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1/17/85

HOUSE COMMITTEE ON LOANS

AGENDA

TUESDAY, 1/22/85

3:30 pm, Room 124 (House Judiciary)

Department of Revenue, Alaska Housing Finance Corporation overview.

For further information contact:

John Hartle, Aide to Rep. John Sund, Chair, House Committee on
Loans

Room 411 Capitol 465-4919

AHFC: Mortgage delinquency rising

By JIM ERICKSON
Daily News business reporter

The number of homeowners falling behind on their loan payments continues to rise in Alaska, officials for Alaska Housing Finance Corp. said Monday.

The delinquency rate for those with loans more than 30 days past due was 4.42 percent in December. That means more than one out of every 25 people who obtained AHFC financing to buy their homes are behind in their payments.

The rate is up sharply from 3.19 percent last August and is the highest since the corporation began providing subsidized home loans to all qualified Alaskans in 1980.

The delinquency rate is below the national average, which hit a record 5.86 in the third quarter of 1984.

If allowed to continue unchecked, a rising rate in Alaska could affect the corporation's ability to provide subsidized loans. Corporation officials have said the possibility of that happening is remote.

Mike Lynch, AHFC executive director, said condominium owners contributed heavily to the high rate. That reflects a depressed condo market in which people who lose their jobs or have other financial problems are unable to sell their homes quickly. Instead, they fall behind on their mortgage payments.

"There was a time a year or two ago when the market solved everybody's problem," he said. "That's not the case anymore."

More than one out of every 17 condo owners have missed at least one monthly payment, compared with one out of every 25 single-family homeowners.

In recent months the corporation has taken steps to curb delinquencies.

AHFC officials have asked lenders they deal with to enforce collections more rigorously. Four or five lenders were stripped of their AHFC lending powers in the last several months because the delinquency rate for loans they made were too high, Lynch said.

The corporation also has tightened its lending standards.

And to reduce the number of new condos on the market, AHFC in December stopped lending money on condos in projects where less than 70 percent of the units have been sold. Before then, AHFC required that half be sold before its financing could be obtained.

"We are the market, and we intend to maintain that market," Lynch said.

Lynch predicted the delinquency rate could rise early this year. But he predicted the rate should start falling in March, as warm weather brings out more home buyers and more homeowners return to work after winter layoffs.

The corporation has begun foreclosure on 104 condos and 202 single-family houses, and owns 110 homes through foreclosure.

The delinquency rate for those who financed mobile homes through AHFC was 6.75 percent, and most of the 4,600 mobile home loans carried by AHFC are not insured.

The corporation has lost about \$150,000 to date because of bad mobile home loans, officials estimated.

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