

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1333 SCOMM 50: HOUSE SPECIAL COMMITTEE ON STATE LOANS 1985-86

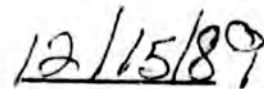


# RECORDS CERTIFICATION



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Signature of Camera Operator

  
Date

SCOMM

#50:30

(Oct. 1988) (2-7) 10 7/8 %  
30-year (7-10) 13%

Introduced: 4/15/85  
Referred: House Special Committee  
on State Loans and Finance

1 IN THE HOUSE

BY ADAMS AND BINKLEY

2

HOUSE BILL NO. 378

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the interest rate on state loan

7

programs; and providing for an effective date."

8

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

9

\* Section 1. AS 37.05.035 is amended by adding a new subsection to

10 read:

11

(b) Notwithstanding any other provision of law, the interest

12

rate for loan programs administered by the state or an instrumentality

13

of the state shall increase by one-half percent October 1 of each year

14

until the interest rate is equal to

15

(1) the prevailing market rate for each type of loan; or

16

(2) the cost of funds, if the loan program is financed by

17

the sale of bonds or other indebtedness.

18

\* Sec 2. This Act takes effect October 1, 1985.

(Ag REVENUE LOAN FUND)



HOAF. LOAN PROGRAM - LOW -

END OF MARKET

STUDENT LOAN

4-BILLION

CONCOT - PRI

Buy Down 5% INCREASE/REDUCE/ FUNDANCES

TO INCREASE Buy Down PROGRAM/PAY OFF

HB 378

BONDS LIMITED \$90,000 22 LOAN - 5TH YEAR -

Best Interest Rate when they are determined  
Application

# Alaska HOUSING FINANCE CORPORATION



April 24, 1985

— RESEARCH / QUESTION / MAT SW

The Honorable Rick Halford  
Alaska State Senate  
Pouch V  
Juneau, AK 99811

Dear Senator Halford:

The enclosed packet, Exhibit I, is presented in response to your request that the effect of modifications to the current level of subsidy be reviewed. The two alternatives chosen to be analyzed were as follows:

Case A: Subsidy reduced to 2-1/2% effective October 1, 1985.

Case B: Subsidy initially reduced to 2-1/2% effective October 1, 1985 and further reduced to 2% beginning October 1, 1986.

The summary on Page 1 of Exhibit I demonstrates the estimated effect of the changes on subsidy requirements and Revolving Fund balances.

You made a second request related to ways the program might be modified to assist the Corporation in being able to accommodate future loan financing activity with existing resources of the Revolving Fund. One proposal would be to provide a substitute for the existing subsidy structure used in the taxable bond funded program. Currently the mortgage note rate is written based upon a 3% rate reduction from the "cost of funds" for the first \$90,000 of a loan. This results in a 3% subsidy for the life of the loan. The proposal calls for the same effective initial note rate with payments increased annually until they are at a level sufficient to pay the principal and interest due on the loan at the unsubsidized rate. This type of a loan is generally referred to in the mortgage lending industry as a "buy-down loan".

The stated note rate would be "bought down" to a subsidized effective rate through an allocation of funds in a pledged account. As the borrower's payments are increased, the required subsidy draws out of the pledged account are reduced until eventually no further draws are required. The borrower would be signing up for a 30 year fixed rate loan with gradually reducing payment assistance provided by AHFC.

This type of a loan would be similar to loans assisted under our Home Ownership Assistance ("HOF") Program. Under the HOF program, the borrower signs a note at the standard AHFC interest rate with additional monthly payment assistance provided to reduce the effective rate to as low as 6%. The HOF assistance is reduced as the borrower's income increases. The buy-down mortgage will have annual increases in the monthly payments beginning in the second year and continuing until the borrower's payments equal those required on an unsubsidized basis.

The following compares the buy-down mortgage with the current ABE structure. Also enclosed are two graphs which demonstrate the difference in payments and subsidies:

|                                                       | <u>ABE Mortgage</u>                                                                                                                           | <u>Buy-Down<br/>Mortgage Proposal</u>                                                                                                          |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Effective mortgage rate                               | 10% for life of loan.                                                                                                                         | 10% first year<br>increasing to 13%.                                                                                                           |
| Stated note rate                                      | 10%                                                                                                                                           | 13%                                                                                                                                            |
| Borrower's mortgage<br>payment terms                  | Initial payments based<br>upon 30 yr. fixed rate<br>loan with annual monthly<br>payment increases of 5%<br>beginning in years 4<br>through 9. | Initial payments based<br>upon 30 yr. fixed rate<br>loan with annual monthly<br>payment increases of 5%<br>beginning in years 2<br>through 5*. |
| Gross AHFC subsidy<br>(assuming loan goes<br>to term) | \$32,246                                                                                                                                      | \$7,320                                                                                                                                        |
| Present value of subsidy<br>discounted at 10%         | \$17,992                                                                                                                                      | \$6,092                                                                                                                                        |

\* Period of increasing payments may vary depending upon loan amounts and interest rate levels.

Standard underwriting guidelines allow for qualification of the borrower at the initial bought-down rate provided that the annual increases in mortgage payments do not exceed 7-1/2%. In our examples we have assumed only 5% annual increases.

The buy-down mortgage has the advantage of reducing the amount of subsidy for loans purchased under the taxable program by approximately two-thirds. This would be accomplished without precluding anyone from the benefits of home ownership who is currently qualified under the existing program.

The Honorable Rick Halford  
April 24, 1985  
Page 3

In connection with the implementation of the buy-down program, consideration may be given to relaxing the Corporation's requirements of continued owner occupancy. Since the loan will be unsubsidized in approximately 5 years, it is possible the program could look at initial owner occupancy and the "one loan per resident" criteria as being sufficient. Since conventional long term fixed rate financing now imposes a "due on sale" clause, the buy-down loans would have to remain non-assumable.

I hope the above is useful in your review of AHFC's mortgage loan financing program. If I can be of further assistance, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Mark K. Cameron".

Mark K. Cameron  
Acting Executive Director

MKC:lmg

Enclosures

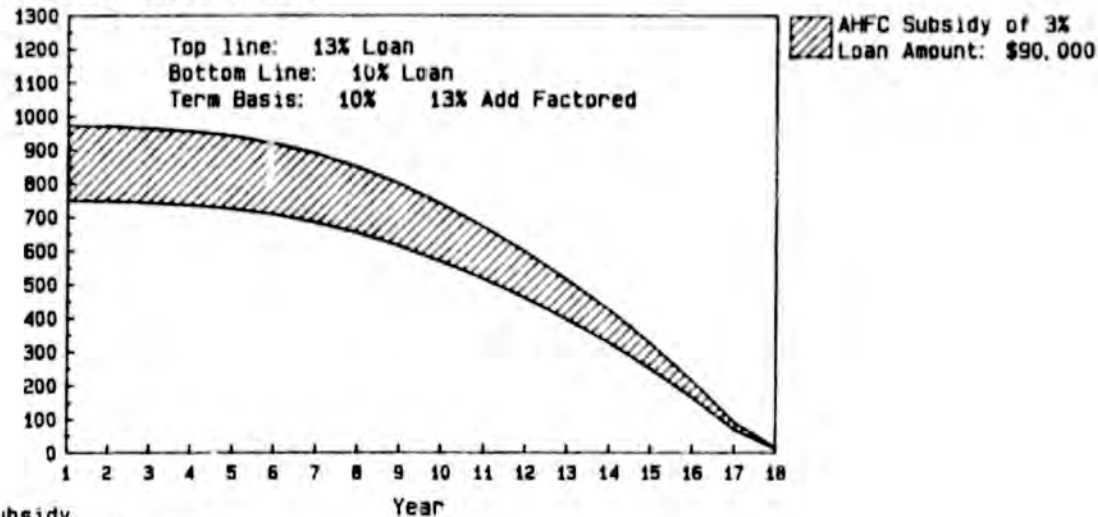
# ALASKA HOUSING FINANCE CORPORATION

ABE Mortgage Subsidy

Monthly Interest Difference @ 10% & 13%

Graph A

Average Monthly Interest Paid



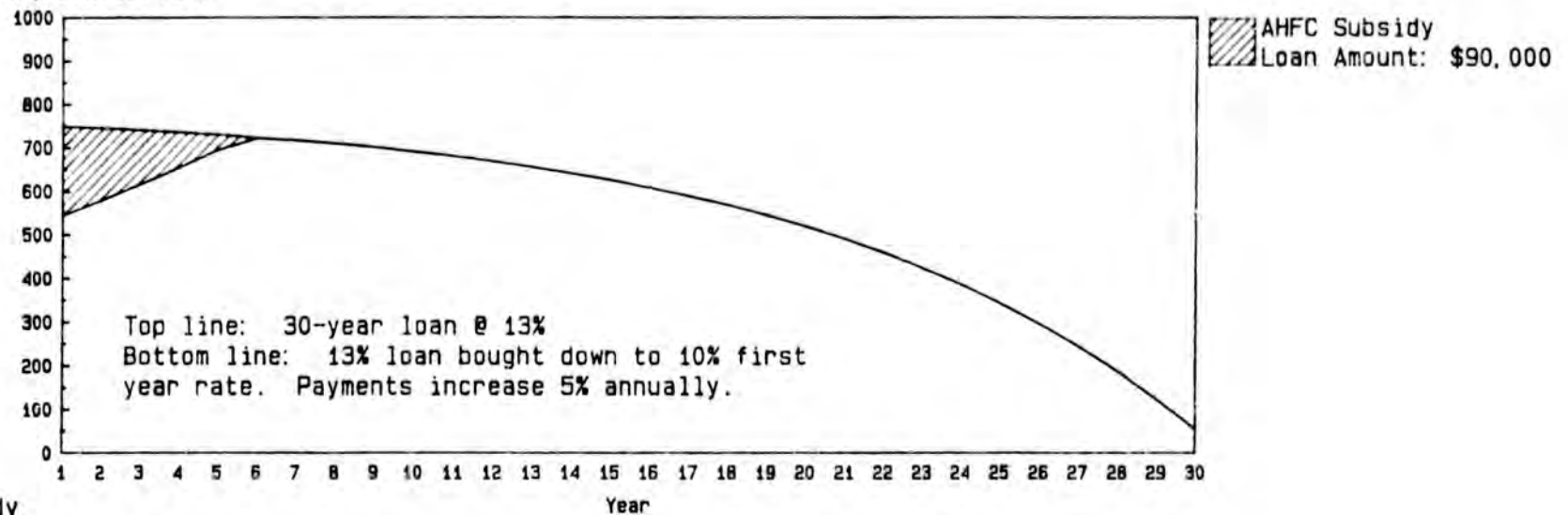
AHFC Subsidy

Gross Amount: \$32,246

Present Value @ 10%: \$17,992

## PROPOSED BUY-DOWN MORTGAGE SUBSIDY 13% Loan Bought Down to an Effective 10% First Year Rate

Average Monthly Interest Paid



AHFC Subsidy

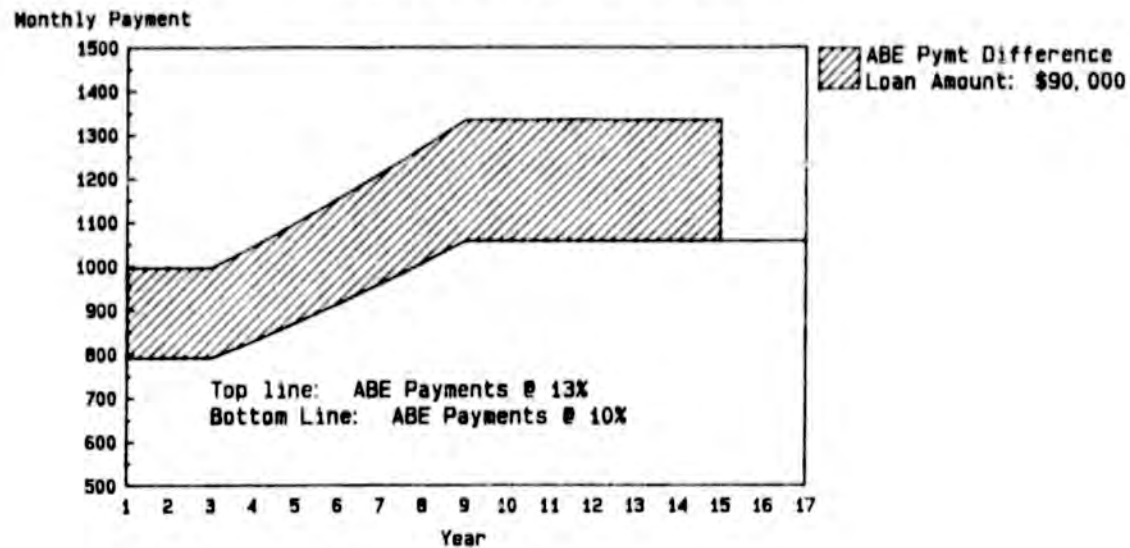
Gross Amount: \$7,320

Present Value @ 10%: \$6,092

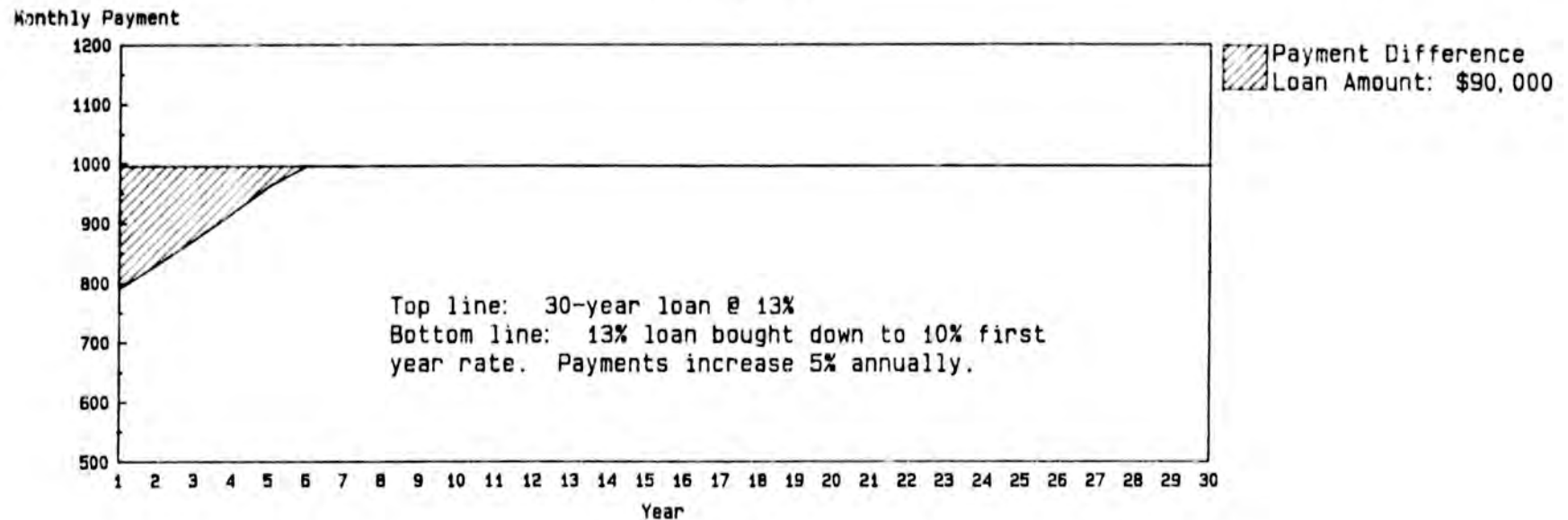
# ALASKA HOUSING FINANCE CORPORATION

ABE Mortgage Payment Comparison  
Subsidized for the life of the loan

Graph B



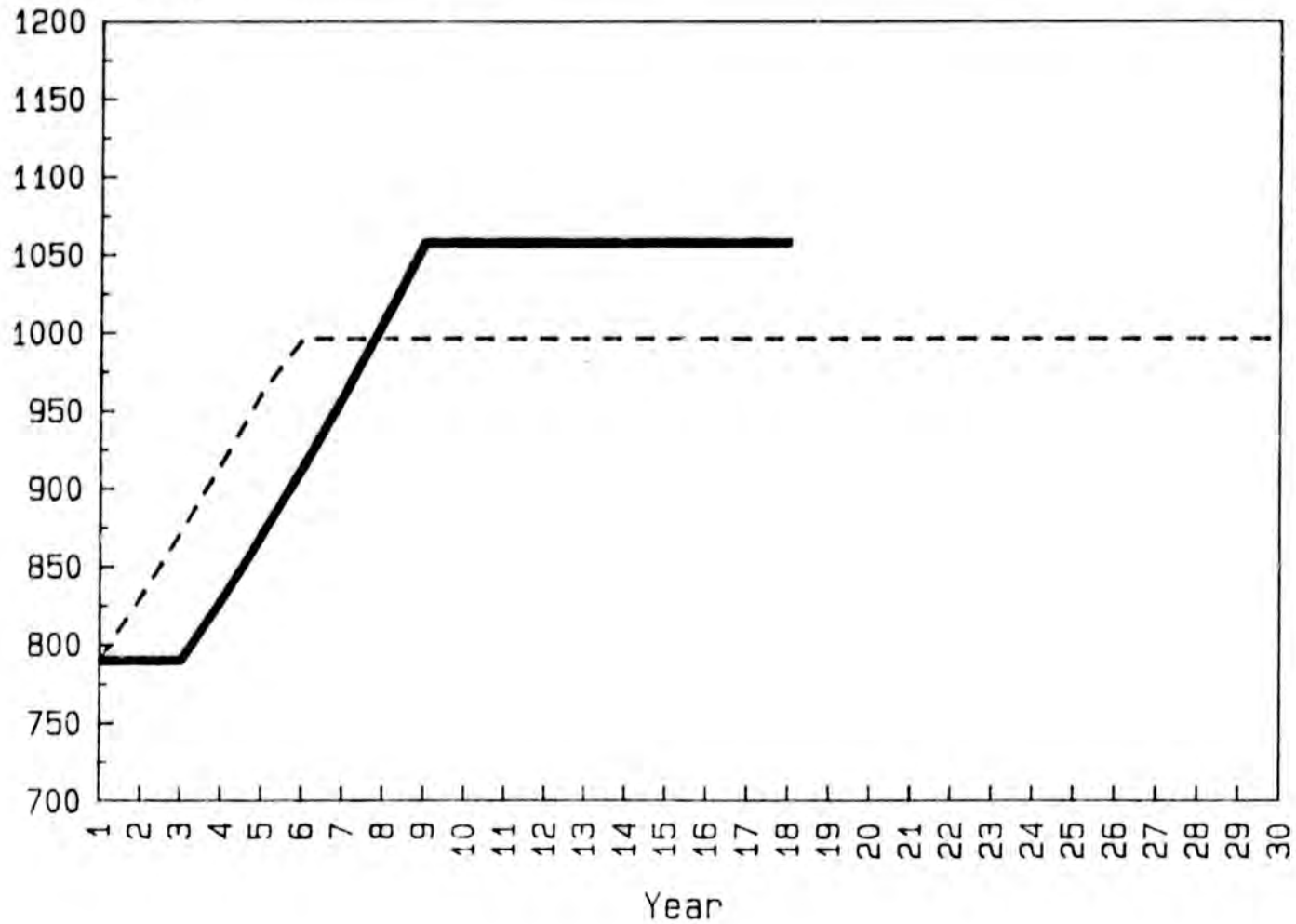
## PROPOSED BUY-DOWN MORTGAGE PAYMENT COMPARISON 13% Loan Bought Down to an Effective 10% First Year Rate



