SCOMM

60:2

MEMORANDUM

TO: REP. C.E. SWACKHAMMER

FROM: CARL F. NICKEL

DATE: July 17, 1989

TOPIC: ALASKA HOUSING MARKETING SUBCOMMITTEE MEETING 7/14/89

I've enclosed the packet information sent me for the teleconference which was held July, 14, 1989. Rather than attempt to reiterate the general content of the meeting, they will be sending us a transcription, I will simply give some impressions.

Initially, I have the gut feeling they are attempting to keep themselves alive, past the end date of March, 1990. They constantly brought up the "need for a housing commission."

Some of their key concerns:

Moderate senior housing, it was felt there is little to keep the moderate to high income seniors in the state. They said these people represent income to the state.

Middle class unable to make down payments, but have made $700-900 rent payments. Suggested local/state assistance for down payments, make down payment payable when the new owners sell, or outright grants.

Mother-in-law housing. Enables seniors to live on children's premises. Zoning may preclude this arrangement in many locations.

Making loans by AHFC available to non-profit corps. Advantage is lower rents because tax exemptions allows them to help capitalize which in turn allows lower rents. Likewise, if arrangements are made first, donations by private sector can be tax deductible. Disadvantage, non-profits are routinely under capitalized.

A great deal of emphasis was placed on potential mandatory mortgage counseling. There was some controversy regarding this, unless it is limited to certain types, e.g., first time buyers or those individuals receiving "grant-type" down payments.

The policy statements of the meeting will be mailed out, the next subcommittee meeting is Sept. 8-9 in Anchorage.

There is a meeting of the whole on policy statements, July 28, in Homer.

LANDLORD INFORMATION SHEET

A. YOU WILL SIGN PAPERWORK THREE SEPARATE TIMES:

1. Landlord Papers (signed with tenant and landlord)
2. Inspection (at inspection)
3. Assisted Lease Agreement and HAP Contract (at the inspection)

B. UTILITIES:

Utilities cannot be billed to the tenant by the landlord. The utilities must be in one name or the other. There can be no changes during the contract year. At the end of the contract year, who pays for the utilities can be negotiated and changed. PLEASE consider trash removal as a utility.

C. SECURITY DEPOSITS:

Security deposits are NOT paid by The Authority. The tenant is responsible for payment of security deposit, and it cannot exceed 30% of their income. This amount can be found on the "Certificate of Participation" in the landlord packet that the tenant brings you.

Retrieval of security deposit by tenant is done by following the Alaska Tenant/Landlord Law. Copies can be obtained at any public library and are free.

D. RENEWAL OF CONTRACTS:

90 days before the end of contract, this office will send letters to you and tenant as a reminder. Please contact your tenant immediately to see if they are moving or staying. If they are moving or you do not wish to renew the contract, a notice must be given in writing (30 to 60 days) and a copy sent to this office.

If tenant is staying, they will need to contact this office and prepare for renegotiation. They will bring you landlord papers to be filled out and an inspection will be scheduled. Amended Lease Agreement will be signed at the inspection, if it passes.

If Tenant is moving, an end of contract inspection can be requested either by tenant or landlord. THESE ARE ONLY SCHEDULED FOR LAST WORKING DAY OF MONTH AND FIRST WORKING DAY OF FOLLOWING MONTH. It is important to notify this office early.

E. TRANSFER OF UNITS:

A transfer of units can be done if the tenant is moving to a unit within the same complex and with the same landlord. The tenant contacts this office and a "Request for Lease Approval" is given to them to bring back to landlord. This paperwork is brought back and an inspection is scheduled. The landlord must also give a written release of move-out inspection on the old unit. There is no interruption of contract at this time and this unit is treated as if it were the old unit.

If a tenant wishes to transfer to another unit that is not in the same complex, or with the same landlord, a mutual termination must be conducted, and there may be an interruption of contract.

F. EVICTIONS:

Evictions must follow the tenant/landlord law. It is extremely important that this office receive copies of any notices that are being furnished to the tenant. Also, we need follow-up done by landlord as to whether landlord is proceeding with eviction or forgiving tenant. The tenant is always responsible for unpaid rent and/or damages, whether The Authority has paid a claim or not paid a claim.

G. ABANDONMENTS:

Contact this office immediately if you have found unit abandoned in order to schedule an abandonment inspection if you feel an inspection is necessary.

H. MUTUAL TERMINATIONS AND THIRTY-DAY NOTICES:

During the first year on the Assisted Lease Agreement the tenant CANNOT give a thirty-day notice and move. If the tenant and landlord wish to get out of this lease, a mutual termination can be done and is processed through this office. Forms are filled out between tenant and landlord and must be notarized. A date is selected and a move-out inspection can be scheduled by tenant or landlord.

I. INSPECTIONS:

It is a good idea to call early in the month if any type of inspection is to be scheduled. This calendar fills up rapidly. Remember, if the landlord requests an inspection, it is the responsibility of the landlord to notify their tenant. If the tenant requests the inspection, the tenant must notify the landlord.

An inspection will not be conducted prior to landlord papers being brought back to this office. Both parties MUST be at the initial move-in or renewal inspection.

J. CLAIMS:

If you are submitting a claim to The Authority for unpaid rent and/or damages you must bill the tenant within FOURTEEN (14) days first. Then process your claim paperwork to The Authority within SIXTY days. This gives the tenant the opportunity to respond to the billing. A copy of this billing must also accompany the claim paperwork that is submitted to this office. Claims may also be submitted to The Authority within one year. The Authority can take up to one year to respond. If the billing to the tenant is not included in the claim paperwork, your claim will be DENIED.

If you see that the unit does not have damages and you do not wish for an inspection, a claim can be submitted to the Authority for unpaid rent. REMEMBER: The Security Deposit Guarantee is limited. It will cover only up to 2 full months of contract rent, less the amount of security deposit required whether the tenant has paid the security deposit or not.

K. OWNERSHIP AND MANAGEMENT CHANGES:

We must always have on record the actual owner of any given complex that a participant on the Section 8 Existing Certificate and Voucher Program is being housed in. If ownership changes, please contact this office for Transfer of the Housing Assistance Payments Contract and Assisted Lease Agreement.

Anytime that management changes, we must be notified in writing. This office has forms for that occasion. It is also important that it is clear how checks are to be made out and clear mailing addresses.

L. FORECLOSURES:

If a foreclosure is being instituted we request the following:

1. Deed of Trust
2. Assignment of Rents letter
3. Name of Tenant(s)
4. Management Verification
5. Clear knowledge of way checks are to be made out and mailed.

If you have any further questions regarding this program do not hesitate to call this office. However, due to the size of this program, we are unable to handle walk-in traffic. We have instituted a policy for making appointments which we have found better serves our clientele and participating landlords.

ALASKA STATE HOUSING AUTHORITY
620 E. 10th. Ave., Suite 202
P.O. Box 200008
Anchorage, AK 99520

272-1457

5/12/89
Affordable, Low-Income &
Senior Housing Subcommittee

OBJECTIVE: To provide a focus on the needs of seniors, low-income & moderate-income programs currently available, to identify short and long-term needs and recognize the service needs of individual recipients and to make recommendations for future expansion.

CATEGORIES	ISSUES IDENTIFIED	IMPACT	NEEDED ACTION
Affordable, Low-Income & Senior Housing Issues			
Role of Govt. & The Private Sector	1. Lack of coordination between housing programs in state.	1. Wasted resources and lost opportunity.	1. The State should establish a centralized housing commission which is responsible for the review and coordination of housing programs and their delivery system throughout Alaska.
	2. Housing "clients" are often not appropriately matched to housing services.	2. Improved efficiency in service delivery.	2. The State should adopt a case managment system which utilizes and encourages private and non-profit organizations in the matching of of clients to services.

CATEGORIES-	ISSUES IDENTIFIED	IMPACT	NEEDED ACTION
Affordable, Low-Income & Senior Housing Issues			
Role of Govt. & The Private Sector	3. Difficult to obtain financing for construction of affordable senior housing units, both low-income and moderate.	3. Would revive economic opportunities within the State for an established market where demand exists.	3. The State of Alaska must become actively involved in assisting private developers and non-profit in obtaining financing for development of units which are affordable to all Senior Alaskans regardless of income level.
	4. Difficult to obtain financing for construction of affordable housing.	4. Flow of capital would stimulate development & growth.	4. The State of Alaska must become actively involved in assisting private developers and non-profit organizations in obtaining financing for development of units which are affordable to all Alaskans.
	5. Planning and predevelopment costs for housing development are often cost-prohibitive.	5. Would increase opportunities for construction development in in the State.	5. The State of Alaska should make funding/financing available to developers and non-profit organizations for planning and and pre-development costs on qualified projects.

CATEGORIES	ISSUES IDENTIFIED	IMPACT	NEEDED ACTION
Affordable, Low-Income & Senior Housing Issues			
Accessibility	1. Lack of education on different housing programs in the State from the public to the private sector and the private to the public sector.	1. Would increase the delivery of programs and housing opportunities.	1. Agencies must educate the private/public sector, and the public, to improve access to current and future housing, including homeownership.
Availability	1. "Affordable" housing is an issue affecting all income levels; it includes renters and homeowners.		
	2. Assess the existing stock of housing statewide for use in meeting current housing needs.	2. Provide a means for the accurate development of programs.	2. Need a statewide housing needs inventory - which would be maintained and periodically updated.
	3. Identify housing that can be made available for senior and low-income housing.	3. Assist in the stabilization of the housing market.	3. Only units which can be converted to meet the needs of assisted living requirements should be considered for conversion to senior/low-income housing and cost-effectiveness must be considered.

CATEGORIES	ISSUES IDENTIFIED	IMPACT	NEEDED ACTION
Affordable, Low-Income & Senior Housing Issues			
Availability	4. Identify groups whose needs are not being met by the current housing stock or housing programs (i.e. low-income homeownership and non-medical assisted senior housing).		4. Need a statewide housing needs inventory, which would be periodically maintained and periodically updated.
	5. Restrictive and conflicting regulations exist which make it difficult to construct cost-effective senior housing.	5. When construction costs are lower, the financial burden on the client is less.	5. Review and adopt less restrictive regulations, allowing for local option review and revision, regarding boarding homes, group homes, congregate housing and and adult foster care.
	6. Medical model requirements make it difficult to cost-effectively construct and operate Residential Care Facilities.		6. Eliminate Residential I & II requirements based on the medical status of clients for Residential Care Facilities and retain them for Intermediate Health Care and Long Term Health Care Facilities.

CATEGORIES	ISSUES IDENTIFIED	IMPACT	NEEDED ACTION
Affordable, Low-Income & Senior Housing Issues			
Availability	7. Services are inadequate and need to to be expanded to allow seniors and others to live independently longer. (Independence: those who aren't a danger to themselves or others).	7. Cost savings	7. The State should encourage independent living by expanding services for seniors where desired and practical - regulations should be flexible so that service delivery can be improved. Chore workers and home delivered meals should be expanded to more than once a day and to 7 days a week. Transportation to services should be provided.
	8. Some seniors are unable to stay in their homes because of high home maintenance and modification costs.	8. The State will save money if seniors are able to remain independent.	8. Financial assistance and training for home repair and maintenance should be increased.
	9. Mortgage Loan Availability a. Lack of financing opportunities for low-income/affordable housing.		a. Increase participation by local financial institutions and secondary market investors to provide funding for non-profit qualified low-income/ affordable housing.

