage repayments received in the Home Ownership Fund through June 30, 1983.
- (3) Anticipates consolidation of State Appropriated Loan Fund into the Corporation's Operating Fund with loan prepayments held in short term investments and available for application to debt service requirements applicable to outstanding obligations if necessary.

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

May 13, 1983

BILL SHEFFIELD, GOVERNOR

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

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

The Honorable Al Adams  
Representative  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Attention: Louann Cutler

Dear Representative Adams:

Per a request by Louann Cutler of your staff, I am providing your office with the Department of Community and Regional Affairs' request for appropriations found in CS HB 315 (Loans).

#### Section 4

The Committee Substitute for H.B. 315, as drafted by the Special Committee on State Loans, provides for a \$45,000,000 appropriation from the General Fund to the Housing Assistance Loan Fund (HALF) in the Department of Community and Regional Affairs for non-conforming, rural, and non-owner occupied housing loans. The appropriation contained therein reflects the Department of Community and Regional Affairs FY-84 capital budget request.

#### Section 5

Section 5 of the aforementioned bill will provide additional loan funds (\$15,000,000) for the HALF. The additional funds will be used to finance the purchase and construction (the word "construction" should be added to line 4, page 6 of the bill) of single family homes for lower and moderate income persons. More specific, the appropriation will provide mortgage funds for non-conforming and rural housing loans that are subsidized from the Home Ownership Assistance Fund.

#### Section 6

This section appropriated \$650,000 from the General Fund to proposed Home Ownership Assistance Fund in the Department of Community and Regional Affairs. The Home Ownership Assistance Fund (HOAF) is proposed in the Committee Substitute HB 302 (Loans).

The Honorable Al Adams  
Representative  
May 13, 1983  
Page 2

The fund will contain "only" those funds directly appropriated to the HOAF and which will be used solely for the purpose of subsidizing monthly mortgage payments of lower and moderate income persons qualifying for the proposed Home Ownership Assistance Program.

Section 7

As drafted in this bill, this section would appropriate \$226,000 from the General Fund to the Department of Community and Regional Affairs for the operation and administration of the proposed Home Ownership Assistance Fund. Contrary to Section 7, as drafted, is the intent of the department to use program receipts from the HALF for operation and administration cost in implementing the HOAF.

The department requests that this section be amended to include language authorizing the department to use program receipts in the amount of \$226,000 for the aforementioned purpose.

Thank you for this opportunity to comment on this bill. The staff of the Housing Assistance Division will be available on Wednesday, May 18th, at the meeting of the House Finance Committee to comment further on this legislation.

Sincerely,



Mark Lewis  
Commissioner

cc: Barbara Morse-Quinn, Director  
Housing Assistance Division

STATE STUDENT LOAN ACTIVITY  
Projected to 1988-89  
(Current Program)

Year	Loan Awards	Loan Volume	Cumulative Total	Average Loan	Loan Collections	Federal Funds	Forgiveness	General Fund
1971-72	1,081	\$ 1,603,158	\$ 1,603,158	\$1,483	\$ -0-	\$ -0-	\$ -0-	\$ 1,603,158
1972-73	1,748	2,870,384	4,473,542	1,642	-0-	-0-	-0-	2,870,384
1973-74	1,665	2,986,176	7,459,718	1,793	-0-	-0-	-0-	2,986,176
1974-75	1,457	2,659,807	10,119,525	1,826	235,476	-0-	703	2,424,331
1975-76	1,719	3,382,997	13,502,522	1,968	465,530	-0-	44,233	2,977,467
1976-77	1,921	3,850,507	17,353,029	2,004	1,141,461	-0-	64,746	2,709,046
1977-78	2,265	4,604,167	21,957,196	2,033	1,191,851	-0-	314,306	3,412,316
1978-79	2,795	6,416,402	28,373,598	2,296	1,391,643	-0-	445,985	5,024,758
1979-80	3,918	9,373,949	37,747,547	2,393	1,603,436	-0-	409,501	7,770,513
1980-81	6,460	15,957,717	53,705,264	2,475	2,225,388	-0-	555,494	13,732,329
1981-82	9,898	40,559,499	94,264,763	4,098	2,779,900	1,000,000	785,769	36,819,599
1982-83*	12,500	56,250,000	150,514,763	4,500	4,604,046	1,200,000	(1,367,555)	54,563,309
1983-84	15,000	73,500,000	224,014,763	4,900	7,591,895	850,000	2,311,210	65,058,105
1984-85	17,741	99,349,600	323,364,363	5,600	11,187,099	675,000	3,458,423	87,487,501
1985-86	19,000	112,100,600	435,464,963	5,900	15,871,653	500,000	4,750,002	95,728,947
1986-87	21,100	124,490,000	559,954,963	5,900	20,742,025	350,000	6,432,819	103,397,975
1987-88	22,489	133,809,550	693,764,513	5,950	24,787,158	225,000	8,113,038	108,797,392
1988-89	24,365	144,971,750	838,736,263	5,950	28,423,931	150,000	10,617,441	116,397,819

\*1982-83 through 1988-89 are projections

Revised 3/3/83

Offered: 4/15/83  
Referred: House Special Committee  
on State Loans and Finance

Original sponsor: The Special Committee  
on State Loans

1 IN THE HOUSE

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2

CS FOR HOUSE BILL NO. 302 (C&RA)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the Alaska Housing Finance Corpo-

7

ration and to rural and nonconforming housing loans;

8

and providing for an effective date."

9

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

10

\* Section 1. AS 18.56.101 is amended to read:

11

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

12

following persons are eligible veterans for the purposes of AS 18.56.-

13

098(g) and (h):

14

(1) a person who served in the armed forces of the United

15

States for 90 days or more, or whose service was for less than 90 days

16

because of injury or disability incurred in the line of duty, after

17

April 6, 1917,

18

[(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS

19

A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR

20

NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO

21

RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER DIS-

22

CHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE

23

TERRITORY OR STATE; OR

24

(B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE TERRI-

25

TORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAS BEEN A

26

RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR AT THE

27

TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO THE

28

TERRITORY OR STATE FOR AT LEAST FIVE YEARS; AND

29

(C)] whose discharge was under honorable conditions;

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

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

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

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

9           (3) a person who has served for not less than five years in  
10 the Alaska Army National Guard, the Alaska Air National Guard, [OR]  
11 the Alaska Naval Militia, or [WHO HAS SERVED IN] a reserve unit of the  
12 United States armed forces [IN ALASKA] if the reserve unit required,  
13 as a minimum, one weekend each month of duty and 15 consecutive days  
14 of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and  
15 whose discharge was under honorable conditions.

16 \* Sec. 2. AS 18.56.115 is amended to read:

17           Sec. 18.56.115. INDEPENDENT FINANCIAL ADVISOR. In negotiating  
18 the private sale of bonds or bond anticipation notes to an under-  
19 writer, the corporation may [SHALL] retain a financial advisor who is  
20 independent from the underwriter.