**ALASKA HOUSING FINANCE CORPORATION**

Comparison of Monthly Payments  
ABE Mortgage - vs - Buy-Down Loan

Monthly Payment



ABE Loan  
\$90,000 @ 10%

Buy-Down Loan  
\$90,000 @ 13%

# Alaska HOUSING FINANCE CORPORATION



April 16, 1985

The Honorable Jan Faiks  
Alaska State Senate  
Pouch V  
Juneau, AK 99811

Dear Senator Faiks:

Enclosed please find a booklet containing lending and financing activity projections along with an analysis of Revolving Fund activity and balance estimates. The first section of the booklet contains projections based upon existing programs, while the second section presents the same information adjusted to reflect the changes expected should legislation in the form of that contained in SB 281 be implemented.

The projections are extremely sensitive to fluctuations in mortgage demand. Fairly low levels of mortgage activity are reflected in the analysis. Recent activity which has been at record lows provided the base for the estimates.

Total mortgage demand for FY 89 is projected to be reduced from \$870 to \$480 million under the provisions of SB 281. Subsequent to FY 89, the only program which would continue would be the tax-exempt financed Veterans Mortgage Program with annual activity of \$175 to \$225 million per year. These bonds would be issued on a non-subsidized basis.

The effect of SB 281 on Revolving Fund balances is dramatic. At the end of FY 89 without changing the program, \$27 million in liquid assets would be in the General Account of the Revolving Fund after receiving an additional appropriation of \$100 million. This compares to a projected liquid asset balance without any future appropriations of \$287 million if SB 281 is effected, representing a net difference of \$360 million.

You have asked whether the Corporation would need future legislative appropriations were SB 281 to become law and \$50 million reappropriated to the State General Fund. As demonstrated in the summary of Exhibit A, projected liquid assets of the Revolving Fund are substantially in excess of \$50 million. Accordingly, such a reappropriation in connection with a phasing out of the Corporation's loan programs is not expected to result in future appropriation requests.

If I can be of further assistance in any way, please let me know.

Sincerely,

*Mark K. Cameron*

Mark K. Cameron  
Acting Executive Director

MKC:lmg

Enclosure

*Note:  
Complete packet  
with booklet will  
be LHL's folder.*

235 East 8th Avenue  
Third Floor

P.O. Box 101020  
Anchorage, Alaska 99510

EXHIBIT A

Senate Finance Committee Hearing

SB 281

April 18, 1985

ALASKA HOUSING FINANCE CORPORATION

Exhibit A - Table of Contents

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NOTE: Projections have been based upon recent mortgage application volume. Bonding and subsidy projections are extremely sensitive to fluctuations in mortgage demand.

ALASKA HOUSING FINANCE CORPORATION

Summary of Exhibit A

| <u>Current Programs</u> | <u>Bonds Issued</u> | <u>Est. Mtg. Demand<br/>All Programs</u> | <u>Related Subsidy<br/>Transfers</u> | <u>Revolving Fund<br/>Liquid Assets<br/>(General Account)<br/>End of FY</u> | <u>Level of Subsidy</u> |
|-------------------------|---------------------|------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------|-------------------------|
| FY 86                   | 800                 | 785                                      | 152                                  | 172                                                                         | 3%                      |
| FY 87                   | 500                 | 792                                      | 92                                   | 104                                                                         | 3%                      |
| FY 88                   | 550                 | 824                                      | 98                                   | 28                                                                          | 3%                      |
| FY 89                   | 550                 | 870                                      | 122                                  | 27*                                                                         | 3%                      |

| <u>As Modified By<br/>SB 281</u> | <u>Bonds Issued</u> | <u>Est. Mtg. Demand<br/>All Programs</u> | <u>Related Subsidy<br/>Transfers</u> | <u>Revolving Fund<br/>Liquid Assets<br/>(General Account)<br/>End of FY</u> | <u>Level of Subsidy</u> |
|----------------------------------|---------------------|------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------|-------------------------|
| FY 86                            | 750                 | 726                                      | 126                                  | 205                                                                         | 2-1/2% eff. 10-1-85     |
| FY 87                            | 425                 | 634                                      | 45                                   | 198                                                                         | 2% eff. 10-8-86         |
| FY 88                            | 400                 | 527                                      | 14                                   | 231                                                                         | 1-1/2% eff. 10-1-87     |
| FY 89                            | 150                 | 480                                      | -0-                                  | 287                                                                         | 1% eff. 10-1-88         |

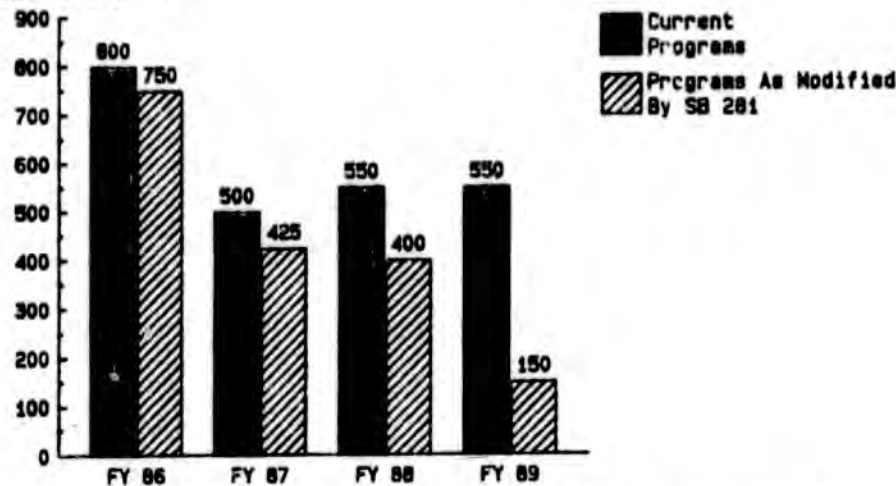
NOTE: Above projections anticipate receipt of \$16 million FY 84 appropriation and retention of all assets of the Alaska Housing Finance Revolving Fund.

\* Anticipates receipt of \$100 million appropriation in FY 89.

**ALASKA HOUSING FINANCE CORPORATION**  
**Analysis of the Projected Effects of SB 281**

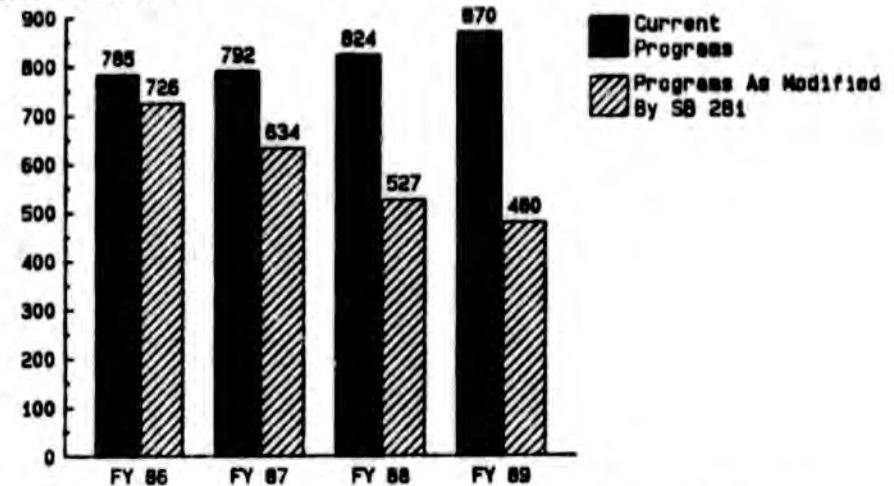
**BONDS ISSUED**

Millions of Dollars



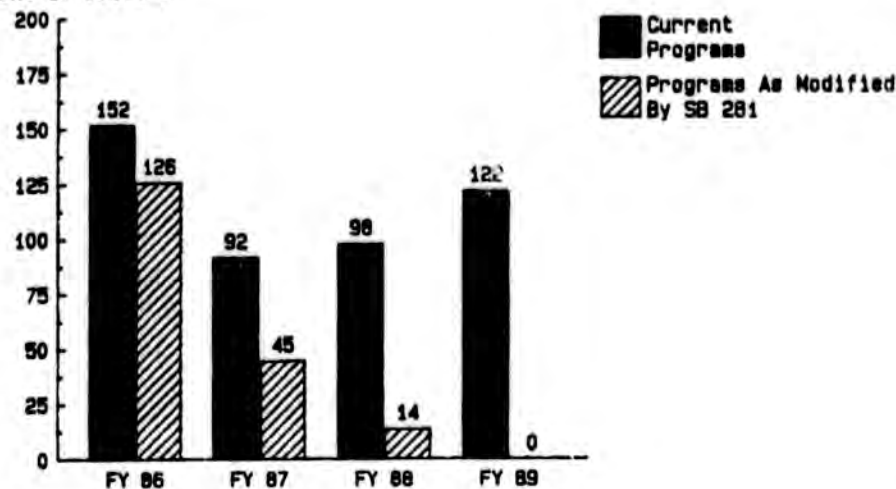
**ESTIMATED MORTGAGE DEMAND  
ALL PROGRAMS**

Millions of Dollars



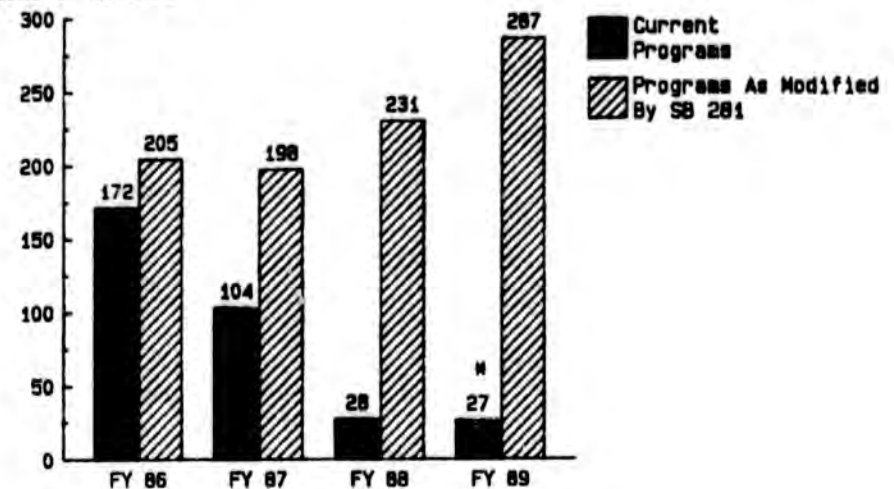
**RELATED SUBSIDY TRANSFERS**

Millions of Dollars



**REVOLVING FUND LIQUID ASSETS  
GENERAL ACCOUNT END OF FISCAL YEAR**

Millions of Dollars



NOTE: Above projections anticipate receipt of \$16 million FY 84 appropriation and retention of all assets of the Alaska Housing Finance Revolving Fund.

\* Anticipates receipt of \$100 million appropriation in FY 89.

2

SECTION 1

Current Programs

## ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1986  
(In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                                      |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|-------------------------------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities</u><br><u>Conforming</u> | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1985                | \$110              | -0-                | \$202                                                       | \$142                 | \$ 93              | \$547        |
| Prepayments and principal reductions | (8)                | \$ 8               |                                                             | (13)                  | 13                 | -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                    | 12                 | (12)               |                                                             | 28                    | (28)               | -0-          |
| Reduction in loans warehoused        |                    |                    | (50)                                                        |                       | 50                 | -0-          |
| Increase in HOF account              | 30                 |                    |                                                             | (30)                  |                    | -0-          |
| Required subsidy transfers           | —                  | —                  | —                                                           | —                     | (152)              | (152)        |
| Balance: June 30, 1986               | <u>\$144</u>       | <u>-0-</u>         | <u>\$152</u>                                                | <u>\$137</u>          | <u>\$ 20</u>       | <u>\$453</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.

04/15/85

## ALASKA HOUSING FINANCE CORPORATION

## SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond FinancingFiscal Year 1986

(In Millions)

|                                                           | Mortgage<br>Loan Funds<br>Available<br>7-1-85 | Program<br>Repayments and<br>Earnings | Bond<br>Proceeds | Sales<br>Costs | Subsidy      | Subsidy<br>Allocation | Estimated<br>Mortgage Demand<br>FY 86 | Mortgage<br>Loan Funds<br>Available<br>6-30-86 |
|-----------------------------------------------------------|-----------------------------------------------|---------------------------------------|------------------|----------------|--------------|-----------------------|---------------------------------------|------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Taxable First Mortgage Program                            | \$ 62 <sup>(4)</sup>                          | \$ 60 <sup>(1)</sup>                  | \$150            | \$ (2)         | \$ 42        | \$ 40                 | \$280                                 | \$ 72                                          |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 209                                           | 17 <sup>(2)</sup>                     | 150              | (4)            | 18           | (14)                  | 250                                   | 126                                            |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 75                                            | 5 <sup>(2)</sup>                      | 200              | (6)            | 32           | (26)                  | 205                                   | 75                                             |
| <u>Internally Funded Programs</u>                         |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Second Mortgage Program                                   | -0-                                           | 10 <sup>(3)</sup>                     |                  |                |              |                       | 10                                    |                                                |
| Mobile Home Loan Program                                  | -0-                                           | 40 <sup>(3)</sup>                     |                  |                |              |                       | 40                                    |                                                |
|                                                           | <u>\$346</u>                                  | <u>\$132</u>                          | 500              | <u>\$(12)</u>  | 92           | <u>-0-</u>            | <u>\$785</u>                          | <u>\$273</u>                                   |
| Deferred FNMA Note Closings                               |                                               |                                       | <u>300</u>       |                | <u>60</u>    |                       |                                       |                                                |
|                                                           |                                               |                                       | <u>\$800</u>     |                | <u>\$152</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.

## ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1987  
(In Millions)

|                                      | HOF Account  |                    | General Account                                             |                       |                    | Total        |
|--------------------------------------|--------------|--------------------|-------------------------------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u> | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities</u><br><u>Conforming</u> | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1986                | \$144        | -0-                | \$152                                                       | \$137                 | \$ 20              | \$453        |
| Prepayments and principal reductions | (10)         | \$ 10              |                                                             | (10)                  | 10                 | -0-          |
| Earnings                             |              | 14                 |                                                             |                       | 28                 | 42           |
| Home ownership assistance subsidies  |              | (9)                |                                                             |                       |                    | (9)          |
| IMB earnings released                |              |                    |                                                             |                       | 13                 | 13           |
| Non-bonded mortgage programs         |              |                    |                                                             |                       |                    |              |
| Second mortgages                     |              |                    |                                                             | 7                     | (7)                | -0-          |
| Mobile home loans                    | 15           | (15)               |                                                             | 20                    | (20)               | -0-          |
| Reduction in loans warehoused        |              |                    | (50)                                                        |                       | 50                 | -0-          |
| Required subsidy transfers           | —            | —                  | —                                                           | —                     | (92)               | (92)         |
| Balance: June 30, 1987               | <u>\$149</u> | <u>-0-</u>         | <u>\$102</u>                                                | <u>\$154</u>          | <u>\$ 2</u>        | <u>\$407</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.

