

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1294 SCOMM 50: HOUSE SPECIAL COMMITTEE ON STATE LOANS 1985-86

PAYMENT CARD REQUEST

If you need more payment cards, please

- Affix one of the enclosed labels showing your name, address and loan number.

or

- Fill in the space below.

A pre-addressed envelope is enclosed for your convenience.

Place label here
Show address corrections at right

Name

Address

Loan #

Alaska Division of Accounting and Collections, Pouch D, MS 0800,
Juneau, AK 99811 (907) 465-2555

08-541B

WHAT TO DO IF YOU CANNOT MAKE YOUR PAYMENT

We urge you to contact our staff **before your payment is due** if you are unable to meet your payment obligation. Call (907) 465-2555 or toll free Zenith 5500 to discuss your situation. You can also contact us by mailing this form to us. Simply

- Affix one of the enclosed labels.

or

- Fill in the space below.

When we receive this form we will send you an extension application packet, which you should complete and return. Each application for extension is evaluated on an individual basis.

A pre-addressed envelope is enclosed for your convenience.

Place label here
Show address corrections at right

Name _____

Address _____

Loan # _____

Daytime phone number _____

Alaska Division of Accounting and Collections, Pouch D, MS 0800,
Juneau, AK 99811 (907) 465-2555

08-541D



RECORDS CERTIFICATION



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


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STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

DATE: February 26, 1985

TO: Mike Greany, Director
Legislative Finance Division

FROM: P.S. Dhillon, Fiscal Analyst *PSD*
Legislative Finance Division

SUBJ: Loan Programs

The following are estimates of prior year appropriations for loan programs that may be available for reappropriation this year due to over capitalization.

	<u>\$ Millions</u>
DCED Revolving Loans	\$36.6
Power Development	12.0
Power Projects	4.0
Fishery Products	38.5
Total	<u>\$91.1</u>

→ ~~ENERGY~~ PROGRAM FOR AK.

1981 AUTHORIZE LOAN (CAN NOT APPLY FOR LOAN)

* see attached Table 1

The Legislative Audit Division also reports that audits in progress could yield \$10.0 million in additional lapse from various agencies' operating budgets.

The DCED Revolving Loans, Power Development and Power Project loan program estimates are from the Department of Commerce and Economic Development. These numbers are based on DCED's estimates of loan demand and loan repayments for FY85 and FY86. The Power Projects funds relate to an appropriation for a district heating loan to the City of Fairbanks in 1981 (SLA 81, Ch. 90, Sec. 16). Apparently, the Alaska Power Authority intends to lapse this money at the end of FY85. The Power Development funds of \$12.0 million relate to last year's \$210.0 million appropriation for the Four-Dam pool (SLA 84, Ch. 171, Sec. 313).

The attached Table II shows historical activity in the Fishery Products Revolving Loan Guarantee program. It may be noted that no loans have been made under this program in FY84 or FY85, and there is no pending loan application.

'FELT'
 Loan Programs Cash Flow
 FY 85 & FY 86
 (\$ 000)

	cash at 1-31-85	est cash 6-30-85	FY 86 Demand	FY 86 Receipts	est cash 6-30-86	est cash Surplus
Mining Loan Fund	29,424.8	26,789.1	(9,600.0)	2,742.0	19,931.1	19,931.0
Small Business	5,161.7	6,474.9	.0	3,151.8	3,151.8	n/a 1)
Tourism Rev Loans	561.3	663.9	.0	471.4	471.4	n/a 1)
Veteran's	9,089.0	9,320.9	.0	556.6	9,877.5	8,824.9
Residential Energy	8,186.3	7,973.7	(1,200.0)	718.5	7,492.2	7,312.5
Child Care Facility	764.1	566.0	(601.5)	102.2	66.7	.0
Historical District	913.3	776.0	(300.0)	30.6	506.6	500.0
	54,100.5	52,564.5	(11,701.5)	7,773.1	41,497.3	36,568.4

1) Transfer to General Fund at end of fiscal year

<6-million>
 FY-86

Source: Department of Commerce & Econ Development

LED/2-25-85
 bsanfnd

Table II
Fish Product Revolving Loan Guarantee
Appropriations and Activity
(\$ millions)

Appropriations:

SLA 81,CH 42,Sec 1	
amd by SLA 82,CH 34,Sec 2	40.0
SLA 82,CH 34, Sec 5	100.0
Lapse into Rainy Day Fund	-100.0
 TOTAL	 40.0

Balance at 6/30/84	38.5

Write-off of bad Loans	1.5

Activity:

FY 80	7 loans	22.8
FY 81	16	22.1
FY 82	17	31.0
FY 83	1	.8
FY 84	0	.0
FY 85(ytd)	0	.0
no pending applications		
 Total		 75.9

Source: Department of Revenue

LED/2-25-85:LOANFPRL

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

DATE: February 28, 1985

TO: John Hartle, Aide
House Special Committee on Loans

FROM: P.S. Dhillon, Fiscal Analyst *PSD*
Legislative Finance Division

SUBJ: Loan Programs

Attached is Table I which presents cash flows for DCED and Student revolving loan funds for FY85 and FY86.

Anticipated funding and loan activity for AHFC loan programs is provided in the the attached AHFC memo.

For C&RA and DNR loan programs, using 'cash in treasury' as a starting point for determining over-capitalization (under-capitalization) may be misleading since a high proportion of this cash is restricted for commitments already made, reserves against losses, and accounts payable.

DELINQUENT

Table I
Loan Programs Cash Flow
FY 85 & FY 86
(\$ 000)

	cash at 1-31-85	est cash 6-30-85	FY 86 Demand	FY 86 Receipts	est cash 6-30-86	est cash Surplus
Commercial Fish	14,249.5	4,274.7	(15,204.0)	6,107.2	(4,822.1)	(4,822.1) ✓
Fish Enhancement	15,840.4	5,635.1	(6,447.0)	.0	(811.9)	(811.9) ✓
Alternative Tech	3,815.3	2,444.6	(4,122.5)	1,110.3	(567.6)	(567.6) ✓
Mining Loan Fund	29,424.8	26,789.1	(9,600.0)	2,742.0	19,931.1	19,931.0 ✓
Small Business	5,161.7	6,474.9	.0	3,151.8	3,151.8	n/a 1)
Tourism Rev Loans	561.3	663.9	.0	471.4	471.4	n/a 1)
Veteran's	9,089.0	9,320.9	.0	556.6	9,877.5	8,824.9
Residential Energy	8,186.3	7,973.7	(1,200.0)	718.5	7,492.2	7,312.5
Child Care Facility	764.1	566.0	(601.5)	102.2	66.7	.0
Historical District	913.3	776.0	(300.0)	30.6	506.6	500.0
Total DCED	88,005.7	64,918.9	(37,475.0)	14,990.6	35,295.7	(30,366.8)
Student loans	n/a 2)	5,300.0	(81,004.8)	11,879.8	(63,825.0)	(63,825.0)

- 1) Transfer to General Fund at end of fiscal year
- 2) Cash at 6-30-84 is \$8745.4

Source: Department of Commerce & Econ Development; Gov's Budget Forms L1 & L2.

Alaska

HOUSING



FINANCE CORPORATION

October 17, 1984

Mr. Guy Bell
Division of Budget Review
Pouch AM
Juneau, AK 99811

Dear Guy:

Find attached a copy of a memo presented to our Board of Directors at the September 18, 1984 Board meeting. It provides the justification for not requesting a general fund appropriation for FY86. If you should need more information or an update, please contact Mark or myself.

Very truly yours,

A handwritten signature in cursive script that reads "Donald V. Elliott". The signature is written in dark ink and is positioned above the printed name and title.

Donald V. Elliott
Controller

DVE:lmg

Attachment



P.O. Box 1020, Anchorage, Alaska 99510

TO: The Board of Directors

DATE: September 5, 1984

FROM: Mark K. Cameron *mkc*
Finance Director

RE: FY 86 CAPITAL BUDGET

The mortgage demand and subsidy requirements for FY 85 have been revised to reflect the balances available as of July 1, 1984, and current projections. An analysis for FY 86 has also been prepared in connection with the State capital budget submission process. Based upon these projections assets available in the Alaska Housing Finance Corporation Revolving Fund as of July 1, 1985, combined with those estimated to be made available, are sufficient to operate the mortgage purchase activities of the Corporation through FY 86.

Mortgage demand for FY 85 was estimated to decrease 11% from that of the previous year followed by a 10% increase in FY 86. These are felt to be conservative in light of the current activity in the mortgage market. The portion of first mortgage loan activity in the Veterans Mortgage Program was dropped almost 24% in response to the change in the Federally defined eligibility requirements of qualified veterans.

As of June 30, 1983, the Corporation owned in the Alaska Housing Finance Revolving Fund \$93,254,000 of mortgage loans originated by Commerce and Economic Development, Division of Veteran's Affairs, bearing interest rates of 7% and 7 1/2%. The attached schedules reflect these loans in the "non conforming" column of the Revolving Fund since the loans were closed on non uniform documents. Staff is exploring the possibility of converting these loans to a security form guaranteed by FNMA or FHLMC enabling them to become "conforming" and available to collateralize subsequent bond issues.

The increase in amounts available for future subsidy requirements as of July 1, 1985 is a result of:

- 1) Utilization of July 1, 1984, actual balances.
- 2) Decrease in estimated FY 85 mortgage demand.
- 3) Increase in projected investment earnings.

The Board of Directors
September 5, 1984
Page 2

- 4) Re-implementation of the tax exempt bond funded First Time Homebuyers Program pursuant to extension of the "sunset provisions" of the Mortgage Subsidy Bond Tax Act of 1980.
- 5) Decreases in the level of subsidy required reflecting more efficient methods of raising mortgage capital.

Based upon the current projections it is not anticipated that an appropriation to the Alaska Housing Finance Corporation Revolving Fund is necessary for FY 86. Accordingly, submission of a capital budget will not be required.

su

1/14/85

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing
Six Months Ending June 30, 1985
(In Millions)

	<u>Mortgage Loan Funds Available 1-1-85</u>	<u>Program Repayments and Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy</u>	<u>Subsidy Allocation</u>	<u>Estimated Mtg. Demand Six Months Ending 6-30-85</u>	<u>Mortgage Loan Funds Available 6-30-85</u>
<u>Bonded Programs</u>								
Taxable First Mortgage Program	\$139 ⁽³⁾	33 ⁽¹⁾	-0-	-0-	-0-	-0-	\$127	\$ 45
First Mortgage Veterans Program State Guaranteed Bonds	324		-0-	-0-	-0-	-0-	144	180
Home Mortgage Bond Program First Time Homebuyer	177		-0-	-0-	-0-	-0-	127	50
<u>Internally Funded Programs</u>								
Second Mortgage Program	-0-	7 ⁽²⁾					7	
Mobile Home Loan Program	-0-	18 ⁽²⁾					18	
	<u>\$640</u>	<u>\$ 58</u>					<u>\$423</u>	<u>\$275</u>

(1) Housing and Insured Mortgage Bond prepayments.

(2) Portion of earnings and prepayments of Revolving Fund including HOF Account.

(3) Includes amounts related to subsequent issuance of \$300 million collateral notes to be sold directly to FNMA.

1/14/85

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Six Months Ending June 30, 1985
(In Millions)

	HOF Account		General Account			Total
	Loans	Investments	Loans & Net Mtg. Securities Conforming	Non-Conforming	Investments	
Balance: January 1, 1985	\$110	\$ (4)	\$202	\$135	\$ 27 ⁽¹⁾	\$470
Prepayments and principal reductions	(5)	5		(6)	6	-0-
Earnings		7			16	23
Home ownership assistance subsidies		(3)				(3)
Series G subsidy return					25	25
IMB earnings released					16	16
FY 85 legislative appropriation					16	16
Non-bonded mortgage programs						
Second mortgages				7	(7)	-0-
Mobile home loans	<u>5</u>	<u>(5)</u>	<u>—</u>	<u>18</u>	<u>(18)</u>	<u>-0-</u>
Balance: June 30, 1985	<u>\$110</u>	<u>-0-</u>	<u>\$202</u>	<u>\$154</u>	<u>\$ 81</u>	<u>\$547</u>

(1) Includes \$5 million receivable from HOF Account.