21 \* Sec. 3. AS 44.47.380 is amended to read:

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

1 AS 44.47.360 - 44.47.560 and shall use the money in the housing  
2 assistance loan fund to originate, purchase, or participate in the  
3 purchase of

4 (1) nonconforming and rural housing mortgage loans;

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

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

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

13 \* Sec. 4. AS 44.47 is amended by adding a new section to read:

14 Sec. 44.47.382. HOME OWNERSHIP ASSISTANCE FUND. (a) The home  
15 ownership assistance fund is established in the Department of  
16 Community and Regional Affairs, consisting of money appropriated to  
17 the fund by the legislature. Money in the fund shall be used solely  
18 to assist persons of lower and moderate income to purchase  
19 single-family homes financed under AS 44.47.360 - 44.47.560 by  
20 providing a subsidy to those persons in an amount not greater than the  
21 difference between

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

25 (2) 25 percent of that person's annual gross income.

26 (b) In this section, "persons of lower and moderate income"  
27 means individuals considered by the division to require assistance  
28 under this section because of inadequate income or other limited  
29 personal financial resources, taking into consideration

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

9       \* Sec. 5. AS 44.47.385 is repealed.

10       \* Sec. 6. This Act takes effect immediately in accordance with AS 01.-  
11 10.070(c).

Introduced: 3/29/83  
Referred: Community & Regional Affairs,  
House Special Committee on State Loans  
and Finance

BY THE HOUSE SPECIAL  
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2 HOUSE BILL NO. 302

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Housing Finance Corpo-  
7 ration; relating to rural and nonconforming housing  
8 loans; and providing for an effective date."

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

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

11 (1) a first mortgage loan under this chapter that exceeds  
12 the limitations on first mortgage loans purchased by the Federal  
13 National Mortgage Association as to [PRINCIPAL AMOUNT AND] loan-to-  
14 value ratio; [OR]

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

16 (2) a second mortgage loan [THE AMOUNT OF WHICH, WHEN  
17 COMBINED WITH THE PRINCIPAL BALANCE OF A FIRST MORTGAGE LOAN ON THE  
18 PROPERTY, EXCEEDS THE LIMITATION ON THE AMOUNT SET OUT IN (1) OF THIS  
19 SECTION OR] that has a loan-to-value ratio, when considered with the  
20 principal balance of the first mortgage loan, that exceeds 90 percent;  
21 [.]

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

23 (4) a first mortgage loan that exceeds \$250,000, or a  
24 second mortgage loan, the amount of which, when combined with the  
25 principal balance of a first mortgage loan on the property, exceeds  
26 \$250,000.

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

28 (1) The interest rate on the first \$90,000 of a mortgage  
29 loan purchased with the proceeds of an [THE FIRST] issue of taxable

1 bonds of the corporation is four percent less than [10 PERCENT OR] the  
2 cost of funds of that issue, except that

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

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

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

9 (5) The interest rate on a mortgage loan purchased with  
10 [FROM] money that is not the proceeds of either taxable or tax-exempt  
11 bonds [APPROPRIATED TO THE CORPORATION] is the rate the corporation  
12 determines is appropriate by application of the provisions of (1) [-  
13 (4)] of this subsection. [THE RATE MAY BE BASED ON AN ESTIMATE OF THE  
14 COST OF FUNDS OF A PROPOSED ISSUE OR ISSUES OF BONDS.]

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

16 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The  
17 following persons are eligible veterans for the purposes of AS 18.56.-  
18 098(g) and (h):

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

23 [(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS  
24 A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR  
25 NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO  
26 RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER DIS-  
27 CHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE  
28 TERRITORY OR STATE; OR

29 (B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE

1 TERRITORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAS  
2 BEEN A RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR  
3 AT THE TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO  
4 THE TERRITORY OR STATE FOR AT LEAST FIVE YEARS; AND

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

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

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

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

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

14 (3) a person who has served for not less than five years in  
15 the Alaska Army National Guard, the Alaska Air National Guard, [OR]  
16 the Alaska Naval Militia, or [WHO HAS SERVED IN] a reserve unit of the  
17 United States armed forces [IN ALASKA] if the reserve unit required,  
18 as a minimum, one weekend each month of duty and 15 consecutive days  
19 of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and  
20 whose discharge was under honorable conditions.

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

22 Sec. 18.56.115. INDEPENDENT FINANCIAL ADVISOR. In negotiating  
23 the private sale of bonds or bond anticipation notes to an under-  
24 writer, the corporation may [SHALL] retain a financial advisor who is  
25 independent from the underwriter.

26 \* Sec. 8. The amendments to AS 18.56.098(g) made by secs. 4 and 5 of  
27 this Act apply only to mortgage loans purchased by the Alaska Housing  
28 Finance Corporation from the proceeds of bonds issued after the effective  
29 date of secs. 4 and 5 of this Act.

- 1     \* Sec. 9. AS 18.56.098(g)(2) and AS 44.47.385 are repealed.
- 2     \* Sec. 10. This Act takes effect immediately in accordance with AG 01.-
- 3 10.070(c).

Offered: 5/5/83  
Referred: Finance

Original sponsor: House Special Committee  
on State Loans

1 IN THE HOUSE

BY THE HOUSE SPECIAL  
COMMITTEE ON STATE LOANS

2

CS FOR HOUSE BILL NO. 302 (Loans)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

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

9

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

10

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

11

(1) a first mortgage loan under this chapter for a duplex,

12

triplex, or four-plex that exceeds the limitations on first mortgage

13

loans for similar housing purchased by the Federal National Mortgage

14

Association as to principal amount and loan-to-value ratio; [OR]

15

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

16

(2) a second mortgage loan for a duplex, triplex, or four-

17

plex the amount of which, when combined with the principal balance of

18

a first mortgage loan on the property, exceeds the limitation on the

19

amount set out in (1) of this section or that has a loan-to-value

20

ratio, when considered with the principal balance of the first mort-

21

gage loan, that exceeds 90 percent; [.]

22

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

23

(4) a first mortgage loan for a single-family residence

24

that exceeds the limitations on first mortgage loans for similar

25

housing purchased by the Federal National Mortgage Association as to

26

principal amount by more than 10 percent, or has a loan-to-value ratio

27

that exceeds 95 percent, or a second mortgage loan for a single-family

28

residence, the amount of which, when combined with the principal

29

balance of a first mortgage loan on the property, exceeds the

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

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

6 (1) The interest rate on the first \$100,000 [\$90,000] of a  
7 mortgage loan purchased with the proceeds of an [THE FIRST] issue of  
8 taxable bonds of the corporation is three percent less than [10 PER-  
9 CENT OR] the cost of funds of that issue, except that

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

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

15 \* Sec. 5. AS 18.56.098(g)(3) is amended to read:

16 (3) An interest rate determined under this subsection on  
17 the first \$100,000 [\$90,000] of a mortgage loan that is not purchased  
18 from the proceeds of bonds that are qualified veterans' mortgage bonds  
19 under the Mortgage Subsidy Bond Tax Act of 1980 (26 U.S.C. 103(A)), as  
20 amended, shall be reduced by one percentage point if the loan is made  
21 to an eligible veteran under AS 18.56.101.