CATEGORIES	ISSUES IDENTIFIED	IMPACT	NEEDED ACTION
Affordable, Low-Income & Senior Housing Issues			
Availability	b. Existing loan programs do not encourage "affordable" housing.		b. Existing loan programs should be modified to encourage "affordable" housing.
	c. Difficult for non-profit developers to obtain financing for senior housing developments.		c. Alaska Housing Finance Corporation should be allowed to lend directly to non-profit developers.
	d. Lack of a draw-down on home equity option in the State.		
Affordability			

CATEGORIES	ISSUES IDENTIFIED	IMPACT	NEEDED ACTION
Affordable, Low-Income & Senior Housing Issues			
Quality	1. Energy importation and poor energy efficiency can increase living costs.	1. Seniors would be able to retain home living options.	1. Insure that housing designs maximize energy conservation and the use of local fuel resources, retrofit where practical, maintain energy savings programs including weatherization.
	2. Current building codes and housing standards can conflict, duplicate each other and be too restrictive.		2. Review current codes building requirements and eliminate all conflicts, duplicity and inconsequential standards.
Land Use	1. Access to public, social & commercial services are often lacking or not reasonably located.		1. In the planning and location of housing, the special needs of the participants should be considered.
	2. Land use regulations are often inflexible and over-restrictive.		2. Education at the local level on development codes and land use regulations need to allow for the individualism of communities and programs.

CATEGORIES	ISSUES IDENTIFIED	IMPACT	NEEDED ACTION
Affordable, Low-Income & Senior Housing Issues			
Cultural Appropriateness	1. Design and standards should be based on local needs and mores.		
	2. Housing design and function does not always reflect the local community's needs.		2. Review current design standards.
	3. Housing should take into account the environmental conditions of the region.		
	4. Federal agencies do not take into account the environmental needs of a region.		
Other Issues			

Alaska Housing Market Council

July 12, 1989

Dear Affordable, Low-Income and Senior Housing Subcommittee member:

Enclosed please find your packet for the Friday, July 14 subcommittee meeting. **Again, the meeting will be held from 9:00 a.m. to 5:00 p.m. at the Anchorage Legislative Information Office, 3111 'C' Street, 1st floor conference room, and in Fairbanks at the Fairbanks Information Office, 119 N. Cushman Street.**

Please review your matrixes prior to the meeting as the subcommittee will be finishing up its policy recommendations. Check the last subcommittee minutes and the matrixes to determine which areas we still need to draft recommendations on.

If you can't attend the meeting, please contact me as soon as possible.

Sincerely,

Heather

Heather Arnett
HPDC Aide

624 W. INTERNATIONAL AIRPORT ROAD, SUITE E • ANCHORAGE, ALASKA 99518 • P.O. BOX 240048 • ANCHORAGE, ALASKA 99524-0048 • (907) 563-3325

ALASKA HOUSING MARKET COUNCIL
Housing Policy Development Committee

Meeting of the Affordable, Low-Income & Senior Housing Subcommittee

July 14, 1989, 9:00 a.m.
Anchorage Legislative Information Office
3111 'C' Street

I. Call to Order - Roll Call

II. Approval of Agenda

III. Approval of Minutes

IV. Continue to draft policy recommendations.

V. 11:00 a.m. Presentation by Cynthia Parker, "Non-profit corporations and public-private housing partnerships."

VI. 12:00 p.m. Lunch

VII. 1:30 p.m. Public Testimony

VIII. Finalize policy recommendations.

IX. Agenda for next meeting.

624 W. INTERNATIONAL AIRPORT ROAD, SUITE E • ANCHORAGE, ALASKA 99518 • P.O. BOX 240048 • ANCHORAGE, ALASKA 99524-0048 • (907) 563-3325

ALASKA HOUSING MARKET COUNCIL
Housing Policy Development Committee

Low-Income, Affordable and Senior Housing Subcommittee

June 24, 1989

MEETING MINUTES
Suite 200, Fifth Avenue Center
Fairbanks

CALL TO ORDER

The meeting was called to order by Co-chair Carol Jackson at 9:35 a.m.

The following members were present:

Carol Jackson, Alaska State Housing Authority
Jesse Bartlett, Alaska State Housing Authority
Kelly Gunnels, Denali State Bank
Cynthia Parker, Anchorage Neighborhood Housing Services
Bob Arwezon, Real Estate Broker
Velma Ellyson, Homer Senior Citizens

Staff Present:

Heather Arnett

Public Present:

Dorothy Englund, North Star Council on the Aging

APPROVAL OF AGENDA

The agenda was unanimously approved.

APPROVAL OF MINUTES

The minutes from the April 20, 1989 subcommittee meeting were unanimously approved.

HPDC Aide Heather Arnett gave a short presentation to the subcommittee, explaining that they needed to draft their policy statements at this meeting.

Presentation by Kelly Gunnels, Denali State Bank
Mortgage Loan Availability

Ms. Gunnels distributed a list of 5 mortgage loan issues recommendations to the subcommittee members. (That list attached).

Issue #1

Although young families and single parents can often aff a monthly mortgage payment, they are frequently unable t come up with an initial downpayment and closing costs.

Recommendation:

> The state should set up an assistance fund for this Income limits and credit history must be positive ar must acknowledge and accept the program.

Ms. Gunnels does not believe that homeowners will walk a mortgage payments if they have not provided a large down She does think some homeowner counseling prior to purcha home is important.

Mr. Arwezon said that AHFC's three biggest delinquency p have been the zero down program, the HOF program and the home program. He added that giving potential homeowners for downpayments is not necessarily the answer.

Ms. Parker recommended that only families that meet unde criteria and receive homeowner counseling should qualify downpayment and closing cost assistance.

Ms. Gunnels agreed and suggested that possibly the mortg should re-pay the downpayment assistance.

Ms. Ellyson asked if water, sewer and electric service s part of the assistance package?

Ms. Parker did not think that utilities should be part c package.

It was determined that staff should obtain HOF delinquen and profiles from Alaskan banks for the next subcommitte meeting.

The subcommittee hopes to determine if the delinquency r related to an initial deep subsidy. Also, they hope to if the delinquency rate is higher with condominium owner single family home owners. Staff will also attempt to d the age of the homeowners.

Ms. Parker said that because of the high HOF delinquency rate, lenders are about ready to scrap low and moderate-income home loans.

She added that it may be appropriate to designate a "housing council" to receive federal funds and distribute the money to appropriate state agencies.

POLICY STATEMENT

The State of Alaska should be encouraged to establish an Alaska Housing Commission charged with housing program review, coordination and oversight. This commission shall be the designated agency to review and distribute federal programmatic resources and shall designate agency recipients throughout the state.

Ms. Parker recommended that the Commission have private lenders on the commission so that the lending community's viewpoint is represented.

Presentation by Dorothy Englund, Director, North Star Council on Aging

Ms. Englund had reviewed the subcommittee's matrix and draft recommendations and said that they fairly closely follow the recommendations of the Older Alaskans Commission housing report. The commission's recommendation for a Senior Housing Office could be expanded to oversee all housing programs in the state.

It is important that the subcommittee doesn't overlook "small" projects that don't cost a lot of money. For instance, frequently after an older person comes home from the hospital, railings need to be installed in a house. Perhaps a state grant program could be established to fund such a program.

Two Fairbanks housing projects that house seniors do not have elevators.

Senior housing should be viewed as a "continuum of care." The needs of seniors will change as people change. The population of seniors in the state is growing.

Ms. Ellyson asked Ms. Englund, if as the age of working Alaskans increase are more parents of these working people coming to the state to live?

Ms. Englund responded that it appears so.

Ms. Parker recommended that the final Housing Policy Development Committee report contain senior population projections.

Ms. Englund asked, with the surplus of REO's, why haven't boarding homes been opened?

Mr. Arwezon responded that this is a very complex issue; that there are a lot of zoning and code regulations involved.

Ms. Englund said that the Fairbanks Assembly routinely gives out waivers for construction of boarding and other types of group homes.

Ms. Gunnels added that financing is a major issue with boarding homes.

Ms. Parker proposed the following policy statement:

POLICY STATEMENT

The State of Alaska's first priority should be to dedicate its housing resources to providing housing opportunities for low and moderate income residents.

The subcommittee recessed at 11:45 a.m. for lunch and to tour Southall Manor, an ASHA independent living complex.

The subcommittee reconvened at 1:30 p.m.

Ms. Gunnels continued her presentation on mortgage loan availability.

Issue #2

Many families are unable to to sell smaller homes to "move up" to a larger home or are unable to finance home improvements to enlarge existing homes.

Recommendation

DCRA is in the process of developing a new loan program called the Homeowner Energy Loan Program (HELP). This program could possibly be expanded to help solve this problem.

Issue #3

Active duty military personnel who have decided to extend their tour in Alaska are often unable to purchase homes through AHFC, due to a current AHFC regulation stating that all active duty military personnel must have two years remaining on their date of rotation. AHFC will consider loan requests with less than two years, however, but often require a 10% downpayment. In the majority of cases, that downpayment is not possible.

Recommendation

AHFC should change their regulations pertaining to active duty military personnel, reducing DEROS time remaining from two years to one year. This was the operating policy in effect until mid-1985, when AHFC introduced the longer time period.

Issue #4

Lenders over the past three years have had difficulty placing FHA and Federal VA loans in the secondary marketplace due to the state's real estate market conditions. If the loan is sold to a secondary investor, Alaska borrowers often do not know where their loan will be placed. They are faced with servicing problems in states thousands of miles away.

Recommendation

AHFC has an infrequently used loan program designated as a "Conventional Refinance Program." This non-subsidized program is only funded by AHFC. Should AHFC elect to fund these federally insured programs, Alaska borrowers may be able to have their loans serviced in-state.

The subcommittee saw the availability of capital in the state and the issue of keeping home loan servicing in the state as very important. Ms. Parker proposed the following policy statement:

POLICY STATEMENT

In order to encourage and keep the number of markets open for the creation of affordable housing for Alaska residents, the State of Alaska should encourage both the issuance of tax exempt bonds as well as taxable forms of financing.

Issue #5

Past AHFC borrowers have had their mortgages sold to outside investors, i.e. Fireman's Fund and others. Alaska homeowners have repeatedly been faced with a variety of servicing problems on their loans, without any state or local representative to assist with even the simplest servicing.

Recommendation

AHFC should implement a system which allows borrowers to refinance (HOAP) with the lender of their choice.

Ms. Parker proposed a policy statement:

POLICY STATEMENT

Mortgage loans issued in the state and originated by state

sponsored lenders should, whenever possible, remain with Alaskan lenders for servicing.

It was suggested that the previous policy statement should be presented to the State Legislature as proposed legislation.

Ms. Parker said that part of this subcommittee's action plan should include recommending that AHFC improve servicing education programs for state lenders.

Presentation by Jesse Bartlett, ASHA
Present ASHA Programs

Ms. Bartlett spoke about ASHA's Certificate and Voucher rental assistance programs and the management of ASHA owned properties.

Certificate Program

Tenants apply for the certificate program. Once the tenant has applied, there is a 6-12 month waiting period. The tenant can choose the dwelling of their choice, with the price not to exceed an established fair market rent value. The tenant must also meet an income limit. Units are inspected annually by ASHA inspectors. Certain properties are "certified" by ASHA.

Voucher Program

The rent voucher is portable and can be taken out of state. With the voucher program, the tenant can pay over the fair market rent for an apartment. Any amount over the fair market rent, however, must be paid by the tenant.

Low Rent Program

ASHA is the landlord of the projects it owns. Project managers are either on-site or are on 24-hour call. A landlord briefing class is held once a month. Landlords are paid directly by ASHA.

Ms. Gunnels asked what is the property criteria?

Ms. Bartlett responded that there is no property criteria. But, ASHA properties must pass "Housing Quality Standards (HQS)" and be decent, safe and sanitary.

It was discussed that if a landlord participates in the Section 312 rental rehabilitation program (funded through HUD), their property is automatically certified for the voucher program.

Ms. Jackson commented that the new rental assistance programs proposed by HUD will be rental certificates.

Ms. Bartlett stated that if a tenant is on the waiting list and

has no place to go, ASHA will give the tenant either a certificate or voucher and will send him or her "shopping" for a unit.

Handicapped Qualifications

To qualify as handicapped under ASHA regulations, the tenant must either be receiving social security benefits or provide ASHA with a doctor's letter stating the tenant's disability.