NOTE: The composition of the General Account will vary between conforming loans and investment securities depending upon the closing out of the recently sold issues. The current composition is felt to be reflective of the anticipated future mix.

1/14/85

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing

Fiscal Year 1986

(In Millions)

	<u>Mortgage Loan Funds Available 7-1-85</u>	<u>Program Repayments and Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy</u>	<u>Subsidy Allocation</u>	<u>Estimated Mortgage Demand FY 87</u>	<u>Mortgage Loan Funds Available 6-30-86</u>
<u>Bonded Programs</u>								
Taxable First Mortgage Program	\$ 45 ⁽⁴⁾	\$ 70 ⁽¹⁾	\$ 200	\$ (3)	\$ 48	\$ 64	\$354	\$ 70
First Mortgage Veterans Program State Guaranteed Bonds	180	20 ⁽²⁾	303	(8)	36	(28)	316	187
First Time Homebuyers Program Home Mortgage Bonds	50	7 ⁽²⁾	275	(8)	44	(36)	260	72
<u>Internally Funded Programs</u>								
Second Mortgage Program	-0-	10 ⁽³⁾					10	
Mobile Home Loan Program	-0-	40 ⁽³⁾					40	
	<u>\$275</u>	<u>\$147</u>	778	<u>\$(19)</u>	128	<u>-0-</u>	<u>\$980</u>	<u>\$329</u>
Deferred FNMA Note Closings			<u>300</u>		<u>60</u>			
			<u>\$1,078</u>		<u>\$188</u>			

(1) Housing and Insured Mortgage Bond prepayments.

(2) Represents amounts made available for recycling subject to federal restrictions as to borrower and residence.

(3) Portion of earnings and prepayments of Revolving Fund including HOF Account.

(4) Includes amounts related to subsequent issuance of \$300 million collateral notes to be sold directly to FNMA.

1/14/85

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund ActivityFiscal Year 1986

(In Millions)

	<u>HOF Account</u>		<u>General Account</u>			<u>Total</u>
	<u>Loans</u>	<u>Investments</u>	<u>Loans & Net Mtg. Securities</u>			
			<u>Conforming</u>	<u>Non-Conforming</u>	<u>Investments</u>	
Balance: July 1, 1985	\$110	-0-	\$202	\$154	\$ 81	\$547
Prepayments and principal reductions	(10)	\$10		(15)	15	-0-
Earnings		11			30	41
Home ownership assistance subsidies		(7)				(7)
IMB earnings released					16	16
Non-bonded mortgage programs						
Second mortgages				10	(10)	-0-
Mobile home loans	14	(14)		26	(26)	-0-
Reduction in loans warehoused			(92)		92	-0-
Required subsidy transfers	—	—	—	—	(188)	(188)
Balance: June 30, 1986	<u>\$114</u>	<u>-0-</u>	<u>\$110</u>	<u>\$175</u>	<u>\$ 10</u>	<u>\$409</u>

NOTE: The composition of the General Account will vary between conforming loans and investment securities depending upon the closing out of the recently sold issues. The current composition is felt to be reflective of the anticipated future mix.

Alaska HOUSING FINANCE CORPORATION



February 21, 1985

The Honorable Rick Uehling
Alaska House of Representatives
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Representative Uehling:

You have requested an analysis of the assets which are expected to remain in the Alaska Housing Finance Revolving Fund at the end of FY 86. Enclosed are two schedules of "Projected Revolving Fund Activity" covering the balance of the current fiscal year as well as FY 86. As noted in the schedules, the Revolving Fund had approximately \$470,000,000 in assets as of January 1, 1985. Since no bonds are scheduled to be issued prior to the end of the current fiscal year, these assets are expected to grow to \$547,000,000 at June 30, 1985.

The issuance of an estimated \$778,000,000 in bonds and delivery of \$300,000,000 FNMA Collateralized Notes during FY 86 will require transfers from the Revolving Fund of approximately \$196,000,000. This will put the total assets of the Revolving Fund at \$409,000,000 as of June 30, 1986.

The following provides a description of the investments expected to be held by the Revolving Fund at June 30, 1986 in the amounts indicated in the attached schedules:

<u>Account</u>	<u>Investment Category</u>	<u>Amount</u>	<u>Investment Description</u>
HOF Account	Loans	\$114,000,000	Nonconforming loans purchased under the rural, mobile home and second mortgage programs.
General Account	Loans/Conforming	110,000,000	Mortgage loans and mortgage backed securities held pending delivery and purchase out of bond proceeds.
General Account	Loans/Nonconforming	175,000,000	Nonconforming loans purchased under the rural, mobile home and second mortgage programs and loans originated by the Dept. of Commerce and Economic Development Division of Veterans Affairs and transferred to AHFC in 1980.
General Account	Investments	10,000,000	Liquid short term investments including Euro CD's and Collateralized Repurchase Agreements.
	TOTAL	<u>\$409,000,000</u>	

. The Honorable Rick Uehling
February 21, 1985
Page 2

Included in the "nonconforming" loans held in the General Account are approximately \$90 million of 7% and 7-1/2% loans originated by the Division of Veterans Affairs and transferred to the Corporation in 1980. These loans are currently being reviewed to determine their eligibility for conversion to a guaranteed mortgage security which would make them eligible for a subsequent bond issue. This would increase the liquidity in the Revolving Fund but result in higher subsidy transfers since the Corporation would be leveraging with lower rate mortgages.

The conforming loan category in the General Account represents the warehousing of loans purchased pending their delivery for funding from bond proceeds. Loans are purchased twice each month. When enough loans bearing the same interest rate and allocated to the same bond issue have been purchased, they are "pooled" and delivered to FNMA for conversion to a FNMA Mortgage Backed Security. The Mortgage Backed Security is then delivered to the trustee for the bondholders with the funds related to the bonds released. This loan warehousing activity creates a substantial liquidity requirement. While the Corporation is reviewing its purchasing procedures in an effort to reduce the amount of funds necessary to hold the loans, it is expected that some liquidity will always be necessary.

I hope the above has adequately addressed your questions regarding the Revolving Fund. If you do require any additional information, please contact me at your convenience.

Sincerely,



Mark K. Cameron
Finance Director

MKC:lmg

Enclosures

1/14/85

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Six Months Ending June 30, 1985
(In Millions)

	HOF Account		General Account			Total
	Loans	Investments	Loans & Net Mtg. Securities Conforming	Non-Conforming	Investments	
Balance: January 1, 1985	\$110	\$ (4)	\$202	\$135	\$ 27 ⁽¹⁾	\$470
Prepayments and principal reductions	(5)	5		(6)	6	-0-
Earnings		7			16	23
Home ownership assistance subsidies		(3)				(3)
Series G subsidy return					25	25
IMB earnings released					16	16
FY 85 legislative appropriation					16	16
Non-bonded mortgage programs						
Second mortgages				7	(7)	-0-
Mobile home loans	<u>5</u>	<u>(5)</u>	<u>—</u>	<u>18</u>	<u>(18)</u>	<u>-0-</u>
Balance: June 30, 1985	<u>\$110</u>	<u>-0-</u>	<u>\$202</u>	<u>\$154</u>	<u>\$ 81</u>	<u>\$547</u>

(1) Includes \$5 million receivable from HOF Account.

NOTE: The composition of the General Account will vary between conforming loans and investment securities depending upon the closing out of the recently sold issues. The current composition is felt to be reflective of the anticipated future mix.

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund ActivityFiscal Year 1986

(In Millions)

	<u>HOF Account</u>		<u>General Account</u>			<u>Total</u>
	<u>Loans</u>	<u>Investments</u>	<u>Loans & Net Mtg. Securities</u>		<u>Investments</u>	
			<u>Conforming</u>	<u>Non-Conforming</u>		
Balance: July 1, 1985	\$110	-0-	\$202	\$154	\$ 81	\$547
Prepayments and principal reductions	(10)	\$10		(15)	15	-0-
Earnings		11			38	49
Home ownership assistance subsidies		(7)				(7)
IMB earnings released					16	16
Non-bonded mortgage programs						
Second mortgages				10	(10)	-0-
Mobile home loans	14	(14)		26	(26)	-0-
Reduction in loans warehoused			(92)		92	-0-
Required subsidy transfers	—	—	—	—	(196)	(196)
Balance: June 30, 1986	<u>\$114</u>	<u>-0-</u>	<u>\$110</u>	<u>\$175</u>	<u>\$ 10</u>	<u>\$409</u>

NOTE: The composition of the General Account will vary between conforming loans and investment securities depending upon the closing out of the recently sold issues. The current composition is felt to be reflective of the anticipated future mix.

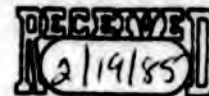
Alaska

HOUSING



FINANCE

CORPORATION



February 11, 1985

The Honorable Ben Grussendorf
Speaker of the House
Alaska House of Representatives
Couch V
Juneau, Alaska 99811

Dear Representative Grussendorf:

In accordance with AS 37.05.035, the following is a report of loans purchased by Alaska Housing Finance Corporation during fiscal year 1984.

	<u>Number of Loans</u>	<u>Note Amount</u>	<u>Weighted Average Interest Rate Charge on Loans</u>	<u>Estimated Prevailing Market Rate</u>	<u>Difference Between Rate Charged and Prevailing Market Rate</u>
First mortgage loans funded by issuance of taxable debt	4,612	\$523,278,050	10.72%	13.8%	3.08%
First mortgage loans funded by issuance of tax-exempt Home Mortgage Bonds	3,272	270,847,450	9.89%	13.8%	3.91%
First mortgage loans funded by issuance of State Guaranteed Bonds (Veterans Mortgage Program)	4,016	467,310,100	9.51%	13.5%	3.99%
Second mortgage program	141	5,645,350	11.90%	14.2%	2.30%
Mobile home loan program	1,619	59,677,888	10.22%	15.0%	4.78%

The analysis of the income groups benefited under the loan programs is on the attached schedules.