22 \* Sec. 6. AS 18.56.098(g)(4) is amended to read:

23 (4) The interest rate for the amount of a mortgage loan  
24 purchased under (a) of this section that exceeds \$100,000 [\$90,000] is  
25 equal to the cost of funds to the corporation attributable to that  
26 part of the loan.

27 \* Sec. 7. AS 18.56.098(g)(5) is amended to read:

28 (5) The interest rate on the first \$100,000 of a mortgage  
29 loan purchased with [FROM] money that is not the proceeds of either

1        taxable or tax-exempt bonds [APPROPRIATED TO THE CORPORATION] is the  
2        rate the corporation determines is appropriate by application of the  
3        provisions of (1) [- (4)] of this subsection. [THE RATE MAY BE BASED  
4        ON AN ESTIMATE OF THE COST OF FUNDS OF A PROPOSED ISSUE OR ISSUES OF  
5        BONDS.]

6        \* Sec. 8. AS 18.56.098(g)(6) is amended to read:

7                (6) The interest rate on the first \$100,000 [\$90,000] of a  
8        mortgage loan purchased from the proceeds of bonds that are exempt  
9        from taxation under the Mortgage Subsidy Bond Tax Act of 1980 (26  
10       U.S.C. 103(A)), as amended, other than bonds that constitute qualified  
11       veterans' bonds under (i) of this section, is 10 percent or the cost  
12       of the funds, whichever is less. A higher or lower interest rate shall  
13       be established on the entire loan amount if required under the Mort-  
14       gage Subsidy Bond Tax Act.

15       \* Sec. 9. AS 18.56.101 is amended to read:

16                Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The  
17       following persons are eligible veterans for the purposes of AS 18.56.-  
18       098(g) and (h):

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

23                        [(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS  
24       A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR  
25       NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO  
26       RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER DIS-  
27       CHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE  
28       TERRITORY OR STATE; OR

29                        (B) WHO, NOT BEING A BONA FIDE RESIDENT OF THE

1 TERRITORY OR STATE AT THE TIME OF ENTRY INTO THE SERVICE, HAS  
2 BEEN A RESIDENT OF THE TERRITORY OR STATE FOR AT LEAST ONE YEAR  
3 AT THE TIME OF THE LOAN APPLICATION AND HAS BEEN A RESIDENT TO  
4 THE TERRITORY OR STATE FOR AT LEAST FIVE YEARS; AND

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

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

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

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

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

14 (3) a person who has served for not less than five years in  
15 the Alaska Army National Guard, the Alaska Air National Guard, [OR]  
16 the Alaska Naval Militia, or [WHO HAS SERVED IN] a reserve unit of the  
17 United States armed forces [IN ALASKA] if the reserve unit required,  
18 as a minimum, one weekend each month of duty and 15 consecutive days  
19 of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and  
20 whose discharge was under honorable conditions.

21 \* Sec. 10. AS 18.56.115 is amended to read:

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

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

28 Sec. 18.56.205. RESIDENTIAL MORTGAGE ASSISTANCE FOR MEMBERS OF  
29 THE ALASKA DELEGATION TO CONGRESS. The corporation may extend the

1 special mortgage loan purchase program (AS 18.56.098) to purchase a  
2 mortgage loan made for the purchase or rehabilitation of a residence  
3 located in the District of Columbia or within 50 miles of the District  
4 of Columbia to a member of the United States Congress from Alaska if  
5 the member is otherwise qualified for assistance under the special  
6 mortgage loan purchase program.

7 \* Sec. 12. AS 44.47.380 is amended to read:

8 Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created  
9 in the Department of Community and Regional Affairs, as a revolving  
10 loan fund, the housing assistance loan fund consisting of money appro-  
11 priated to it by the legislature and repayments of principal of loans  
12 made or purchased from the assets of the fund. Interest on loans made  
13 or purchased from the assets of the fund must be transferred to the  
14 Department of Revenue for deposit in the general fund. The director  
15 shall administer the housing assistance loan fund in accordance with  
16 AS 44.47.360 - 44.47.560 and shall use the money in the housing assis-  
17 tance loan fund to originate, purchase, or participate in the purchase  
18 of

19 (1) nonconforming and rural housing mortgage loans;

20 (2) loans made for building materials for nonconforming and  
21 rural housing;

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

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

28 \* Sec. 13. AS 44.47 is amended by adding a new section to read:

29 Sec. 44.47.382. HOME OWNERSHIP ASSISTANCE FUND. (a) There is

1 created in the Department of Community and Regional Affairs, the home  
2 ownership assistance fund consisting of money appropriated to it by  
3 the legislature. Money in the fund shall be used solely to assist  
4 persons of lower and moderate income to purchase single-family homes  
5 financed under AS 44.47.360 - 44.47.560 by providing a subsidy to  
6 those persons.

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

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

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

15 (e) In this section, "persons of lower and moderate income"  
16 means individuals considered by the division to require assistance  
17 under this section because of inadequate income or other limited  
18 personal financial resources, taking into consideration

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

20 (2) the size of the family;

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

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

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

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

27 \* Sec. 14. AS 44.47.390(4) is amended to read:

28 (4) originate a direct loan for nonconforming or rural  
29 housing or purchase or participate in the purchase of a nonconforming

1 or rural housing mortgage loan, other than a loan for the repair,  
2 remodeling, rehabilitation, or expansion of an existing owner-occupied  
3 residence, if the borrower has an outstanding housing loan made under  
4 a state loan program, other than a loan for nonowner-occupied housing  
5 under AS 44.47.520, that bears interest at a rate that was less than  
6 the prevailing market interest rate for similar housing loans at the  
7 time the loan was made.

8 \* Sec. 15. AS 44.47.410 is amended to read:

9 Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a  
10 mortgage loan originated or purchased in whole or in part under  
11 AS 44.47.380 for nonconforming housing that is not rural housing is  
12 one-quarter percent more than [EQUAL TO] the interest rate, as deter-  
13 mined under AS 18.56.098(g)(1) - (4), on a mortgage loan purchased  
14 under AS 18.56.098(a) from the proceeds of the most recent applicable  
15 issue of taxable bonds before the origination or purchase of the  
16 mortgage loan originated or purchased under AS 44.47.380.

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

24 \* Sec. 16. AS 44.47.560(5) is repealed and reenacted to read:

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

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

29 (B) is connected by road or rail to Anchorage, but is

1           more than 50 air miles from Anchorage;

2       \* Sec. 17. AS 45.88.500(2) is amended by adding a new subparagraph to  
3 read:

4                       (E) a steam, hot water, or ducted hot air central  
5 heating system that uses solid fuel;

6       \* Sec. 18. AS 18.56.098(g)(2) and AS 44.47.385 are repealed.

7       \* Sec. 19. Section 13 of this Act takes effect January 1, 1984.

8       \* Sec. 20. Sections 1 - 12, and 14 - 18 of this Act take effect immedi-  
9 ately in accordance with AS 01.10.070(c).