04/15/85

## ALASKA HOUSING FINANCE CORPORATION

## SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary Based Upon Subsidy Restructure Proposal  
Mortgage Demand and Proposed Bond Financing  
Fiscal Year 1987  
(In Millions)

|                                                           | <u>Mortgage<br/>Loan Funds<br/>Available<br/>7-1-86</u> | <u>Program<br/>Repayments and<br/>Earnings</u> | <u>Bond<br/>Proceeds</u> | <u>Sales<br/>Costs</u> | <u>Subsidy</u> | <u>Subsidy<br/>Allocation</u> | <u>Estimated<br/>Mortgage Demand<br/>FY 87</u> | <u>Mortgage<br/>Loan Funds<br/>Available<br/>6-30-87</u> |
|-----------------------------------------------------------|---------------------------------------------------------|------------------------------------------------|--------------------------|------------------------|----------------|-------------------------------|------------------------------------------------|----------------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Taxable First Mortgage Program                            | \$ 72                                                   | \$ 65 <sup>(1)</sup>                           | \$150                    | \$ (3)                 | \$ 42          | \$ 40                         | \$295                                          | \$ 71                                                    |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 126                                                     | 20 <sup>(2)</sup>                              | 150                      | (4)                    | 18             | (14)                          | 240                                            | 56                                                       |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 75                                                      | 7                                              | 200                      | (6)                    | 32             | (26)                          | 215                                            | 67                                                       |
| <u>Internally Funded Programs</u>                         |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Second Mortgage Program                                   | -0-                                                     | 7 <sup>(3)</sup>                               |                          |                        |                |                               | 7                                              |                                                          |
| Mobile Home Loan Program                                  | -0-                                                     | 35 <sup>(3)</sup>                              |                          |                        |                |                               | 35                                             |                                                          |
|                                                           | <u>\$273</u>                                            | <u>\$134</u>                                   | <u>\$500</u>             | <u>\$ (13)</u>         | <u>\$ 92</u>   | <u>-0-</u>                    | <u>\$792</u>                                   | <u>\$194</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.

## ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund ActivityFiscal Year 1988

(In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                                |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|-------------------------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities<br/>Conforming</u> | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1987                | \$149              | -0-                | \$102                                                 | \$154                 | \$ 2               | \$407        |
| Prepayments and principal reductions | (12)               | \$ 12              |                                                       | (13)                  | 13                 | -0-          |
| Earnings                             |                    | 14                 |                                                       |                       | 20                 | 34           |
| Home ownership assistance subsidies  |                    | (10)               |                                                       |                       |                    | (10)         |
| IMB earnings released                |                    |                    |                                                       |                       | 13                 | 13           |
| Non-bonded mortgage programs         |                    |                    |                                                       |                       |                    |              |
| Second mortgages                     |                    |                    |                                                       | 5                     | (5)                | -0-          |
| Mobile home loans                    | 16                 | (16)               |                                                       | 19                    | (19)               | -0-          |
| Reduction in loans warehoused        |                    |                    | (75)                                                  |                       | 75                 | -0-          |
| Required subsidy transfers           | —                  | —                  | —                                                     | —                     | (98)               | (98)         |
| Balance: June 30, 1988               | <u>\$153</u>       | <u>-0-</u>         | <u>\$ 27</u>                                          | <u>\$165</u>          | <u>\$ 1</u>        | <u>\$346</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.

04/15/85

## ALASKA HOUSING FINANCE CORPORATION

## SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing  
Fiscal Year 1988  
(In Millions)

|                                                           | Mortgage<br>Loan Funds<br>Available<br>7-1-87 | Program<br>Repayments and<br>Earnings | Bond<br>Proceeds | Sales<br>Costs | Subsidy      | Subsidy<br>Allocation | Estimated<br>Mortgage Demand<br>FY 88 | Mortgage<br>Loan Funds<br>Available<br>6-30-88 |
|-----------------------------------------------------------|-----------------------------------------------|---------------------------------------|------------------|----------------|--------------|-----------------------|---------------------------------------|------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Taxable First Mortgage Program                            | \$ 71                                         | \$ 65 <sup>(1)</sup>                  | \$150            | \$ (3)         | \$ 42        | \$ 44                 | \$319                                 | \$ 50                                          |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 56                                            | 27 <sup>(2)</sup>                     | 200              | (6)            | 24           | (18)                  | 230                                   | 53                                             |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 67                                            | 11 <sup>(2)</sup>                     | 200              | (6)            | 32           | (26)                  | 235                                   | 43                                             |
| <u>Internally Funded Programs</u>                         |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Second Mortgage Program                                   |                                               | 5 <sup>(3)</sup>                      |                  |                |              |                       | 5                                     |                                                |
| Mobile Home Loan Program                                  |                                               | 35 <sup>(3)</sup>                     |                  |                |              |                       | 35                                    |                                                |
|                                                           | <u>\$194</u>                                  | <u>\$143</u>                          | <u>\$550</u>     | <u>\$ (15)</u> | <u>\$ 98</u> | <u>-0-</u>            | <u>\$824</u>                          | <u>\$146</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.

## ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1989  
(In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                                      |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|-------------------------------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities</u><br><u>Conforming</u> | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1988                | \$153              | -0-                | \$ 27                                                       | \$165                 | \$ 1               | \$346        |
| Prepayments and principal reductions | (12)               | \$ 12              |                                                             | (15)                  | 15                 | -0-          |
| Earnings                             |                    | 14                 |                                                             |                       | 18                 | 32           |
| Home ownership assistance subsidies  |                    | (11)               |                                                             |                       |                    | (11)         |
| IMB earnings released                |                    |                    |                                                             |                       | 13                 | 13           |
| Non-bonded mortgage programs         |                    |                    |                                                             |                       |                    |              |
| Second mortgages                     |                    |                    |                                                             | 5                     | (5)                | -0-          |
| Mobile home loans                    | 15                 | (15)               |                                                             | 20                    | (20)               | -0-          |
| Reduction in loans warehoused        |                    |                    |                                                             |                       |                    | -0-          |
| FY 89 legislative appropriation      |                    |                    |                                                             |                       | 100                | 100          |
| Required subsidy transfers           | —                  | —                  | —                                                           | —                     | (122)              | (122)        |
| Balance: June 30, 1989               | <u>\$156</u>       | <u>-0-</u>         | <u>\$ 27</u>                                                | <u>\$175</u>          | <u>-0-</u>         | <u>\$358</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.

04/15/85

## ALASKA HOUSING FINANCE CORPORATION

## SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing  
Fiscal Year 1989  
(In Millions)

|                                                           | Mortgage<br>Loan Funds<br>Available<br>7-1-88 | Program<br>Repayments and<br>Earnings | Bond<br>Proceeds | Sales<br>Costs | Subsidy      | Subsidy<br>Allocation | Estimated<br>Mortgage Demand<br>FY 89 | Mortgage<br>Loan Funds<br>Available<br>6-30-89 |
|-----------------------------------------------------------|-----------------------------------------------|---------------------------------------|------------------|----------------|--------------|-----------------------|---------------------------------------|------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Taxable First Mortgage Program                            | \$ 50                                         | \$ 65 <sup>(1)</sup>                  | \$350            | \$ (6)         | \$ 98        | \$ 18                 | \$544                                 | \$ 31                                          |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 53                                            | 35 <sup>(2)</sup>                     | 200              | (6)            | 24           | (18)                  | 220                                   | 68                                             |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 43                                            | 23 <sup>(2)</sup>                     |                  |                |              |                       | 66                                    | -0-                                            |
| <u>Internally Funded Programs</u>                         |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Second Mortgage Program                                   | -0-                                           | 5 <sup>(3)</sup>                      |                  |                |              |                       | 5                                     |                                                |
| Mobile Home Loan Program                                  | -0-                                           | 35 <sup>(3)</sup>                     |                  |                |              |                       | 35                                    |                                                |
|                                                           | <u>\$146</u>                                  | <u>\$163</u>                          | <u>\$550</u>     | <u>\$ (12)</u> | <u>\$122</u> | <u>-0-</u>            | <u>\$870</u>                          | <u>\$ 99</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.

SECTION 2

As Modified by SB 281

## ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1986  
(In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                 |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|----------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities</u> |                       |                    |              |
|                                      |                    |                    | <u>Conforming</u>                      | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1985                | \$110              | -0-                | \$202                                  | \$142                 | \$ 93              | \$547        |
| Prepayments and principal reductions | (8)                | \$ 8               |                                        | (13)                  | 13                 | -0-          |
| Earnings                             |                    | 11                 |                                        |                       | 41                 | 52           |
| Home ownership assistance subsidies  |                    | (7)                |                                        |                       |                    | (7)          |
| IMB earnings released                |                    |                    |                                        |                       | 16                 | 16           |
| Non-bonded mortgage programs         |                    |                    |                                        |                       |                    |              |
| Second mortgages                     |                    |                    |                                        | 9                     | (9)                | -0-          |
| Mobile home loans                    | 12                 | (12)               |                                        | 25                    | (25)               | -0-          |
| Reduction in loans warehoused        |                    |                    |                                        |                       |                    | -0-          |
| Increase in HOF account              | 30                 |                    |                                        | (30)                  |                    | -0-          |
| Required subsidy transfers           | —                  | —                  | —                                      | —                     | (126)              | (126)        |
| Balance: June 30, 1986               | <u>\$144</u>       | <u>-0-</u>         | <u>\$202</u>                           | <u>\$133</u>          | <u>\$ 3</u>        | <u>\$482</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  
SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

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

|                                                           | Mortgage<br>Loan Funds<br>Available<br>7-1-85 | Program<br>Repayments and<br>Earnings | Bond<br>Proceeds | Sales<br>Costs | Subsidy      | Subsidy<br>Allocation | Estimated<br>Mortgage Demand<br>FY 86 | Mortgage<br>Loan Funds<br>Available<br>6-30-86 |
|-----------------------------------------------------------|-----------------------------------------------|---------------------------------------|------------------|----------------|--------------|-----------------------|---------------------------------------|------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Taxable First Mortgage Program                            | \$ 62 <sup>(4)</sup>                          | \$ 60 <sup>(1)</sup>                  | \$125            | \$ (2)         | \$ 30        | \$ 27                 | \$259                                 | \$ 43                                          |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 209                                           | 17 <sup>(2)</sup>                     | 125              | (3)            | 12           | (9)                   | 231                                   | 120                                            |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 75                                            | 5 <sup>(2)</sup>                      | 200              | (6)            | 24           | (18)                  | 190                                   | 90                                             |
| <u>Internally Funded Programs</u>                         |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Second Mortgage Program                                   | -0-                                           | 9 <sup>(3)</sup>                      |                  |                |              |                       | 9                                     |                                                |
| Mobile Home Loan Program                                  | -0-                                           | 37 <sup>(3)</sup>                     |                  |                |              |                       | 37                                    |                                                |
|                                                           | <u>\$346</u>                                  | <u>\$128</u>                          | 450              | <u>\$(11)</u>  | 66           | <u>-0-</u>            | <u>\$726</u>                          | <u>\$253</u>                                   |
| Deferred FNMA Note Closings                               |                                               |                                       | <u>300</u>       |                | <u>60</u>    |                       |                                       |                                                |
|                                                           |                                               |                                       | <u>\$750</u>     |                | <u>\$126</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.

## ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1987  
(In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                 |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|----------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities</u> |                       |                    |              |
|                                      |                    |                    | <u>Conforming</u>                      | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1986                | \$144              | -0-                | \$202                                  | \$133                 | \$ 3               | \$482        |
| Prepayments and principal reductions | (10)               | \$ 10              |                                        | (10)                  | 10                 | -0-          |
| Earnings                             |                    | 14                 |                                        |                       | 33                 | 47           |
| Home ownership assistance subsidies  |                    | (8)                |                                        |                       |                    | (8)          |
| IMB earnings released                |                    |                    |                                        |                       | 13                 | 13           |
| Non-bonded mortgage programs         |                    |                    |                                        |                       |                    |              |
| Second mortgages                     |                    |                    |                                        | 6                     | (6)                | -0-          |
| Mobile home loans                    | 16                 | (16)               |                                        | 12                    | (12)               | -0-          |
| Reduction in loans warehoused        |                    |                    | (25)                                   |                       | 25                 | -0-          |
| Required subsidy transfers           | —                  | —                  | —                                      | —                     | (45)               | (45)         |
| Balance: June 30, 1987               | <u>\$150</u>       | <u>-0-</u>         | <u>\$177</u>                           | <u>\$141</u>          | <u>\$ 21</u>       | <u>\$489</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

## SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary Based Upon Subsidy Restructure ProposalMortgage Demand and Proposed Bond FinancingFiscal Year 1987

(In Millions)

|                                                           | <u>Mortgage<br/>Loan Funds<br/>Available<br/>7-1-86</u> | <u>Program<br/>Repayments and<br/>Earnings</u> | <u>Bond<br/>Proceeds</u> | <u>Sales<br/>Costs</u> | <u>Subsidy</u> | <u>Subsidy<br/>Allocation</u> | <u>Estimated<br/>Mortgage Demand<br/>FY 87</u> | <u>Mortgage<br/>Loan Funds<br/>Available<br/>6-30-87</u> |
|-----------------------------------------------------------|---------------------------------------------------------|------------------------------------------------|--------------------------|------------------------|----------------|-------------------------------|------------------------------------------------|----------------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Taxable First Mortgage Program                            | \$ 43                                                   | \$ 65 <sup>(1)</sup>                           | \$125                    | \$ (3)                 | \$ 25          | \$ 12                         | \$236                                          | \$ 31                                                    |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 120                                                     | 20 <sup>(2)</sup>                              | 100                      | (2)                    | 4              | (2)                           | 192                                            | 48                                                       |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 90                                                      | 7                                              | 200                      | (6)                    | 16             | (10)                          | 172                                            | 125                                                      |
| <u>Internally Funded Programs</u>                         |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Second Mortgage Program                                   | -0-                                                     | 6 <sup>(3)</sup>                               |                          |                        |                |                               | 6                                              |                                                          |
| Mobile Home Loan Program                                  | -0-                                                     | 28 <sup>(3)</sup>                              |                          |                        |                |                               | 28                                             |                                                          |
|                                                           | <u>\$253</u>                                            | <u>\$126</u>                                   | <u>\$425</u>             | <u>\$(11)</u>          | <u>\$ 45</u>   | <u>-0-</u>                    | <u>\$634</u>                                   | <u>\$204</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.

## ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund ActivityFiscal Year 1988

(In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                                |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|-------------------------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities<br/>Conforming</u> | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1987                | \$150              | -0-                | \$177                                                 | \$141                 | \$ 21              | \$489        |
| Prepayments and principal reductions | (12)               | \$ 12              |                                                       | (13)                  | 13                 | -0-          |
| Earnings                             |                    | 14                 |                                                       |                       | 35                 | 49           |
| Home ownership assistance subsidies  |                    | (7)                |                                                       |                       |                    | (7)          |
| IMB earnings released                |                    |                    |                                                       |                       | 13                 | 13           |
| Non-bonded mortgage programs         |                    |                    |                                                       |                       |                    |              |
| Second mortgages                     |                    |                    |                                                       | 3                     | (3)                | -0-          |
| Mobile home loans                    | 19                 | (19)               |                                                       | 11                    | (11)               | -0-          |
| Reduction in loans warehoused        |                    |                    | (35)                                                  |                       | 35                 | -0-          |
| Required subsidy transfers           | —                  | —                  | —                                                     | —                     | (14)               | (14)         |
| Balance: June 30, 1988               | <u>\$157</u>       | <u>-0-</u>         | <u>\$142</u>                                          | <u>\$142</u>          | <u>\$ 89</u>       | <u>\$530</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

## SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond FinancingFiscal Year 1988

(In Millions)

|                                                           | <u>Mortgage<br/>Loan Funds<br/>Available<br/>7-1-87</u> | <u>Program<br/>Repayments and<br/>Earnings</u> | <u>Bond<br/>Proceeds</u> | <u>Sales<br/>Costs</u> | <u>Subsidy</u> | <u>Subsidy<br/>Allocation</u> | <u>Estimated<br/>Mortgage Demand<br/>FY 88</u> | <u>Mortgage<br/>Loan Funds<br/>Available<br/>6-30-88</u> |
|-----------------------------------------------------------|---------------------------------------------------------|------------------------------------------------|--------------------------|------------------------|----------------|-------------------------------|------------------------------------------------|----------------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Taxable First Mortgage Program                            | \$ 31                                                   | \$ . )                                         | \$ 50                    | \$ (1)                 | \$ 8           |                               | \$119                                          | \$ 34                                                    |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 48                                                      | 27 <sup>(2)</sup>                              | 150                      | (4)                    |                |                               | 185                                            | 36                                                       |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 125                                                     | 11 <sup>(2)</sup>                              | 200                      | (6)                    | 6              |                               | 190                                            | 146                                                      |
| <u>Internally Funded Programs</u>                         |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Second Mortgage Program                                   |                                                         | 3 <sup>(3)</sup>                               |                          |                        |                |                               | 3                                              |                                                          |
| Mobile Home Loan Program                                  | —                                                       | 30 <sup>(3)</sup>                              | —                        | —                      | —              | —                             | 30                                             | —                                                        |
|                                                           | <u>\$204</u>                                            | <u>\$136</u>                                   | <u>\$400</u>             | <u>\$ (11)</u>         | <u>\$ 14</u>   | <u>-0-</u>                    | <u>\$527</u>                                   | <u>\$216</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.

## ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1989  
(In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                 |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|----------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities</u> |                       |                    |              |
|                                      |                    |                    | <u>Conforming</u>                      | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1988                | \$157              | -0-                | \$142                                  | \$142                 | \$ 89              | \$530        |
| Prepayments and principal reductions | (12)               | \$ 12              |                                        | (15)                  | 15                 | -0-          |
| Earnings                             |                    | 15                 |                                        |                       | 40                 | 55           |
| Home ownership assistance subsidies  |                    | (7)                |                                        |                       |                    | (7)          |
| IMB earnings released                |                    |                    |                                        |                       | 13                 | 13           |
| Non-bonded mortgage programs         |                    |                    |                                        |                       |                    |              |
| Second mortgages                     |                    |                    |                                        | 2                     | (2)                | -0-          |
| Mobile home loans                    | 20                 | (20)               |                                        | 10                    | (10)               | -0-          |
| Reduction in loans warehoused        |                    |                    | (92)                                   |                       | 92                 | -0-          |
| Transfer of HOF Account excess       | (35)               |                    |                                        | 35                    |                    | -0-          |
| Required subsidy transfers           | —                  | —                  | —                                      | —                     | -0-                | -0-          |
| Balance: June 30, 1989               | <u>\$130</u>       | <u>-0-</u>         | <u>\$ 50</u>                           | <u>\$174</u>          | <u>\$237</u>       | <u>\$591</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

## SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond FinancingFiscal Year 1989

(In Millions)

|                                                           | <u>Mortgage<br/>Loan Funds<br/>Available<br/>7-1-88</u> | <u>Program<br/>Repayments and<br/>Earnings</u> | <u>Bond<br/>Proceeds</u> | <u>Sales<br/>Costs</u> | <u>Subsidy</u> | <u>Subsidy<br/>Allocation</u> | <u>Estimated<br/>Mortgage Demand<br/>FY 89</u> | <u>Mortgage<br/>Loan Funds<br/>Available<br/>6-30-89</u> |
|-----------------------------------------------------------|---------------------------------------------------------|------------------------------------------------|--------------------------|------------------------|----------------|-------------------------------|------------------------------------------------|----------------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Taxable First Mortgage Program                            | \$ 34                                                   | \$ 65 <sup>(1)</sup>                           |                          |                        |                |                               | \$ 99                                          | -0-                                                      |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 36                                                      | 35 <sup>(2)</sup>                              | \$150                    | \$ (4)                 |                |                               | 180                                            | \$ 37                                                    |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 146                                                     | 23 <sup>(2)</sup>                              |                          |                        |                |                               | 169                                            | -0-                                                      |
| <u>Internally Funded Programs</u>                         |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Second Mortgage Program                                   | -0-                                                     | 2 <sup>(3)</sup>                               |                          |                        |                |                               | 2                                              |                                                          |
| Mobile Home Loan Program                                  | -0-                                                     | 30 <sup>(3)</sup>                              |                          |                        |                |                               | 30                                             |                                                          |
|                                                           | <u>\$216</u>                                            | <u>\$155</u>                                   | <u>\$150</u>             | <u>\$ (4)</u>          | <u>-0-</u>     | <u>-0-</u>                    | <u>\$480</u>                                   | <u>\$ 37</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.

## ALASKA HOUSING FINANCE CORPORATION

### Testimony Regarding SB 281

"An Act Relating to the Interest Rate on State Loan Programs;  
and Providing for an Effective Date"

#### General Comments

The Alaska Housing Finance Revolving Fund is doing what it was intended to accomplish. Projections based upon recent lending activity indicate that additional appropriations will not be necessary until FY 89. While the request in FY 89 could be approximately \$100 million, the return of assets pledged to initial taxable bond offerings could fund FY 90, 91, 92 and a portion of FY 93's activity. The \$100 million needed in FY 89 would represent an annual average of less than \$17 million for the six years ending in FY 92.

The Corporation maximizes the utilization of State capital through leveraging. The annual subsidy transfers from the Revolving Fund average 12% to 15% of the actual amount of mortgages purchased.

The leveraging effect is even greater when consideration is given to the multiple benefits of the program. Residents are afforded the opportunity to purchase a home who would not have the benefits of homeownership without AHFC and those who find themselves in need of a larger home to accommodate a growing family have reasonable rate financing available in both the sale of their smaller home and the acquisition of the new home. In addition to these benefits to the homebuyer and seller, the economic base of the State is diversified through stimulation of the housing market. Over half the loans the Corporation purchases are for newly constructed residences.

#### Effects of SB 281 on AHFC

On October 1, 1988 the level of subsidy will be reduced to 1% and the Corporation will in all likelihood cease operating all but the tax-exempt bond funded Veterans Mortgage Program with annual activity in the range of \$175 to \$225 million. The federal authorization for the tax-exempt bond funded first time homebuyers program ceases in 1987. With only a 1% difference in rates on the first \$90,000 of a loan, it is questionable whether the Corporation would be able to compete with the conventional markets which have much more flexibility in accessing the capital markets and arranging financing facilities than a public corporation. The Corporation is probably the only provider of secondary mortgage financing which makes commitments to purchase individual loans from lending institutions. These commitments are binding only upon AHFC and are valid for an initial 4 month period. Should conventional mortgage rates fall below AHFC's at any time during that commitment period, borrowers may opt to cancel their commitment. The applicant's exposure is limited to the 1/2 of 1% commitment fee charged by AHFC. The risk to the Corporation is that it will not be able to acquire mortgage loans necessary to pledge to the bonds. With only a 1% difference between AHFC rates and conventional sources of financing, the risk to the Corporation and the bondholders that loans will not be originated and the bonds required to be retired ("called") early is fairly high. Accordingly, it is extremely questionable whether the Corporation will determine the issuance of the bonds at a 1% subsidy level is worth the risks.

The Revolving Fund is expected to have liquid assets of \$287 million at the end of FY 89 if the programs are phased out pursuant to SB 281. This projection is based upon receipt of the \$16 million FY 85 appropriation and no reappropriation of current assets.

The bill could have a significant impact on housing activity. Uncertainty over continuity of loan programs has historically resulted in stimulation of the housing market accompanied by rising values. The flurry of activity to obtain the last of the subsidized loans could be followed by a major depression in both activity and residential values. The situation could be further aggravated by zero or negative economic growth in the State, resulting in part from a diminishing level of local government and capital project support from the State and reduction in oil related activity as increasing exploration costs face off against lower oil prices.

To protect the security for future loan originations, imposition of a 10% or 15% minimum down payment may be required. This would replace the current terms of 0% down veterans financing and 5% down conventional program loan terms.

To protect the security for bonds previously issued which are collateralized by residential loans, a restriction against financing of new construction may be necessary. Fewer homes would be constructed, thereby reducing the inventory of homes on the market. This would assist in maintaining the value of the existing residential housing stock, a large portion of which are financed with loans pledged as security to in excess of \$4 billion in Corporation bonds outstanding.

The hardest hit by increasing interest rates will be the low to moderate income resident. Those of modest means generally do not have the same number of financing alternatives available as those who are doing fairly well and desiring to trade up to a larger house, often extracting equity in the process.

Questions Related to SB 281

The bill is unclear whether the 1/2% increase is to apply to the entire loan amount or just the subsidized portion. AHFC statutes provide for a "blended" mortgage rate with only the first \$90,000 of a mortgage loan subsidized. The borrower is charged the Corporation's "cost of funds" on the excess of the loan over \$90,000. If the 1/2% increase is to apply to the entire loan amount, we will be charging more than our cost of funds on the portion of a loan in excess of \$90,000.

Is it possible to have the 1/2% annual increase spread out such that each quarter the rate would rise 1/8 of 1%? The October 1 effective date for the increases comes at the down cycle of the housing market. While this may be beneficial for the construction industry, the mortgage lenders and AHFC will be faced with a rush of activity each summer followed by several months with virtually no mortgage demand. While the 1/2% increases may mean only \$30 to \$35 more in payments each month, the buyer psychology will be such that all of

Testimony Regarding SB 281

Page 3

the activity which would have normally occurred in October, November and December will be accelerated into the months of August and September. This will have two adverse consequences. It will be extremely difficult for AHFC and the mortgage lenders to provide timely service to the borrowers. The potential for a boom/bust situation will also be aggravated as each January we wait to see if buyers will go back to the real estate market after the last 1/2% rate increase.

More legislative direction is necessary in determining the desired effect of the changes on the Home Ownership Assistance (HOF) Program. On October 1, 1988 when AHFC shuts down all but the tax-exempt Veterans Mortgage Program, the rate to a HOF recipient will have been increased from its current effective rate of 6% to only 8%. While the non-HOF home purchaser will only have a 1% difference in rates, those who would have otherwise qualified for 8% financing will have to obtain conventional financing which is currently in the area of 13-1/4% to 13-1/2%. The low-end of the housing market will be devastated since the number of those qualifying to purchase homes in that price range will be drastically reduced. The buy versus rent equation now generally comes up with an answer that buying is more advantageous. If the financing is at 13.5%, the answer will not be the same unless rents also escalate by the same degree.

Summary

The funds are in place to allow the Corporation to continue to leverage the financing of residential real estate at below market rates several years into the future.

SB 281 will effectively kill all but the tax-exempt Veterans Mortgage Program by October 1, 1988. In the process of increasing interest rates, low to moderate income families who are either desiring to purchase a home or sell one will be adversely impacted. The Corporation has a lengthy history of assisting low to moderate income residents. This assistance, provided since 1973, would also be phased out.

The impact of SB 281 on the housing market could be severe. This would particularly be the case if the State economy is also struggling and conventional interest rates rising. Program changes would be considered to assist in reducing the Corporation's exposure to increased foreclosures and delinquencies.

EXHIBIT B

Senate Finance Committee Hearing

SB 281

April 18, 1985

ALASKA HOUSING FINANCE CORPORATION

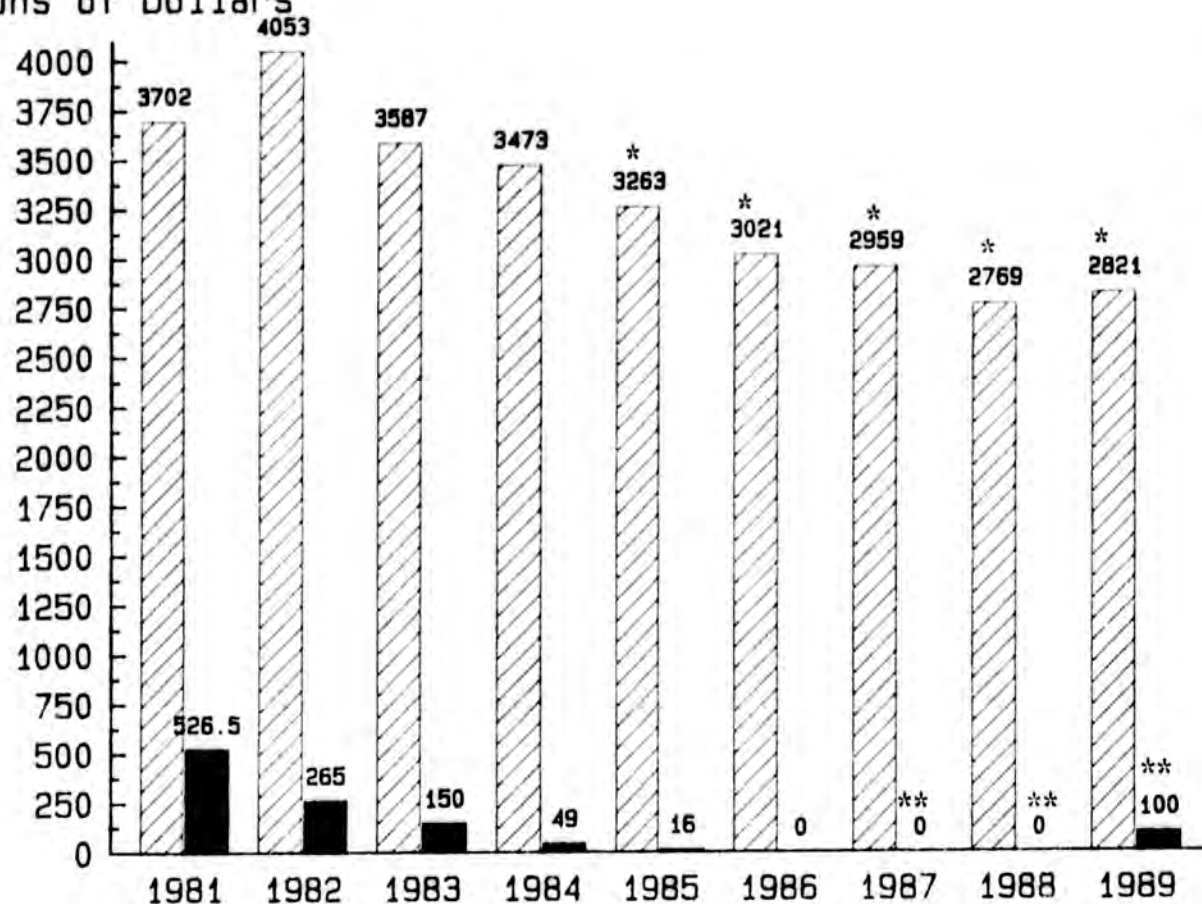
PROGRAM OVERVIEW

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# STATE GENERAL FUND UNRESTRICTED REVENUES - VS - TOTAL AHFC APPROPRIATIONS

Millions of Dollars



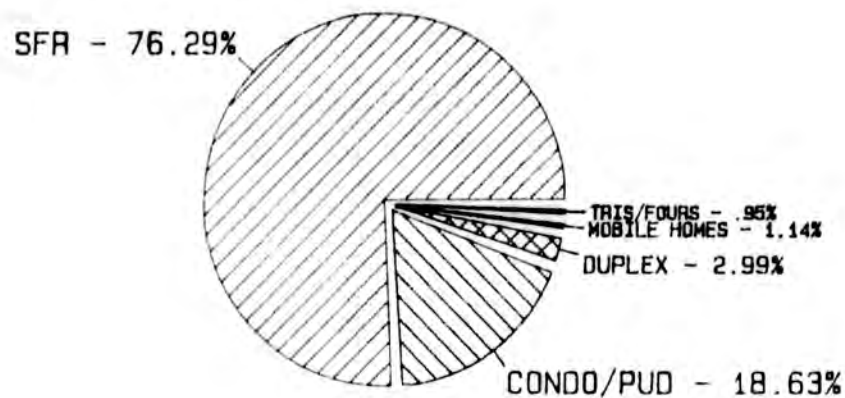
 State General Fund  
Unrestricted Revenue

 Total AHFC  
Appropriations

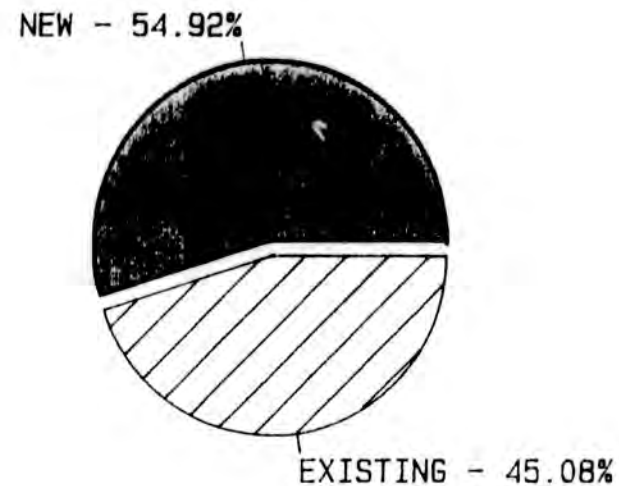
\* Dept of Revenue Mean  
Average Projection  
\*\* AHFC 4-15-85 Estimate