Sincerely,

Mark K. Cameron
Finance Director

ALASKA HOUSING FINANCE CORPORATION

Annual Loan Report: July 1, 1983 - June 30, 1984
Annual Family Income of Participants in Loan Programs

Second Mortgage Program

<u>Annual Income Range</u>	<u>Number of Loans</u>	<u>Amount Purchased</u>	<u>Weighted Average Interest Rate Charged on Loans</u>
\$ 0 - 23,999	-0-	-0-	
24,000 - 29,999	6	\$ 95,800	11.01
30,000 - 35,999	5	119,400	11.69
36,000 - 41,999	12	314,200	11.71
42,000 - 47,999	20	774,500	11.80
48,000 - 53,999	15	440,600	11.87
54,000 - 59,999	25	934,050	12.12
60,000 - 65,999	11	543,300	11.90
66,000 - 71,999	11	486,600	11.75
72,000 - 77,999	9	426,400	12.57
78,000 - 83,999	3	167,000	11.97
84,000 - 89,999	4	188,250	12.11
90,000 - 95,999	10	531,350	12.14
96,000 - 101,999	3	195,000	12.38
102,000 - 107,999	1	64,500	12.38
108,000 and above	<u>6</u>	<u>364,400</u>	12.02
Total	<u>141</u>	<u>\$5,645,350</u>	

ALASKA HOUSING FINANCE CORPORATION

Annual Loan Report: July 1, 1983 - June 30, 1984
Annual Family Income of Participants in Loan Programs

Mobile Home Loan Program

<u>Annual Income Range</u>	<u>Number of Loans</u>	<u>Amount Purchased</u>	<u>Weighted Average Interest Rate Charged on Loans</u>
\$ 0 - 23,999	266	\$ 6,830,530	10.24
24,000 - 29,999	360	11,753,305	10.29
30,000 - 35,999	391	14,673,141	10.18
36,000 - 41,999	256	11,252,496	10.20
42,000 - 47,999	153	6,477,335	10.12
48,000 - 53,999	84	3,649,480	10.09
54,000 - 59,999	54	2,585,869	10.16
60,000 - 65,999	25	1,068,532	10.22
66,000 - 71,999	13	571,071	9.69
72,000 - 77,999	6	234,879	10.21
78,000 - 83,999	2	122,450	10.12
84,000 - 89,999	2	66,500	10.00
90,000 - 95,999	4	258,850	10.24
96,000 - 101,999	2	74,650	9.60
102,000 - 107,999	-0-	-0-	
108,000 and above	<u>1</u>	<u>58,800</u>	11.25
Total	<u>1,619</u>	<u>\$59,677,888</u>	

ALASKA HOUSING FINANCE CORPORATION

Annual Loan Report: July 1, 1983 - June 30, 1984
Annual Family Income of Participants in Loan Programs

Special Mortgage Loan Purchase Program - First Mortgage
Loans Funded by Issuance of Tax-Exempt Home Mortgage Bonds

<u>Annual Income Range</u>	<u>Number of Loans</u>	<u>Amount Purchased</u>	<u>Weighted Average Interest Rate Charged on Loans</u>
\$ 0 - 23,999	462	\$ 31,072,350	9.93
24,000 - 29,999	762	57,611,250	9.90
30,000 - 35,999	550	43,477,800	9.81
36,000 - 41,999	507	43,636,700	9.85
42,000 - 47,999	442	41,400,150	9.90
48,000 - 53,999	268	25,806,500	9.98
54,000 - 59,999	147	14,476,750	9.93
60,000 - 65,999	72	7,172,750	10.08
66,000 - 71,999	30	3,142,750	10.10
72,000 - 77,999	20	1,928,600	9.94
78,000 - 83,999	2	189,600	10.24
84,000 - 89,999	3	263,100	10.05
90,000 - 95,999	4	395,750	10.13
96,000 - 101,999	-0-	-0-	
102,000 - 107,999	1	98,800	10.13
108,000 and above	<u>2</u>	<u>174,600</u>	10.07
Total	<u>3,272</u>	<u>\$270,847,450</u>	

ALASKA HOUSING FINANCE CORPORATION

Annual Loan Report: July 1, 1983 - June 30, 1984
Annual Family Income of Participants in Loan Programs

Special Mortgage Loan Purchase Program - First Mortgage
Loans Funded by Issuance of Taxable Debt

<u>Annual Income Range</u>	<u>Number of Loans</u>	<u>Amount Purchased</u>	<u>Weighted Average Interest Rate Charged on Loans</u>
\$ 0 - 23,999	40	\$ 2,649,050	10.40
24,000 - 29,999	138	9,450,800	10.19
30,000 - 35,999	349	27,678,500	10.11
36,000 - 41,999	501	44,856,000	10.30
42,000 - 47,999	626	63,098,550	10.52
48,000 - 53,999	630	68,054,500	10.69
54,000 - 59,999	577	67,060,250	10.87
60,000 - 65,999	497	62,183,500	11.03
66,000 - 71,999	360	47,644,700	11.15
72,000 - 77,999	279	38,983,900	11.25
78,000 - 83,999	200	28,818,350	11.31
84,000 - 89,999	128	18,461,350	11.21
90,000 - 95,999	82	12,138,250	11.27
96,000 - 101,999	55	8,598,000	11.56
102,000 - 107,999	42	6,652,550	11.48
108,000 and above	<u>108</u>	<u>16,949,800</u>	11.50
Total	<u>4,612</u>	<u>\$523,278,050</u>	

ALASKA HOUSING FINANCE CORPORATION

Annual Loan Report: July 1, 1983 - June 30, 1984
Annual Family Income of Participants in Loan Programs

Special Mortgage Loan Purchase Program - First Mortgage
Loans Funded by Issuance of State Guaranteed Bonds
(Veterans Mortgage Program)

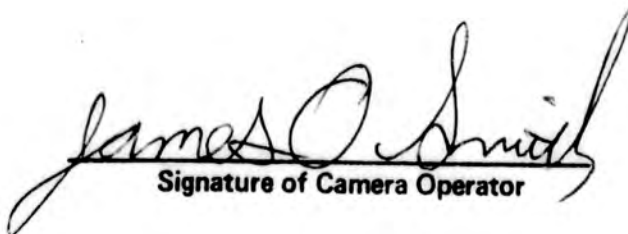
<u>Annual Income Range</u>	<u>Number of Loans</u>	<u>Amount Purchased</u>	<u>Weighted Average Interest Rate Charged on Loans</u>
\$ 0 - 23,999	14	\$ 854,800	9.52
24,000 - 29,999	50	3,573,550	9.28
30,000 - 35,999	173	14,259,550	9.29
36,000 - 41,999	454	42,951,250	9.37
42,000 - 47,999	692	72,146,500	9.46
48,000 - 53,999	677	76,036,750	9.51
54,000 - 59,999	570	68,733,300	9.52
60,000 - 65,999	414	52,663,000	9.59
66,000 - 71,999	305	40,050,350	9.59
72,000 - 77,999	221	30,624,900	9.70
78,000 - 83,999	142	20,266,550	9.67
84,000 - 89,999	84	12,343,050	9.65
90,000 - 95,999	79	11,491,950	9.70
96,000 - 101,999	37	5,437,900	9.72
102,000 - 107,999	34	5,323,450	9.63
108,000 and above	70	10,553,250	9.82
Total	<u>4,016</u>	<u>\$467,310,100</u>	



RECORDS CERTIFICATION



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


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STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

MEMORANDUM

DATE: February 28, 1985

TO: John Hartle, Aide
House Special Committee on Loans

FROM: P.S. Dhillon, Fiscal Analyst *PSD*
Legislative Finance Division

SUBJ: Loan Programs

Attached is Table I which presents cash flows for DCED and Student revolving loan funds for FY85 and FY86.

Anticipated funding and loan activity for AHFC loan programs is provided in the the attached AHFC memo.

For C&RA and DNR loan programs, using 'cash in treasury' as a starting point for determining over-capitalization (under-capitalization) may be misleading since a high proportion of this cash is restricted for commitments already made, reserves against losses, and accounts payable.

Table I
Loan Programs Cash Flow
FY 85 & FY 86
(\$ 000)

	cash at 1-31-85	est cash 6-30-85	FY 86 Demand	FY 86 Receipts	est cash 6-30-86	est cash Surplus
Commercial Fish	14,249.5	4,274.7	(15,204.0)	6,107.2	(4,822.1)	(4,822.1)
Fish Enhancement	15,840.4	5,635.1	(6,447.0)	.0	(811.9)	(811.9)
Alternative Tech	3,815.3	2,444.6	(4,122.5)	1,110.3	(567.6)	(567.6)
Mining Loan Fund	29,424.8	26,789.1	(9,600.0)	2,742.0	19,931.1	19,931.0
Small Business	5,161.7	6,474.9	.0	3,151.8	3,151.8	n/a 1)
Tourism Rev Loans	561.3	663.9	.0	471.4	471.4	n/a 1)
Veteran's	9,089.0	9,320.9	.0	556.6	9,877.5	8,824.9
Residential Energy	8,186.3	7,973.7	(1,200.0)	718.5	7,492.2	7,312.5
Child Care Facility	764.1	566.0	(601.5)	102.2	66.7	.0
Historical District	913.3	776.0	(300.0)	30.6	506.6	500.0
Total DCED	88,005.7	64,918.9	(37,475.0)	14,990.6	35,295.7	30,366.8
Student loans	n/a 2)	5,300.0	(81,004.8)	11,879.8	(63,825.0)	(63,825.0)

1) Transfer to General Fund at end of fiscal year

2) Cash at 6-30-84 is \$8745.4

Source: Department of Commerce & Econ Development; Gov's Budget Forms L1 & L2.

Alaska

HOUSING



FINANCE CORPORATION

October 17, 1984

Mr. Guy Bell
Division of Budget Review
Pouch AM
Juneau, AK 99811

Dear Guy:

Find attached a copy of a memo presented to our Board of Directors at the September 18, 1984 Board meeting. It provides the justification for not requesting a general fund appropriation for FY86. If you should need more information or an update, please contact Mark or myself.

Very truly yours,

A handwritten signature in cursive script, reading 'Donald V. Elliott'.

Donald V. Elliott
Controller

DVE:lmg

Attachment

HOUSE LOANS COMMITTEE - 4/23/85
 LOAN PROGRAM FUNDING (000 GENERAL FUND)

PROGRAM/DEPT	FY 85 AUTH	GOV REVISED	REC #1

EDUCATION			

STUDENT LOAN PROGRAM	60000	63600	63600
TEACHER SCHOLARSHIP LOAN	0	600	600

DEPT TOTAL	60000	64200	64200

COMMERCE & ECONOMIC DEV			

FISHERIES ENHANCEMENT	5000	812	2071.7
COMMERCIAL FISHING	3500	3710	3710
ALT TECH & ENERGY	1000	845	845
APA RURAL ELECTRIFICATIO	0	2000	1000
APA POWER PROJECT		0	3500
RED DOG PROJECT	0	0	0

DEPT TOTAL	9500	7367	11126.7

NATURAL RESOURCES			

AGRICULTURE	5000	2500	2500
GRAIN RESERVE	500	500	500

DEPT TOTAL	5500	3000	3000

REVENUE			

AHFC	16000	0	0

DEPT TOTAL	16000		0

C&RA			

HOUSING ASSISTANCE	45000	4000	4000

DEPT TOTAL	45000	4000	4000

TOTAL LOANS (GF)	136000	78567	82326.7

Alaska State Legislature

ANCHORAGE
DOWNTOWN
DISTRICT TWELVE

AIRPORT HEIGHTS
CITY VIEW
DOWNTOWN
FAIRVIEW
GOVERNMENT HILL
INLET VIEW
SOUTH ADDITION



House of Representatives

Representative
RICK UEHLING

MEMBER

HOUSE FINANCE COMMITTEE

HOUSE SPECIAL COMMITTEE
ON STATE LOANS

HOUSE FINANCE SUBCOMMITTEE ON
ADMINISTRATION, REVENUE
AND THE GOVERNOR'S OFFICE

To: Rep. John Sund, Chair
House Special Committee on State Loans

From: Rep. Rick Uehling *R. Uehling*

Subject: FY 86 Loans Budget

Date: April 22, 1985

I would like to express support for two programs which have been funded historically as part of the Loans Budget. First, the Senior Citizen's Housing Development Fund and second, the Low Cost and Low Income Multiple Family Housing Development Fund. I believe that the Loans Committee should consider funding these two programs at 5 million and 2.5 million dollars respectively. Below, is a proposed Loans Budget which would allow for these programs to be funded. Thank you for considering this proposal.