COMMITTEE REPORT  
SENATE

FURTHER:

6/8/83

Date: 1/20/83

Mr. President:

The Committee on FINANCE has had CSHB 302(Fin) an

State housing loan and state alternative technology loan program; 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 SCS for CSHB 302(Fin)  same title  
 new title
- and recommends to pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

Bob Truesdale

\_\_\_\_\_

John Daddit

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John Daddit - 100 Rec

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John Daddit

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CHAIRMAN

Offered: 6/9/83  
Referred:

Original sponsor: House Special Committee  
on State Loans

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 302 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

10 \* Section 1. AS 18.55.996(a) is amended by adding a new paragraph to  
11 read:

12 (14) Sitka Community Association (Baranof Island)

13 \* Sec. 2. AS 18.56 is amended by adding a new section to read:

14 Sec. 18.56.082. ALASKA HOUSING FINANCE REVOLVING FUND. The  
15 Alaska housing finance revolving fund is established in the  
16 corporation. The revolving fund consists of appropriations made to  
17 the revolving fund by the legislature, money or other assets  
18 transferred to the revolving fund by the corporation, unrestricted  
19 repayments of principal on loans made or purchased by the corporation.  
20 Amounts deposited in the revolving fund shall be expended for the  
21 purposes of the corporation, set out in this chapter.

22 \* Sec. 3. AS 18.56.089 is amended to read:

23 Sec. 18.56.089. EXECUTIVE BUDGET ACT. The operating budget of  
24 the corporation is subject to the Executive Budget Act (AS 37.07). To  
25 further ensure effective budgetary decision making by the legislature,  
26 the corporation shall present a complete accounting of the Alaska  
27 housing finance revolving fund to the legislature by January 10 of  
28 each year. The accounting shall be audited by an independent outside  
29 auditor and shall include a full description of all mortgage loan

1 interest and principal repayments and program receipts, including  
2 mortgage loan commitment fees, received by or accrued to the  
3 corporation during the preceding fiscal year, and all income earned on  
4 assets of the corporation during that period, including earnings on  
5 assets of the state assisted mortgage fund [FOR FISCAL YEARS  
6 BEGINNING AFTER JUNE 30, 1981].

7 \* Sec. 4. AS 18.56.096(1) is amended to read:

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

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

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

19 \* Sec. 6. AS 18.56.096 is amended by adding new paragraphs to read:

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

1 principal balance of the first mortgage loan, that exceeds 90 percent;  
2 or

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

8 \* Sec. 7. AS 18.56.098(g)(1) is amended to read:

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

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

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

18 \* Sec. 8. AS 18.56.098(g)(5) is amended to read:

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

26 \* Sec. 9. AS 18.56.101 is amended to read:

27 Sec. 18.56.101. ELIGIBILITY FOR VETERANS' INTEREST RATES. The  
28 following persons are eligible veterans for the purposes of AS  
29 18.56.098(g) and (h):

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

5 [(A) WHO AT THE TIME OF INDUCTION INTO THE SERVICE WAS  
6 A RESIDENT OF THE TERRITORY OR STATE, WHO HAD BEEN A RESIDENT FOR  
7 NOT LESS THAN ONE YEAR IMMEDIATELY BEFORE HIS INDUCTION, AND WHO  
8 RETURNED TO THE TERRITORY OR STATE WITHIN ONE YEAR AFTER  
9 DISCHARGE AS A RESIDENT WITH THE INTENTION OF REMAINING IN THE  
10 TERRITORY OR STATE: OR

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

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

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

19 [(A) THE MEMBER OR VETERAN WAS A RESIDENT OF THE  
20 TERRITORY OR STATE FOR ONE YEAR BEFORE INDUCTION INTO THE  
21 SERVICE;

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

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

26 (3) a person who has served for not less than five years in  
27 the Alaska Army National Guard, or the Alaska Air National Guard, [OR  
28 THE ALASKA NAVAL MILITIA] or [WHO HAS SERVED IN] a reserve unit of the  
29 United States armed forces [IN ALASKA] if the reserve unit required,

1 as a minimum, one weekend each month of duty and 15 consecutive days  
2 of active duty training each year [FOR NOT LESS THAN FIVE YEARS] and  
3 whose discharge was under honorable conditions.

4 \* Sec. 10. AS 18.56.115. is amended to read:

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

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

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

19 \* Sec. 12. AS 44.47.380 is amended to read:

20 Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created  
21 in the Department of community and Regional Affairs, as a revolving  
22 loan fund, the housing assistance loan fund consisting of money  
23 appropriated to it by the legislature and repayments of principal on  
24 loans made or purchased from the assets of the fund. [INTEREST ON  
25 LOANS MADE OR PURCHASED FROM THE ASSETS OF THE FUND MUST BE  
26 TRANSFERRED TO THE DEPARTMENT OF REVENUE FOR DEPOSIT IN THE GENERAL  
27 FUND.] The director shall administer the housing assistance loan fund  
28 in accordance with AS 44.47.360 - 44.47.560 and shall use the money in  
29 the housing assistance loan fund to originate, purchase, or

1 participate in the purchase of

2 (1) nonconforming and rural housing mortgage loans;

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

5 (3) loans made for renovations or improvements to  
6 nonconforming and rural housing;

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

11 \* Sec. 13. AS 44.47 is amended by adding a new section to read:

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

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

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

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

27 (e) In this section, "persons of lower and moderate income"  
28 means individuals considered by the division to require assistance  
29 under this section because of inadequate income or other limited

1 personal financial resources, taking into consideration of

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

3 (2) the size of the family;

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

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

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

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

10 \* Sec. 14. AS 44.47.390(4) is amended to read

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

20 \* Sec. 15. AS 44.47.390 is amended by adding a new paragraph to read:

21 (5) originate a direct mortgage loan or purchase or  
22 participate in the purchase of a mortgage loan for rental housing  
23 unless the borrower agrees not to discriminate against tenants or  
24 prospective pregnancy, parenthood, race, religion, color, national  
25 origin, or status as a student.

26 \* Sec. 16. AS 44.47.410 is amended to read:

27 Sec. 44.47.410. INTEREST ON LOANS. (a) The interest rate on a  
28 mortgage loan originated or purchased in whole or in part under AS  
29 44.47.380 for a nonconforming housing that is not rural housing is

1 one-quarter percent more than [EQUAL TO] the interest rate, as  
2 determined under AS 18.56.098(g)(1) - (4), on a mortgage loan  
3 purchased under AS 18.56.098(a) from the proceeds of the most recent  
4 applicable issue of taxable bonds before the origination or purchase  
5 of the mortgage loan originated or purchased under AS 44.47.380.

6 (b) The interest reate on a mortgage loan originated or  
7 purchased in whole or in part under AS 44.47.380 for rural housing is  
8 one percent less than the interest rate, as determined under AS  
9 18.56.098(g)(1) - (4), on a mortgage loan purchased under AS  
10 18.56.098(a) from the proceeds of the most recent applicable issue of  
11 taxable bonds before the origination or purchase of the mortgage loan  
12 originated or purchased under AS 44.47.380 [10-½ PERCENT].