State Fiscal Year

ALASKA HOUSING FINANCE CORPORATION  
SUMMARY OF ALL FIRST MORTGAGES PURCHASED  
Fiscal Year 1985 Thru 3/31/85

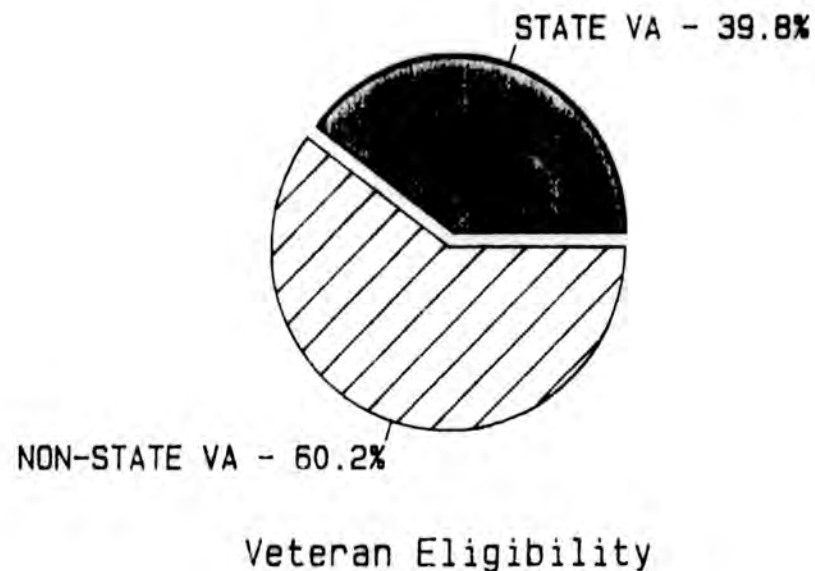
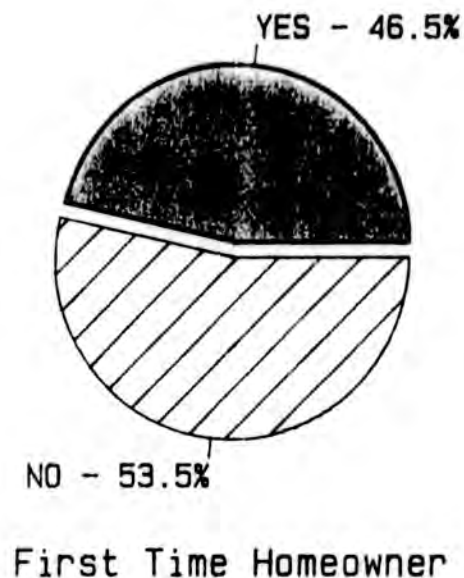


Dwelling Type



New or Existing Dwelling

ALASKA HOUSING FINANCE CORPORATION  
SUMMARY OF ALL FIRST MORTGAGES PURCHASED  
Fiscal Year 1985 Thru 3/31/85



DATE 3/31/85

ALASKA HOUSING FINANCE CORPORATION  
ALL FIRST MORTGAGES  
LOAN SUMMARY MORTGAGES PURCHASED

|                           | FY 1983        | %     | FY 1984          | %     | FY 1985 THRU( 3/31/85) | %     |
|---------------------------|----------------|-------|------------------|-------|------------------------|-------|
|                           | -----          |       | -----            |       | -----                  |       |
| SALES PRICE               | 105,807        |       | 120,754          |       | 123,545                |       |
| APPRAISED VALUE           | 108,430        |       | 123,572          |       | 126,371                |       |
| NOTE AMOUNT               | 93,012         |       | 106,003          |       | 106,912                |       |
| MONTHLY INCOME            | 4,059          |       | 4,536            |       | 4,490                  |       |
| AGE OF BORROWER           | 33.7           |       | 34.7             |       | 35.1                   |       |
| SIZE OF HOUSEHOLD         | 2.5            |       | 2.7              |       | 2.7                    |       |
| LOAN TO SALES PRICE RATIO | 87.91%         |       | 87.78%           |       | 86.54%                 |       |
| WEIGHTED AVG INT. RATE    | 10.73%         |       | 10.09%           |       | 11.22%                 |       |
| MONTHLY P&I               | 877.14         |       | 943.72           |       | 1,036.98               |       |
| DWELLING TYPE..SFR        | 5,989          | 69.72 | 8,821            | 74.13 | 4,624                  | 76.29 |
| CONDO                     | 2,036          | 23.70 | 2,083            | 17.50 | 924                    | 15.25 |
| DUPLX                     | 287            | 3.34  | 476              | 4.00  | 181                    | 2.99  |
| PUD                       | 268            | 3.12  | 361              | 3.03  | 205                    | 3.38  |
| MOHM                      |                |       | 5                | .04   | 69                     | 1.14  |
| TRI-PLEX                  | 4              | .05   | 40               | .34   | 20                     | .33   |
| FOUR PLEX                 | 6              | .07   | 114              | .96   | 38                     | .63   |
| NEW/EXISTING....NEW       | 5,382          | 62.65 | 6,814            | 57.26 | 3,329                  | 54.92 |
| EXISTING                  | 3,208          | 37.35 | 5,086            | 42.74 | 2,732                  | 45.08 |
| 1ST TIME HOMEOWNER..YES   | 4,461          | 51.93 | 5,445            | 45.76 | 2,816                  | 46.46 |
| NO                        | 4,129          | 48.07 | 8,455            | 54.24 | 3,245                  | 53.54 |
| INSURANCE TYPE.....FHA    |                |       |                  |       | 0                      | .00   |
| VA                        | 814            | 9.48  | 2,073            | 17.42 | 1,161                  | 19.16 |
| CONVA                     | 7,776          | 90.52 | 9,827            | 82.58 | 4,900                  | 80.84 |
| ELIGIBILITY.....STVA      | 2,391          | 27.83 | 4,915            | 41.30 | 2,414                  | 39.83 |
| NON-STVA                  | 6,199          | 72.17 | 6,985            | 58.70 | 3,647                  | 60.17 |
|                           |                |       |                  |       | 0                      | .00   |
| ORIG. PRINCIPAL BALANCE   | 798,968,900.00 |       | 1,261,435,600.00 |       | 647,996,650.00         |       |
| ORIG. NUMBER OF LOANS     | 8,590          |       | 11,900           |       | 6,061                  |       |

DATE 3/31/85

ALASKA HOUSING FINANCE CORPORATION  
TAXABLE FIRST MORTGAGES  
LOAN SUMMARY MORTGAGES PURCHASED

|                           | FY 1983        | %     | FY 1984        | %     | FY 1985 THRU( 3/31/85 ) | %     |
|---------------------------|----------------|-------|----------------|-------|-------------------------|-------|
|                           | -----          |       | -----          |       | -----                   |       |
| SALES PRICE               | 117,418        |       | 135,722        |       | 123,399                 |       |
| APPRAISED VALUE           | 120,477        |       | 139,275        |       | 126,531                 |       |
| NOTE AMOUNT               | 99,764         |       | 113,460        |       | 104,768                 |       |
| MONTHLY INCOME            | 4,614          |       | 5,174          |       | 4,455                   |       |
| AGE OF BORROWER           | 35.5           |       | 34.6           |       | 33.4                    |       |
| SIZE OF HOUSEHOLD         | 2.7            |       | 2.7            |       | 2.5                     |       |
| LOAN TO SALES PRICE RATIO | 84.96%         |       | 83.60%         |       | 84.90%                  |       |
| WEIGHTED AVG INT. RATE    | 11.53%         |       | 10.72%         |       | 11.73%                  |       |
| MONTHLY P&I               | 999.53         |       | 1,068.85       |       | 1,056.23                |       |
| DWELLING TYPE..SFR        | 3,408          | 74.64 | 3,368          | 73.03 | 2,544                   | 71.97 |
| CONDO                     | 755            | 16.54 | 548            | 11.88 | 612                     | 17.31 |
| DUPLX                     | 207            | 4.53  | 359            | 7.78  | 157                     | 4.44  |
| PUD                       | 186            | 4.07  | 183            | 3.97  | 120                     | 3.39  |
| MOHM                      |                |       |                |       | 48                      | 1.36  |
| TRI-PLEX                  | 4              | .09   | 40             | .87   | 16                      | .45   |
| FOUR PLEX                 | 6              | .13   | 114            | 2.47  | 38                      | 1.07  |
| NEW/EXISTING....NEW       | 2,640          | 57.82 | 2,542          | 55.12 | 2,021                   | 57.17 |
| EXISTING                  | 1,926          | 42.18 | 2,070          | 44.88 | 1,514                   | 42.83 |
| 1ST TIME HOMEOWNER..YES   | 1,372          | 30.05 | 1,187          | 25.74 | 1,653                   | 46.76 |
| NO                        | 3,194          | 69.95 | 3,425          | 74.26 | 1,882                   | 53.24 |
| INSURANCE TYPE.....FHA    |                |       |                |       | 0                       | .00   |
| VA                        | 314            | 6.88  | 114            | 2.47  | 154                     | 4.36  |
| CONVA                     | 4,252          | 93.12 | 4,498          | 97.53 | 3,381                   | 95.64 |
| ELIGIBILITY.....STVA      | 1,274          | 27.90 | 451            | 9.78  | 262                     | 7.41  |
| NON-STVA                  | 3,292          | 72.10 | 4,161          | 90.22 | 3,273                   | 92.59 |
|                           |                |       |                |       | 0                       | .00   |
| ORIG. PRINCIPAL BALANCE   | 455,521,850.00 |       | 523,278,050.00 |       | 370,353,950.00          |       |
| ORIG. NUMBER OF LOANS     | 4,566          |       | 4,612          |       | 3,535                   |       |

DATE 3/31/85

ALASKA HOUSING FINANCE CORPORATION  
TAX EXEMPT MSBTA FIRST MORTGAGES  
LOAN SUMMARY MORTGAGES PURCHASED

|                           | FY 1983        | %     | FY 1984        | %     | FY 1985 THRU( 3/31/85) % |       |
|---------------------------|----------------|-------|----------------|-------|--------------------------|-------|
|                           | -----          |       | -----          |       | -----                    |       |
| SALES PRICE               | 85,059         |       | 88,458         |       | 90,041                   |       |
| APPRAISED VALUE           | 87,153         |       | 90,846         |       | 92,483                   |       |
| NOTE AMOUNT               | 79,654         |       | 82,777         |       | 84,415                   |       |
| MONTHLY INCOME            | 3,074          |       | 3,055          |       | 3,102                    |       |
| AGE OF BORROWER           | 30.3           |       | 30.4           |       | 30.7                     |       |
| SIZE OF HOUSEHOLD         | 2.2            |       | 2.3            |       | 2.3                      |       |
| LOAN TO SALES PRICE RATIO | 93.65%         |       | 93.58%         |       | 93.75%                   |       |
| WEIGHTED AVG INT. RATE    | 9.88%          |       | 9.89%          |       | 10.58%                   |       |
| MONTHLY P&I               | 692.83         |       | 720.35         |       | 777.78                   |       |
| DWELLING TYPE..SFR        | 1,882          | 59.24 | 2,020          | 61.74 | 284                      | 65.44 |
| CONDO                     | 1,200          | 37.77 | 1,173          | 35.85 | 139                      | 32.03 |
| DUPLX                     | 33             | 1.04  | 26             | .79   | 3                        | .69   |
| PUD                       | 62             | 1.95  | 50             | 1.53  | 4                        | .92   |
| MOHM                      |                |       | 3              | .09   | 4                        | .92   |
| TRI-PLEX                  |                |       |                |       | 0                        | .00   |
| FOUR PLEX                 |                |       |                |       | 0                        | .00   |
| NEW/EXISTING....NEW       | 2,294          | 72.21 | 2,226          | 68.03 | 259                      | 59.68 |
| EXISTING                  | 883            | 27.79 | 1,046          | 31.97 | 175                      | 40.32 |
| 1ST TIME HOMEOWNER..YES   | 2,814          | 88.57 | 2,873          | 87.81 | 379                      | 87.33 |
| NO                        | 363            | 11.43 | 399            | 12.19 | 55                       | 12.67 |
| INSURANCE TYPE.....FHA    |                |       |                |       | 0                        | .00   |
| VA                        | 251            | 7.90  | 363            | 11.09 | 81                       | 18.66 |
| CONVA                     | 2,926          | 92.10 | 2,909          | 88.91 | 353                      | 81.34 |
| ELIGIBILITY.....STVA      | 546            | 17.19 | 448            | 13.69 | 61                       | 14.06 |
| NON-STVA                  | 2,631          | 82.81 | 2,824          | 86.31 | 373                      | 85.94 |
|                           |                |       |                |       | 0                        | .00   |
| ORIG. PRINCIPAL BALANCE   | 253,061,600.00 |       | 270,847,450.00 |       | 36,636,000.00            |       |
| ORIG. NUMBER OF LOANS     | 3,177          |       | 3,272          |       | 434                      |       |

DATE 3/31/85

ALASKA HOUSING FINANCE CORPORATION  
STATE GUARANTEED BONDS - VETERANS MORT.  
LOAN SUMMARY MORTGAGES PURCHASED

|                           | FY 1983       | %      | FY 1984        | %      | FY 1985 THRU( 3/31/85) | %     |
|---------------------------|---------------|--------|----------------|--------|------------------------|-------|
|                           | -----         |        | -----          |        | -----                  |       |
| SALES PRICE               | 122,747       |        | 129,877        |        | 130,743                |       |
| APPRAISED VALUE           | 125,123       |        | 132,573        |        | 133,132                |       |
| NOTE AMOUNT               | 112,348       |        | 116,362        |        | 115,204                |       |
| MONTHLY INCOME            | 4,823         |        | 5,009          |        | 4,837                  |       |
| AGE OF BORROWER           | 37.8          |        | 38.4           |        | 38.7                   |       |
| SIZE OF HOUSEHOLD         | 3.0           |        | 3.1            |        | 3.1                    |       |
| LOAN TO SALES PRICE RATIO | 91.53%        |        | 89.59%         |        | 86.11%                 |       |
| WEIGHTED AVG INT. RATE    | 9.06%         |        | 9.51%          |        | 10.54%                 |       |
| MONTHLY P&I               | 909.44        |        | 982.01         |        | 1,058.24               |       |
| DWELLING TYPE..SFR        | 391           | 81.20  | 3,433          | 85.48  | 1,796                  | 85.85 |
| CONDO                     | 65            | 13.43  | 362            | 9.01   | 173                    | 8.27  |
| DUPLX                     | 10            | 2.07   | 91             | 2.27   | 21                     | 1.00  |
| PUD                       | 18            | 3.31   | 128            | 3.19   | 81                     | 3.87  |
| MOHM                      |               |        | 2              | .05    | 17                     | .81   |
| TRI-PLEX                  |               |        |                |        | 4                      | .19   |
| FOUR PLEX                 |               |        |                |        | 0                      | .00   |
| NEW/EXISTING....NEW       | 247           | 51.03  | 2,046          | 50.95  | 1,049                  | 50.14 |
| EXISTING                  | 237           | 48.97  | 1,970          | 49.05  | 1,043                  | 49.86 |
| 1ST TIME HOMEOWNER..YES   | 200           | 41.32  | 1,385          | 34.49  | 784                    | 37.48 |
| NO                        | 284           | 58.68  | 2,631          | 65.51  | 1,308                  | 62.52 |
| INSURANCE TYPE.....FHA    |               |        |                |        | 0                      | .00   |
| VA                        | 210           | 43.39  | 1,596          | 39.74  | 926                    | 44.26 |
| CONVA                     | 274           | 56.61  | 2,420          | 60.26  | 1,166                  | 55.74 |
| ELIGIBILITY.....STVA      | 484           | 100.00 | 4,016          | 100.00 | 2,091                  | 99.95 |
| NON-STVA                  |               |        |                |        | 1                      | .05   |
|                           |               |        |                |        | 0                      | .00   |
| ORIG. PRINCIPAL BALANCE   | 54,376,200.00 |        | 467,310,100.00 |        | 241,006,700.00         |       |
| ORIG. NUMBER OF LOANS     | 484           |        | 4,016          |        | 2,092                  |       |

RINT

DATE 3/31/85

ALASKA HOUSING FINANCE CORPORATION  
MOBILE HOMES  
LOAN SUMMARY MORTGAGES PURCHASED

|                           | FY 1983       | %      | FY 1984       | %      | FY 1985 THRU( 3/31/85) % |
|---------------------------|---------------|--------|---------------|--------|--------------------------|
|                           | -----         |        | -----         |        | -----                    |
| SALES PRICE               | 33,864        |        | 38,433        |        | 40,775                   |
| APPRAISED VALUE           | 35,041        |        | 40,425        |        | 42,631                   |
| NOTE AMOUNT               | 31,376        |        | 36,861        |        | 41,648                   |
| MONTHLY INCOME            | 2,864         |        | 2,885         |        | 2,848                    |
| AGE OF BORROWER           | 31.9          |        | 32.1          |        | 31.8                     |
| SIZE OF HOUSEHOLD         | 2.5           |        | 2.5           |        | 2.4                      |
| LOAN TO SALES PRICE RATIO | 92.65%        |        | 95.91%        |        | 102.14%                  |
| WEIGHTED AVG INT. RATE    | 11.39%        |        | 10.22%        |        | 10.96%                   |
| MONTHLY P&I               | 343.30        |        | 372.50        |        | 444.82                   |
| DWELLING TYPE..SFR        |               |        |               |        | 0 .00                    |
| CONDO                     |               |        |               |        | 0 .00                    |
| DUPLX                     |               |        |               |        | 0 .00                    |
| PUD                       |               |        |               |        | 0 .00                    |
| MOHM                      | 1,872         | 100.00 | 1,619         | 100.00 | 593 100.00               |
| TRI-PLEX                  |               |        |               |        | 0 .00                    |
| FOUR PLEX                 |               |        |               |        | 0 .00                    |
| NEW/EXISTING....NEW       | 390           | 20.83  | 312           | 19.27  | 84 14.17                 |
| EXISTING                  | 1,482         | 79.17  | 1,307         | 80.73  | 509 85.83                |
| 1ST TIME HOMEOWNER..YES   | 1,249         | 66.72  | 1,142         | 70.54  | 453 76.39                |
| NO                        | 623           | 33.28  | 477           | 29.46  | 140 23.61                |
| INSURANCE TYPE.....FHA    |               |        |               |        | 0 .00                    |
| VA                        | 4             | .21    | 10            | .62    | 22 3.71                  |
| CONVA                     | 1,868         | 99.79  | 1,609         | 99.38  | 526 88.70                |
| ELIGIBILITY.....STVA      | 263           | 14.05  | 333           | 20.57  | 74 12.48                 |
| NON-STVA                  | 1,609         | 85.95  | 1,286         | 79.43  | 474 79.93                |
|                           |               |        |               |        | 0 .00                    |
| ORIG. PRINCIPAL BALANCE   | 58,735,850.00 |        | 59,677,888.00 |        | 24,697,547.00            |
| ORIG. NUMBER OF LOANS     | 1,872         |        | 1,619         |        | 593                      |