<u>DEPARTMENT/PROGRAM</u>	<u>PROPOSED GOVERNOR</u>	<u>PROPOSED LOANS</u>
<u>EDUCATION</u>		
Alaska Student Loan Program	\$63,825,000	\$63,825,000
Teacher Scholarship Loan Program	600,000	0
<u>COMMERCE AND ECONOMIC DEVELOPMENT</u>		
Fisheries Enhancement Loan Program	\$ 812,000	\$ 812,000
Commercial Fishing Loan Program	3,710,000	3,710,000
Alt. Tech. and Energy Loan Program	845,000	0
Alaska Power Authority Rural Electrification Revolving Loan Program	2,000,000	1,000,000
Alaska Industrial Development Authority Economic Development Fund - Delong Mountains Regional Transportation Facility	0	0

NATURAL RESOURCES

Agricultural Revolving Loan Fund	\$2,500,000	\$1,000,000
Grain Reserve Program	500,000	1,000,000

REVENUE

Alaska Housing Finance Revolving Fund Special Mortgage Loan Purchase Program	0	0
--	---	---

COMMUNITY AND REGIONAL AFFAIRS

Housing Assistance Loan Programs	\$4,000,000	\$4,000,000
Senior Housing Development Fund	2,000,000	5,000,000
Low Cost Low Income Multi-Family Housing Fund	<u>1,000,000</u>	<u>2,500,000</u>
TOTAL	\$81,792,000	\$82,847,000

c.c. Rep. Al Adams, Chair
House Finance Committee
Members, House Special Committee on State Loans

Alaska HOUSING FINANCE CORPORATION



April 17, 1985

The Honorable John Sund, Chairman
House Special Committee on Loans
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Sund:

John Hartle requested I respond to you with my thoughts on two topics of current interest: the transfer of the urban nonconforming loan program administered by DCRA/HAD to AHFC and the reappropriation of \$50 million from the Corporation's Revolving Fund to the State's General Fund.

The transfer of the urban nonconforming loan program can be accomplished smoothly and may be a logical consolidation of programs. Every attempt would be made to categorize a loan as being "conforming" as the mortgage would then be available to be leveraged with bond funds, thereby reducing the required initial capital outlay. Without legislative direction to the contrary, the following changes to the program as operated by DCRA/HAD would be suggested to conform the program to those operated by AHFC:

- A 1/2 of 1% commitment fee would be assessed.
- Primary Mortgage Insurance would be required when the loan to value ratio exceeds 80%.
- The mortgage note used would be that of the Alaska Building Equity ("ABE") Mortgage with payment increases effective the fourth through the ninth year.
- The AHFC Mortgage Program Rider would be required imposing continued owner occupancy and the "due on sale" clause.
- The 1/4 of 1% rate premium over AHFC "conforming" loans would be maintained to create an incentive for the borrower to get the housing considered conforming.
- Newly constructed nonconforming housing would be permitted only in those cases where the construction of "conforming" housing is not possible or impractical.

The Honorable John Sund
April 17, 1985
Page 2

Current projections indicate that the reappropriation of \$50 million will result in the acceleration of future legislative appropriation requests by the Corporation from FY 89 to FY 88. Instead of having a \$28 million balance of liquid assets in the general account of the Revolving Fund as of the end of FY 88, a \$33.5 million shortfall would exist.

The Corporation's concerns related to the reappropriation fall into two categories: legal aspects and housing market psychology.

AHFC has in excess of \$4 billion in bonds outstanding, all of which were issued as "general obligations" of the Corporation. We are urging that the question of whether the State has the ability to reappropriate assets back to the General Fund be resolved prior to passage of the legislation. For the Corporation to reduce the security available to bondholders by \$50 million, the requirement to return the funds should be a valid and binding obligation.

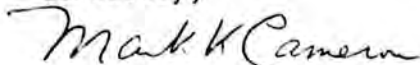
The second aspect of the reappropriation question is what effect it will have on the perception as to the permanence of the loan programs. If the State's financial situation this year requires a withdrawal of AHFC funds in the magnitude of \$50 million, how will the State be able to accommodate the future appropriations which may be required? If the ability of AHFC to fund future mortgage demand from currently available assets is diminished by reappropriation, will the State meet the full subsidy requirements which could approximate \$100 million in future fiscal years?

If the real estate community doubts that the program will be available much longer, a rush to take advantage of it now could be expected. Residential values generally appreciate significantly during a period of accelerated activity. What happens to the values of these homes if the program is dropped suddenly should the legislature choose not to fund a future appropriation request?

If funds are to be taken from AHFC without a reasonable expectation of continuing the programs in the future when surpluses have either been returned to the State or used to subsidize mortgage loan activity, a gradual reduction in the scope of the programs should be considered. With slight program modification, however, the Corporation could operate possibly as long as FY 94 or FY 95 without future requests. While recently introduced bills in both the House and the Senate (HB 378 and SB 281) effectively shut the program down in 1988, such a drastic approach may not be necessary to prevent the requirement of future appropriation requests over the next 7 to 8 years.

I hope the above assists you in the consideration of those legislative matters affecting the Corporation. Should you require anything else, please contact me at your convenience.

Sincerely,



Mark K. Cameron
Acting Executive Director

MKC:lmg

FY 86 LOANS BUDGET

DEPARTMENT/PROGRAM	FY 86 GOVERNOR		REVISED	
	GF	Total	GF	Total
<u>EDUCATION</u>				
Alaska Student Loan Program	\$63,600,000	\$63,825,000	\$60,900,000 ^a	\$61,125,000
Teacher Scholarship Loan Program	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>
DEPARTMENT TOTAL:	\$64,200,000	\$64,425,000	\$61,500,000	\$61,725,000
<u>COMMERCE AND ECONOMIC DEVELOPMENT</u>				
Fisheries Enhancement Loan Program	\$ 2,071,700	\$ 2,071,700	\$ 812,000	\$ 812,000
Commercial Fishing Loan Program	3,710,000	3,710,000	3,710,000	3,710,000
Alt. Tech. and Energy Loan Program	1,060,000	1,060,000	845,000	845,000
Alaska Power Authority Rural Electrification Revolving Loan Program	2,000,000	2,000,000	2,000,000	2,000,000
Alaska Industrial Development Authority Economic Development Fund - DeLong Mountains Regional Transportation Facility	<u>18,000,000</u>	<u>18,000,000</u>	<u>0</u>	<u>0</u>
DEPARTMENT TOTAL:	\$26,841,700	\$26,841,700	\$ 7,367,000	\$ 7,367,000
<u>NATURAL RESOURCES</u>				
Agricultural Revolving Loan Fund	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
Grain Reserve Program	<u>1,000,000</u>	<u>1,000,000</u>	<u>500,000</u>	<u>500,000</u>
DEPARTMENT TOTAL:	\$ 3,500,000	\$ 3,500,000	\$ 3,000,000	\$ 3,000,000
<u>REVENUE</u>				
Alaska Housing Finance Revolving Fund Special Mortgage Loan Purchase Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
DEPARTMENT TOTAL:	0	0	0	0
<u>COMMUNITY AND REGIONAL AFFAIRS</u>				
Housing Assistance Loan Program	<u>\$37,000,000</u>	<u>\$37,000,000</u>	<u>\$ 4,000,000^b</u>	<u>\$ 4,000,000</u>
DEPARTMENT TOTAL:	<u>\$37,000,000</u>	<u>\$37,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
	=====	=====	=====	=====
TOTAL:	\$131,541,700	\$131,766,700	\$75,867,000	\$76,092,000

^a Reduced \$2.7 million below the Governor's budget.

^b Assume FY 85 interest earnings in the amount of \$11,600,000 are reappropriated to the Housing Assistance Loan Fund (HALF). Assume legislative passage of statutory change to make HALF eligible to receive interest payments in FY 86 (estimated to be \$14 million).



P.O. Box 1020, Anchorage, Alaska 99510

TO: The Board of Directors

DATE: September 5, 1984

FROM: Mark K. Cameron *mkc*
Finance Director

RE: FY 86 CAPITAL BUDGET

The mortgage demand and subsidy requirements for FY 85 have been revised to reflect the balances available as of July 1, 1984, and current projections. An analysis for FY 86 has also been prepared in connection with the State capital budget submission process. Based upon these projections assets available in the Alaska Housing Finance Corporation Revolving Fund as of July 1, 1985, combined with those estimated to be made available, are sufficient to operate the mortgage purchase activities of the Corporation through FY 86.

Mortgage demand for FY 85 was estimated to decrease 11% from that of the previous year followed by a 10% increase in FY 86. These are felt to be conservative in light of the current activity in the mortgage market. The portion of first mortgage loan activity in the Veterans Mortgage Program was dropped almost 24% in response to the change in the Federally defined eligibility requirements of qualified veterans.

As of June 30, 1983, the Corporation owned in the Alaska Housing Finance Revolving Fund \$93,254,000 of mortgage loans originated by Commerce and Economic Development, Division of Veteran's Affairs, bearing interest rates of 7% and 7 1/2%. The attached schedules reflect these loans in the "non conforming" column of the Revolving Fund since the loans were closed on non uniform documents. Staff is exploring the possibility of converting these loans to a security form guaranteed by FNMA or FHLMC enabling them to become "conforming" and available to collateralize subsequent bond issues.

The increase in amounts available for future subsidy requirements as of July 1, 1985 is a result of:

- 1) Utilization of July 1, 1984, actual balances.
- 2) Decrease in estimated FY 85 mortgage demand.
- 3) Increase in projected investment earnings.

The Board of Directors
September 5, 1984
Page 2

- 4) Re-implementation of the tax exempt bond funded First Time Homebuyers Program pursuant to extension of the "sunset provisions" of the Mortgage Subsidy Bond Tax Act of 1980.
- 5) Decreases in the level of subsidy required reflecting more efficient methods of raising mortgage capital.

Based upon the current projections it is not anticipated that an appropriation to the Alaska Housing Finance Corporation Revolving Fund is necessary for FY 86. Accordingly, submission of a capital budget will not be required.

su

1/14/85

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing
Six Months Ending June 30, 1985
(In Millions)

	<u>Mortgage Loan Funds Available 1-1-85</u>	<u>Program Repayments and Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy</u>	<u>Subsidy Allocation</u>	<u>Estimated Mtg. Demand Six Months Ending 6-30-85</u>	<u>Mortgage Loan Funds Available 6-30-85</u>
<u>Bonded Programs</u>								
Taxable First Mortgage Program	\$139(3)	33(1)	-0-	-0-	-0-	-0-	\$127	\$ 45
First Mortgage Veterans Program State Guaranteed Bonds	324		-0-	-0-	-0-	-0-	144	180
Home Mortgage Bond Program First Time Homebuyer	177		-0-	-0-	-0-	-0-	127	50
<u>Internally Funded Programs</u>								
Second Mortgage Program	-0-	7(2)					7	
Mobile Home Loan Program	-0-	18(2)					18	
	<u>\$640</u>	<u>\$ 58</u>					<u>\$423</u>	<u>\$275</u>

(1) Housing and Insured Mortgage Bond prepayments.

(2) Portion of earnings and prepayments of Revolving Fund including HOF Account.

(3) Includes amounts related to subsequent issuance of \$300 million collateral notes to be sold directly to FNMA.

1/14/85

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund ActivitySix Months Ending June 30, 1985

(In Millions)

	HOF Account		General Account			Total
	Loans	Investments	Loans & Net Mtg. Securities		Investments	
			Conforming	Non-Conforming		
Balance: January 1, 1985	\$110	\$ (4)	\$202	\$135	\$ 27 ⁽¹⁾	\$470
Prepayments and principal reductions	(5)	5		(6)	6	-0-
Earnings		7			16	23
Home ownership assistance subsidies		(3)				(3)
Series G subsidy return					25	25
DMB earnings released					16	16
FY 85 legislative appropriation					16	16
Non-bonded mortgage programs						
Second mortgages				7	(7)	-0-
Mobile home loans	<u>5</u>	<u>(5)</u>	<u>—</u>	<u>18</u>	<u>(18)</u>	<u>-0-</u>
Balance: June 30, 1985	<u>\$110</u>	<u>-0-</u>	<u>\$202</u>	<u>\$154</u>	<u>\$ 81</u>	<u>\$547</u>

(1) Includes \$5 million receivable from HOF Account.

NOTE: The composition of the General Account will vary between conforming loans and investment securities depending upon the closing out of the recently sold issues. The current composition is felt to be reflective of the anticipated future mix.