13 \* Sec. 17. AS 44.47 ANNUAL REPORT is amended by adding a new section  
14 to read:

15 Sec. 44.47.530. To further ensure effective budgetary decision  
16 making by the legislature, the division shall present a complete  
17 accounting of the housing assistance revolving fund to the legislature  
18 by January 10 of each year. The accounting shall be audited by an  
19 independent outside auditor and shall include a full description of  
20 all mortgage loan interest and principal repayments and program  
21 receipts, including mortgage loan commitment fees, received by or  
22 accrued to the division during the preceding fiscal year, and all  
23 income earned on assets of the division during that period.

24 \* Sec. 18. AS 44.47.385 is repealed and reenacted to read:

25 Not more than 20 percent of the total amount appropriated to the  
26 housing assistance loan fund may be allocated in communities other  
27 than those defined in AS 44.47.560(5).

28 \* Sec. 19. AS 45.88.030(c)(1) is amended to read:

29 (c) Loans made under this chapter may be used to finance

1 (1) the cost of purchase, construction, and installation of an  
2 alternative energy system or "centralized multifuel heating  
3 systems" which is likely to result in energy conservation or  
4 energy cost savings; or

5 \* Sec. 20. Delete and replace with:

6 AS 45.88.500 is amended to read:

7 AS 45.88.500(a) In this chapter, "alternative energy  
8 system"

9 (1) means a source of thermal, mechanical or electrical energy  
10 which is not dependent on oil or gas or a nuclear fuel for the supply  
11 of energy for space heating and cooling, refrigeration, and cold  
12 storage, electrical power, mechanical power, or the heating of water;

13 (2) includes

14 (A) an alternative energy property as defined by sec.  
15 48[(1)](1)(3)(A) of the Internal Revenue Code (26 U.S.C. sec.  
16 48[(1)](1)(3)(A);

17 (B) a method of architectural design and construction which  
18 provides for the collection, storage and use of direct radiation from  
19 the sun;

20 (C) any other device approved by the Commissioner of  
21 Commerce and Economic Development under AS 44.33.040(12); and

22 (D) a woodstove with a catalytic converter or a catalytic  
23 converter for a wood stove[.]; and

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

26 (3) does not include

27 (A) [A WOOD, COAL, OR MULTIFUEL HEATING STOVE] a stove that  
28 uses only wood, coal or oil for fuel; or

29 (B) a fireplace or fireplace insert.

1 (b) Notwithstanding any other provision in this chapter, a multifuel  
2 heating system which uses the combination(s) of wood or fossil fuel(s)  
3 for fuel does qualify under this loan fund.

4 \* Sec. 21 AS 44.47 is amended by adding new sections to read:

5 ARTICLE 12. LOW COST AND LOW INCOME

6 MULTIPLE FAMILY HOUSING DEVELOPMENT FUND.

7 AS 44.47.630 DECLARATION OF PURPOSE. There exists in the  
8 state a serious shortage of low cost multiple family residential  
9 housing available at low rentals. There also exists in the state  
10 organizations whose purposes are to provide the housing needed to  
11 alleviate this shortage. Development work to provide this housing  
12 involves substantial expense that is often beyond the resources of the  
13 organizations.

14 Sec. 44.47.635. LOW COST AND LOW INCOME MULTIPLE FAMILY HOUSING  
15 DEVELOPMENT. (a) There is created in the Department of Community and  
16 Regional Affairs a low cost and low income multiple family housing  
17 development fund. Subject to appropriation or through proceeds of a  
18 bond issue, the department shall make grants to municipalities or  
19 public or private nonprofit corporations designated as tax exempt  
20 under 26 U.S.C. 501(c)(3) and (4) (Internal Revenue Code of 1954) for  
21 the purpose of developing low cost, low income multiple family  
22 housing. A grant from the proceeds of a bond issue may be made only  
23 to a municipality.

24 (b) Application for a grant under (a) of this section shall be  
25 in the form prescribed by the department. The application shall  
26 demonstrate the need for low cost, low income multiple family housing  
27 in the area to be served, the feasibility of the proposed project, and  
28 an adequate management plan that shall demonstrate the ability of the  
29 eligible recipient to sustain the proposed project.

1 (c) All projects under this section shall be in accordance with  
2 facility procurement policies developed under AS 35.10.160 - 35.10.200  
3 and are public facilities under those sections.

4 (d) The department shall adopt regulations to carry out the  
5 purposes of this section. The provisions of the Administrative  
6 Procedure Act (AS 17.62) apply to regulations adopted under this  
7 section.

8 (e) In this section "low cost and low income multiple family  
9 housing" means a specific work or improvement undertaken primarily to  
10 provide multiple family dwelling accommodations for low income  
11 persons. Low cost and low income multiple family housing includes the  
12 acquisition, construction, or rehabilitation of land, buildings,  
13 improvements, and other nonhousing facilities that are incidental or  
14 appurtenant to the housing.

15 \* Sec. 22. Section 69(c)(8), ch. 113, SLA 1982, is amended to read:

16 (8) to use assets of the multifamily housing loans security  
17 fund to establish capital reserve funds to secure bonds issued in  
18 connection with the financing of multifamily housing projects and to  
19 provide a loan loss reserve for loans purchased by the multifamily  
20 housing loan account of the enterprise development fund.

21 \* Sec. 23. Section 69(e), ch. 113, SLA 1982, is amended to read:

22 (e) A capital reserve fund established under this section to  
23 secure bonds issued in connection with the financing of multifamily  
24 housing projects is not subject to the \$10,000,000 limitation stated  
25 in AS 44.88.105(a). The provisions of AS 44.88.105(f) do not apply to  
26 capital reserve funds established to secure bonds issued to finance  
27 one or more multifamily housing projects.

28 \* Sec. 24. Section 69(f), ch. 113, SLA 1982, is amended to read:

29 (f) A multifamily housing loan account is established in the

1 enterprise development fund of the authority (AS 44.88.155),  
2 consisting of money and other assets of the enterprise development  
3 fund that the authority deposits into it. [HOWEVER, THE AUTHORITY MAY  
4 NOT DEPOSIT PROCEEDS FROM THE SALE OF BONDS OF THE AUTHORITY INTO THE  
5 MULTIFAMILY HOUSING LOAN ACCOUNT.] The multifamily housing loan  
6 account shall be used only to purchase or originate loans for  
7 multifamily housing projects. The authority may not use proceeds from  
8 the sale of bonds of the authority to finance secondary loans for  
9 multifamily housing. Notwithstanding the provisions of AS  
10 44.88.155(d), a loan purchased or originate by the authority for the  
11 multifamily housing loan account

12 (1) may not be for a term longer than 30 years from the  
13 date the loan is made;

14 (2) shall be secured by a mortgage or other security  
15 instrument in the manner the authority determines is feasible to  
16 assure timely repayment under a loan agreement entered into with the  
17 borrower; the mortgage or other security instrument constitutes a  
18 first lien against the multifamily housing project, except that it may  
19 be subordinated by the authority to a loan made directly or indirectly  
20 with the proceeds of a sale of bonds by the authority, the Alaska  
21 State Housing Authority, or a municipality of the state during the  
22 time when the loan from these proceeds is outstanding, and may be  
23 subordinated to a loan that refinances the original loan, if the  
24 authority considers it appropriate to do so;

25 (3) shall provide for a schedule of payments of principal  
26 and interest that is satisfactory to the authority, and that may  
27 include, without limitation, deferrals or reductions of payments,  
28 variable payments, balloon payments, sharing in equity appreciation,  
29 and other arrangements;

1 (4) shall be in the form and contain the terms and  
2 provisions with respect to insurance, repairs, alterations, payment of  
3 taxes and assessments, default reserves, delinquency charges, default  
4 remedies, acceleration of maturity, secondary liens, and other matters  
5 as the authority prescribes.