DATE 3/31/85

ALASKA HOUSING FINANCE CORPORATION  
RECEIVING HOME OWNERSHIP SUBSIDY  
LOAN SUMMARY MORTGAGES PURCHASED

|                           | FY 1983       | %      | FY 1984       | %     | FY 1985 THRU( 3/31/85) % |       |
|---------------------------|---------------|--------|---------------|-------|--------------------------|-------|
|                           | -----         |        | -----         |       | -----                    |       |
| SALES PRICE               | 74,320        |        | 77,505        |       | 74,792                   |       |
| APPRAISED VALUE           | 75,258        |        | 78,345        |       | 75,759                   |       |
| NOTE AMOUNT               | 69,798        |        | 73,177        |       | 71,982                   |       |
| MONTHLY INCOME            | 1,993         |        | 2,116         |       | 2,276                    |       |
| AGE OF BORROWER           | 29.5          |        | 30.0          |       | 30.4                     |       |
| SIZE OF HOUSEHOLD         | 1.8           |        | 2.2           |       | 2.2                      |       |
| LOAN TO SALES PRICE RATIO | 93.92%        |        | 94.42%        |       | 96.24%                   |       |
| WEIGHTED AVG INT. RATE    | 10.31%        |        | 9.93%         |       | 11.16%                   |       |
| MONTHLY P&I               | 628.66        |        | 639.55        |       | 702.03                   |       |
| DWELLING TYPE..SFR        | 433           | 39.98  | 580           | 47.62 | 470                      | 42.34 |
| CONDO                     | 641           | 59.19  | 586           | 48.11 | 427                      | 38.47 |
| DUPLX                     |               |        |               |       | 0                        | .00   |
| PUD                       | 9             | .83    | 7             | .58   | 14                       | 1.26  |
| MOHM                      |               |        | 45            | 3.69  | 199                      | 17.93 |
| TRI-PLEX                  |               |        |               |       | 0                        | .00   |
| FOUR PLEX                 |               |        |               |       | 0                        | .00   |
| NEW/EXISTING....NEW       | 735           | 67.87  | 832           | 68.31 | 601                      | 54.14 |
| EXISTING                  | 348           | 32.13  | 386           | 31.69 | 509                      | 45.86 |
| 1ST TIME HOMEOWNER..YES   | 846           | 78.12  | 976           | 80.13 | 921                      | 82.97 |
| NO                        | 237           | 21.88  | 242           | 19.87 | 189                      | 17.03 |
| INSURANCE TYPE.....FHA    |               |        |               |       | 0                        | .00   |
| VA                        |               |        | 20            | 1.64  | 196                      | 17.66 |
| CONVA                     | 1,083         | 100.00 | 1,198         | 90.36 | 897                      | 80.81 |
| ELIGIBILITY.....STVA      | 77            | 7.11   | 96            | 7.88  | 166                      | 14.95 |
| NON-STVA                  | 1,006         | 92.89  | 1,122         | 92.12 | 927                      | 83.51 |
|                           |               |        |               |       | 0                        | .00   |
| ORIG. PRINCIPAL BALANCE   | 75,590,900.00 |        | 89,130,193.00 |       | 79,900,516.00            |       |
| ORIG. NUMBER OF LOANS     | 1,083         |        | 1,218         |       | 1,110                    |       |

DATE 3/31/85

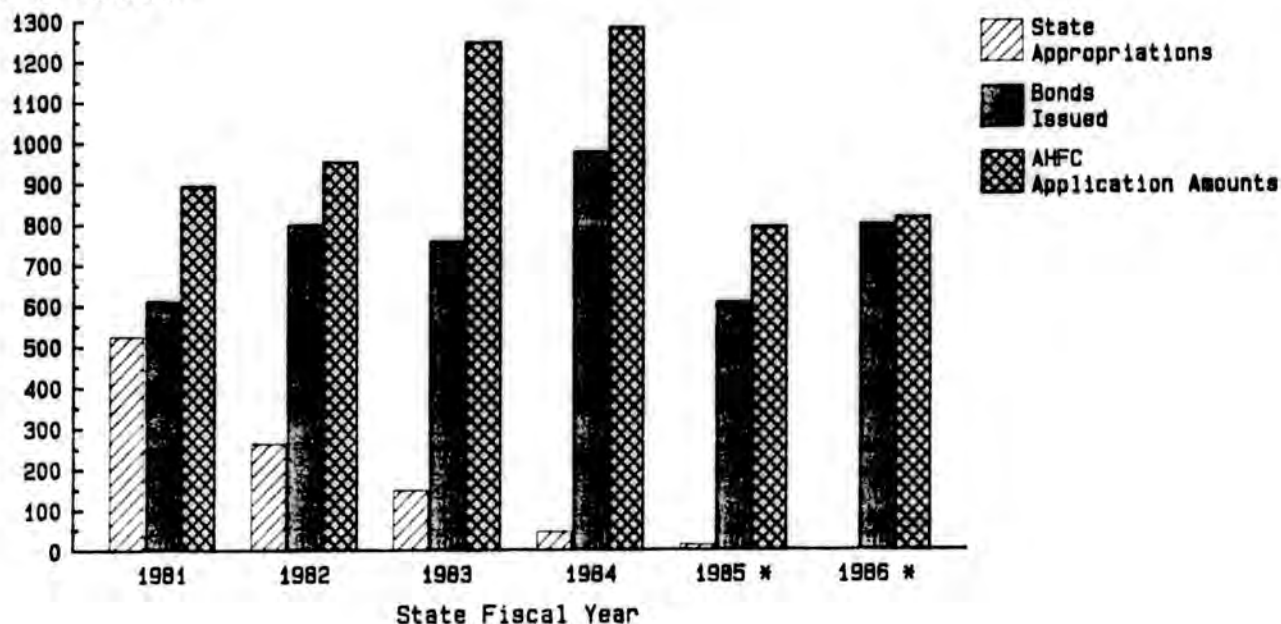
ALASKA HOUSING FINANCE CORPORATION  
 PLEDGED ACCOUNT MORTGAGES  
 LOAN SUMMARY MORTGAGES PURCHASED

|  | FY 1983 | % | FY 1984 | % | FY 1985 THRU( 3/31/85) % |
|--|---------|---|---------|---|--------------------------|
|  |         |   |         |   |                          |

|                           |               |        |               |        |               |
|---------------------------|---------------|--------|---------------|--------|---------------|
| SALES PRICE               | 106,938       |        | 121,863       |        | 128,948       |
| APPRAISED VALUE           | 109,776       |        | 124,969       |        | 132,550       |
| NOTE AMOUNT               | 96,656        |        | 107,572       |        | 114,523       |
| MONTHLY INCOME            | 3,438         |        | 3,489         |        | 3,922         |
| AGE OF BORROWER           | 31.8          |        | 34.0          |        | 34.6          |
| SIZE OF HOUSEHOLD         | 2.4           |        | 2.5           |        | 2.6           |
| LOAN TO SALES PRICE RATIO | 90.39%        |        | 88.27%        |        | 88.81%        |
| WEIGHTED AVG INT. RATE    | 11.49%        |        | 10.41%        |        | 11.62%        |
| MONTHLY P&I               | 969.97        |        | 983.00        |        | 1,144.86      |
| DWELLING TYPE..SFR        | 165           | 69.33  | 181           | 69.88  | 221 77.00     |
| CONDO                     | 56            | 23.53  | 52            | 20.08  | 36 12.54      |
| DUPLX                     | 3             | 1.26   | 13            | 5.02   | 16 5.57       |
| PUD                       | 14            | 5.88   | 13            | 5.02   | 14 4.88       |
| MOHM                      |               |        |               |        | 0 .00         |
| TRI-PLEX                  |               |        |               |        | 0 .00         |
| FOUR PLEX                 |               |        |               |        | 0 .00         |
| NEW/EXISTING....NEW       | 161           | 67.85  | 147           | 56.76  | 148 51.57     |
| EXISTING                  | 77            | 32.35  | 112           | 43.24  | 139 48.43     |
| 1ST TIME HOMEOWNER..YES   | 98            | 41.18  | 103           | 39.77  | 95 33.10      |
| NO                        | 140           | 58.82  | 156           | 60.23  | 192 66.90     |
| INSURANCE TYPE.....FHA    |               |        |               |        | 0 .00         |
| VA                        |               |        |               |        | 1 .35         |
| CONVA                     | 238           | 100.00 | 259           | 100.00 | 286 99.65     |
| ELIGIBILITY.....STVA      | 23            | 10.50  | 64            | 24.71  | 81 28.22      |
| NON-STVA                  | 215           | 89.50  | 195           | 75.29  | 206 71.78     |
|                           |               |        |               |        | 0 .00         |
| ORIG. PRINCIPAL BALANCE   | 23,004,150.00 |        | 27,861,250.00 |        | 32,868,050.00 |
| ORIG. NUMBER OF LOANS     | 238           |        | 259           |        | 287           |

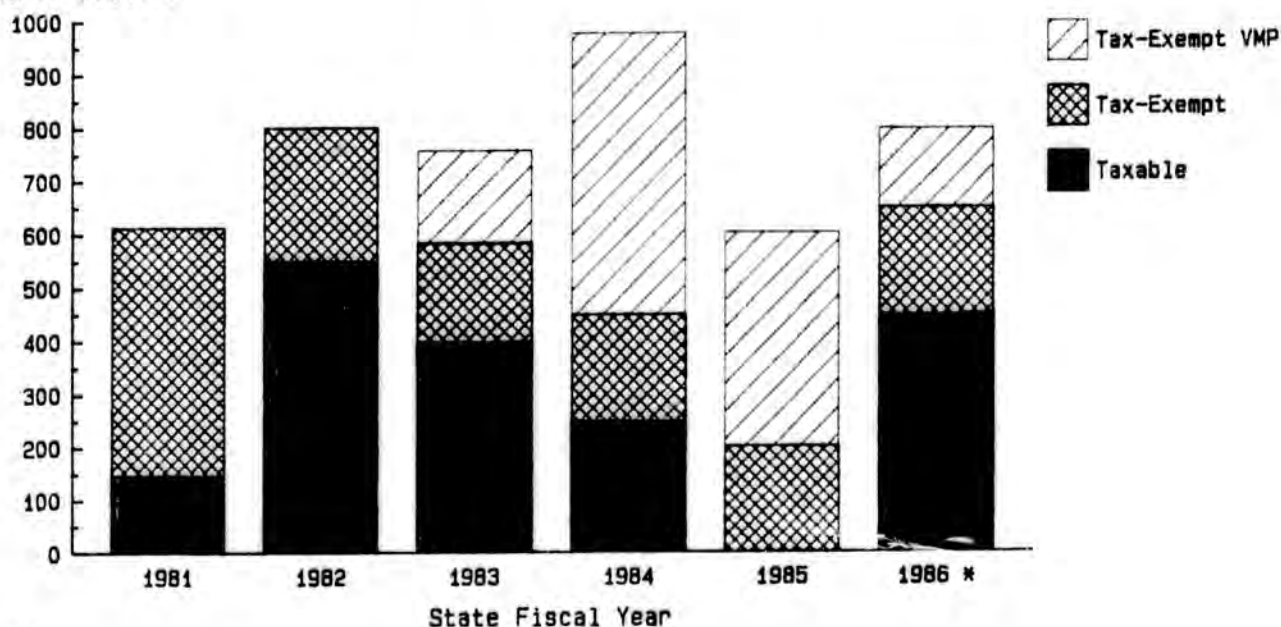
# **ALASKA HOUSING FINANCE CORPORATION** **SUBSIDY, BONDING & MORTGAGE LEVELS**

Millions of Dollars



# **ALASKA HOUSING FINANCE CORPORATION** **SUMMARY OF BONDS ISSUED BY TYPE**

Millions of Dollars



\* Projected

FY 1984 does not include \$ 175 million of financing arranged under agreements to deliver collateralized notes to FNMA.

FY 1985 does not include \$ 75 million of financing arranged under an agreement to deliver collateralized notes to FNMA.



ALASKA HOUSING FINANCE CORPORATION

EXHIBIT I

Effect of Subsidy Modifications

Presented at the Request of  
The Honorable Rick Halford

April 24, 1985

ALASKA HOUSING FINANCE CORPORATION

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ALASKA HOUSING FINANCE CORPORATION

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NOTE: Projections have been based upon recent mortgage application volume.  
Bonding and subsidy projections are extremely sensitive to fluctuations  
in mortgage demand.

ALASKA HOUSING FINANCE CORPORATION

Analysis of Subsidy Reduction Alternatives  
(in Millions)

|                                          |                     |                     |                  | <u>Revolving Fund</u>    |                   | <u>Future Value at End of FY</u> |                                   |                   |                   |
|------------------------------------------|---------------------|---------------------|------------------|--------------------------|-------------------|----------------------------------|-----------------------------------|-------------------|-------------------|
|                                          |                     | <u>Est. Mtg.</u>    | <u>Related</u>   | <u>Liquid Assets</u>     | <u>All Assets</u> |                                  |                                   |                   |                   |
|                                          | <u>Bonds Issued</u> | <u>Demand</u>       | <u>Subsidy</u>   | <u>(General Account)</u> |                   |                                  | <u>Compounded at 10% Annually</u> |                   |                   |
|                                          |                     | <u>All Programs</u> | <u>Transfers</u> | <u>End of Year</u>       |                   |                                  |                                   |                   |                   |
|                                          |                     |                     |                  |                          |                   | <u>\$16 Mill.</u>                | <u>\$25 Mill.</u>                 | <u>\$34 Mill.</u> | <u>\$50 Mill.</u> |
| <u>Base Case (Current Program)</u>       |                     |                     |                  |                          |                   |                                  |                                   |                   |                   |
| FY 86                                    | 800                 | 785                 | 152              | 172                      | 453               | 17.6                             | 27.5                              | 37.4              | 55.0              |
| FY 87                                    | 500                 | 792                 | 92               | 104                      | 407               | 19.4                             | 30.3                              | 41.1              | 60.6              |
| FY 88                                    | 550                 | 824                 | 98               | 28                       | 346               | 21.3                             | 33.3                              | 45.3              | 66.6              |
| FY 89                                    | 550                 | 870                 | 122              | 27*                      | 358*              | 23.4                             | 36.6                              | 49.8              | 73.2              |
| <u>Case A - 2-1/2% eff. from 10-1-85</u> |                     |                     |                  |                          |                   |                                  |                                   |                   |                   |
| FY 86                                    | 750                 | 726                 | 120              | 208                      | 485               | 17.6                             | 27.5                              | 37.4              | 55.0              |
| FY 87                                    | 475                 | 756                 | 66               | 174                      | 471               | 19.4                             | 30.3                              | 41.1              | 60.6              |
| FY 88                                    | 600                 | 789                 | 88               | 117                      | 429               | 21.3                             | 33.3                              | 45.3              | 66.6              |
| FY 89                                    | 500                 | 826                 | 92               | 52                       | 378               | 23.4                             | 36.6                              | 49.8              | 73.2              |
| <u>Case B - 2-1/2% eff. from 10-1-85</u> |                     |                     |                  |                          |                   |                                  |                                   |                   |                   |
| 2%      eff. from 10-1-86                |                     |                     |                  |                          |                   |                                  |                                   |                   |                   |
| FY 86                                    | 750                 | 726                 | 120              | 208                      | 485               | 17.6                             | 27.5                              | 37.4              | 55.0              |
| FY 87                                    | 425                 | 634                 | 35               | 205                      | 503               | 19.4                             | 30.3                              | 41.1              | 60.6              |
| FY 88                                    | 525                 | 660                 | 43               | 199                      | 514               | 21.3                             | 33.3                              | 45.3              | 66.6              |
| FY 89                                    | 400                 | 690                 | 48               | 190                      | 520               | 23.4                             | 36.6                              | 49.8              | 73.2              |

NOTE: The above Revolving Fund projections anticipate receipt of \$16 million FY 85 appropriation and retention of all assets of the Alaska Housing Finance Revolving Fund. To determine the effect of various levels of reappropriation, use the schedule of future values to reduce the indicated balance of liquid assets in the General Account and total of All Assets.

\* Anticipates receipt of \$100 million appropriation in FY 89.