1/14/85

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing
Fiscal Year 1986
(In Millions)

	<u>Mortgage Loan Funds Available 7-1-85</u>	<u>Program Repayments and Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy</u>	<u>Subsidy Allocation</u>	<u>Estimated Mortgage Demand FY 87</u>	<u>Mortgage Loan Funds Available 6-30-86</u>
<u>Bonded Programs</u>								
Taxable First Mortgage Program	\$ 45 ⁽⁴⁾	\$ 70 ⁽¹⁾	\$ 200	\$ (3)	\$ 48	\$ 64	\$354	\$ 70
First Mortgage Veterans Program								
State Guaranteed Bonds	180	20 ⁽²⁾	303	(8)	36	(28)	316	187
First Time Homebuyers Program								
Home Mortgage Bonds	50	7 ⁽²⁾	275	(8)	44	(36)	260	72
<u>Internally Funded Programs</u>								
Second Mortgage Program	-0-	10 ⁽³⁾					10	
Mobile Home Loan Program	-0-	40 ⁽³⁾					40	
	<u>\$275</u>	<u>\$147</u>	778	<u>\$(12)</u>	128	<u>-0-</u>	<u>\$980</u>	<u>\$329</u>
Deferred FNMA Note Closings			<u>300</u>		<u>60</u>			
			<u>\$1,078</u>		<u>\$188</u>			

(1) Housing and Insured Mortgage Bond prepayments.

(2) Represents amounts made available for recycling subject to federal restrictions as to borrower and residence.

(3) Portion of earnings and prepayments of Revolving Fund including HOF Account.

(4) Includes amounts related to subsequent issuance of \$300 million collateral notes to be sold directly to FNMA.

1/14/85

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund ActivityFiscal Year 1986

(In Millions)

	<u>HOF Account</u>		<u>General Account</u>			<u>Total</u>
	<u>Loans</u>	<u>Investments</u>	<u>Loans & Net Mtg. Securities</u>			
			<u>Conforming</u>	<u>Non-Conforming</u>	<u>Investments</u>	
Balance: July 1, 1985	\$110	-0-	\$202	\$154	\$ 81	\$547
Prepayments and principal reductions	(10)	\$10		(15)	15	-0-
Earnings		11			30	41
Home ownership assistance subsidies		(7)				(7)
IMB earnings released					16	16
Non-bonded mortgage programs						
Second mortgages				10	(10)	-0-
Mobile home loans	14	(14)		26	(26)	-0-
Reduction in loans warehoused			(92)		92	-0-
Required subsidy transfers	—	—	—	—	(188)	(188)
Balance: June 30, 1986	<u>\$114</u>	<u>-0-</u>	<u>\$110</u>	<u>\$175</u>	<u>\$ 10</u>	<u>\$409</u>

NOTE: The composition of the General Account will vary between conforming loans and investment securities depending upon the closing out of the recently sold issues. The current composition is felt to be reflective of the anticipated future mix.

TABLE I
LOAN PROGRAMS FY 81 - FY 86
 General Fund
 (\$ million)

Program	Fiscal Year					
	86	85	84	83	82	81
Economic Development:						
Agriculture Rev Loans	2.5	5.0	10.0	10.0	14.0	14.6
AIDA Enterprise Fund	.0	.0	.0	21.0	8.0	15.0
AIDA Eco Dev Fund	18.0	.0	.0	.0	.0	.0
AK Resources Corp	.0	.0	.0	.0	1.1	1.1
Commercial Fishing	3.7	3.5	9.1	9.4	9.5	21.0
Fish Enhancement	2.1	5.0	6.5	22.0	8.0	6.4
Fisherman Mtge & Note	.0	.0	.0	.0	1.8	.0
Grain Reserves Loans	1.0	.5	1.6	.0	.0	.0
Mining Loan Fund	.0	.0	.0	15.0	15.0	10.0
Small Business	.0	.0	(16.8)	.0	.0	46.7
Tourism Rev Loans	.0	.0	(2.7)	.0	.0	4.3
Education:						
Scholarship Loans	63.6	60.0	60.0	52.0	37.7	22.8
Teacher Loans	.6	.0	.0	.0	.0	.0
Energy:						
Alternative Tech	- 1.0	1.0	2.4	4.0	5.2	2.4
Residential Energy	.0	.0	3.1	4.5	3.3	1.6
Rural Electrification	2.0	.0	1.0	.0	6.5	.0
Housing:						
AHFC Programs	.0	16.0	49.1	150.0	265.0	277.0
C&RA Housing Asst	37.0	45.0	45.0	45.0	40.0	21.5
Medical & Child Care:						
Child Care Facility	.0	.0	.9	.4	.3	.0
Med Malpractice	.0	.0	.0	.0	.0	1.5
Res Care Facility	.0	.0	.0	.0	.1	.5
Municipal Assistance:						
Bulk Fuels	.0	.0	.0	1.0	10.0	1.5
Historical Dist	.0	.0	.5	.5	.2	.0
TOTAL	131.5	136.0	169.7	334.8	425.7	447.9

Sources:

FY 86: Governor's Proposed FY 86 Budget
 FY 85: SLA 84,CH 171,Sec 301-313
 FY 84: SLA 83,CH 107,Sec 15-28; SLA 83,CH 106,Sec 70
 FY 83: SLA 82,CH141,Sec242; SLA83,CH106,Sec11; SLA 82,CH 114,Sec 1-13
 FY 82: SLA 81,CH 82,Sec 9-15,28; SLA81,CH76,Sec1; SLA81,CH90,Sec19,36,37;
 SLA 82,CH 141,Sec 257; State Loan Programs, House Research, 12-82.
 FY 81: SLA 80,CH 120,Sec 1-13,52; SLA 81,CH15,Sec 1; SLA 81,CH 3,Sec 1,2;
 SLA 81,Ch`2,Sec 2; State Loan Programs, House Research, 12-82.

Note: The data in this table is post-Revised program and may not equal the amounts specified in the appropriation bills.

TABLE II
LOAN PROGRAMS FY 81 - FY 86
Interest Rates and Delinquency Rates *

Program / Statute		Delinquency Rate (\$ 000)	Pct	Interest Rate
Econ Development:				
Agriculture Rev Loans	03.10	6,953.5	15.6	8.0
AIDA Enterprise Fund	44.88	15,270.2	4.7	varies
AIDA Eco Dev Fund	44.88	n/a	n/a	varies
Ak Resources Corp 1)	37.12	n/a	n/a	varies
Commercial Fishing	16.10	11,551.3	14.4	10.5
Fish Enhancement	16.10	.0	.0	9.5
Fish Mortgage & Note 2)	16.10	n/a	n/a	n/a
Grain Reserves Loans	03.12	.0	.0	8.0
Mining Loan Fund	27.09	10,621.0	55.9	10.0
Small Business	45.95	34,198.0	48.1	9.5
Tourism Rev Loans	45.90	1,034.0	16.3	9.5
Education:				
Scholarship Loans	14.43	12,470.1	6.7	5.0
Teacher Loans	14.43	n/a	n/a	5.0
Energy:				
Alternative Tech 3)	45.88	2,403.0	22.3	5.0/15.0
Residential Energy 4)	45.89	1,039.2	19.8	5.0
Rural Electrification	44.83	.0	.0	2.0
Housing:				
C&RA Housing Asst	44.47	1,977.2	2.0	varies
AHFC Programs	18.56	113,615.0	3.0	varies
Medical & Child Care:				
Child Care Facility	44.33	103.0	15.4	7.0
Res Care Facility 2)	44.33	n/a	n/a	n/a
Med Malpractice 5)	21.88	.0	.0	6.0/7.0
Municipal Assistance:				
Bulk Fuels	45.87	148.0	.7	varies
Historical District	45.98	.0	.0	7.5

* Delinquency rates are from State Loan Program: Quarterly Activity Report, Fourth Qtr FY 84; House Research Agency, October 1984.

- 1). Repealed effective July 1, 1989.
- 2). Repealed during 1982 session.
- 3). Interest rate is 5.0% on the first \$15,000 and 15% on the excess.
- 4). On loans made after 12-31/83 the interest rate is the average weekly municipal bond yield rates.
- 5). Interest rate is 6.0% if the borrower is unable to procure re-insurance from a private casualty insurer.

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF AGRICULTURE

P.O. BOX 949
JUNEAU, ALASKA 99801-0949
(907) 586-1234

TELECOPIER COVER LETTER

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME Representative John Sund

LOCATION Alaska State Legislature - Juneau

FROM Peter Probasco - Loan Manager - Div of Agriculture - PalmerTELEPHONE/TELECOPIER NUMBER 465-3700TOTAL # OF PAGES 2 INCLUDING COVER SHEET

WE ARE TRANSMITTING ON THE FOLLOWING SPEED _____

DATE 3/20/85 TIME 11:00 amIF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL US BACK AS
SOON AS POSSIBLE.

TELEPHONE NUMBER (FOR PROBLEMS) _____

COMMENTS: _____

1400000

DRAFT

March 20, 1985

Representative John Sund
Pouch V
Juneau, Alaska 99811

Attn: John Hartle:

As per our phone conversation March 19 regarding the Agricultural Revolving Loan Fund.

At the February 6, 1985 meeting of the Loan Board of the Agricultural Revolving Loan Fund priority loan categories were established as follows:

- * New dairies at Point MacKenzie.
- * New dairies at Delta.
- * Expanded crop products.
- * Clearing loans for smaller agricultural parcels on development schedule.
- * Miscellaneous needs of existing borrowers.
- * Farm product processing other than red meat and dairy.
- * Chattel loan other than dairy and red meat projects.

If the proposed 2.5 million appropriation to the Agricultural Revolving Loan Fund is reduced, ARLF would most likely reduce Point MacKenzie dairy loans since that is the largest category. A \$500,000 reduction would eliminate a dairy or more - if the dairy were to have 150 cows, that would reduce milk to ~~the~~ Natanuska Maid plant by approximately 2,000,000 lbs. this coming year. A \$1,000,000 reduction would have a proportionately larger impact. *See*

Since loans must be approved by the Loan Fund Board final determination remains with the Board.

Sincerely,

Peter M. Doherty
Loan Manager

STATE OF ALASKA

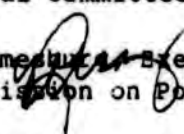
ALASKA COMMISSION ON POSTSECONDARY EDUCATION

BILL SHEFFIELD, GOVERNOR

POUCH FP
JUNEAU, ALASKA 99811
PHONE: (907) 465-2854

MEMORANDUM

TO: John Hartle
Legislative Assistant to
the Special Committee on Loans

FROM: Kerry D. Romesha  Executive Director
Alaska Commission on Postsecondary Education

DATE: March 19, 1985

The effects of less than full-funding of the Alaska Student Loan Program are outlined in the table below. If you wish additional information, please let me know.