Presentation by Carol Jackson, ASHA
Homeownership Programs

Ms. Jackson stated that with the new leadership of HUD Secretary Jack Kemp, the direction of HUD has changed.

Secretary Kemp has proposed six initiatives for HUD:

* Day care assistance
* Empower tenant management
* Homeownership
* Drug Free
* Job Opportunities
* Establish enterprise zones

ASHA will be developing programs for day care assistance, tenant management, homeownership and to establish job opportunities.

Ms. Jackson added that a housing commission is one of the vehicles the state will need to attract federal funds.

The Homeownership Program

This will be a joint project by HUD, ASHA, AHFC and the locality involved.

Ms. Jackson said that homeownership counseling is essential for these programs to work.

It is hoped that existing state loan programs such as HOF and LIFE will be the vehicles for low-income homeownership.

Ms. Jackson added that a homeownership model program that is acceptable to HUD must be developed. Anchorage will be the first community to develop the model. A "skeleton" homeownership program for Anchorage will be developed by June 27, 1989.

Mr. Arwezon asked if this could be a mechanism to bail out the REO situation?

Ms. Jackson said yes. She said that they will shop in the HUD, VA, FmHa and possibly AHFC inventories.

She said that there are 1,500 HUD units statewide to choose from. HUD is encouraging scattered site homes in mixed-income areas for their homeownership program.

Who qualifies for homeownership

Section 8 and Voucher recipients, although ASHA hopes to eventually open the program to more people.

Ms. Jackson brought up that ASHA will be interviewing 75 Willow Park replacement residents by the end of July for possible interest in the program.

She said that ASHA has to develop partnerships in order to attract federal dollars.

To utilize McKinney Homeless Assistance Act funds, ASHA is considering creating housing for the homeless from existing housing stock.

ASHA is also working on a 5-year plan, which is required by HUD.

A policy statement was proposed to support ASHA's work.

POLICY STATEMENT

The State of Alaska should, through the Alaska State Housing Authority and other public agencies, encourage public-private partnerships to foster and develop affordable housing.

POLICY STATEMENT

A statewide housing needs inventory should be periodically conducted and updated on a regular basis.

The subcommittee determined that they would schedule their next meeting for Friday, July 14 in Anchorage. At this meeting, they will finalize their policy recommendations.

The subcommittee was adjourned by Co-chair Carol Jackson at 3:00 p.m.

PROPOSED POLICY STATEMENT

It is the policy of the State of Alaska that a continuum of care housing program should be implemented with supportive services necessary to allow seniors and handicapped persons to live independently at their level of ability.

Action Plan:

1. Present regulations shall be changed to create two categories of housing:

   a. Medical - requiring specialized medical assistance.
      i. Intermediate care
      ii. Long term care

   b. Non-Medical/Supportive - requiring assistance with daily living.
      i. Nutrition needs
      ii. Housekeeping
      iii. Personal care
      iv. Transportation
      v. Other non-medical needs unique to the individual

2. The availability of senior housing in the state should be increased.

   a. Retrofit existing surplus housing to be appropriate for senior living.

   b. Encourage and assist in the creation of group living situations.
      i. Bed and board
      ii. Congregate home/apartments
      iii. Adult foster homes

LOW AND AFFORDABLE HOUSING ISSUES

Mortgage Loan Availabilty:

PROBLEM

1). Young families/single parents have problems financing homes due to child care costs, etc. Most families can afford rent payments ranging from $500.00 to $800.00 per month. These payments would translate to a $50,000.00 to $80,000.00 mortgage which is well within the price structure of most homes in the state. What most couples or single parents are unable to do is pay the necessary down and closing costs to get into the home. These range from $8,062.50 for an Alaska Housing Finance Corporation/ Federal Housing Authority combination loan to $4,198.00 AHFC/Veterans Administration zero down $50,000.00 transaction. These two programs are the most used loan programs effective in the state.

RECOMMENDATION

The state set-up an assistance fund for this situation. Income limits and credit history must be positive. AHFC must acknowledge and accept program. Possible special program in lieu of HOF or new LIFE program. Fannie Mae has acknowledged and encouraged this type of state or local assistance programs.

2). Growing Families are unable to sell smaller homes to "move up" and unable to finance any form of home improvements to enlarge existing homes. Financial institutions are mandated to specific loan to value ratios which in a negative equity market traps families into homes which do not suit their needs. Unable to enlarge and/or make necessary repairs, families are faced with hardships. Many end up leaving their homes and renting housing better suited to their needs. The results are homes are unnecessarily foreclosed upon.

RECOMMENDATION

DCRA is in the process of developing a new loan program called the Homeowner Energy Loan Program (HELP) which could be expanded to aid with this problem. See attached program guidelines.

3). Active duty military personnel who have decided to either extend their tour in Alaska are often unable to purchase homes through AHFC due to a current AHFC regulation stating that all active duty military personnel must have two years remaining on their date of rotation. AHFC will look at loan requests with less than two years, however, then require a 10% down payments which is not possible in the majority of cases.

In most instances military personnel who begin a four year tour must first get acquainted with the area, spend a winter, etc. before they decide to purchase a home. In most cases where I have been involved, perspective borrowers come to a bank to be pre-qualified for financing only to find that they do not meet the two year criteria (by the time they locate a home in their price range, save the necessary funds for closing and process the paperwork.) Unable to extend their date of rotation until they are within twelve months of their scheduled DEROS, active duty personnel are basically out of the real estate market.

RECOMMENDATION

AHFC to change their regulation pertaining to active duty military personnel, reducing DEROS time remaining from two years back to one year. This was the operating policy in effect until mid 1985 when AHFC introduced the two year period.

4). Lenders over the past three years have had difficulty placing FHA and Federal VA loans in the secondary market place due to our real estate market conditions. Private investors have priced Alaska loans at time 3% higher than in other areas of the nation, if they were to accept them at all. It seems that mortgages from Alaska are not very desirable in the secondary market place and difficult to place in GNMA pools as AHFC can easily verify. In other words, Alaska is expendable on a national level. In most cases at times if an individual was not seeking or could not qualify for AHFC financing, there was no other market available. Recently this market has returned, however, this could easily recur. Alaska borrowers if entering into this secondary market do not know where their loan is going to be placed. They are faced with servicing problems in states thousands of miles away. The original lenders have very little impact on this situation. They can only place telephone calls as a courtesy, however, can not control the quality of service these borrowers receive on their loans. Most lenders do not have the volume of loan necessary to purchase GNMA, Freddie Mac or Fannie Mae pools to prevent the need for this secondary private market situation.

RECOMMENDATION

AHFC has a infrequently used loan program designated as a "Conventional Refinance Program". This is not a subsidized program. It is only funded by AHFC. Should AHFC elect to fund these federally insured programs it would reduce or eliminate the Alaska borrowers from having their loans sold to outside investors. It would also create a more stable environment for future mortgage financing. AHFC would have the ability to charge appropriate loan discount points as does the other investors to earn additional income, as well as, charge the prevailing interest rate. Because the lenders are underwriting and providing the FHA Mortgage Insurance Certificates and the VA Loan Guaranty Certificates the AHFC underwriting staff would not need to be utilized. AHFC has the knowledge and ability to pool mortgages and this seems a natural conclusion that their assistance would provide a more stable secondary market for all Alaska loans with Federal loan guaranty's for residential housing.

5). Past AHFC borrowers have had their mortgages sold to outside/back east investors as well, i.e. Firemans Fund and others. The level of service on mortgages have often times been poor to say the least. Alaska homeowners have repeatedly been forced with a variety of different servicing problems on their loans, without any state or local representative to assist with even the simple day to day issues. The difficult issues such as payment problems, forebearance work-out arrangements income loss, property tax issues and escrow account analysis issues were not handled appropriately.

RECOMMENDATION

AHFC to implement a system which allows borrowers to refinance (HOAP) with the lender of their choice. In a rare case, our bank had an AHFC borrower refinance their home simply to have the mortgage held in Fairbanks. This was an out of pocket expense to the borrower in the amount of $10,000.00 without an interest rate reduction. This situation was so unusual that an AHFC representative contacted our office to clarify the purpose of the loan.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

RURAL DEVELOPMENT DIVISION

949 E. 36th Ave.
Suite 403
Anchorage, AK 99508
907-563-1955
FAX 907-563-1734

May 15, 1989

Ms. Kelly Gunnels
Assistant Vice President
Denali State Bank
PO Box 74568
Fairbanks, AK 99707

Dear Ms. Gunnels:

Our Office of Energy Conservation Programs has $800,000 that we are planning to use to promote the purchase of energy conservation products for homes. Because of problems involved with loan programs handled by the State in the past, we are interested in developing a program that will use private sector lenders. Our idea is to use this money to subsidize the interest on loans provided by private lenders.

We are asking for your input so that we can decide whether there is an adequate interest on the part of private lenders to develop this program. Attached is a short questionnaire. Please take the time to complete this questionnaire and return it to us as soon as possible.

We are calling this program the Homeowner Energy Loan Program (HELP). An outline of our current ideas for this program are included. Depending on what information you provide, the concept for this program can be developed to fit very well within your loan programs.

If you have any questions, please call Norman Bair at 563-1955.

Sincerely,

Steve Baden
Chief, Energy
Conservation Section

Enclosures

HOMEOWNER ENERGY LOAN PROGRAM

GOALS

- More comfortable, healthier and affordable homes
- Driven by private sector
- Leverage other funding sources
- Stimulate job creation in housing industry
- Restitution from petroleum violation escrow (PVE)

PARAMETERS

- Oil Overcharge Advisory Committee Priorities
- $800,000
- Augment existing residential energy conservation programs
- Simple administrative procedures
- Develop program in-house

PROGRAM GUIDELINES

- Available to all private Lenders competitively
- Utilize existing private and public Lenders
- Subsidize interest on loans
- Subsidy only for approved energy-conserving products
- 2% to 5% interest rates for eligible products
- Bigger subsidy for better energy rating of building
- Maintain Master List of approved product types
- Maximum 5-year subsidy
- Subsidy on no more than $20,000 for building or applicant
- Single family through 4-unit residential buildings only
- New and existing buildings
- Subsidy is not transferable or assumeable
- Labor costs not subsidized
- Consumer applies to participating Lender
- Lenders responsible for credit review/acceptance
- Subsidy payments paid annually or one-time to Lender

National Association of Home Builders
Governmental Affairs Division

National Housing Center
15th and M Streets, N.W.
Washington, D.C. 20005
Telephone (202) 822-0470

LEGISLATIVE FLASH!

MAY 24, 1989

(S.774)

LOAN LIMIT CRISIS IN SENATE VERSION OF FINANCIAL INSTITUTIONS REFORM, RECOVERY AND ENFORCEMENT ACT OF 1989 (FIRREA)

The United States Senate recently passed its version of FIRREA. While NAHB generally supports this legislation, it adamantly opposes the loan-to-value ratios prescribed in the Senate bill. These loan-to-value ratios would apply to all types of real estate loans made by federally-insured banks and thrift institutions. The loan-to-value ratios would be as follows:

(1) Loans to finance one to four family residences 95%;

(2) Loans on property improved by a completed structure 80%;

(3) Loans on improved property (no completed structure . . . . . 70%; and

(4) Loans on undeveloped property . . . . . 65%.

Construction loans of 70% or less would cripple all builders' ability to produce housing. And only 65% loans for development would have almost as negative an impact on, particularly, small- and medium-sized builders.

We need your help at once to assure that this provision does not make its way into the final version of FIRREA The current status of FIRREA is that it has passed the Senate, and the House version has been reported by the House Banking, Finance and Urban Affairs Committee.

Since the loan-to-value ratio provision is not likely to be included in the House-passed version of FIRREA, this most likely will be a matter to be decided in Conference between the House and Senate. It is unclear when the Conference on FIRREA will begin. However, the Conference could occur within the next few weeks. The time for action is now.