SECTION 1

Base Case (Current Program)

## ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund ActivityFiscal Year 1986

(In Millions)

|                                      | HOF Account  |             | General Account                           |                |              | Total        |
|--------------------------------------|--------------|-------------|-------------------------------------------|----------------|--------------|--------------|
|                                      | Loans        | Investments | Loans & Net Mtg. Securities<br>Conforming | Non-Conforming | Investments  |              |
| Balance: July 1, 1985                | \$110        | -0-         | \$202                                     | \$142          | \$ 93        | \$547        |
| Prepayments and principal reductions | (8)          | \$ 8        |                                           | (13)           | 13           | -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                    | 12           | (12)        |                                           | 28             | (28)         | -0-          |
| Reduction in loans warehoused        |              |             | (50)                                      |                | 50           | -0-          |
| Increase in HOF account              | 30           |             |                                           | (30)           |              | -0-          |
| Required subsidy transfers           | —            | —           | —                                         | —              | (152)        | (152)        |
| Balance: June 30, 1986               | <u>\$144</u> | <u>-0-</u>  | <u>\$152</u>                              | <u>\$137</u>   | <u>\$ 20</u> | <u>\$453</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

## SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond FinancingFiscal Year 1986

(In Millions)

|                                                           | <u>Mortgage<br/>Loan Funds<br/>Available<br/>7-1-85</u> | <u>Program<br/>Repayments and<br/>Earnings</u> | <u>Bond<br/>Proceeds</u> | <u>Sales<br/>Costs</u> | <u>Subsidy</u> | <u>Subsidy<br/>Allocation</u> | <u>Estimated<br/>Mortgage Demand<br/>FY 86</u> | <u>Mortgage<br/>Loan Funds<br/>Available<br/>6-30-86</u> |
|-----------------------------------------------------------|---------------------------------------------------------|------------------------------------------------|--------------------------|------------------------|----------------|-------------------------------|------------------------------------------------|----------------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Taxable First Mortgage Program                            | \$ 62 <sup>(4)</sup>                                    | \$ 60 <sup>(1)</sup>                           | \$150                    | \$ (2)                 | \$ 42          | \$ 40                         | \$280                                          | \$ 72                                                    |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 209                                                     | 17 <sup>(2)</sup>                              | 150                      | (4)                    | 18             | (14)                          | 250                                            | 126                                                      |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 75                                                      | 5 <sup>(2)</sup>                               | 200                      | (6)                    | 32             | (26)                          | 205                                            | 75                                                       |
| <u>Internally Funded Programs</u>                         |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Second Mortgage Program                                   | -0-                                                     | 10 <sup>(3)</sup>                              |                          |                        |                |                               | 10                                             |                                                          |
| Mobile Home Loan Program                                  | -0-                                                     | 40 <sup>(3)</sup>                              |                          |                        |                |                               | 40                                             |                                                          |
|                                                           | <u>\$346</u>                                            | <u>\$132</u>                                   | 500                      | <u>\$(12)</u>          | 92             | <u>-0-</u>                    | <u>\$785</u>                                   | <u>\$273</u>                                             |
| Deferred FNMA Note Closings                               |                                                         |                                                | <u>300</u>               |                        | <u>60</u>      |                               |                                                |                                                          |
|                                                           |                                                         |                                                | <u>\$800</u>             |                        | <u>\$152</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.

## ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1987  
(In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                 |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|----------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities</u> |                       |                    |              |
|                                      |                    |                    | <u>Conforming</u>                      | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1986                | \$144              | -0-                | \$152                                  | \$137                 | \$ 20              | \$453        |
| Prepayments and principal reductions | (10)               | \$ 10              |                                        | (10)                  | 10                 | -0-          |
| Earnings                             |                    | 14                 |                                        |                       | 28                 | 42           |
| Home ownership assistance subsidies  |                    | (9)                |                                        |                       |                    | (9)          |
| IMB earnings released                |                    |                    |                                        |                       | 13                 | 13           |
| Non-bonded mortgage programs         |                    |                    |                                        |                       |                    |              |
| Second mortgages                     |                    |                    |                                        | 7                     | (7)                | -0-          |
| Mobile home loans                    | 15                 | (15)               |                                        | 20                    | (20)               | -0-          |
| Reduction in loans warehoused        |                    |                    | (50)                                   |                       | 50                 | -0-          |
| Required subsidy transfers           | —                  | —                  | —                                      | —                     | (92)               | (92)         |
| Balance: June 30, 1987               | <u>\$149</u>       | <u>-0-</u>         | <u>\$102</u>                           | <u>\$154</u>          | <u>\$ 2</u>        | <u>\$407</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.

Base Case

04/15/85

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary Based Upon Subsidy Restructure Proposal

Mortgage Demand and Proposed Bond Financing

Fiscal Year 1987

(In Millions)

|                                                           | <u>Mortgage<br/>Loan Funds<br/>Available<br/>7-1-86</u> | <u>Program<br/>Repayments and<br/>Earnings</u> | <u>Bond<br/>Proceeds</u> | <u>Sales<br/>Costs</u> | <u>Subsidy</u> | <u>Subsidy<br/>Allocation</u> | <u>Estimated<br/>Mortgage Demand<br/>FY 87</u> | <u>Mortgage<br/>Loan Funds<br/>Available<br/>6-30-87</u> |
|-----------------------------------------------------------|---------------------------------------------------------|------------------------------------------------|--------------------------|------------------------|----------------|-------------------------------|------------------------------------------------|----------------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Taxable First Mortgage Program                            | \$ 72                                                   | \$ 65 <sup>(1)</sup>                           | \$150                    | \$ (3)                 | \$ 42          | \$ 40                         | \$295                                          | \$ 71                                                    |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 126                                                     | 20 <sup>(2)</sup>                              | 150                      | (4)                    | 18             | (14)                          | 240                                            | 56                                                       |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 75                                                      | 7                                              | 200                      | (6)                    | 32             | (26)                          | 215                                            | 67                                                       |
| <u>Internally Funded Programs</u>                         |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Second Mortgage Program                                   | -0-                                                     | 7 <sup>(3)</sup>                               |                          |                        |                |                               | 7                                              |                                                          |
| Mobile Home Loan Program                                  | -0-                                                     | 35 <sup>(3)</sup>                              |                          |                        |                |                               | 35                                             |                                                          |
|                                                           | <u>\$273</u>                                            | <u>\$134</u>                                   | <u>\$500</u>             | <u>\$ (13)</u>         | <u>\$ 92</u>   | <u>-0-</u>                    | <u>\$792</u>                                   | <u>\$194</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 HMF Account.

## ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund ActivityFiscal Year 1988

(In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                                      |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|-------------------------------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities</u><br><u>Conforming</u> | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1987                | \$149              | -0-                | \$102                                                       | \$154                 | \$ 2               | \$407        |
| Prepayments and principal reductions | (12)               | \$ 12              |                                                             | (13)                  | 13                 | -0-          |
| Earnings                             |                    | 14                 |                                                             |                       | 20                 | 34           |
| Home ownership assistance subsidies  |                    | (10)               |                                                             |                       |                    | (10)         |
| IMB earnings released                |                    |                    |                                                             |                       | 13                 | 13           |
| Non-bonded mortgage programs         |                    |                    |                                                             |                       |                    |              |
| Second mortgages                     |                    |                    |                                                             | 5                     | (5)                | -0-          |
| Mobile home loans                    | 16                 | (16)               |                                                             | 19                    | (19)               | -0-          |
| Reduction in loans warehoused        |                    |                    | (75)                                                        |                       | 75                 | -0-          |
| Required subsidy transfers           | —                  | —                  | —                                                           | —                     | (98)               | (98)         |
| Balance: June 30, 1988               | <u>\$153</u>       | <u>-0-</u>         | <u>\$ 27</u>                                                | <u>\$165</u>          | <u>\$ 1</u>        | <u>\$346</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

## SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing  
Fiscal Year 1988  
(In Millions)

|                                                           | <u>Mortgage<br/>Loan Funds<br/>Available<br/>7-1-87</u> | <u>Program<br/>Repayments and<br/>Earnings</u> | <u>Bond<br/>Proceeds</u> | <u>Sales<br/>Costs</u> | <u>Subsidy</u> | <u>Subsidy<br/>Allocation</u> | <u>Estimated<br/>Mortgage Demand<br/>FY 88</u> | <u>Mortgage<br/>Loan Funds<br/>Available<br/>6-30-88</u> |
|-----------------------------------------------------------|---------------------------------------------------------|------------------------------------------------|--------------------------|------------------------|----------------|-------------------------------|------------------------------------------------|----------------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Taxable First Mortgage Program                            | \$ 71                                                   | \$ 65 <sup>(1)</sup>                           | \$150                    | \$ (3)                 | \$ 42          | \$ 44                         | \$319                                          | \$ 50                                                    |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 56                                                      | 27 <sup>(2)</sup>                              | 200                      | (6)                    | 24             | (18)                          | 230                                            | 53                                                       |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 67                                                      | 11 <sup>(2)</sup>                              | 200                      | (6)                    | 32             | (26)                          | 235                                            | 43                                                       |
| <u>Internally Funded Programs</u>                         |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Second Mortgage Program                                   |                                                         | 5 <sup>(3)</sup>                               |                          |                        |                |                               | 5                                              |                                                          |
| Mobile Home Loan Program                                  |                                                         | 35 <sup>(3)</sup>                              |                          |                        |                |                               | 35                                             |                                                          |
|                                                           | <u>\$194</u>                                            | <u>\$143</u>                                   | <u>\$550</u>             | <u>\$ (15)</u>         | <u>\$ 98</u>   | <u>-0-</u>                    | <u>\$824</u>                                   | <u>\$146</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.

## ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1989  
(In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                                      |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|-------------------------------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities</u><br><u>Conforming</u> | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1988                | \$153              | -0-                | \$ 27                                                       | \$165                 | \$ 1               | \$346        |
| Prepayments and principal reductions | (12)               | \$ 12              |                                                             | (15)                  | 15                 | -0-          |
| Earnings                             |                    | 14                 |                                                             |                       | 18                 | 32           |
| Home ownership assistance subsidies  |                    | (11)               |                                                             |                       |                    | (11)         |
| IMB earnings released                |                    |                    |                                                             |                       | 13                 | 13           |
| Non-bonded mortgage programs         |                    |                    |                                                             |                       |                    |              |
| Second mortgages                     |                    |                    |                                                             | 5                     | (5)                | -0-          |
| Mobile home loans                    | 15                 | (15)               |                                                             | 20                    | (20)               | -0-          |
| Reduction in loans warehoused        |                    |                    |                                                             |                       |                    | -0-          |
| FY 89 legislative appropriation      |                    |                    |                                                             |                       | 100                | 100          |
| Required subsidy transfers           | —                  | —                  | —                                                           | —                     | (122)              | (122)        |
| Balance: June 30, 1989               | <u>\$156</u>       | <u>-0-</u>         | <u>\$ 27</u>                                                | <u>\$175</u>          | <u>-0-</u>         | <u>\$358</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

## SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing

Fiscal Year 1989

(In Millions)

|                                                           | Mortgage<br>Loan Funds<br>Available<br>7-1-88 | Program<br>Repayments and<br>Earnings | Bond<br>Proceeds | Sales<br>Costs | Subsidy      | Subsidy<br>Allocation | Estimated<br>Mortgage Demand<br>FY 89 | Mortgage<br>Loan Funds<br>Available<br>6-30-89 |
|-----------------------------------------------------------|-----------------------------------------------|---------------------------------------|------------------|----------------|--------------|-----------------------|---------------------------------------|------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Taxable First Mortgage Program                            | \$ 50                                         | \$ 65 <sup>(1)</sup>                  | \$350            | \$ (6)         | \$ 98        | \$ 18                 | \$544                                 | \$ 31                                          |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 53                                            | 35 <sup>(2)</sup>                     | 200              | (6)            | 24           | (18)                  | 220                                   | 68                                             |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 43                                            | 23 <sup>(2)</sup>                     |                  |                |              |                       | 66                                    | -0-                                            |
| <u>Internally Funded Programs</u>                         |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Second Mortgage Program                                   | -0-                                           | 5 <sup>(3)</sup>                      |                  |                |              |                       | 5                                     |                                                |
| Mobile Home Loan Program                                  | -0-                                           | 35 <sup>(3)</sup>                     |                  |                |              |                       | 35                                    |                                                |
|                                                           | <u>\$146</u>                                  | <u>\$163</u>                          | <u>\$550</u>     | <u>\$ (12)</u> | <u>\$122</u> | <u>-0-</u>            | <u>\$870</u>                          | <u>\$ 99</u>                                   |

(1) Housing and Improved 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.

SECTION 2

Case A

SECTION 2

Case A

Case A - 2-1/2% subsidy effective 10-1-85  
No reappropriation

04/23/85

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1986  
(In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                                      |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|-------------------------------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities</u><br><u>Conforming</u> | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1985                | \$110              | -0-                | \$202                                                       | \$142                 | \$ 93              | \$547        |
| Prepayments and principal reductions | (8)                | \$ 8               |                                                             | (13)                  | 13                 | -0-          |
| Earnings                             |                    | 11                 |                                                             |                       | 38                 | 49           |
| Home ownership assistance subsidies  |                    | (7)                |                                                             |                       |                    | (7)          |
| IMB earnings released                |                    |                    |                                                             |                       | 16                 | 16           |
| Non-bonded mortgage programs         |                    |                    |                                                             |                       |                    |              |
| Second mortgages                     |                    |                    |                                                             | 9                     | (9)                | -0-          |
| Mobile home loans                    | 12                 | (12)               |                                                             | 25                    | (25)               | -0-          |
| Reduction in loans warehoused        |                    |                    |                                                             |                       |                    | -0-          |
| Increase in HOF account              | 30                 |                    |                                                             | (30)                  |                    | -0-          |
| Required subsidy transfers           | —                  | —                  | —                                                           | —                     | (120)              | (120)        |
| Balance: June 30, 1986               | <u>\$144</u>       | <u>-0-</u>         | <u>\$202</u>                                                | <u>\$133</u>          | <u>\$ 6</u>        | <u>\$485</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.

Case A - 2-1/2% level of subsidy effective 10-1-85  
No reappropriation

04/23/85

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

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

|                                                           | Mortgage<br>Loan Funds<br>Available<br>7-1-85 | Program<br>Repayments and<br>Earnings | Bond<br>Proceeds | Sales<br>Costs | Subsidy      | Subsidy<br>Allocation | Estimated<br>Mortgage Demand<br>FY 86 | Mortgage<br>Loan Funds<br>Available<br>6-30-86 |
|-----------------------------------------------------------|-----------------------------------------------|---------------------------------------|------------------|----------------|--------------|-----------------------|---------------------------------------|------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Taxable First Mortgage Program                            | \$ 62 <sup>(4)</sup>                          | \$ 60 <sup>(1)</sup>                  | \$125            | \$ (2)         | \$ 30        | \$ 21                 | \$259                                 | \$ 37                                          |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 209                                           | 17 <sup>(2)</sup>                     | 125              | (3)            | 12           | (9)                   | 231                                   | 120                                            |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 75                                            | 5 <sup>(2)</sup>                      | 200              | (6)            | 18           | (12)                  | 190                                   | 90                                             |
| <u>Internally Funded Programs</u>                         |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Second Mortgage Program                                   | -0-                                           | 9 <sup>(3)</sup>                      |                  |                |              |                       | 9                                     |                                                |
| Mobile Home Loan Program                                  | -0-                                           | 37 <sup>(3)</sup>                     |                  |                |              |                       | 37                                    |                                                |
|                                                           | <u>\$346</u>                                  | <u>\$128</u>                          | 450              | <u>\$(11)</u>  | 60           | <u>-0-</u>            | <u>\$726</u>                          | <u>\$247</u>                                   |
| Deferred FNMA Note Closings                               |                                               |                                       | <u>300</u>       |                | <u>60</u>    |                       |                                       |                                                |
|                                                           |                                               |                                       | <u>\$750</u>     |                | <u>\$120</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.

Case A - 2-1/2% subsidy effective 10-1-85  
No reappropriation

04/23/85

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1987  
(In Millions)

|                                      | HOF Account  |             | General Account                           |                |             | Total        |
|--------------------------------------|--------------|-------------|-------------------------------------------|----------------|-------------|--------------|
|                                      | Loans        | Investments | Loans & Net Mtg. Securities<br>Conforming | Non-Conforming | Investments |              |
| Balance: July 1, 1986                | \$144        | -0-         | \$202                                     | \$133          | \$ 6        | \$485        |
| Prepayments and principal reductions | (11)         | \$ 11       |                                           | (11)           | 11          | -0-          |
| Earnings                             |              | 14          |                                           |                | 33          | 47           |
| Home ownership assistance subsidies  |              | (8)         |                                           |                |             | (8)          |
| IMB earnings released                |              |             |                                           |                | 13          | 13           |
| Non-bonded mortgage programs         |              |             |                                           |                |             |              |
| Second mortgages                     |              |             |                                           | 7              | (7)         | -0-          |
| Mobile home loans                    | 17           | (17)        |                                           | 18             | (18)        | -0-          |
| Reduction in loans warehoused        |              |             | (35)                                      |                | 35          | -0-          |
| Required subsidy transfers           | —            | —           | —                                         | —              | (66)        | (66)         |
| Balance: June 30, 1987               | <u>\$150</u> | <u>-0-</u>  | <u>\$167</u>                              | <u>\$147</u>   | <u>\$ 7</u> | <u>\$471</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.