<u>General Fund Approp</u>	<u>Students Not Funded</u>	<u>Beginning Turning Down Loans</u>
\$63.0 million	-0-	March 1986
62.0	220	December 1985
61.0	440	October 1985
60.0	660	September/October 1985
59.0	880	August 1985
58.0	1,100	August 1985
57.0	1,320	August 1985
56.0	1,540	August 1985
55.0	1,760	July 1985
54.0	1,980	June 1985
53.0	2,200	June 1985
52.0	2,420	June 1985
51.0	2,640	June 1985
50.0	2,860	June 1985

LOANS BUDGET SUMMARY

DEPARTMENT/PROGRAM	<u>FY 85 AUTHORIZED</u>		<u>FY 86 GOVERNOR</u>	
	<u>CF</u>	<u>Total</u>	<u>CF</u>	<u>Total</u>
<u>EDUCATION</u>				
Alaska Student Loan Program	\$60,000,000	\$60,500,000	\$63,600,000	63,825,000
Teacher Scholarship Loan Program	<u>0</u>	<u>0</u>	<u>600,000</u>	<u>600,000</u>
DEPARTMENT TOTAL:	\$60,000,000	\$60,500,000	\$64,200,000	\$64,425,000
 <u>COMMERCE AND ECONOMIC DEVELOPMENT</u>				
Fisheries Enhancement Loan Program	\$5,000,000	\$5,000,000	\$2,071,700	2,071,700
Commercial Fishing Loan Program	3,500,000	3,500,000	3,710,000	3,710,000
Alt. Tech. and Energy Loan Program	1,000,000	1,000,000	1,060,000	1,060,000
Alaska Power Authority Rural Electrification Revolving Loan Program	0	0	2,000,000	2,000,000
Alaska Industrial Development Authority Economic Development Fund - DeLong Mountains Regional Transportation Facility	<u>0</u>	<u>0</u>	<u>18,000,000</u>	<u>18,000,000</u>
DEPARTMENT TOTAL:	\$9,500,000	\$9,500,000	\$26,841,700	\$26,841,700
 <u>NATURAL RESOURCES</u>				
Agricultural Revolving Loan Fund	\$5,000,000	\$5,000,000	\$2,500,000	2,500,000
Grain Reserve Program	<u>500,000</u>	<u>500,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
DEPARTMENT TOTAL:	\$5,500,000	\$5,500,000	\$3,500,000	\$3,500,000
 <u>REVENUE</u>				
Alaska Housing Finance Revolving Fund Special Mortgage Loan Purchase Program	<u>\$16,000,000</u>	<u>\$16,000,000</u>	<u>0</u>	<u>0</u>
DEPARTMENT TOTAL:	\$16,000,000	\$16,000,000	0	0
 <u>COMMUNITY AND REGIONAL AFFAIRS</u>				
Housing Assistance Loan Program	<u>\$45,000,000</u>	<u>\$45,000,000</u>	<u>\$37,000,000</u>	<u>37,000,000</u>
DEPARTMENT TOTAL:	\$45,000,000	\$45,000,000	\$37,000,000	\$37,000,000
 <u>TOTAL:</u>	\$136,000,000	\$136,500,000	\$131,541,700	\$131,766,700

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STATE LOAN PROGRAMS

State loan programs are administered by the following departments: Commerce and Economic Development, Community and Regional Affairs, Education, Natural Resources, and Revenue. They cover such diverse areas as agriculture, housing, power development, education, and commercial fishing. Over \$5.0 billion in State subsidized loans will be committed by the end of FY 85.

Student Loans

The Alaska Student Loan program provides loans to Alaska residents to finance postsecondary education. The loans may be used for attendance at any accredited or approved college, university, or vocational-technical program. The terms and conditions of the loans are intended to encourage students to remain in or return to Alaska after completing their schooling. Up to \$6,000 per year is available to undergraduates and up to \$7,000 per year is available to graduate students. Loans must be repaid within ten years of termination of studies and a maximum of 50 percent of a loan can be forgiven (for five years residence in Alaska after graduation). The FY 86 request for \$63,600,000 in general funds combined with the carry forward from previous years, principal repaid, interest retained, and \$225,000 in Federal receipts will provide an estimated \$81,004,800 for this program in FY 86.

The Teacher Scholarship Loan program was established by the 1984 Legislature to encourage teachers to seek employment in rural communities. The program will provide loans for up to \$10,000 per academic year to Alaskans who intend to obtain teaching certificates. With an appropriation of \$600,000 in general funds the Council on Postsecondary Education will meet an estimated demand for 80 loans averaging \$7,500 in FY 86.

Department of Commerce and Economic Development Business Loans

The Department of Commerce and Economic Development administers eight active revolving loan funds:

1. Commercial Fishing Loan Fund: Limited entry permits are required for commercial salmon fishing in Alaskan waters. Currently, the State provides the only active source of permit financing through the Division of Investments. The Division also provides loans for the purchase or upgrade of commercial fishing vessels to resident commercial fishermen who do not have alternative sources of income and for whom commercial fishing is a traditional way of life. The general fund request for \$3,710,000, combined with carry forward, interest retained, and principal repaid, will provide approximately \$13,572,100 for this program in FY 86.
2. Fisheries Enhancement Loan Fund: This loan fund promotes the enhancement of Alaska's fisheries through the provision of long-term, low-interest loans to regional and private nonprofit aquaculture associations for hatchery planning, construction, and operation. The Division of Investments anticipates that it will make one operational and seven capital improvement loans totaling \$6,857,000 in FY 86, of which \$2,071,700 will be funded by general fund and the remainder by carry forward from FY 85.
3. Alternative Technology and Energy Loan Fund: This fund promotes energy production alternatives to fossil or nuclear fuel. Loans assist in

the purchase, construction, and installation of wood stoves, multifuel furnaces, wind and hydroelectric systems, and passive energy systems. The general fund request for \$1,060,000, combined with principal repaid and interest retained, will enable the Division of Investments to make 362 loans totaling \$3,334,500 in FY 86.

4. Residential Energy Conservation Loan Fund: This fund provides low-interest loans for the purchase, construction, and installation of energy improvements in residential buildings as recommended by an energy auditor. No general fund appropriation is being requested for FY 86. The Division of Investments anticipates that it will make 308 loans totaling \$1,200,000 in FY 86, all of which will be funded by carry forward, principal repaid, and interest retained.
5. Historical District Loan Fund: This loan fund promotes the restoration, improvement, rehabilitation, and maintenance of structures within the boundaries of historical districts established by Alaska statute. The Division of Investments relies heavily upon the endorsement of the local and State advisory boards in granting loans. No general fund appropriation is requested for FY 86. The Division of Investments anticipates that it will make two loans totaling \$150,000 in FY 86, all of which will be funded by carry forward, principal repaid, and interest retained.
6. Child Care Facility Loan Fund: This loan program helps child care facilities in Alaska to comply with State licensing and certification standards by providing low-interest loans for facility construction, renovation, and equipment. No general fund appropriation is requested for FY 86. The Division of Investments anticipates that it will make 12 loans totaling \$450,000 in FY 86, all of which will be funded by carry forward, principal repaid, and interest retained.
7. Bulk Fuel Loan Fund: This fund provides financing to small communities for the purchase of bulk fuel. Since these loans are for one year only, principal and interest payments will fund all 44 FY 86 loans.
8. Mining Loan Fund: The Mining Loan Fund provides financing for advanced mineral exploration, development, and mining in Alaska. The Division of Investments anticipates that it will make 20 loans totaling \$7,000,000 in FY 86, all of which will be funded by carry forward, principal repaid, and interest retained.

Alaska Power Authority Power Development Loans

The Alaska Power Authority (APA), under the Department of Commerce and Economic Development, administers two loan programs: the Rural Electrification Revolving Loan Fund (RERLF), and the Power Project Loan Fund. The RERLF provides loans to electric utilities for the extension of transmission lines in rural areas to a minimum of three new customers. The interest rate is two percent with a 20-year maturity. The FY 86 general fund request is for \$2,000,000. The Power Project Loan Fund provides financing for preconstruction, construction, modification, improvement, and expansion of power production facilities which utilize fossil fuel, wind power, tidal, geothermal, hydroelectric, solar, or waste energy. No general fund appropriation is requested for FY 86.

Alaska Industrial Development Authority Economic Development Fund

The appropriation of \$18,000,000 in general funds to the Economic Development Fund of the Alaska Industrial Development Authority (AIDA) for the DeLong Mountains Regional Transportation Project is to be used for the final design of the port and road facilities for the Red Dog Mine. The repayment terms of the loan shall be established by agreement between AIDA and the Department of Revenue with terms consistent with the DeLong Mountains Transportation Project finance plan required pursuant to AS 44.88.173.

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Department of Natural Resources Agricultural Loans

Sources of credit for farming and related industries are limited in Alaska. Until Alaska develops sufficient acreage and production for a viable industry, the Agriculture Revolving Loan Fund (ARLF) will remain a prime source of credit for the State's agricultural sector. The Governor's budget includes a \$2,500,000 FY 85 general fund request for the ARLF which, combined with the carry forward from previous years, principal repaid, and interest retained, will provide an estimated \$12,900,000 for this program in FY 86. The Governor's FY 86 budget also includes a \$1,000,000 general fund request for the Grain Reserve Loan Program, which assists State grain producers in developing markets for their products by making loans secured by grain reserves.

Housing Loans

Alaska's housing loan programs are administered by the Department of Revenue, Alaska Housing Finance Corporation, and the Department of Community and Regional Affairs, Housing Assistance Division.

1. ALASKA HOUSING FINANCE CORPORATION (AHFC)

Special Mortgage Loan Purchase Program (SMLPP): This is AHFC's principal financing program, accounting for approximately 90 percent of the Corporation's lending activity. The program assists Alaskans in the acquisition and development of land and in the construction, rehabilitation, and refinancing of homes. Borrowers apply to participating lending institutions which sell the mortgages to AHFC. The borrower must reside in the dwelling to which the loan would apply. SMLPP loans are funded through the sale of taxable and tax exempt bonds combined with State appropriations. No general fund subsidy is requested for FY 86.

Mobile Home Loan Purchase Program (MHLPP): This program provides low-cost financing for mobile homes. No general fund appropriation is requested for FY 86.

Home Ownership Fund: Under this program, qualified low- and moderate-income persons receive home mortgage subsidies greater than those offered by conventional AHFC programs. In FY 86, the fund will have invested assets to generate revenues in amounts sufficient to accommodate the FY 86 demand; therefore, no general fund appropriation has been requested by AHFC for FY 86.

2. HOUSING ASSISTANCE DIVISION

Housing Assistance Loan Fund (HALF): HALF is designed to fulfill the housing needs of rural borrowers who lack adequate service from AHFC

and those who would not qualify for home loans through conventional mortgage lenders because of housing which does not conform to building codes. HALF provides State-subsidized, low-interest loans for the purchase, construction, and rehabilitation of owner and nonowner occupied, single family homes and duplexes. Six statewide offices provide direct lending services to rural areas. Like AHFC's Home Ownership Fund, HALF provides additional home mortgage subsidies to low- and moderate-income persons. The FY 86 request for \$37,000,000 in general funds, combined with carry forward and principal repaid, will provide a total of \$54,000,000 for this program in FY 86 which will finance approximately 600 new loans.

50000

AGENCY PRIORITY	PROGRAM TITLE	LOCATION	FUNDING	AGENCY REQUEST	GOVERNOR
1	ALASKA STUDENT LOAN PROGRAM AS 14.43.751-806	STATEWIDE	FEDERAL RECEIPTS	225.0	225.0
			GENERAL FUNDS	67,079.3	63,600.0
			OTHER:		
			TOTAL	67,304.3	63,825.0
2	TEACHER SCHOLARSHIPS AS 14.43.600-700	STATEWIDE	FEDERAL RECEIPTS		
			GENERAL FUNDS	600.0	600.0
			OTHER:		
			TOTAL	600.0	600.0
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		

A3

 AGENCY LOAN
PROGRAM

AGENCY ACPE

PAGE 1 OF 1

REVISED DATE

FY 86

00006

TITLE		LOCATION		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
ALASKA STUDENT LOAN PROGRAM		STATEWIDE		86-1	PAUL GULYAS/465-2854	
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND	62,912.3	73,818.0	84,484.1	81,004.8	TOTAL APPROPRIATIONS	257,850.1
TOTAL APPROPRIATIONS AND REQUESTS	60,522.5	60,500.0	67,304.3		TOTAL INTEREST RETAINED	6,043.7
1002 FEDERAL RECEIPTS	522.5	500.0	225.0	225.0	TOTAL BONDS ISSUED	--
1004 GENERAL FUNDS	60,000.0	60,000.0	67,079.3	63,400.0	BONDS AUTHORIZED BUT NOT ISSUED	--
1028 PROGRAM RECEIPTS					TOTAL PROGRAM FUNDING	263,893.8
1006 GENERAL OBLIGATION BONDS					WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?	
OTHER					WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
TOTAL OTHER PROGRAM FUNDING	11,135.2	18,672.5	17,179.8		NONE	
ESTIMATED CARRY FORWARD BALANCE	4,725.1	8,745.4	5,300.0			
INTEREST RETAINED	1,100.1	1,638.0	1,960.2			
PRINCIPAL REPAYED	5,310.0	8,289.1	9,919.6			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS:

Program is administered as a component of the Commission on Postsecondary Education. Beginning with FY 85, legislation has made it possible to pay the costs of collection from the Revolving Loan Fund. At this time it is not possible to determine what the fiscal impact will be on the fund since the collections function will probably be awarded to a private vendor.