INCOME LIMITS ALASKA STATE BUILDING AUTHORITY
VERY LOW-INCOME LIMITS
FEBRUARY 27, 1989
NUMBER OF PERSONS IN HOUSEHOLDS

Location	1	2	3	4	5	6	7	8+
Anchorage	17,450	19,650	22,450	24,950	26,950	28,950	30,950	32,950
Bethel	15,500	17,700	19,950	22,150	23,900	25,700	27,450	29,250
Cordova	17,300	19,750	22,250	24,700	26,700	28,650	30,650	32,600
Fairbanks	15,100	17,250	19,400	21,550	23,250	25,000	26,700	28,450
Homer	15,100	17,250	19,400	21,550	23,250	25,000	26,700	28,450
Juneau	21,750	24,900	28,000	31,100	33,600	36,100	38,550	41,050
Kenai	15,100	17,250	19,400	21,550	23,250	25,000	26,700	28,450
Ketchikan	18,900	21,600	24,300	27,000	29,150	31,300	33,500	35,650
Kodiak	17,200	19,650	22,100	24,550	26,500	28,500	30,450	32,400
Nome	15,500	17,700	19,950	22,150	23,900	25,700	27,450	29,250
Palmer	15,100	17,250	19,400	21,550	23,250	25,000	26,700	28,450
Petersburg	17,000	19,400	21,800	24,250	26,200	28,150	30,050	32,000
Seward	15,100	17,250	19,400	21,550	23,250	25,000	26,700	28,450
Sitka	20,000	22,900	25,750	28,600	30,900	33,200	35,450	37,750
Valdez	17,300	19,750	22,250	24,700	26,700	28,650	30,650	32,600
Wasilla	15,100	17,250	19,400	21,550	23,250	25,000	26,700	28,450
Wrangell	17,000	19,400	21,800	24,250	26,200	28,150	30,050	32,000

SECTION 8 EXISTING HOUSING ASSISTANCE

Section 8 Existing Housing Assistance is available through funding granted by the U.S. Department of Housing and Urban Development (HUD).

In Anchorage, the Federal monies and program policies are administered by the Alaska State Building Authority.

The Section 8 Existing - Anchorage program is designed to assist families with the payment of their rent. Eligibility for the program is based on family size, and family income.

Families who qualify for; and are approved on the program, will find their own housing from the various types available in the area: single-family homes, mobile homes, condominiums, townhouses, and other apartments.

Maximum rental amounts are set by Federal audits. The tenant's portion of the rent is computed as a portion of their total gross monthly income. The balance of the contract rent is paid by the Authority.

The tenant pays the security deposit.

Housing Assistance payments begin when the rental unit passes inspection. The Authority uses HUD guidelines to ensure participating families obtain safe, sanitary and decent housing.

The Section 8- Existing program is rental assistance only; it is not designed to enable families to purchase their dwelling.

If a participating family is required to pay utilities, the contracted utilities must be in the family's name.

Once the tenant family's rent has been calculated, they cannot pay any additional amount for rent, i.e. no "extras" for pet deposit, utilities, etc.

Tenants sign a one-year lease agreement. During the first year under contract, this lease cannot be broken unless BOTH the tenant AND the landlord agree to mutually terminate.

Tenants must notify the Authority at such time their family size or income changes. The Authority can then determine any change in the tenant's portion of the rent.

Landlords must notify the Authority if there is a change in ownership of the rental unit. They are also responsible to notify the Authority if the tenant is not current in rent payment; if the tenant vacates the unit; if the tenant is suspected of housing an individual not named on the lease; if there are any circumstances which the Authority may need to investigate, as specified on the lease agreement.

HUD places a high priority on preventing fraud. Program participants - tenants AND landlords - face severe fines, possible imprisonment, repayment of all overpaid rental assistance if convicted. Tenants who commit fraud will be prohibited from receiving Housing Assisance in the future.

This information includes basic program policy. For additional information, call 563-1901. Applications are available at 624 W. International Airport Rd.

8/88

Elderly Housing Low Rent & Section 8 Programs

Low Rent& Section 8 New Construction

Chugach Manor has 120 unit capacity. It is currently filled, with 100 of the 120 units occupied by elderly tenants.

Chugach View also has a 120 unit capacity, and currently houses 110 families with a head of household age 62 or older.

The remaining units in each facility are occupied by disabled/handicapped tenants.

Fairmont Housing Project - Senior Units (41)
25 units on Lane Street, 8 Units on Park Street and 8 located on Taylor Street.

For all other Low Rent/Anchorage housing, the 25 units on N. Lane (Mt. View area) are currently occupied by seniors. All other housing occupied by non-elderly families.

Currently there are 154 families/individuals age 62 or over on the Low Rent Waiting List.

Section 8 Existing (Certificate & Vouchers)

Section 8 currently has 1,482 housing certificates and vouchers being used by families. Of these, 235 certificates and 37 vouchers are issued to efficiency (one person) and one-bedroom (couple) families. At least 50% of these (136) are issued to applicants over age 62.

Of the remaining 1210 families on program, it would be reasonable to assume that 15% (182) had an elderly head-of-household.

Presently there are 3 elderly applicants on the Section 8 waiting list. This number is exceptionally low, as the program closed the application period in November 1988.

SECTION 8EXISTING WAITING LIST

Anchorage

BDRM	(S)
0	32
1	1
2	148
3	162
4	29

For the above applicants, the waiting period is still 6 to 12 months; more or less depending on the availability of Certificates or Vouchers.

Section 8 Existing Fair Market Rents

Market Area	Bedroom Size	Fair Market Rent
Anchorage	0	$ 402.00
	1	$ 489.00
	2	$ 576.00
	3	$ 720.00
	4	$ 806.00
Fairbanks	0	$ 393.00
	1	$ 478.00
	2	$ 562.00
	3	$ 703.00
	4	$ 788.00
Homer	0	$ 393.00
	1	$ 478.00
	2	$ 562.00
	3	$ 703.00
	4	$ 788.00
Juneau	0	$ 478.00
	1	$ 580.00
	2	$ 683.00
	3	$ 854.00
	4	$ 956.00
Kenai	0	$ 393.00
	1	$ 478.00
	2	$ 562.00
	3	$ 703.00
	4	$ 788.00
Ketchikan	0	$ 478.00
	1	$ 580.00
	2	$ 683.00
	3	$ 854.00
	4	$ 956.00
	5	$1099.00
Mat/Su	0	$ 393.00
	1	$ 478.00
	2	$ 562.00
	3	$ 703.00
	4	$ 788.00

CERTIFICATE/VOUCHER STATUS

Field Office: Anchorage Date: May 31, 1989

CERTIFICATES

Project No.	Total No.	Under Contract	Shopping	Outstanding
001	58	57	1	0
004	67	64	3	0
006	438	390	46	0
007	92	81	11	0
012	125	111	14	0
014	95	88	7	0
019	69	59	10	0
023	19	19	0	0
024	26	* 63	2	0
030	20	18	2	0
031	20	19	1	0
033	8	8	0	0
038	20	18	2	0
039	20	17	3	0
042	28	27	1	0
043	30	27	3	0
	Overissues	*(39)		
Totals	1,135	1066	106	0

CO = 94%
CO + SH = 103%

Lu Dudley
PROJECT OFFICE MANAGER

S8E/S8EV
10-87

CERTIFICATE/VOUCHER STATUS

Field Office: Anchorage

Date: May 31, 1989

VOUCHERS

Project No.	Total No.	Under Contract	Snopping	Outstanding
001	19	17	2	0
002	21	18	3	0
003	12	12	0	0
004	34	31	3	0
005	16	16	0	0
006	100	90	10	0
008	17	* 40	3	0
010	25	24	1	0
	Overissues	*(26)		
Totals	244	248	22	0

CO = 102%
CO + SH = 111%

Lu Dudley
PROJECT OFFICE MANAGER

S8E/S8EV
10-87

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

House of Representatives

SOLDOTNA
312 TYEE STREET
SOLDOTNA, ALASKA 99669
(907) 262-7841

JUNEAU
BOX V
JUNEAU, ALASKA 99811
(907) 465-2689

July 14, 1989

Thomas C. Behan, Executive Director
Alaska Housing Finance Corp.
P.O. Box 101020
Anchorage, AK 99510

Dear Director Behan;

Pursuant to our recent conversations, as well as interaction with the Administration, I respectfully request your support of the Housing Finance Task Force stemming from SCR 28. As you are aware, the Administration failed to pass the funding which was designated to support the task force. It would greatly assist our effort to review the housing loan programs if the Alaska Housing Finance Corporation would provide a consulting service for this project.

I feel confident that we share the mutual goal of enhanced loan programs for Alaskans which are equitable, feasible and practical. The task force would, naturally, like to participate in outlining the specific tasks the consultant would perform. The Administration, Legislature and AHFC all want to go the same direction, working together is undoubtedly the best way to accomplish this.

I look forward to working with you on this project.

Sincerely,

Rep. C.E. Swackhammer

CES/cn

Alaska State Legislature

SENATOR JIM DUNCAN

P.O. BOX V JUNEAU, ALASKA 99811-3100

(907) 465-4766

COMMITTEES:
FINANCE
VICE CHAIR – HEALTH EDUCATION & SOCIAL SERVICES
BUDGET & AUDIT
BANKING & ECONOMIC DEVELOPMENT

June 8, 1989

Thomas C. Behan
Executive Director
Alaska Housing
Finance Corporation
P.O. Box 101020
Anchorage, Alaska 99510

Dear Mr. Behan:

I am writing to express my concerns about the hiring of the new positions approved and budgeted for the Alaska Housing Finance Corporation. In addition I am requesting your assistance in helping me understand the rationale for some of the recent reassignment of core personnel at the Corporation.

The Legislature, both directly and through the Legislative Budget and Audit Committee, has approved 109 additional positions for the Corporation over the last two budget years. This is a large increase in the number of employees and more than doubles the size of the Corporation. In spite of the fact that AHFC is exempted from the state Personnel Act under AS 18.56.070 it is a public corporation. The Legislature created the Corporation to assist private enterprise in providing housing and empowered it to act on behalf of the state and its people in serving this public purpose for the benefit of the general public. As such, AHFC is required under the State Equal Employment Opportunity statutes and the State Commission for Human Rights statutes to develop, implement, and maintain a plan of policies and procedures to prohibit discriminatory employment and labor practices.

I have reviewed the Equal Employment Opportunity/Affirmative Action Plan that has been developed for presentation to your Board of Directors at your June 12, 1989 meeting. The proposed Equal Employment Opportunity/Affirmative Action Plan is a good first step to assuring fair and equitable employment opportunities and working conditions. However, I am concerned that in addition to having an Equal Employment Opportunity/Affirmative Action Plan that the appropriate employment and personnel processes and procedures are approved by the AHFC Board of Directors. These processes and procedures should then be properly administered by the Corporation's staff. It is very important that these labor considerations apply to all positions and openings that may be available at the Corporation.

It has come to my attention that some higher level positions at AHFC are to be filled without ever being posted or openly recruited. These include the Chief Operating Officer, Mortgage Operations Supervisor, Claims Administrator, and Consumer Relations Officer. Even if these positions are to be filled by appointment, proper notices should be posted and recruitment procedures followed. Also, additional positions have been created and filled by moving experienced staff from positions of high responsibility. This practice could create a void in the Corporation's ability to serve the public.

To help me understand the personnel and organizational changes proposed and occurring at AHFC I would like to have an organizational chart of the Corporation's staff by position, name, and position control number as approved by the Legislature as of July 1, 1988. I would like to have a listing of the current status of those positions with the Corporation, date of termination, resignation or change of assignment and the new assignment or job title. In addition I would like to have a copy of the current organizational chart and, if the corporation is to be reorganized, a copy of the proposed organizational chart.

I thank you in advance for your prompt response to this request and your consideration of these important issues.