Case A - 2-1/2% subsidy effective 10-1-85  
No reappropriation

04/23/85

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary Based Upon Subsidy Restructure Proposal

Mortgage Demand and Proposed Bond Financing

Fiscal Year 1987

(In Millions)

|                                                           | Mortgage<br>Loan Funds<br>Available<br>7-1-86 | Program<br>Repayments and<br>Earnings | Bond<br>Proceeds | Sales<br>Costs | Subsidy      | Subsidy<br>Allocation | Estimated<br>Mortgage Demand<br>FY 87 | Mortgage<br>Loan Funds<br>Available<br>6-30-87 |
|-----------------------------------------------------------|-----------------------------------------------|---------------------------------------|------------------|----------------|--------------|-----------------------|---------------------------------------|------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Taxable First Mortgage Program                            | \$ 37                                         | \$ 65 <sup>(1)</sup>                  | \$150            | \$ (3)         | \$ 36        | \$ 21                 | \$280                                 | \$ 26                                          |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 120                                           | 20 <sup>(2)</sup>                     | 125              | (3)            | 12           | (9)                   | 230                                   | 35                                             |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 90                                            | 7                                     | 200              | (6)            | 18           | (12)                  | 204                                   | 93                                             |
| <u>Internally Funded Programs</u>                         |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Second Mortgage Program                                   | -0-                                           | 7 <sup>(3)</sup>                      |                  |                |              |                       | 7                                     |                                                |
| Mobile Home Loan Program                                  | -0-                                           | 35 <sup>(3)</sup>                     |                  |                |              |                       | 35                                    |                                                |
|                                                           | <u>\$247</u>                                  | <u>\$134</u>                          | <u>\$475</u>     | <u>\$ (12)</u> | <u>\$ 66</u> | <u>-0-</u>            | <u>\$756</u>                          | <u>\$154</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.

Case A - 2-1/2% subsidy effective 10-1-85  
No reappropriation

04/23/85

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1988  
(In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                 |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|----------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities</u> |                       |                    |              |
|                                      |                    |                    | <u>Conforming</u>                      | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1987                | \$150              | -0-                | \$167                                  | \$147                 | \$ 7               | \$471        |
| Prepayments and principal reductions | (12)               | \$ 12              |                                        | (13)                  | 13                 | -0-          |
| Earnings                             |                    | 14                 |                                        |                       | 28                 | 42           |
| Home ownership assistance subsidies  |                    | (9)                |                                        |                       |                    | (9)          |
| IMB earnings released                |                    |                    |                                        |                       | 13                 | 13           |
| Non-bonded mortgage programs         |                    |                    |                                        |                       |                    |              |
| Second mortgages                     |                    |                    |                                        | 5                     | (5)                | -0-          |
| Mobile home loans                    | 17                 | (17)               |                                        | 18                    | (18)               | -0-          |
| Reduction in loans warehoused        |                    |                    | (55)                                   |                       | 55                 | -0-          |
| Required subsidy transfers           | —                  | —                  | —                                      | —                     | (88)               | (88)         |
| Balance: June 30, 1988               | <u>\$155</u>       | <u>-0-</u>         | <u>\$112</u>                           | <u>\$157</u>          | <u>\$ 5</u>        | <u>\$429</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.

Case A - 2-1/2% subsidy effective 10-1-85  
No reappropriation

04/23/85

ALASKA HOUSING FINANCE CORPORATION  
SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing  
Fiscal Year 1988  
(In Millions)

|                                                           | Mortgage<br>Loan Funds<br>Available<br>7-1-87 | Program<br>Repayments and<br>Earnings | Bond<br>Proceeds | Sales<br>Costs | Subsidy      | Subsidy<br>Allocation | Estimated<br>Mortgage Demand<br>FY 88 | Mortgage<br>Loan Funds<br>Available<br>6-30-88 |
|-----------------------------------------------------------|-----------------------------------------------|---------------------------------------|------------------|----------------|--------------|-----------------------|---------------------------------------|------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Taxable First Mortgage Program                            | \$ 15                                         | \$ 65 <sup>(1)</sup>                  | \$200            | \$ (2)         | \$ 48        | \$ 28                 | \$303                                 | \$ 51                                          |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 35                                            | 27 <sup>(2)</sup>                     | 200              | (6)            | 20           | (14)                  | 223                                   | 39                                             |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 93                                            | 11 <sup>(2)</sup>                     | 200              | (6)            | 20           | (14)                  | 223                                   | 81                                             |
| <u>Internally Funded Programs</u>                         |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Second Mortgage Program                                   |                                               | 5 <sup>(3)</sup>                      |                  |                |              |                       | 5                                     |                                                |
| Mobile Home Loan Program                                  |                                               | 35 <sup>(3)</sup>                     |                  |                |              |                       | 35                                    |                                                |
|                                                           | <u>\$143</u>                                  | <u>\$143</u>                          | <u>\$600</u>     | <u>\$(14)</u>  | <u>\$ 88</u> | <u>-0-</u>            | <u>\$789</u>                          | <u>\$171</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.

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1989  
(In Millions)

|                                      | HOF Account  |             | General Account                           |                |              | Total        |
|--------------------------------------|--------------|-------------|-------------------------------------------|----------------|--------------|--------------|
|                                      | Loans        | Investments | Loans & Net Mtg. Securities<br>Conforming | Non-Conforming | Investments  |              |
| Balance: July 1, 1988                | \$155        | -0-         | \$112                                     | \$157          | \$ 5         | \$429        |
| Prepayments and principal reductions | (12)         | \$ 12       |                                           | (14)           | 14           | -0-          |
| Earnings                             |              | 14          |                                           |                | 24           | 38           |
| Home ownership assistance subsidies  |              | (10)        |                                           |                |              | (10)         |
| IMB earnings released                |              |             |                                           |                | 13           | 13           |
| Non-bonded mortgage programs         |              |             |                                           |                |              |              |
| Second mortgages                     |              |             |                                           | 5              | (5)          | -0-          |
| Mobile home loans                    | 16           | (16)        |                                           | 19             | (19)         | -0-          |
| Reduction in loans warehoused        |              |             | (70)                                      |                | 70           | -0-          |
| FY 89 legislative appropriation      |              |             |                                           |                |              | -0-          |
| Required subsidy transfers           | —            | —           | —                                         | —              | (92)         | (92)         |
| Balance: June 30, 1989               | <u>\$159</u> | <u>-0-</u>  | <u>\$ 42</u>                              | <u>\$167</u>   | <u>\$ 10</u> | <u>\$378</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.

Case A - 2-1/2% subsidy effective 10-1-85  
No reappropriation

04/23/85

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing  
Fiscal Year 1989  
(In Millions)

|                                                           | <u>Mortgage<br/>Loan Funds<br/>Available<br/>7-1-88</u> | <u>Program<br/>Repayments and<br/>Earnings</u> | <u>Bond<br/>Proceeds</u> | <u>Sales<br/>Costs</u> | <u>Subsidy</u> | <u>Subsidy<br/>Allocation</u> | <u>Estimated<br/>Mortgage Demand<br/>FY 89</u> | <u>Mortgage<br/>Loan Funds<br/>Available<br/>6-30-89</u> |
|-----------------------------------------------------------|---------------------------------------------------------|------------------------------------------------|--------------------------|------------------------|----------------|-------------------------------|------------------------------------------------|----------------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Taxable First Mortgage Program                            | \$ 37                                                   | \$ 65 <sup>(1)</sup>                           | \$300                    | \$ (5)                 | \$ 72          | \$ 14                         | \$462                                          | \$ 21                                                    |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 39                                                      | 35 <sup>(2)</sup>                              | 200                      | (6)                    | 20             | (14)                          | 220                                            | 54                                                       |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 81                                                      | 23 <sup>(2)</sup>                              |                          |                        |                |                               | 104                                            | -0-                                                      |
| <u>Internally Funded Programs</u>                         |                                                         |                                                |                          |                        |                |                               |                                                |                                                          |
| Second Mortgage Program                                   | -0-                                                     | 5 <sup>(3)</sup>                               |                          |                        |                |                               | 5                                              |                                                          |
| Mobile Home Loan Program                                  | -0-                                                     | 35 <sup>(3)</sup>                              |                          |                        |                |                               | 35                                             |                                                          |
|                                                           | <u>\$157</u>                                            | <u>\$163</u>                                   | <u>\$500</u>             | <u>\$(11)</u>          | <u>\$ 92</u>   | <u>-0-</u>                    | <u>\$826</u>                                   | <u>\$ 75</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.

SECTION 3

Case B

Case B - 2-1/2% level of subsidy effective 10-1-85  
 2% level of subsidy effective 10-1-86  
 No reappropriation

04/23/85

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1986  
 (In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                                      |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|-------------------------------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities</u><br><u>Conforming</u> | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1985                | \$110              | -0-                | \$202                                                       | \$142                 | \$ 93              | \$547        |
| Prepayments and principal reductions | (8)                | \$ 8               |                                                             | (13)                  | 13                 | -0-          |
| Earnings                             |                    | 11                 |                                                             |                       | 38                 | 49           |
| Home ownership assistance subsidies  |                    | (7)                |                                                             |                       |                    | (7)          |
| IMB earnings released                |                    |                    |                                                             |                       | 16                 | 16           |
| Non-bonded mortgage programs         |                    |                    |                                                             |                       |                    |              |
| Second mortgages                     |                    |                    |                                                             | 9                     | (9)                | -0-          |
| Mobile home loans                    | 12                 | (12)               |                                                             | 25                    | (25)               | -0-          |
| Reduction in loans warehoused        |                    |                    |                                                             |                       |                    | -0-          |
| Increase in HOF account              | 30                 |                    |                                                             | (30)                  |                    | -0-          |
| Required subsidy transfers           | —                  | —                  | —                                                           | —                     | (120)              | (120)        |
| Balance: June 30, 1986               | <u>\$144</u>       | <u>-0-</u>         | <u>\$202</u>                                                | <u>\$133</u>          | <u>\$ 6</u>        | <u>\$485</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.

Case B - 2-1/2% level of subsidy effective 10-1-85  
 2% level of subsidy effective 10-1-86  
 No reappropriation

04/23/85

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary of Mortgage Demand and Proposed Bond Financing

Fiscal Year 1986

(In Millions)

|                                                           | Mortgage<br>Loan Funds<br>Available<br>7-1-85 | Program<br>Repayments and<br>Earnings | Bond<br>Proceeds | Sales<br>Costs | Subsidy      | Subsidy<br>Allocation | Estimated<br>Mortgage Demand<br>FY 86 | Mortgage<br>Loan Funds<br>Available<br>6-30-86 |
|-----------------------------------------------------------|-----------------------------------------------|---------------------------------------|------------------|----------------|--------------|-----------------------|---------------------------------------|------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Taxable First Mortgage Program                            | \$ 62 <sup>(4)</sup>                          | \$ 60 <sup>(1)</sup>                  | \$125            | \$ (2)         | \$ 30        | \$ 21                 | \$259                                 | \$ 37                                          |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 209                                           | 17 <sup>(2)</sup>                     | 125              | (3)            | 12           | (9)                   | 231                                   | 120                                            |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 75                                            | 5 <sup>(2)</sup>                      | 200              | (6)            | 18           | (12)                  | 190                                   | 90                                             |
| <u>Internally Funded Programs</u>                         |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Second Mortgage Program                                   | -0-                                           | 9 <sup>(3)</sup>                      |                  |                |              |                       | 9                                     |                                                |
| Mobile Home Loan Program                                  | -0-                                           | 37 <sup>(3)</sup>                     |                  |                |              |                       | 37                                    |                                                |
|                                                           | <u>\$346</u>                                  | <u>\$128</u>                          | 450              | <u>\$(11)</u>  | 60           | <u>-0-</u>            | <u>\$726</u>                          | <u>\$247</u>                                   |
| Deferred FNMA Note Closings                               |                                               |                                       | <u>300</u>       |                | <u>60</u>    |                       |                                       |                                                |
|                                                           |                                               |                                       | <u>\$750</u>     |                | <u>\$120</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.

Case B - 2-1/2% level of subsidy effective 10-1-85  
 2% level of subsidy effective 10-1-86  
 No reappropriation

04/23/85

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1987  
 (In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                                      |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|-------------------------------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities</u><br><u>Conforming</u> | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1986                | \$144              | -0-                | \$202                                                       | \$133                 | \$ 6               | \$485        |
| Prepayments and principal reductions | (10)               | \$ 10              |                                                             | (10)                  | 10                 | -0-          |
| Earnings                             |                    | 14                 |                                                             |                       | 34                 | 48           |
| Home ownership assistance subsidies  |                    | (8)                |                                                             |                       |                    | (8)          |
| IMB earnings released                |                    |                    |                                                             |                       | 13                 | 13           |
| Non-bonded mortgage programs         |                    |                    |                                                             |                       |                    |              |
| Second mortgages                     |                    |                    |                                                             | 6                     | (6)                | -0-          |
| Mobile home loans                    | 16                 | (16)               |                                                             | 19                    | (19)               | -0-          |
| Reduction in loans warehoused        |                    |                    |                                                             |                       |                    | -0-          |
| Required subsidy transfers           | —                  | —                  | —                                                           | —                     | (35)               | (35)         |
| Balance: June 30, 1987               | <u>\$150</u>       | <u>-0-</u>         | <u>\$202</u>                                                | <u>\$148</u>          | <u>\$ 3</u>        | <u>\$503</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.

Case B - 2-1/2% level of subsidy effective 10-1-85  
 2% level of subsidy effective 10-1-86  
 No reappropriation

04/23/85

ALASKA HOUSING FINANCE CORPORATION

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Summary Based Upon Subsidy Restructure Proposal  
Mortgage Demand and Proposed Bond Financing

Fiscal Year 1987  
 (In Millions)

|                                                           | Mortgage<br>Loan Funds<br>Available<br>7-1-86 | Program<br>Repayments and<br>Earnings | Bond<br>Proceeds | Sales<br>Costs | Subsidy      | Subsidy<br>Allocation | Estimated<br>Mortgage Demand<br>FY 87 | Mortgage<br>Loan Funds<br>Available<br>6-30-87 |
|-----------------------------------------------------------|-----------------------------------------------|---------------------------------------|------------------|----------------|--------------|-----------------------|---------------------------------------|------------------------------------------------|
| <u>Bonded Programs</u>                                    |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Taxable First Mortgage Program                            | \$ 37                                         | \$ 65 <sup>(1)</sup>                  | \$125            | \$ (3)         | \$ 25        | \$ 2                  | \$228                                 | \$ 23                                          |
| First Mortgage Veterans Program<br>State Guaranteed Bonds | 120                                           | 20 <sup>(2)</sup>                     | 100              | (2)            | 4            | (2)                   | 200                                   | 40                                             |
| First Time Homebuyers Program<br>Home Mortgage Bonds      | 90                                            | 7                                     | 200              | (6)            | 6            |                       | 172                                   | 125                                            |
| <u>Internally Funded Programs</u>                         |                                               |                                       |                  |                |              |                       |                                       |                                                |
| Second Mortgage Program                                   | -0-                                           | 6 <sup>(3)</sup>                      |                  |                |              |                       | 6                                     |                                                |
| Mobile Home Loan Program                                  | -0-                                           | 28 <sup>(3)</sup>                     |                  |                |              |                       | 28                                    |                                                |
|                                                           | <u>\$247</u>                                  | <u>\$126</u>                          | <u>\$425</u>     | <u>\$(11)</u>  | <u>\$ 35</u> | <u>-0-</u>            | <u>\$634</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.

Case B - 2-1/2% level of subsidy effective 10-1-85  
 2% level of subsidy effective 10-1-86  
 No reappropriation

04/23/85

ALASKA HOUSING FINANCE CORPORATION

Projected Revolving Fund Activity

Fiscal Year 1988  
 (In Millions)

|                                      | <u>HOF Account</u> |                    | <u>General Account</u>                 |                       |                    | <u>Total</u> |
|--------------------------------------|--------------------|--------------------|----------------------------------------|-----------------------|--------------------|--------------|
|                                      | <u>Loans</u>       | <u>Investments</u> | <u>Loans &amp; Net Mtg. Securities</u> |                       |                    |              |
|                                      |                    |                    | <u>Conforming</u>                      | <u>Non-Conforming</u> | <u>Investments</u> |              |
| Balance: July 1, 1987                | \$150              | -0-                | \$202                                  | \$148                 | \$ 3               | \$503        |
| Prepayments and principal reductions | (11)               | \$ 11              |                                        | (12)                  | 12                 | -0-          |
| Earnings                             |                    | 14                 |                                        |                       | 36                 | 50           |
| Home ownership assistance subsidies  |                    | (9)                |                                        |                       |                    | (9)          |
| IMB earnings released                |                    |                    |                                        |                       | 13                 | 13           |
| Non-bonded mortgage programs         |                    |                    |                                        |                       |                    |              |
| Second mortgages                     |                    |                    |                                        | 5                     | (5)                | -0-          |
| Mobile home loans                    | 16                 | (16)               |                                        | 19                    | (19)               | -0-          |
| Reduction in loans warehoused        |                    |                    | (10)                                   |                       | 10                 | -0-          |
| Required subsidy transfers           | —                  | —                  | —                                      | —                     | (43)               | (43)         |
| Balance: June 30, 1988               | <u>\$155</u>       | <u>-0-</u>         | <u>\$192</u>                           | <u>\$160</u>          | <u>\$ 7</u>        | <u>\$514</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.