6 \* Sec. 25. Section 69(h), ch. 113, SLA 1982, is amended to read:

7 (h) The multifamily housing loans security fund is established  
8 in the authority. The multifamily housing loans security fund  
9 consists of money and assets appropriated or transferred to it, the  
10 income produced from its investments and holdings, and deposits that  
11 the authority may make from repayments of multifamily housing loans  
12 purchased by the multifamily housing loan account of the enterprise  
13 development fund. The assets of the multifamily housing loans  
14 security fund may be used to establish capital reserve funds to secure  
15 bonds issued in connection with the financing of multifamily housing  
16 projects. The assets of [THE PURPOSE OF] the multifamily housing  
17 loans security fund may also be used [IS] to provide a loan loss  
18 reserve for the enterprise development fund for multifamily housing  
19 loans made by the authority from the multifamily housing loan account  
20 of the enterprise development fund. The multifamily housing loans  
21 security fund is not a general asset of the authority and may not be  
22 pledged or committed in any way except as provided in this subsection  
23 [TO PROVIDE A LOAN LOSS RESERVE FOR THE ENTERPRISE DEVELOPMENT FUND  
24 FOR MULTIFAMILY HOUSING LOANS MADE BY THE AUTHORITY FROM THE  
25 MULTIFAMILY HOUSING LOAN ACCOUNT OF THE ENTERPRISE DEVELOPMENT FUND].  
26 The authority may

27 (1) establish separate accounts in the multifamily housing  
28 loans security fund for multifamily housing loans, as it finds  
29 appropriate, and may establish other accounts that it considers

1 appropriate;

2 (2) hold and invest money and other assets of the  
3 multifamily housing loans security fund at competitive national market  
4 rates in the types of investments described in AS 37.10.070(a).

5 \* Sec. 26. Section 69(k)(2), ch. 113, SLA 1982, is amended to read:

6 (2) "multifamily housing project" means a specific  
7 building, structure, work, or improvement of five or more dwelling  
8 units, or a group of these buildings, structures, works, or  
9 improvements, the primary purpose of which is to provide rental  
10 dwelling accommodations and which qualifies for tax-exempt financing  
11 under sec. 103 of the Internal Revenue Code of 1954, as amended (26  
12 U.S.C. sec. 103), or sec. 11(b) of the National Housing Act of 1937,  
13 as amended [, AND WHICH IS ORIGINALLY FINANCED BEFORE JANUARY 1,  
14 1984]; "multifamily housing project" includes the acquisition,  
15 construction, or rehabilitation of land, buildings, and improvements  
16 for rental dwellings, accommodations, and other facilities that may be  
17 incidental or appurtenant to rental dwelling accommodations.

18 \* Sec. 27. AS 18.56.098(g)(2) is repealed.

19 \* Sec. 28. Section 13 of this Act takes effect January 1, 1984.

20 \* Sec. 29. Sections 1 - 12, and 14 - 26 of this Act take effect  
21 immediately in accordance with AS 01.10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. SCS CSHB 302  
 Title State loan programs  
 Requested by Senate Finance Committee Date 6-20-83

II. FISCAL DETAIL  
 Agency Affected Community and Regional Affairs  
 Program Category Affected Housing Assistance  
 BRU, Program, or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES					141.0	
200 TRAVEL					41.0	
300 CONTRACTUAL					12.0	
400 COMMODITIES					29.0	
500 EQUIPMENT					3.0	
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.					5,000.0	
<b>TOTAL</b>					<b>5,226.0</b>	

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)					5,226.0	

POSITIONS

FULL TIME					5.0	
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)  
 The operating funds for the HOF and low-income program shall come from program receipts. The \$5,000,000 in grants and claims shall come from unused AIDA Certificates of Deposit for the multi-family housing program established in ch. 114, SLA 1982.

IV. DATE 6-20-83 PREPARED BY Senator Frank R. Ferguson  
 AGENCY Legislature  
 PHONE 465-4923  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Home Ownership Assistance Fund (HOAF) Assumptions for Fiscal Note

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

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

a. Dwelling Price Maximums

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

b. Income Maximums

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

c. Asset Maximums

3 times income for all borrowers

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

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

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

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

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

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

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

Notes for Form 13 Calculations

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

Notes for Personal Services Category Projections

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

Notes for Revenue Projections

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

STATE OF ALASKA  
FISCAL NOTE

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

I. REQUEST

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

II. FISCAL DETAIL

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND		45.7	43.6	45.8	48.1	50.5
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						
STAFF MONTHS		12	12	12	12	12

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

IV. ANALYSIS: Attach a separate page for any Analysis

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

Distribution:

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

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

FY '84PERSONAL SERVICES

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

COMMODITIES

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

EQUIPMENT

1 Support work station					\$ 3,536.50
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*cc*

STATE OF ALASKA  
FISCAL NOTE

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

I. REQUEST

Bill/Resolution No.: RSUB 202 (Loans)  
 Title: Relating to housing Loans & State  
 Sponsor: House Spec. Committee on Loans  
 Requestor: \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Develo  
 Program Category Affected: Development  
 AIBRU, Program of Subprogram(s) Affected:  
 Fund) Accounting & Collections

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		32.3	35.6	37.4	39.2	41.2
200 TRAVEL					1.5	
300 CONTRACTUAL		2.5	2.8	2.9	3.1	3.2
400 COMMODITIES		1.4	.4	.4	.4	.5
500 EQUIPMENT		2.2	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		38.4	38.8	40.7	42.7	44.9
CAPITAL		0	0	0	0	0
REVENUE		0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

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

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Margaret I. Hamley, Director Phone: 465-2510  
 Division: Accounting & Collections Date: 5-4-83  
 Approved by Commissioner: Richard A. Lyon Date: 5/9/83  
 Department: Commerce & Economic Development

Distribution:

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

3/8/83

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

FY '84

PERSONAL SERVICES

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

CONTRACTUAL

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

COMMODITIES

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

EQUIPMENT

1 Technical workstation	<u>\$ 2,178</u>
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THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SCS CSHB 302

Title State loan programs

Requested by Senate Finance Committee

Date 6-22-83

II. FISCAL DETAIL

Agency Affected Community and Regional Affairs

Program Category Affected Housing Assistance

BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES					123.3	
200 TRAVEL					16.4	
300 CONTRACTUAL					4.8	
400 COMMODITIES					11.6	
500 EQUIPMENT					1.2	
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.					5,650.0	
<b>TOTAL</b>					<b>5,807.3</b>	

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)					5,807.3	

POSITIONS

FULL TIME					3.0	
PART TIME						
TEMPORARY						

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

The operations and subsidy funds for the Home Ownership Assistance Fund shall come from program receipts. The grant funds for the low-income multi-family housing program shall come from unused AIDA Certificates of Deposit for the multi-family housing program established in ch. 114, SLA 1982.