Sincerely,

Jim Duncan
Senator

cc: Governor Steve Cowper
Michael McKennett, Director
Office of Equal Employment Opportunity
Paula Haley, Executive Director
Human Rights Commission
Bob Mintz, Chairman
AHFC Board of Directors
Rick Ender
AHFC Board member
Commissioner Jim Sampson
AHFC Board member
Commissioner Larry Merculieff
AHFC Board member
Commissioner Hugh Malone
AHFC Board member

MEMORANDUM

TO: TOM MAHRE, AIDE DE CAMP
REP. LYMAN HOFFMAN

FROM: CARL F. NICKEL, AIDE
REP. SWACKHAMMER

DATE: JULY 10, 1989

TOPIC: LASER PRINTER, STATE SERIAL NO. 10007388

This memorandum acknowledges the loan of the above mentioned Laser Printer by the Rep. Hoffman staff to me for the interim. Return of the printer to Rep. Hoffman will occur prior to the second session.

MEMORANDUM

TO: Rep. C.E. Swackhammer

FROM: Carl F. Nickel

DATE: July 20, 1989

TOPIC: Guideline for Housing Finance Task Force (HFTF)

Membership: (Based on SCR 28)
- Rep. C.E. Swackhammer
- Rep. Richard Foster
- Rep. Randy Phillips
- Sen. Pat Rodey
- Sen. Mike Szymanski
- Sen. Rick Halford
- Thomas C. Behan AHFC
- Mike Harper, DCRA, Rural Development Div.
- Ray Price, DCED, Alaska State Housing Authority

Suggested Membership:
- Mary Halloran

Goals:

Report that includes:

Status of all state assisted residential programs and opportunities related to those programs.
- Identify all programs
- Number of participants
- Target Population (Guidelines for participants)
- Current status of participants, e.g., foreclosures, in arrears
- Financial stability (Assets vs Liabilities)

research

Status of all bonds capitalizing the loans
- Identify bonds and sources
- Liquidity of the bonds
- Availability of bonding in futur.

management

Options re: management of loan program
- Centralized loan management
- Streamlining
- Internal restructuring

Reorganization/Privatization
- Economics of reorg./priv.
- Privatize some aspects/components
- Salability of each program

eventual output

PHASE-OUT

DISCUSSION

The organization should have a chair from one body of the legislature and a vice chair from the other. I think the executive branch people should participate as resource people and experts only. They are the ones being scrutinized.

If a consultant is hired by the loan agencies, the committee should have a say-so on who is selected. The consultant (firm) necessary to look at AHFC will obviously have to be of high caliber. I've been told such a consultant would probably cost 100,000 to 500,000.

The philosophy of the HFTF should be to meet the expectations of SCR 28. The goals should be directed at financial savings, potential streamlining, trimming down costs, analyzing and synthesizing, changing loan criterias, alteration of target populations.

There should be consideration for short term and long term adjustments and/or changes. Each loan program is unique and that has to be considered at all times.

The long term considerations should include the eventual phasing out of total loan programs.

It is tough speculating what all has to be covered until the initial discussion has been completed. Each member will have preconceived ideas of what should happen.

MEMORANDUM

TO: Rep. C.E. Swackhamer

FROM: Carl F. Nickel

DATE: July 31, 1989

TOPIC: Alaska Housing Marketing Council Teleconference 7/28/89

Attached is the material covered by the Housing Policy Development Committee regarding Policy Statements, as well as other applicable minutes.

Swack, the meeting did not go well in my estimation. There seems to be some confusion regarding what is a policy statement and what is an action plan, etc. Some policy statements were contradicted by the proposed action plan. I think the problem stems from a single staff person rewriting and consolidating all the information from the various subcommittees, consequently, something is lost in interpretation.

I must assume policy statements and action plans are simply new terms for goals and objectives, If so, there is little continuity or direction.

The Marketing Council is rewriting the policy statements for distribution and approval.

HOUSING POLICY DEVELOPMENT COMMITTEE

DRAFT POLICY STATEMENTS

1) It is the policy of the State of Alaska to adopt and execute a state housing policy and coordinate state housing services by establishing an Alaska Housing Commission.

Action Plan:
(To include)

This commission shall include representatives from both the public and private sector. It shall provide information statewide on housing opportunities, oversee a statewide housing needs inventory and shall be the designated agency to review and distribute federal programmatic resources. It shall also designate agency recipients for those resources throughout the state.

2) It is the policy of the State of Alaska to recognize the significant differences in housing needs, standards, and requirements across the state. As a result, state policies, procedures and regulations shall be regionalized to the greatest extent possible.

Rural & Urban
#4
land

Action Plan:
(To include)

Land use issues should be under the jurisdiction of local governments as much as possible. Communities will be encouraged to take an active role in land use issues, keeping in mind the importance of the private sector in determining supply and demand.

Philosophy
#3

It is the policy of the State of Alaska to improve the quality of housing so that safe, sanitary living conditions are available to all citizens of the state.

4) It is the policy of the State of Alaska to improve the availability, accessibility and affordability of low-income housing, transitional and long-term housing for those with special needs, and housing for the general population. In the allocation of state housing resources, the first funding priority will be to meet the state's most urgent housing needs: low-income housing; transitional and long term housing for those with special needs; and the development of affordable housing.

5) It is the policy of the State of Alaska to encourage and assist the citizens of the state in homeownership while using fiscally responsible guidelines.

Action Plan:
(To include)

The state shall participate in homeowner counseling and education.

Mortgage loans issued in the state and originated by state sponsored lenders should, whenever possible, remain with Alaskan lenders for servicing.

6) It is the policy of the State of Alaska to encourage housing partnerships which include public, private and non-profit entities in order to foster and develop low-income and affordable housing in the state.

7) It is the policy of the State of Alaska to address housing needs in the state which cannot be met by traditional lending sources.

Action Plan:
(To include)

Direct involvement by state government in the housing market should be minimized, with the exception of accessing capital markets and providing information.

8) It is the policy of the State of Alaska to promote the availability of quality, affordable rental housing.

9) It is the policy of the State of Alaska to recognize that the state's seniors are a valuable asset to the state. Senior Alaskans, of all income levels, should have access to affordable housing. The state should implement a housing program for seniors which emphasizes a continuum of care services. Supportive services should be available which allow seniors and handicapped persons to live independently at their level of ability.

10) It is the policy of the State of Alaska to develop and maintain stable sources of revenue to support housing needs in the state.

Action Plan:
(To include)

The state shall encourage the issuance of tax exempt bonds as well as taxable forms of financing, in order to encourage and keep the number of housing markets open for Alaska's residents.

DEPT. OF PUBLIC SAFETY

FY 90 BUDGET VS FY 89
ALL FUNDING SOURCES

COMPONENT	89 ATH	90 CC	DIFF	(HB)	EXCL. HB	FOOTNOTE
F&W ENFORCE	9387.4	9473.5	86.1	171.7	257.8	1.0
F&W DIRECTOR	211.7	211.6	(.1)	4.8	4.7	
F&W AIRCRAFT	987.6	872.7	(114.9)	8.9	(106.0)	
F&W MARINE	2429.1	2395.0	(34.1)	29.9	(4.2)	
FIRE PREVENT OPS	1269.3	1248.8	(20.5)	26.5	6.0	
FIRE TRAINING	422.2	414.5	(7.7)	6.4	(1.3)	
HSPA OPS	213.0	216.5	3.5	3.4	6.9	
HSPA COMMERCIAL	62.5	62.1	(.4)	.4		
HSPA FED GRANTS						
DMV DRIVER SVCS	967.1	1242.1	275.0	36.8	311.8	2.0
DMV VEHICLE SVCS	365.4	386.6	21.2	11.2	32.4	
DMV FIELD SVCS	4090.9	4080.4	(10.5)	133.6	123.1	
DMV ADMIN	632.2	632.2		20.0	20.0	
AST DETACH	24483.7	24625.5	141.8	473.8	615.6	3.0
AST SPEC. PROJ.	395.5	519.4	123.9	17.6	141.5	
AST CIB	4662.5	4373.8	(288.7)	69.5	(219.2)	
AST DIRECTOR	590.8	665.9	75.1	15.6	90.7	
AST JS ANCH	1338.2	1287.1	(51.1)	37.5	(13.6)	
AST PRISONER TRANSP	1025.0	992.0	(33.0)		(33.0)	
AST SEARCH/RESC	169.7	169.7				
AST RURAL HSG	650.4	521.4	(129.0)		(129.0)	4.0
AST NARC	1509.0	1277.3	(231.7)	3.6	(228.1)	5.0
VPSO CONTRACT	4506.8	4806.8	300.0		300.0	
VPSO SUPPORT	1472.2	1462.2	(10.0)	17.6	7.6	
VPSO ADMIN	228.4	223.4	(5.0)	4.6	(.4)	
APSC	324.5	310.9	(13.6)	4.8	(8.8)	
VCCB	548.9	880.6	331.7		331.7	6.0
DVSA	5568.3	5650.6	82.3	4.8	87.1	
DPS CONTRACT JAIL	2798.9	2985.9	187.0	3.2	190.2	7.0
DPS COMMISSIONER	506.2	484.7	(21.5)	8.5	(13.0)	
DPS ACADEMY	690.6	1110.3	419.7	32.8	452.5	8.0
DPS ADMIN	2208.0	2178.0	(30.0)	63.8	33.8	
DPS CAP	420.0	420.0				
DPS LAB SVCS	1387.1	1471.1	84.0	34.9	118.9	
DPS INFO SVCS	1341.3	1292.5	(48.8)	18.0	(30.8)	
DPS BLDG SECURITY	250.0	250.0				
	78114.4	79195.1	1080.7	1264.2	2344.9	

EXPLANATION OF SPREAD SHEET

All numbers have been taken from the Fiscal Year 1990 Operating Budget (Short Form). All funding sources have been considered.

LEGEND

COMPONENT: APPLICABLE A.S.T. PROGRAM
89 ATH: FUNDS AUTHORIZED IN FY 89
90 CC: FUNDS ALLOCATED BY CONFERENCE COMMITTEE FOR FY 90
DIFF: DIFFERENCE BETWEEN 89 AND 90
HB: HEALTH BENEFITS REDUCTION IN FY 90
EXCL. HB: DIFFERENCE BETWEEN 89 AND 90 IF HEALTH BENEFITS REDUCTIONS ARE EXCLUDED

FOOTNOTES:

1.0 LEGISLATIVE INTENT TO INCREASE ENFORCEMENT PATROLS IN CANTWELL

2.0 INCLUDES 300.0 NEW FEDERAL RECEIPTS

3.0 TO REDUCE VACANCY FACTOR

4.0 DEPARTMENT PHASING OUT HOUSING

5.0 LOSS OF 231.7 FEDERAL RECEIPTS

6.0 GENERAL FUNDS SUPPLANTED BY 736.6 PFD

7.0 ENHANCE CONTRACTUAL JAILS

8.0 FUNDS AN "ABBREVIATED ACADEMY" FOR RETURNING TROOPERS AND MUNICIPAL POLICE CERTIFIED OFFICERS ENTERING A.S.T.

M E M O R A N D U M

TO: Rep. C.E. Swackhammer

FROM: Carl F. Nickel

DATE: July 24, 1989

TOPIC: Time Line Considerations (HFTF)

The following things will have to be discussed in the HFTF, in terms other than those spelled out in SCR 28.