L1

**LOAN PROGRAM
DESCRIPTION**

AGENCY ACPE

CATEGORY EDUCATION

PROGRAM ADULT & POSTSECONDARY

TITLE STUDENT LOAN REVOLVING FUND

PAGE 1 OF 1

REVISED DATE 12/12/84

FY 86

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
	FY 84 ACTUAL	FY 85 AUTHORIZED	FY 86 REQUEST	STATUTORY LOAN RATE	5%		
ESTIMATED TOTAL SUBSIDY	28,213.2	33,369.6	38,190.9	STATUTORY MAXIMUM LOAN MATURITY	10 yrs.		
ESTIMATED RATE OF SUBSIDY	44.8	45.2	45.2	APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
AVERAGE LOAN SIZE	4.3	4.5	4.8	ESTIMATED COST OF FUNDS FOR BOND ISSUE	-0-		
NUMBER OF LOANS MADE	14.8	16.4	17.7				
VALUE OF LOANS MADE ANNUALLY	62,912.3	73,818.0	84,484.1	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES	NO
VALUE OF OUTSTANDING LOANS AT FY END	188,728.1	252,619.0	325,223.3	IF YES, NUMBER OF YEARS:	1	☒	☐
AVERAGE DELINQUENCY RATE	11.9%			ARE INTEREST DEFERMENTS ALLOWED?			
OTHER PROGRAM INDICATORS				IF YES, NUMBER OF YEARS:	1	☒	☐
				IS LOAN FORGIVENESS ALLOWED?		☒	☐

PROGRAM JUSTIFICATION:

The objective of the loan program is to permit qualified Alaskans an opportunity and choice in the pursuit of their individual educational goals that may otherwise not be available to them because of economic or proximal factors. The intangible and immeasurable benefits that accrue to the State because of its broadly and diversely educated citizens is evident through a cosmopolotanism that ameliorates the parochial view, and through the appreciation for Alaska that develops only when Alaskans can compare what they have to what exists elsewhere. The benefits of education cannot be adequately measured; however, the conditions that accompany ignorance are commonly witnessed.

The Alaska State Student Loan Program permits qualified residents of Alaska (two-year minimum residency) to receive up to \$6,000/year for undergraduate study or \$7,000/year for graduate study for up to eight years (five years maximum of undergraduate or graduate) to attend institutions that are accredited by recognized accrediting agencies. Loans carry 5% simple interest and ten year payback terms. If a student elects to return to Alaska and reside here upon completion of studies, up to 50% of the principal and interest may be forgiven. See continuation sheets for history and projections.

L2

LOAN PROGRAM
JUSTIFICATION

AGENCY ACPE

CATEGORY EDUCATION

PROGRAM ADULT & POSTSECONDARY

TITLE STUDENT LOAN REVOLVING FUND

FY 86

PAGE 1 OF 4

REVISED DATE

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TABLE II
STUDENT FINANCIAL AIDS ADMINISTRATION
Personnel Requirements
Projected to 1989-90

Year	Loan Awards	Accounts In Repayment	Awards Staff	Repayment Staff	Records Staff	Accounting/ Support	Seasonal Staff	Total Staff	
								Full-Time	Seasonal
1971-72	1,081	0	2.0	0	0	0	0	2.0	0
1972-73	1,748	0	3.0	0	0	0	0	3.0	0
1973-74	1,665	0	3.0	0	0	0	1.0	3.0	1.0
1974-75	1,457	278	3.0	2.0	0	0	1.0	5.0	1.0
1975-76	1,719	550	3.0	4.0	0	0	2.0	7.0	2.0
1976-77	1,921	1,350	3.0	4.0	0	0	2.0	7.0	2.0
1977-78	2,265	1,500	3.0	5.0	0	1.0	4.0	9.0	4.0
1978-79	2,795	2,100	4.0	7.0	0	3.0	4.0	14.0	4.0
1979-80	3,918	3,510	4.0	9.0	0	5.0	0	18.0	0
1980-81	6,460	6,008	6.0	9.0	0	5.0	4.0	20.0	4.0
1981-82	9,898	11,156	7.0	10.0	1.0	6.0	5.0	24.0	5.0
1982-83	13,058	15,669	13.0	16.0	6.0	13.0	8.0	48.0	8.0
*1983-84	14,681	21,771	13.0	14.0	6.0	13.0	8.0	46.0	8.0
1984-85	16,404	29,326	14.0	15.0	6.0	13.0	9.0	48.0	9.0*
1985-86	17,693	37,435	14.0	19.0	7.0	13.0	11.0	53.0	11.0
1986-87	17,894	46,280	14.0	23.0	7.0	14.0	11.0	58.0	11.0
1987-88	17,178	55,123	14.0	27.0	8.0	14.0	11.0	63.0	11.0
1988-89	15,212	63,380	14.0	31.0	8.0	15.0	9.0	68.0	9.0
1989-90	15,465	70,254	14.0	34.0	9.0	15.0	9.0	72.0	9.0

*Below this line are projections; staffing estimates are based upon Division Staff Formula and derived from banking and loan industry standards.

Revised 9/84

AGENCY ACPE

PROGRAM ADULT & POSTSECONDARY

TITLE STUDENT LOAN REVOLVING FUND

FY 86

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TABLE I
STUDENT FINANCIAL AIDS ADMINISTRATION
STATE STUDENT LOAN ACTIVITY
Projected to 1989-90

Year	Loan Awards	Loan Volume	Cumulative Total	Average Loan	Loan Collections	Federal Funds	Loan 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	13,058	55,007,395	149,272,158	4,213	4,609,051	1,200,000	(846,028)	49,198,344
1983-84	14,785	62,912,316	212,184,474	4,255	6,410,124	522,481	1,171,239	56,162,552
1984-85	16,404	73,818,000	286,002,474	4,500	9,927,084	350,000	1,950,101	63,540,916
1985-86	17,693	84,484,075	370,486,549	4,775	11,879,790	225,000	2,325,078	72,379,285
1986-87	17,894	90,364,700	460,851,249	5,050	15,103,702	150,000	2,944,162	75,110,998
1987-88	17,178	92,761,200	553,612,449	5,400	18,421,086	65,000	3,581,196	74,275,114
1988-89	15,212	87,088,700	640,701,149	5,725	21,667,004	25,000	4,204,507	65,396,696
1989-90	15,465	92,016,750	732,717,899	5,950	24,475,215	N.A.	4,743,765	67,541,535

*1984-85 through 1989-90 are projections

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TITLE STUDENT LOAN REVOLVING FUND

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TABLE III: ALASKA STUDENT LOAN BORROWING PATTERN
CUMULATIVE--BY MONTH

MONTH	1982-83		1983-84		1984-85	
	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
July	4,680	\$22,726,850	9,786	\$48,324,850	12,132	\$62,227,500
August	11,160	53,216,600	11,908	58,301,100		
September	11,895	56,597,800	12,679	61,742,800		
October	12,225	57,877,591	13,026	62,557,928		
November	12,670	59,015,013	13,333	63,104,118		
December	13,233	60,478,565	13,320	62,019,340		
January	13,249	59,577,042	13,778	63,008,166		
February	12,827	56,635,639	14,118	63,271,889		
March	12,863	55,673,321	14,240	62,926,298		
April	12,910	55,249,483	14,435	63,401,389		
May	12,990	55,213,197	14,637	63,517,081		
June	13,053	55,007,395	14,785	62,912,316		

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TITLE		LOCATION		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
TEACHER SCHOLARSHIPS		STATEWIDE		86-2	PAUL GULYAS/465-2854	
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND			600.0	600.0	TOTAL APPROPRIATIONS	0.0
TOTAL APPROPRIATIONS AND REQUESTS			600.0		TOTAL INTEREST RETAINED	--
1002 FEDERAL RECEIPTS					TOTAL BONDS ISSUED	--
1004 GENERAL FUNDS			600.0	600.0	BONDS AUTHORIZED BUT NOT ISSUED	--
1028 PROGRAM RECEIPTS					TOTAL PROGRAM FUNDING	0.0
1006 GENERAL OBLIGATION BONDS					WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?	
OTHER					WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
TOTAL OTHER PROGRAM FUNDING					NONE	
ESTIMATED CARRY FORWARD BALANCE						
INTEREST RETAINED						
PRINCIPAL REPAYED						

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS:

First year funding for the program as established by the 1984 Legislature. See next form (L2) for justification.

L1

**LOAN PROGRAM
DESCRIPTION**

AGENCY ACPE

CATEGORY EDUCATION

PROGRAM ADULT & POSTSECONDARY

TITLE TEACHER SCHOLARSHIPS

FY 86

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION		
	FY 84 ACTUAL	FY 85 AUTHORIZED	FY 86 REQUEST			
ESTIMATED TOTAL SUBSIDY			600.0	STATUTORY LOAN RATE		
ESTIMATED RATE OF SUBSIDY				STATUTORY MAXIMUM LOAN MATURITY		
AVERAGE LOAN SIZE			7.5	APPROPRIATE U.S. TREASURY INTEREST RATE		12%
NUMBER OF LOANS MADE			8.0	ESTIMATED COST OF FUNDS FOR BOND ISSUE		
VALUE OF LOANS MADE ANNUALLY						
VALUE OF OUTSTANDING LOANS AT FY END				ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES NO
AVERAGE DELINQUENCY RATE				IF YES, NUMBER OF YEARS:	_____	☐ ☐
OTHER PROGRAM INDICATORS				ARE INTEREST DEFERMENTS ALLOWED?		
				IF YES, NUMBER OF YEARS:	_____	☐ ☐
				IS LOAN FORGIVENESS ALLOWED?		☐ ☐

PROGRAM JUSTIFICATION:

The 1984 Legislature passed HB 504 (now AS 14.43.600-700) creating the Teacher Scholarship Program. The program is intended to make loans for up to \$10,000 per academic year available to Alaskans who intend to obtain teaching certificates. The program is designed to encourage teachers to seek employment in rural communities and it discourages the high teacher turnover now experienced.

The estimated demand for these funds is based upon an average loan of \$7,500 for 80 students.

L2

**LOAN PROGRAM
JUSTIFICATION**

(6/84)-12

AGENCY ACPE

CATEGORY EDUCATION

PROGRAM ADULT & POSTSECONDARY

TITLE TEACHER SCHOLARSHIPS

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MEMORANDUM

State of Alaska

00014

TO: Peter B. McDowell, Director
Office of Management and Budget
Office of the Governor

DATE: September 28, 1984

FILE NO:

TELEPHONE NO: 465-2500

FROM: Richard A. Lyon, Commissioner
Department of Commerce and
Economic Development

SUBJECT: FY 86 Loan Budget

RAL

The attached loan budget submission is the department's formal budget proposal.