157.3 operations  
650.0 HOAF subsidy  
5,000.0 low-income multi-family program  
5,807.3

IV. DATE 5-22-83

PREPARED BY

Senator Frank R. Ferguson

AGENCY

Legislature

PHONE

465-4923

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Original sponsor: House Special Committee  
on State Loans

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 302 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

10 \* Section 1. AS 18.55.996(a) is amended by adding a new paragraph to  
11 read:

12 (14) Sitka Community Association (Baranof Island)

13 \* Sec. 2. AS 18.56 is amended by adding a new section to read:

14 Sec. 18.56.082. ALASKA HOUSING FINANCE REVOLVING FUND. The  
15 Alaska housing finance revolving fund is established in the corpora-  
16 tion. The revolving fund consists of appropriations made to the  
17 revolving fund by the legislature, money or other assets transferred  
18 to the revolving fund by the corporation, repayments of principal and  
19 interest on loans made or purchased by the corporation, and the earn-  
20 ings on all other investments of the corporation that are not pledged  
21 to the payment of bonds or required, under agreements with bond-  
22 holders, to be otherwise held or disposed of. Amounts deposited in  
23 the revolving fund shall be expended for the purposes of the corpora-  
24 tion, set out in this chapter.

25 \* Sec. 3. AS 18.56.089 is amended to read:

26 Sec. 18.56.089. EXECUTIVE BUDGET ACT. The operating budget of  
27 the corporation is subject to the Executive Budget Act (AS 37.07). To  
28 further ensure effective budgetary decision making by the legislature,  
29 the corporation shall present a complete accounting of the Alaska

1 housing finance revolving fund to the legislature by January 10 of  
2 each year. The accounting shall be audited by an independent outside  
3 auditor and shall include a full description of all mortgage loan  
4 interest and principal repayments and program receipts, including  
5 mortgage loan commitment fees, received by or accrued to the corpora-  
6 tion during the preceding fiscal year, and all income earned on assets  
7 of the corporation during that period, including earnings on assets of  
8 the state assisted mortgage fund [FOR FISCAL YEARS BEGINNING AFTER  
9 JUNE 30, 1981].

10 \* Sec. 4. AS 18.56.096(1) is amended to read:

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

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

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

22 \* Sec. 6. AS 18.56.096 is amended by adding new paragraphs to read:

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

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

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

10 \* Sec. 7. AS 18.56.098(g)(1) is amended to read:

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

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

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

20 \* Sec. 8. AS 18.56.098(g)(5) is amended to read:

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

28 \* Sec. 9. AS 18.56.101 is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

5 \* Sec. 10. AS 18.56.115 is amended to read:

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

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

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

20 \* Sec. 12. AS 44.47.380 is amended to read:

21 Sec. 44.47.380. HOUSING ASSISTANCE LOAN FUND. There is created  
22 in the Department of Community and Regional Affairs, as a revolving  
23 loan fund, the housing assistance loan fund consisting of money appro-  
24 priated to it by the legislature and repayments of principal and  
25 interest on loans made or purchased from the assets of the fund.  
26 [INTEREST ON LOANS MADE OR PURCHASED FROM THE ASSETS OF THE FUND MUST  
27 BE TRANSFERRED TO THE DEPARTMENT OF REVENUE FOR DEPOSIT IN THE GENERAL  
28 FUND.] The director shall administer the housing assistance loan fund  
29 in accordance with AS 44.47.360 - 44.47.560 and shall use the money in

1 the housing assistance loan fund to originate, purchase, or partici-  
2 pate in the purchase of

3 (1) nonconforming and rural housing mortgage loans;

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

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

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

12 \* Sec. 13. AS 44.47 is amended by adding a new section to read:

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

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

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

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

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

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

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

4 (2) the size of the family;

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

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

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

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

11 \* Sec. 14. AS 44.47.390(4) is amended to read:

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

21 \* Sec. 15. AS 44.47.390 is amended by adding a new paragraph to read:

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

28 \* Sec. 16. AS 44.47.410 is amended to read:

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

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

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

15 \* Sec. 17. AS 44.47 is amended by adding a new section to read:

16 Sec. 44.47.530. ANNUAL REPORT. The division shall prepare and  
17 transmit an annual report that accounts to the governor and the legis-  
18 lature for the discharge of all responsibility assigned by law or  
19 directive to the division. The report shall be published by  
20 January 10 of each year for distribution to the governor, the legisla-  
21 ture, and the public. The report shall be written in easily under-  
22 standable language, shall consider the assigned duties of the divi-  
23 sion, and shall include

24 (1) a financial statement audited by an independent outside  
25 auditor;

26 (2) a statement of the division's loans under this chapter  
27 including an appraisal of the loans at market value;

28 (3) a description of the division's loan activities during  
29 the period covered by the report;

1 (4) a comparison of the division's goals with its actual  
2 performance during the period covered by the report;

3 (5) a description of the division's loan portfolio by  
4 region within the four judicial districts of the state; and

5 (6) other information the director believes would be of  
6 interest to the governor, the legislature, and the public.

7 \* Sec. 18. AS 44.47.560(5) is repealed and reenacted to read:

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

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

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

14 \* Sec. 19. AS 45.88.500(2) is amended by adding a new subparagraph to  
15 read:

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

18 \* Sec. 20. Section 69(c)(8), ch. 113, SLA 1982, is amended to read:

19 (8) to use assets of the multifamily housing loans security  
20 fund to establish capital reserve funds to secure bonds issued in  
21 connection with the financing of multifamily housing projects and to  
22 provide a loan loss reserve for loans purchased by the multifamily  
23 housing loan account of the enterprise development fund.

24 \* Sec. 21. Section 69(e), ch. 113, SLA 1982, is amended to read:

25 (e) A capital reserve fund established under this section to  
26 secure bonds issued in connection with the financing of multifamily  
27 housing projects is not subject to the \$10,000,000 limitation stated  
28 in AS 44.88.105(a). The provisions of AS 44.88.105(f) do not apply to  
29 capital reserve funds established to secure bonds issued to finance

1 one or more multifamily housing projects.