MEETINGS TO ACCOMPLISH:

1. Organize and establish strategy
2. Meet with non-legislative members
3. Identify all applicable loan programs
4. Presentations from each loan program
5. Presentations from Legislative Audit if applicable
6. Analyze and synthesize loan programs
7. Seek audits
8. Overview of bonding
9. Make recommendations re; loans and/or bonding
10. Write report
11. Present findings/report to legislature

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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(907) 262-7841

JUNEAU
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(907) 465-2689

House of Representatives

August 1, 1989

Ray Price, Executive Director
Alaska State Housing Authority
PO Box 100080
Anchorage, AK 99510-0080

Dear Director Price;

As an advisory member of the Housing Finance Task Force, you are cordially invited to attend our next meeting. It is August 23, 1989, 5:30 PM in the 5th Floor Conference Room of the Anchorage LIO, 3111 "C" St. The agenda is as follows:

Report from AHFC regarding auditor selection
Overview by DCRA
Overview by the Alaska Housing Market Council
Overview by Mary Halloran, re; Administration's position

If you have any questions, please contact my staff person, Carl Nickel, in Juneau.

Sincerely,

Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

August 1, 1989

Mike Harper, Director
Rural Development Division
949 E. 36th, ROOM 430
Anchorage, AK 99508

Dear Director Harper;

As an advisory member of the Housing Finance Task Force, you are cordially invited to attend our next meeting. It is August 23, 1989, 5:30 PM in the 5th Floor Conference Room of the Anchorage LIO, 3111 "C" St. The agenda is as follows:

Report from AHFC regarding auditor selection
Overview by DCRA
Overview by the Alaska Housing Market Council
Overview by Mary Halloran, re\; administration's position

You will note that you are part of the agenda, if this creates a problem, or if you wish additonal information, please contact Carl Nickel on my staff in Juneau.

Sincerely,

Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

August 1, 1989

Mary Halloran, Director
OMB Division of Policy
PO Box AM
Juneau, AK 99811

Dear Director Halloran;

As noted in the memorandum to the Governor, you were selected by the Housing Finance Task Force as an ex officio member. The next meeting of the task force is August 23, 1989, 5:30 PM in the 5th Floor Conference Room of the Anchorage LIO (3111 "C" St.).

The tentative agenda is as follows:

Report from AHFC regarding auditor selection
Overview by DCRA
Overview by the Alaska Housing Marketing Council
Overview by Mary Ha loran regarding the Administrations position on the task force.

You will note that the agenda includes a brief presentation by you. If this creates a problem, would you please contact Carl Nickel on my staffin Juneau.

Sincerely,

Rep. C.E. Swackhammer

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

August 1, 1989

Thomas C. Behan, Exec. Dir.
Alaska Housing Finance Corp.
PO Box 101020
Anchorage, AK 99510

Dear Director Behan;

As an advisory member of the Housing Finance Task Force, you are cordially invited to attend our next meeting. It is August 23, 1989, 5:30 PM in the 5th Floor Conference Room of the Anchorage LIO, 3111 "C" St. The agenda is as follows:

Report from AHFC regarding auditor selection
Overview by DCRA
Overview by the Alaska Housing Market Council
Overview by Mary Halloran, re\; administration's position

You will note that you are part of the agenda, if this creates a problem, or if you wish additonal information, please contact Carl Nickel on my staff in Juneau.

Sincerely,

Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

August 1, 1989

Glenda Straube, Exec. Dir.
Alaska Housing Market Council
PO Box 240048
Anchorage, AK 99524

Dear Director Straube;

As an advisory member of the Housing Finance Task Force, you are cordially invited to attend our next meeting. It is August 23, 1989, 5:30 PM in the 5th Floor Conference Room of the Anchorage LIO, 3111 "C" St. The agenda is as follows:

Report from AHFC regarding auditor selection
Overview by DCRA
Overview by the Alaska Housing Market Council
Overview by Mary Halloran, re\; administration's position

You will note that you are part of the agenda, if this creates a problem, or if you wish additonal information, please contact Carl Nickel on my staff in Juneau.

Sincerely,

Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

The Honorable Steve Cowper
Governor, State of Alaska
P.O. Box A
Juneau, AK 99811-0101

Dear Governor Cowper;

The Housing Finance Task Force, stemming from SCR 28, met July 26, 1989. Besides the six legislative members and the four advisory members listed in SCR 28, it was unanimous among the membership present that Mary Halloran, Director of OMB Division of Policy should be included as an ex officio member.

We feel confident that Mary Halloran can contribute greatly to the task force, as well as act as a communications link with the Executive Branch.

We sincerely hope you will support this appointment.

Sincerely,

Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

cc: Mary Halloran, Director
OMB Division of Policy

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

M E M O R A N D U M

TO: Membership, Housing Finance Task Force

FROM: Rep. C.E. Swackhammer, Chair, HFTF

DATE: August 1, 1989

TOPIC: Housing Finance Task Force Meeting

The next meeting of the aforementioned task force is August 23, 1989, 5:30 PM in the 5th Floor Conference Room of the LIO in Anchorage, Alaska (3111 "C" Street).

The tentative agenda is as follows:

Report from AHFC regarding the auditor selection
Overview by DCRA
Overview by the Alaska Housing Marketing Council
Overview by Mary Halloran regarding the Administration's position on the task force.

cc: Senator(s) Rodey
Szymanski
Halford
Representative(s)
Foster
Phillips

M E M O R A N D U M

TO: Rep. C.E. Swackhammer

FROM: Carl F. Nickel

DATE: August 7, 1989

TOPIC: BUDGET

The following is a proposed budget for the Housing Finance Task Force. It does not include the legislator's long term per diem stipend.

August 23, 1989 Anchorage Meeting

1 r/t Soldotna	90.00
1 r/t Nome	440.00
2 days Per Diem	172.00
	702.00

September Juneau Meeting

1 r/t Soldotna	456.00
1 r/t Nome	682.00
4 r/t Anchorage	1464.00
6 days per diem	516.00
	3118.00

October Fairbanks Meeting

1 r/t Soldotna	322.00
1 r/t Nome	470.00
4 r/t Juneau	928.00
6 days per diem	516.00
	2236.00

Four additional Anchorage meetings

702.00 x 4	2808.00

Total Task Force Member Travel

8864.00

Staff Travel: Carl

Anchorage 5 x 366.00 (r/t airfare)		1830.00
Fairbanks 1 x 598.00 (r/t airfare)		598.00
Car rental 6 x 55.00 (approximate)		330.00
Taxi fare 6 x 30.00 (Juneau, approx.)		180.00
Per diem 6 x 2 days x 86.00		1032.00
		3970.00
Member travel		8864.00
Member and staff travel		12834.00
Postage 5 mo. x 25.00	125.00	
Publishing	300.00	
Supplies	200.00	
	625.00	625.00

Additional Travel: Chair

2 r/t Juneau 2 x 456.00	912.00	
6 days per diem 6 x 86.00	516.00	
Taxi 2 x 30.00	60.00	
	1488.00	1488.00
		14947.00

This is an approximation, may be you can think of additonal ancillary costs, I'm drawing a blank on added costs.

M E M O R A N D U M

TO: REP. C.E. SWACKHAMMER

FROM: CARL F. NICKEL

DATE: JULY 11, 1989

TOPIC: BUDGET COSTS

Here are some budget costs. I based everything as a single day meeting and all per diem at $86.00/day and only those members actually traveling. I did not take into account the stipend legislators receive for doing legislative work in their own districts.

Anchorage Meeting	
1 r/t Soldotna	90.00
1 r/t Nome	440.00
2 days Per Diem	172.00
	702.00
Fairbanks Meeting	
1 r/t Soldotna	322.00
1 r/t Nome	470.00
4 r/t Anchorage	928.00
6 days Per Diem	516.00
	2236.00
Juneau Meeting	
1 r/t Soldotna	456.00
1 r/t Nome	682.00
4 r/t Anchorage	1464.00
6 days Per Diem	516.00
	3118.00

Kenai Meeting

1 r/t Nome	530.00
4 r/t Anchorage	360.00
5 days Per Diem	430.00
	1620.00

Nome Meeting

1 r/t Soldotna	530.00
4 r/t Anchorage	1760.00
5 days Per Diem	430.00
	2720.00

This equals $10,396.00 for one "round" of meetings. If there was one meeting each month for July, August and September and a meeting approximately every two weeks the remainder of the year it would equal (about) 10 meetings, or two complete cycles. This would amount to $20,792.00.

It would naturally pay to conduct all the meetings in Anchorage where 10 meetings would be roughly $7,000.00.

MEMORANDUM

TO: Rep. C.E. Swackhammer

FROM: Carl F. Nickel

DATE: August 8, 1989

TOPIC: ARLF Good Borrower Regulations

AS 03.10 establishes the Alaska Agricultural Loan Act. It is the enabling legislation, authorizing loans to qualified farmers and/or farm oriented efforts. It basically says that loans for up to 30 years may be given, with a 7 year limit on chattel loans (AS 03.10.030 (1)), may not exceed an aggregate loan of $1,000,000 (03.10.030 (2)), must have an interest rate of no less than 8% (AS 03.10.030 (4)) and is not in arrears if paid within 30 days of due date (03.10.030 (4)(e).

The 1988 Cumulative Supplement to the statutes shows the authorizing law for the proposed change:

> AS 03.10.050 (e) To encourage the prompt payment of loans, the department may establish a program of credits for persons who have a loan from the agricultural revolving loan fund and maintain good financial standing. The credits may be applied against no more than two percentage points a year of the interest due on agricultural revolving loan fund loans.

The "bottom-line," the authorization to do it exists. As far as it being a good idea, I don't know.

It seems that the good payers, those who are solvent will make their payments on time. If a farmer is insolvent, there is no incentive in the world that will enable the farmer to make his payments at any time. I guess what I am asking, is this a reward system for success, or an incentive to pay on time?

If a farm project is solvent and the payments are not made on time, it may be in the state's best interest to take actions as outlined by law, as opposed to giving incentive percentage breaks.

Honestly, Swack, it sounds of rewarding the good guys. Maybe a percentage incentive for the struggling farmer would lower his payments sufficiently to be able to meet payment deadlines.

Interest is attached to loans to meet the cost of "doing business", included in the cost of doing business is covering losses stemming from people not repaying loans. I could support this incentive program, if it could be shown that lowering payments makes people pay on time, but, if it is simply a reward to the solvent farmer, who will pay anyway, it only means a loss of revenue to the ARLF.

I feel quite confident that farmers cannot get private money at 8%. If interest is lowered to 6%, we are simply digging a hole into which to throw ourselves. Lower interest means less funds available for future loans.

If I fail to make my car payment, the bank takes my car away, they don't call me up and say, "Hey, lets make a deal, if you make your car payment, we'll lower your interest rate.

Somehow, this whole thing does not ring of sound business practices. ARLF has statutory authority to do this, it is simply a policy call. The first question I would ask is whether there is any significant proof that this will work? The second question would be about the economics of it, will the ARLF gain or lose funds?

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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(907) 465-2689

House of Representatives

August 9, 1989

Bert Wagnon, Exec. Director
A.I.D.E.A.
1577 C St. Suite 304
Anchorage, AK 99501

Dear Director Wagnon;

The Housing Finance Task Force which stems from SCR 28 is reviewing all residential loan programs offered by the state. It is my understanding A.I.D.E.A. does have a program which allows making loans on certain multiple dwellings.

Any information you provide regarding this loan program would be greatly appreciated. If you have any questions, please contact my staff person in Juneau, Carl Nickel.

Sincerely,

Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

House of Representatives

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August 9, 1989

David A. Rose, Exec. Dir.
Alaska Permanent Fund Corp.
PO Box 4-1000
Juneau, AK 99802

Dear Director Rose;

It is my understanding the APFC has made residential loans; it is also my understanding this has been on a limited basis.

I would greatly appreciate any information you provide me regarding the criteria for loans and the number of loans the corporation has made. Our task force, stemming from SCR 28, is reviewing all state residential loan programs.

If you have any questions, please contact my staff person in Juneau, Carl Nickel.

Sincerely,

Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

Alaska Housing Market Council

August 9, 1989

Carl Nickel
Office of Rep. Swack Swackhammer
PO Box 'V'
Juneau, AK 99811

Dear Carl:

Hello! Enclosed please find a copy of the 12 policy statements conceptually approved by the full committee at the July 28 meeting.