RAL/JB/mlm

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BUDGET REVIEW

AGENCY PRIORITY	PROGRAM TITLE	LOCATION	FUNDING	AGENCY REQUEST	GOVERNOR
1	Rural Electrification Revolving Loan Fund	Statewide	FEDERAL RECEIPTS		
			GENERAL FUNDS	2,000.0	2,000.0
			OTHER:		
			TOTAL	2,000.0	
2	Commercial Fishing Loan Act	Statewide	FEDERAL RECEIPTS		
			GENERAL FUNDS	5,500.0	3,710.0
			OTHER:		
			TOTAL	5,500.0	
3	Fisheries Enhancement Loan Program	Statewide	FEDERAL RECEIPTS		
			GENERAL FUNDS	2,071.7	2,071.7
			OTHER:		
			TOTAL	2,071.7	
4	Alternative Energy Loan Program	Statewide	FEDERAL RECEIPTS		
			GENERAL FUNDS	1,775.5	1,060.0
			OTHER:		
			TOTAL	1,775.5	
5	DeLong Mountains Regional Transportation Project	ED 22	FEDERAL RECEIPTS		
			GENERAL FUNDS	18,000.0	18,000.0
			OTHER:		
			TOTAL	18,000.0	
			FEDERAL RECEIPTS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		

A3
**AGENCY LOAN
PROGRAM**

 AGENCY Commerce & Economic Development
FY 86

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TITLE Rural Electrification Revolving Loan Fund, AS 44.83.361		LOCATION Statewide		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT William H. Batt Associate Executive Director, Finance/Administration (276-0001)	
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND	2,000.0	1,100.0	4,500.0	4,500.0	TOTAL APPROPRIATIONS	7,500.0
TOTAL APPROPRIATIONS AND REQUESTS	1,000.0	0	2,000.0		TOTAL INTEREST RETAINED	0
1002 FEDERAL RECEIPTS					TOTAL BONDS ISSUED	0
1004 GENERAL FUNDS	1,000.0	0	2,000.0	2,000.0	BONDS AUTHORIZED BUT NOT ISSUED	0
1028 PROGRAM RECEIPTS					TOTAL PROGRAM FUNDING	7,500.0
1006 GENERAL OBLIGATION BONDS					WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86? \$25,000 incl legal fees (DOL), pers. svces. Travel	
OTHER					WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES? 0	
TOTAL OTHER PROGRAM FUNDING	4,600.0	3,600.0	2,500.0			
ESTIMATED CARRY FORWARD BALANCE	4,600.0	3,600.0	2,500.0			
INTEREST RETAINED						
PRINCIPAL REPAYED						
DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS: This Loan Fund was created by the Legislature in Sec. 1, Ch. 118 SLA 1981. It was originally funded by a \$6.5 million appropriation in FY81. Loans can be made to certified public utilities for loans to extend transmission and distribution lines to bring central generation service to a minimum of three new customers. Loans bear an interest rate of two percent per annum on the unpaid balance. The loan must be secured by pledge of revenue, lien/mortgage, or pledge of the taxing power of the borrower. Loans must be approved by the Alaska Power Authority which is assisted by a loan advisory committee made up of local residents of the area served by the applicant utility. Loans maximum repayment term is twenty years. <u>Loan demand is anticipated to increase during FY86 because of changes in the legislation which regulates fund, to be considered by the Legislature in SLA 1985, to remove conflict between the Rural Electrification Association (REA) and the State security requirements.</u> REA is the federal program which provides rural utilities with low cost financing for extension and distribution of service to customers but this program has suffered substantial cutbacks and no other alternative funding sources are available to Alaska rural communities.						

L1	LOAN PROGRAM DESCRIPTION
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(6/84)-11

AGENCY Department of Commerce-Alaska Power Authority

CATEGORY Development

PROGRAM Energy Development

TITLE Rural Electrification Revolving Loan Fund

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Replenishment of this loan fund through repayment of outstanding loans will not occur for several years. This funding request is to maintain the fund at a level where rural utilities demands/needs can be satisfied.

No appropriation was made to this fund in FY85. Funding this request at 75 percent or 50 percent would influence the rural communities and utilities on a direct basis. In such occurrences further restrictions regarding the size of the loans would be necessary, a clear cut analysis as to the urgency of the loan would have to be prepared, and strengthening of the definition for which the proceeds of the loan could be utilized. Funds may not be available at all for communities applying for loans later in the FY.

OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION		
	FY 84 ACTUAL	FY 85 AUTHORIZED	FY 86 REQUEST	STATUTORY LOAN RATE	2%	
ESTIMATED TOTAL SUBSIDY	1,000.0	0	4,500.0	STATUTORY MAXIMUM LOAN MATURITY	20 years	
ESTIMATED RATE OF SUBSIDY	10%	10%	15%	APPROPRIATE U.S. TREASURY INTEREST RATE	12%	
AVERAGE LOAN SIZE	595.0	370.0	-	ESTIMATED COST OF FUNDS FOR BOND ISSUE		
NUMBER OF LOANS MADE	4	3	-			
VALUE OF LOANS MADE ANNUALLY	2,375.0	1,100.0	-	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES NO
VALUE OF OUTSTANDING LOANS AT FY END	3,845.0	4,945.0	-	IF YES, NUMBER OF YEARS:		☒ ☐
AVERAGE DELINQUENCY RATE	0	0	-	ARE INTEREST DEFERMENTS ALLOWED?		☐ ☒
OTHER PROGRAM INDICATORS				IF YES, NUMBER OF YEARS:		☐ ☒
				IS LOAN FORGIVENESS ALLOWED?		☐ ☒
PROGRAM JUSTIFICATION:						
It is the policy of State to reduce consumer power costs (AS 44.83.010) This loan fund AS 44.83.362 was created to provide low cost financing for the extension of electric service lines into rural areas for utilities which do not have access to the Rural Electrification Administration (REA) loan programs and for REA utility borrowers which are experiencing difficulty in obtaining REA loans due to federal cutbacks in the REA program. Utilities cannot extend service into new areas because the costs would impact rates significantly for the utilities existing customers unless the potential new customers can guarantee payments to the utility to repay the investment cost of the new subdivisions cannot afford the out front financial obligations imposed by utilities in order to extend new service. This situation continues from year to year until a new rural area is sufficiently developed to permit the utility and the new customers to come to agreement on the merits of a line extension.						

L2	LOAN PROGRAM JUSTIFICATION
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6Y88/17184

AGENCY Department of Commerce - Alaska Power Authority

CATEGORY Development

PROGRAM Energy Development

TITLE Rural Electrification Revolving Loan Fund

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TITLE		LOCATION		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
Commercial Fishing Loan Act		Statewide		1	Paul Arnoldt 465-2510	
PROGRAM FUNDING	FY 84	FY 85	FY 86	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 85)	TOTAL
TOTAL ANNUAL LOAN DEMAND	13,904.8	15,000.0	15,000.0	13,572.1	TOTAL APPROPRIATIONS	55,291.0
TOTAL APPROPRIATIONS AND REQUESTS	9,091.0	3,500.0	5,500.0		TOTAL INTEREST RETAINED	10,706.4
1002 FEDERAL RECEIPTS	-0-	-0-	-0-		TOTAL BONDS ISSUED	-0-
1004 GENERAL FUNDS	9,091.0	3,500.0	5,500.0	3,710.0	BONDS AUTHORIZED BUT NOT ISSUED	-0-
1028 PROGRAM RECEIPTS	-0-	-0-	-0-		TOTAL PROGRAM FUNDING	65,997.4
1006 GENERAL OBLIGATION BONDS	-0-	-0-	-0-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 86?	
OTHER	-0-	-0-	-0-		567.3	
TOTAL OTHER PROGRAM FUNDING	14,035.1	14,762.1	9,862.1		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
ESTIMATED CARRY FORWARD BALANCE	6,135.9	8,762.1	3,262.1		None	
INTEREST RETAINED	3,136.4	2,900.0	3,400.0			
PRINCIPAL REPAYED	4,762.8	3,100.0	3,200.0			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 86 75% OF FY 85 AUTHORIZED GENERAL FUNDS AND 50% OF FY 85 AUTHORIZED GENERAL FUNDS:

Description: This is a revolving loan fund which means that, as payments are collected, then those funds become available to be lent out to new borrowers. Interest accrues from the date of the loan and is generally payable on an annual basis.

Under Section A (AS 16.10.310), loans may be made for the purchase of limited entry permits. The maximum loan amount is \$300,000; the maximum maturity is 15 years and the interest rate is 10-1/2%. Limited entry permits are required for several fisheries and are expensive to purchase. Since only two entities (the Department of Commerce and Economic Development and the Commercial Fishing and Agriculture Bank) can legally take limited entry permits as collateral, Alaskan fishermen rely on these programs to assist them in purchasing permits. Currently, CFAB is not making loans for the purchase of permits and, thus, the State provides the only active source of permit financing.

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**LOAN PROGRAM
DESCRIPTION**

AGENCY Commerce & Economic Development

CATEGORY Development

PROGRAM Economic Development

Commercial Fishing Loan Act

TITLE _____

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(Description continued)

Under Section B (individuals) and Section C (partnership and corporations), loans may be made to commercial fishermen who do not have alternative sources of financing available to them for the purchase of limited entry permits, and the purchase or upgrading of commercial fishing vessels and gear. The maximum loan amount is \$100,000; the maximum maturity is 15 years and the interest rate is 10-1/2%.

25% Reduction: A 25% reduction in FY '86 requested general funds will result in a corresponding reduction of 28 loans that could have been made. Since permit lending is limited primarily to the State, permit financing will become the State's top priority. As a result, the reduction of all 28 loans will take place in the purchase, construction or upgrading of commercial fishing vessels and gear under Section B cannot be made.

50% Reduction: A 50% reduction in FY '86 requested general funds will result in a corresponding reduction of 50 loans that could have been made. Again, permit financing will become the State's top priority. As a result, these loans will not be made for the purchase, construction or upgrading of commercial fishing vessels and gear under Section B.

AGENCY Commerce & Economic Development

PROGRAM Development

BRU Economic Development

COMPONENT Commercial Fishing Loan Act

FY 86

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
	FY 84 ACTUAL	FY 85 AUTHORIZED	FY 86 REQUEST	STATUTORY LOAN RATE	10.5%		
				STATUTORY MAXIMUM LOAN MATURITY	15 yrs.		
ESTIMATED TOTAL SUBSIDY	1,095.9	1,182.2	1,182.2	APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
ESTIMATED RATE OF SUBSIDY	7.9%	7.9%	7.9%	ESTIMATED COST OF FUNDS FOR BOND ISSUE	-0-		
AVERAGE LOAN SIZE	58.0	50.0	50.0				
NUMBER OF LOANS MADE	240	300	300				
VALUE OF LOANS MADE ANNUALLY	13,914.8	15,000.0	15,000.0	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES	NO
VALUE OF OUTSTANDING LOANS AT FY END	48,783.3	60,683.3	72,483.3	IF YES, NUMBER OF YEARS:	_____	☐	☒
AVERAGE DELINQUENCY RATE	25.2	25.0	20.0	ARE INTEREST DEFERMENTS ALLOWED?	_____	☐	☒
OTHER PROGRAM INDICATORS				IF YES, NUMBER OF YEARS:	_____	☐	☒
				IS LOAN FORGIVENESS ALLOWED?		☐	☒

PROGRAM JUSTIFICATION:

The purpose of the loan fund is to encourage and promote Alaska's commercial fishing industry and to develop a pre-dominantly resident fishery by making low-interest, long-term fishing loans. Section A authorizes financing of limited entry permits and is presently the only active source of funding for permits. Section B authorizes financing of permits, vessels and gear for commercial fishermen who, because of marginal earnings and credit history, cannot obtain financing from private lending institutions. Low-interest, long-term fishing loans with relaxed credit requirements would assure continuation of current lifestyles for many Alaskans and will help to retain limited entry permits in rural Alaska. The current loan subsidy should help to promote one of Alaska's main revenue resources as well as reduce the financial aid given to rural and coastal Alaskan fishing communities through the Departments of Labor and Health & Social Services.

Expected economic benefits will be seen in the growth of Alaska's fishing industry, by creating direct jobs, and by assisting in maintaining the percentage of Alaskans holding limited entry permits. The loan program strengthens and diversifies Alaska's economic base by supporting a self-sustaining, private economic base in rural and coastal Alaska.

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**LOAN PROGRAM
JUSTIFICATION**

AGENCY Commerce & Economic Development

CATEGORY Development

PROGRAM Economic Development

TITLE Commercial Fishing Loan Act

FY 86

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