2 \* Sec. 22. Section 69(f), ch. 113, SLA 1982, is amended to read:

3 (f) A multifamily housing loan account is established in the  
4 enterprise development fund of the authority (AS 44.88.155), consist-  
5 ing of money and other assets of the enterprise development fund that  
6 the authority deposits into it. [HOWEVER, THE AUTHORITY MAY NOT  
7 DEPOSIT PROCEEDS FROM THE SALE OF BONDS OF THE AUTHORITY INTO THE  
8 MULTIFAMILY HOUSING LOAN ACCOUNT.] The multifamily housing loan  
9 account shall be used only to purchase or originate loans for multi-  
10 family housing projects. The authority may not use proceeds from the  
11 sale of bonds of the authority to finance secondary loans for multi-  
12 family housing. Notwithstanding the provisions of AS 44.88.155(d), a  
13 loan purchased or originated by the authority for the multifamily  
14 housing loan account

15 (1) may not be for a term longer than 30 years from the  
16 date the loan is made;

17 (2) shall be secured by a mortgage or other security in-  
18 strument in the manner the authority determines is feasible to assure  
19 timely repayment under a loan agreement entered into with the bor-  
20 rower; the mortgage or other security instrument constitutes a first  
21 lien against the multifamily housing project, except that it may be  
22 subordinated by the authority to a loan made directly or indirectly  
23 with the proceeds of a sale of bonds by the authority, the Alaska  
24 State Housing Authority, or a municipality of the state during the  
25 time when the loan from these proceeds is outstanding, and may be  
26 subordinated to a loan that refinances the original loan, if the  
27 authority considers it appropriate to do so;

28 (3) shall provide for a schedule of payments of principal  
29 and interest that is satisfactory to the authority, and that may

1 include, without limitation, deferrals or reductions of payments,  
2 variable payments, balloon payments, sharing in equity appreciation,  
3 and other arrangements;

4 (4) shall be in the form and contain the terms and provi-  
5 sions with respect to insurance, repairs, alterations, payment of  
6 taxes and assessments, default reserves, delinquency charges, default  
7 remedies, acceleration of maturity, secondary liens, and other matters  
8 as the authority prescribes.

9 \* Sec. 23. Section 69(h), ch. 113, SLA 1982, is amended to read:

10 (h) The multifamily housing loans security fund is established  
11 in the authority. The multifamily housing loans security fund con-  
12 sists of money and assets appropriated or transferred to it, the in-  
13 come produced from its investments and holdings, and deposits that the  
14 authority may make from repayments of multifamily housing loans pur-  
15 chased by the multifamily housing loan account of the enterprise de-  
16 velopment fund. The assets of the multifamily housing loans security  
17 fund may be used to establish capital reserve funds to secure bonds  
18 issued in connection with the financing of multifamily housing pro-  
19 jects. The assets of [THE PURPOSE OF] the multifamily housing loans  
20 security fund may also be used [IS] to provide a loan loss reserve for  
21 the enterprise development fund for multifamily housing loans made by  
22 the authority from the multifamily housing loan account of the enter-  
23 prise development fund. The multifamily housing loans security fund  
24 is not a general asset of the authority and may not be pledged or com-  
25 mitted in any way except as provided in this subsection [TO PROVIDE A  
26 LOAN LOSS RESERVE FOR THE ENTERPRISE DEVELOPMENT FUND FOR MULTIFAMILY  
27 HOUSING LOANS MADE BY THE AUTHORITY FROM THE MULTIFAMILY HOUSING LOAN  
28 ACCOUNT OF THE ENTERPRISE DEVELOPMENT FUND]. The authority may

29 (1) establish separate accounts in the multifamily housing

1 loans security fund for multifamily housing loans, as it finds appro-  
2 priate, and may establish other accounts that it considers appropri-  
3 ate;

4 (2) hold and invest money and other assets of the multi-  
5 family housing loans security fund at competitive national market  
6 rates in the types of investments described in AS 37.10.070(a).

7 \* Sec. 24. Section 69(k)(2), ch. 113, SLA 1982, is amended to read:

8 (2) "multifamily housing project" means a specific build-  
9 ing, structure, work, or improvement of five or more dwelling units,  
10 or a group of these buildings, structures, works, or improvements, the  
11 primary purpose of which is to provide rental dwelling accommodations  
12 and which qualifies for tax-exempt financing under sec. 103 of the  
13 Internal Revenue Code of 1954, as amended (26 U.S.C. sec. 103), or  
14 sec. 11(b) of the National Housing Act of 1937, as amended [, AND  
15 WHICH IS ORIGINALLY FINANCED BEFORE JANUARY 1, 1984]; "multifamily  
16 housing project" includes the acquisition, construction, or rehabili-  
17 tation of land, buildings, and improvements for rental dwellings,  
18 accommodations, and other facilities that may be incidental or appur-  
19 tenant to rental dwelling accommodations.

20 \* Sec. 25. AS 18.56.098(g)(2) and AS 44.47.385 are repealed.

21 \* Sec. 26. Section 13 of this Act takes effect January 1, 1984.

22 \* Sec. 27. Sections 1 - 12, and 14 - 25 of this Act take effect immedi-  
23 ately in accordance with AS 01.10.070(c).

Version #2  
Asper  
6/16/83 ✓

Original sponsor: House Special Committee  
on State Loans

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 302 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

10 \* Section 1. AS 18.55.996(a) is amended by adding a new paragraph to  
11 read:

12 (14) Sitka Community Association (Baranof Island)

13 \* Sec. 2. AS 18.56 is amended by adding a new section to read:

14 Sec. 18.56.082. ALASKA HOUSING FINANCE REVOLVING FUND. The  
15 Alaska housing finance revolving fund is established in the corpora-  
16 tion. The revolving fund consists of appropriations made to the  
17 revolving fund by the legislature, money or other assets transferred  
18 to the revolving fund by the corporation, repayments of principal and  
19 interest on loans made or purchased by the corporation, and the earn-  
20 ings on all other investments of the corporation that are not pledged  
21 to the payment of bonds or required, under agreements with bond-  
22 holders, to be otherwise held or disposed of. Amounts deposited in  
23 the revolving fund shall be expended for the purposes of the corpora-  
24 tion, set out in this chapter.

25 \* Sec. 3. AS 18.56.089 is amended to read:

26 Sec. 18.56.089. EXECUTIVE BUDGET ACT. The operating budget of  
27 the corporation is subject to the Executive Budget Act (AS 37.07). To  
28 further ensure effective budgetary decision making by the legislature,  
29 the corporation shall present a complete accounting of the Alaska

1 housing finance revolving fund to the legislature by January 10 of  
2 each year. The accounting shall be audited by an independent outside  
3 auditor and shall include a full description of all mortgage loan  
4 interest and principal repayments and program receipts, including  
5 mortgage loan commitment fees, received by or accrued to the corpo-  
6 ration during the preceding fiscal year, and all income earned on  
7 assets of the corporation during that period, including earnings on  
8 assets of the state assisted mortgage fund [FOR FISCAL YEARS BEGINNING  
9 AFTER JUNE 30, 1981].

10 \* Sec. 4. AS 18.56.096(1) is amended to read:

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

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

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

22 \* Sec. 6. AS 18.56.096 is amended by adding new paragraphs to read:

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

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

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

10 \* Sec. 7. AS 18.56.098(g)(1) is amended to read:

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

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

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

20 \* Sec. 8. AS 18.56.098(g)(5) is amended to read:

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

28 \* Sec. 9. AS 18.56.101 is amended to read:

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

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

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

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

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

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

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

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

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

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

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