Glenda tells me that you have some concerns with the statements, i.e., some may not actually be policy statements, but would better fit as action plans.

Please take a minute to look them over and give me a call so we can discuss your thoughts on this.

As you know, the next meeting is scheduled for September 8-9, in Anchorage. At that meeting, the full policy statements will be reviewed again. Final statements will be adopted and the subcommittee action plans will be drafted.

It would be great if either you or Swack could attend this meeting. I would have to double check on bringing you up, as we're budgeted for bringing Swack to Anchorage from Soldotna and a Juneau trip would be more expensive.

I look forward to hearing from you, Carl.

Sincerely,

Heather

Heather Arnett
Housing Policy Development Committee Aide

624 W. INTERNATIONAL AIRPORT ROAD, SUITE E • ANCHORAGE, ALASKA 99518 • P.O. BOX 240048 • ANCHORAGE, ALASKA 99524-0048 • (907) 563-3325

8/2/89

HOUSING POLICY DEVELOPMENT COMMITTEE
POLICY RECOMMENDATIONS

1. It is the policy of the State of Alaska to adopt and execute a state housing policy and facilitate coordination of housing services by establishing an Alaska Housing Commission.

2. It is the policy of the State of Alaska to recognize the significant differences in housing needs, standards and requirements across the state. As a result, state policies, programs, procedures, and regulations shall be regionalized to the greatest extent possible.

3. It is the policy of the State of Alaska to encourage communities to take an active role in land use issues, recognizing that local control is preferable to central control, but not to the extent that private determination of supply and demand is circumvented **(This statement will be re-drafted)**.

4. It is the policy of the State of Alaska to improve the availability, accessibility and affordability of housing for people with limited or low incomes.

5. It is the policy of the State of Alaska to improve the availability, accessibility and affordability of transitional and long term housing for those with special needs.

6. It is the policy of the State of Alaska, in the allocation of state housing resources, to give first funding priority to the state's most urgent housing needs.

7. It is the policy of the State of Alaska to encourage and assist the citizens of the state in homeownership opportunities in a fiscally responsible manner.

8. It is the policy of the State of Alaska to encourage housing partnerships which include public, private and non-profit entities, in order to foster and develop low income and affordable housing in the state.

9. It is the policy of the State of Alaska to minimize direct involvement of state government in the traditional housing market, with the primary exceptions of accessing capital markets and providing information.

10. It is the policy of the State of Alaska to promote the availability of quality, affordable rental housing.

11. It is the policy of the State of Alaska to recognize that the state's seniors are a valuable asset to the state. Senior Alaskans, of all income levels, should have access to affordable housing. The state should implement a housing program for seniors which emphasizes a continuum of care services. Supportive services should be available which allow seniors to live independently at their level of ability.

12. It is the policy of the State of Alaska to develop and maintain stable sources of revenue to support housing needs in the state.

M E M O R A N D U M

TO: Rep. C.E. Swackhammer

FROM: Carl F. Nickel

DATE: August 7, 1989

TOPIC: BUDGET

The following is a proposed budget for the Housing Finance Task Force. It does not include the legislator's long term per diem stipend.

August 23, 1989 Anchorage Meeting

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2 days Per Diem	172.00
	702.00

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6 days per diem	516.00
	3118.00

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1 r/t Nome	470.00
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6 days per diem	516.00
	2236.00

Four additional Anchorage meetings

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Total Task Force Member Travel

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Staff Travel: Carl

Anchorage 5 x 366.00 (r/t airfare)		1830.00
Fairbanks 1 x 598.00 (r/t airfare)		598.00
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Per diem 6 x 2 days x 86.00		1032.00
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	625.00	625.00

Additional Travel: Chair

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6 days per diem 6 x 86.00	516.00	
Taxi 2 x 30.00	60.00	
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		14947.00

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REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

MEMORANDUM

Sent 8-18 (three bus mes

TO: Membership, Housing Finance Task Force

FROM: Rep. C.E. Swackhammer, Chair, HFTF

DATE: August 7, 1989

TOPIC: July 26, 1989 HFTF Meeting

Attached, please find a recap of the organizational meeting held in Anchorage, on July 26, 1989.

Please direct any additions and/or corrections to Carl Nickel of my staff in Juneau.

I look forward to meeting with you August 23, 1989, at the Anchorage LIO.

HOUSING FINANCE TASK FORCE
JULY 26, 1989 MEETING
ANCHORAGE, ALASKA

SYNOPSIS

The organizational meeting of the Housing Finance Task Force (HFTF) was held in the 5th Floor Conference Room of the Anchorage LIO, on July 26, 1989. Present were:

Senator(s) Rodey
Szymanski
Halford

Representative(s)
Swackhammer
Phillips

NOTE: Representative Foster was not able to attend due to a conflict, he expressed his apologies for not being able to attend.

The first order of business was to organize. Rep. Swackhammer was nominated and unanimously approved as Chair of HFTF, Senator Rodey was unanimously named Vice Chair.

Other members of the task force, pursuant to SCR 28, were named:
Thomas C. Behan, Exec. Director AHFC
Mike Harper, Director, DCRA Rural Development Division
Ray Price, Exec. Director, DCED, ASHA
Glenda Straube, Exec. Director, Alaska Housing Market Council

NOTE: These members, as stated in SCR 28, serve in an advisory capacity only.

Mary Halloran, Director, OMB Division of Policy, was nomiated and unanimously approved as an additional, ex officio, member of the HFTF.

ISSUES DISCUSSED

STAFFING;

It was the general concensus that each member designate a key staff person to be responsible for information pertinent to the HFTF. Senator Rodey designated Mark Begich, Rep. Swackhammer designated Carl Nickel. Other members are to designate staff and inform the task force.

BUDGET;

Because the Administration vetoed the funds which were to be used to fund the HFTF, the question of funding was discussed. It was assumed that approximately 20.0 was needed to cover costs of travel, supplies, publishing, etc. It was the concensus that the senate members would charge their costs of "doing state business" to their general leadership account. It was moved and unanimously

approved that the amount of 20.0 be requested and designated as the cost of conducting HFTF business. This amount would be a guideline figure.

It is the understanding that AHFC will cover the cost of a consultant to assist in assessing their program. Likewise, the cost to the advisory membership will be borne by the administration.

FOCUS OF THE TASK FORCE;

The general concerns of the HFTF were: (AHFC Emphasis)

None of the efforts of the HFTF have an adverse affect on the precarious mortgage market,

Have a gradual elimination of the subsidy program in a manner that it will not have an adverse affect on AHFC bond standing,

Look at a reasonable return from AHFC without impairning its financial standing or bond rating,

Have a careful plan that will allow all, or a portion of AHFC to be privatized in the future, and, in general,

That the HFTF look solely at subsidized, privately owned, housing projects.

GENERAL GOALS OF THE TASK FORCE; (as outlined in the 7-20-89 memo from Carl Nickel to Rep. Swackhammer).

Status of all state assisted residential programs and opportunities related to those programs.
- Identify all programs
- Number of participants
- Target population (Guidelines for participants)
- Current status of participants, e.g., foreclosures, in arrears
- Financial stability (Assets vs Liabilities)

Status of all bonds capitalizing the loans.
- Identify bonds and sources
- Liquidity of the bonds
- Availability of bonding in the future

Reorganization/Privatization
- Economics of above
- Privatize some aspects/components
- Salability of each program
- * Phase-out (added in committee)

DISCUSSION: Concerns were expressed regarding the impact of short term goals which deal with the economics of continued funding and changes in "trailor and condo" loan programs.

ALASKA HOUSING FINANCE CORPORATION
PRESENTATION BY
THOMAS C. BEHAN, EXECUTIVE DIRECTOR

(Initial presentation is verbatim)
(See attached)

(AHFC's Corporate Mission Statement)
(See attached)

(Questions posed to HFTF)
(See attached)

GENERAL DISCUSSION:

It is the general concensus that AHFC "is the market" and because it is a subsidy, it is price driven. The average subsidy is approximately $100 per month for 45,000 loans. If the removal of the subsidy is essential, it is important to profile the market. The key issue is the fact that during the real estate growth era, AHFC was subsidizing individuals to make a profit, now the market is going down and the question is whether, under these circumstances, the subsidy should be "pulled out?"

It was discussed that the legislature must share the responsibility for the general shape of sudsidy and AHFC because it responded to the needs and wishes of the public at AHFC's inception.

The question is how to reduce/eliminate the subsidy program without destroying the market, public monies involved and the liabilities of AHFC?

No matter what happens to AHFC, the reality of $4+ billion in bonds still exists. AHFC has approximately $400 million in unrestricted funds. The question is, if AHFC was put, in its entirety, on the market, what would be the net gain? (What is the the marketability of AHFC?)

It was the concensus that objective consulting is necessary to assess the worth and future of AHFC. The HFTF wants something concrete before the next session. AHFC thinks 60-90 days is adequate time for an overview. There was an expressed concern that whoever does the consulting work is independent and free of conflict. A university was suggested as a potential consultant.

It was a general concensus that the consultant be followed through the process to make sure the right questions are being asked and the correct direction maintained. It was suggested the consultant give interim updates to the HFTF to assure desired goals are attained.

An immediate concern of AHFC is the response by M.G.I.C. to claims.

(Alaska Daily News 7-30-89 Article)
(See attached)

The next meeting was scheduled for 5:30 PM, August 23, 1989.

VERBATIM TRANSCRIPT

THOMAS C. BEHAN
ALASKA HOUSING FINANCE CORPORATION

THOMAS C. BEHAN: Thank you Mr. Chairman - appreciate the opportunity to share Alaska Housing's present circumstances. First of all I think most of you are well aware that the Corporation was originally created to assist lower to moderate income, for housing citizens of the state to obtain housing in support of the housing industry. There's been a series of adjustments to that original charge over the years, and for almost ten years now there's been consistant subsidy of mortgage loans for Alaskan families that creation of the core (?) business of the corporation and that is to sell bonds and provide loans from Alaskan banks or mortgage bankers. That has resulted presently with the corporation having 2/3 market share of all outstanding residential loans in the state; 2/3rd of the market, about 66% of the outstanding loans are - are loaned by Alaska Housing Finance Corporation. And presently we are a vital link to the continued support of that market in roughly $30 million dollars a month (indeterminate) into the state due to our sale of bonds and purchase of mortgages. That's - that's the amount of loans recorded (?) these are rough figures of course but - on average about $30 million dollars a month is what we continue to purchase, and provide in mortgage finances of course - to our citizens. Most of that activity presently has evolved into FHA and VA financing - it has been increasing in the last year which is a good sign in terms of our ability to accomodate what we consider to be a slow recovery in the housing markets - and we feel that given - where interest rate levels are and where our present volumes are - we're relatively comfortable in terms of

being able to meet the demands of - the present demands on - on our resources to accomodate the mortgage markets. I want to get back to that in a few minutes in terms of what we see in the future. But we know have a balance sheet if you look at the Corporation of roughly about $5.8 million dollars- or billion dollars, in total assets, and I have - like to share with you a copy of that balance sheet and talk about it for a moment. And if I may I'd like to just elaborate on - on how to - how to look at the Corporation in terms of it's financial structure. What you see is a typical balance sheet where we list assets and then liabilities and then our equity or net worth. As you can see, the assets of the Corporation are primarily loans that we own, and they total $5.8 billion dollars - that in essence has been relatively the same over the last three years. Also the liabilities (indeterminate-coughing) total $4.3 billion dollars and the net worth - or the total fund equity is a little less than $1.5 billion dollars. The way to look at Alaska Housing is to really understand that it is an operating business in the sense that it is contantly utilizing working capital - hundreds of millions of dollars that are necessary to continue with it's operaitons -daily, weekly, monthly - in the physically purchasing loans in $60 - $80 - $100 million dollar transactions from (seller servicers ?) - taking those loans, bundling them, securitizing them and selling them into - into a bond sale to recover those funds. So, much like - in some cases you can look at a mortgage loan just like a sack of potatoes, it has a value - it has a- it's a commodity and we buy them from mortgage bankers in the state and turn around and replenish ourselves by (bundling ?) them and putting them into bond issues - and then basically we loan that money by people who invest in those bonds and expect a return. So that's the activity - the phenomenon that's unusual - is the subsidy that's included in our activity. As you know, the first $90 thousand dollars of our loan production is

subsidized - any amount of our cost of funds that's in excess of 10% - the Corporation subsidizes - if there's a veteran that's (indeterminate - coughing) that number is in excess of 9% - and what ever our cost of funds may be - we make up the difference for that borrower - when we - that loan is originated, so wherever interest rates are in the world and whatever our cost of funds are - really dictates the expense of doing business - when we factor in the subsidy- because we have a fixed charge of anything in excess of 10% we pick up; however, there is a cap on that - it's not to exceed 3% of - of our total expense - so we could have up to a 3% subsidy for any single borrower - and then if our cost of funds were in excess of 13% - in that example - the difference we could pass on to the borrower (indeterminate). We have operated in high rate cycles and now we're in a - as I recall a moderate rate cycle and as- course if interest rates go down our- the cost of subsidizing goes down along with it. And if I can just walk you through the mechanics of how this works - and how the bond issues are structured - may help understand how the - how the corporation must function. We basically go out and borrow - or - if we are in need of funds - and we are buying loans, as I said about $ llion dollars a month, we can project the need to go k to the bond market and borrow more money. Let's say we have $100 million dollar bond issue for the sake of discussion, that the interest rate cost of money to the bond holder is about 11%. And if we were to go out and originate loans at 10%, we would than have $100 million dollars borrowed - cost us 11%, we're earning 10% on the loans that we just originated and matched against - against the bond sale. The investors, knowing that we have a subsidy when we structure that sale, will request and require additional collateral, over and above what the loans are that we're matching into the bond sale. In other words, all the loans we originate are pledged to the bonds, but the cash flows, because we're

a subsidy that are matched, $100 million dollars at 11%, $100 million dollars (indeterminate (10%) - coughing) require us to make up with additional loans or cash, or from our own resources that 1% difference. So we have to sweeten the bond sale by more assets. This is where we go into loans that are unrestricted or that are on the - the corporations books that we can utilize for these purposes - allocate and attach to these bond issues - and maybe we have to find another $10 million dollars in loans, plus the $100 million we just - we just originated or purchased - for a total of $110 million dollars that is pledged against $100 million dollars of new money. Now if interest rates go up - and we have say a 12% cost of funds - the same phenomenon- although it requires us to pledge more dollars, more money - more of a sweetner to balance that out. So - from the practical side of running the business when you look at it as an operative business - there is a lot of working capital requirements that are associated with this function. And in order to continue the operations with the subsidy in place - we have to be able to continue to have the resources to pledge and to be able to have the bond situation work out to an investors satisfaction. That's the way we have been doing business for some time. And as I said - when interest rates were higher - a number of years ago - we- our cost of doing business was far greater than what it is right now. It's down and, if interest rates were to continue to go down, of course we - this would be quite nice for us but we're subject to - because of the fixed nature of the subsidy, we're subject to the swings on where ever interest rates are. If you look at the Corporation's balance sheet, and then understand that phenomenon, there is a factor of expense that's associated with the subsidy - that in essense this Corporation gets a return on it's $5.8 billion dollars in assets, (indeterminate) invested either short term investments or is yielding in loans - that we have purchase. So let's say

that we have total return on our assets of 9% - again for the sake of discussion - when you look at our cost of funding - typically that cost of funding is about 1% over what we're yielding on our investments - so we have what's known as the negative spread between what we're earning on our assets and what we're paying out on our borrowers. That's a reverse what a traditional bank of someone who - well some banks are doing that now - (indeterminate) but you can't really stay in business that long, and the only thing and the only reason that Alaska Housing is - has continued in business - and remain relatively solvent - is that the fact that it has so many assets in excess of it's liabilities that billion and a half dollars in equity is invested, it's either in loans or short term investments. The earnings are enough to overwhelm that negative subsidy and make a slight profit. When I say slight profit, I'm talking about - a range of $30 to $50 million dollars a year - that's slight when you compare it back to $5.8 billion dollars in assets. If you were running a bank you'd be making a lot more money than that - but the subsidy cost is in there and - and taken care of - but because the Corporation is a stand alone Corporation- it's not part of the state - it has to stand on it's own two feet and support it's debt - the balance sheet works fairly well and - not on a break even basis - but even a slightly - - to make a slight profit- under normal circumstances. We have not been operating under normal circumstances and that brings me to the income statement for the corporation - which I'd like to share with you. As I said - excluding extraordinary circumstances - we think our balance sheet would - and should make us $30 to $50 million dollars a year. If you take a look at past performance - and a lot of that - a lot of those earnings is also - depending on where interest rates are- but - if you take a look at actual performance here - you'll see - in 1987 the Corporation - had a net income before it took a

extraordinary item loss of $8 million dollars- is roughly $29 million or $30 million dollars. That was with some run downs on - and net operating expense associated with real estate and mobile homes of about $8 and 1/2 million dollars. Those are somewhat extraordinary events so - so back to the model I suggested - the Corporation really - without those extraordinary - hits- so to speak - should have run about $40 million dollars that year. If you then take a look at 1988 - you'll notice the - where it says expenses - the- last item - right down - the net operating expenses associated with real estate and mobile homes owned - jump from $8.5 million in 1987 to $25 million in 1988. That's the impact of - of the Alaska Real Estate recession we were showing up in our income statement - the expenses of carrying real estate - right down to mobile home loans etc., that as recession set in we - we had some very real expenses and they were recognized in that line item. We didn't have any extraordinary adjustments that year and the Corporation for the first time lost $12 million. We got in the loss column about $12 million dollars. What you see in 1989 are the first nine months of operations. So it's not a year to year comparison - when you can see after nine months that line item was grown to $33 million dollars - and will be higher by the end of this year. So that's the extraordinary item that - that I'm referring to and the drag on our earnings and ability to make money - is and understandbly so - associated with - the fact we have 2/3 of the market - we are certainly not insulated from - from the problems in the market and it costs us money - and that's - that's where a lot of this is showing up. It's my objective - and the Corporation's objective to recognize and realize our financial - circumstance - calculate what affect the - Alaskan Real Estate recession has on a corporation - and make sure that we can share what we feel the financial impact is in it's entirety - as opposed to continueing to drag this line item in our expense area -

because it's important to us to (develop ?) our creditors - for them to understand - what are we really talking about - we have - how big is this problem - is this number exponential is it going to continue to go - - as a lender - it would be a great concern if we could not answer that question - so we're working hard now to identify and model - what impact we have remaining that the write downs and the expenses associated with our real estate owned - will have so we intend to identify that and - reflect it in our year end statement this year. And hopefully once that adjustment is made - if it's accurate - we can return the Corporation profitability in that $30 to $50 million dollar range - in fiscal year 1990. So I hope that - that explains roughly the financial status of how things work. I would like to share with you further, and I'd be happy to respond to any questions - so please interupt me at any time. But beyond that - I'd like to share with you - where we are organizationally - and there's been some comment earlier about some of the internal problems that we have - there is no question we have internal problems - and they are what I would call classic management challenges - in organization dynamics primarily. Every Corportation that has had significant challenges - a lot of growth - a whole new business that it has been forced into - unprepared - and I'm referring to primarily to property acquisition and disposition. Totally different now from our core business that we were set up iin terms of selling bonds and buying loans. And as a result - because of the volume of work and the - gear up and inability to respond quickly enough to get ahead of the power curve so to speak - the property acquisition and disposition process is very difficult - and so we have been playing catch up for some time - and especially in the last - in the last few months. We do have resources to - to attack this problem and preform an additional - people which you all are familiar with the expansion of the human resource that was authorized here

earlier this year - and all of the associated systems and the ability to - to basically absorb this work load - has created it's own set of facts in terms of internal dynamics - From September of last year to September of this year - the Corporation will more than double the number of people that are working in it. And there - good part of that - is a new start (indeterminate) back log and continued in-flow of property to determine how to dispose - so - We have presently a number of positions that are what I would call interim positions because obviously the work of this committee - this task force - and others who are looking at the future of the corporation, are going to dictate where we go in the 1990's - but one of the things - one of my priorities was to focus a corporate mission throughout the organization as soon as possible - and even on a short term time horizon if necessary to say -okay - this is what we're doing here - so with respect to what the Corporation has evolved to - and it's immediate challenges - I've come up with a mission statement that is Alaska Housing Corporate Mission statement - and some primary goals- and there are three of them, and I'd like to just share with you where we are. And again these are short term - but - our work agenda and the pressing needs that we see in the company are - are really incorporated in these priorities. First of all the Mission here is to preserve the integrity of the residential real estate market - and assist Alaskan home ownership. Not necessarily in that order - would be interchangeable - but - we are cognizant of the responsibility and the position we have with 2/3 market share of the relatively tiny and recovering market - it's very important for us to keep the vital link between what we see as not only the dominant player in the market presently - but perhaps one of the only ones if we were to go out - because of the experience of other secondary (?) market traditional resources i.e.,freddy-mack and fanny may others who are - who are used to buying loans. We're not

sure that it would be an infill that would adequate to support present price levels (indeterminate) some of the dynamics of our being (indeterminate) so - the integrity of the residential real estate market is the mission of ours and we think that our charge here is to do our job well - to support the efficiency of the market - and at least the consistency of our funding - to do that we have to remain financially strong- we have to be able to continue to bond - to not have an interuption of our flow of funds into the market place, i.e., that $30 million dollars a month. And at least to be in a position to foster any kind of recovery it becomes. So - in terms of the integrity of the market - that's - the financial integrity is one - first of all though - and high on our agenda is to effectively dispose of those excess properties - to get a fair market return is important for the institution - and that certainly includes us - to get out of the sales (indeterminate - someone is playing with something very close to the mic) - - - - - - we want to reduce the inflow of property that we're bringing in the forclosures we'd definitely like to find ways to reduce those - and we'd also like to increase the number of sales - that we are experiencing. We did hit a mile post here in the month of June for the first time we sold more property than we took in - first time in years so - - that's something we would very much like to continue - and work on a net reduction of our overall - (indeterminate) not only for the benefit of the corporation - but for the benefit of the market - the faster we can get (indeterminate).

SZYMANSKI: Is that an anomaly - I mean this June - because of the oil spill.

BEHAN: We hope not - June is typically a good sales month in the cycle so - so - the real test is going to be this winter - whether we can keep that up or not.

SZYMANSKI: But did that include all your - I mean - weren't - maybe I'm mistaken - I thought - didn't you guys turn a lot of your mobile homes - Port of Valdez project.

AHFC'S CORPORATE MISSION STATEMENT

"AHFC's mission is to preserve the integrity of the residential real estate market and assist Alaskan homeownership."

Our primary goals:

1. Effectively dispose of excess property.

    a. Reduce the inflow of property and increase sales of real estate owned to result in net reductions through the property disposition system (Alaskan Home Properties division).

    b. Reduce foreclosures by providing a menu of presale options and workout opportunities and implementing a HOAP III program.

2. Financial stability and profitability.

    a. Financial statement production and monitoring throughout the organization (budget, performance).

    b. Year-end loan loss adjustment.

    c. Implement an investment policy.

    d. Forecasting and modelling the balance sheet for the future (interest rate sensitivity).

    e. Enhance creditor relationships and communication.

3. Internal organization to meet major challenges.

    a. Personnel Rule improvement.

    b. Establishment of a communications department.

Alaska Housing
FINANCE CORPORATION

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Anchorage, AK 99503
(907) 561-1900

P.O. Box 101020
Anchorage, AK 99510

M E M O R A N D U M

TO: Senate Resolution 28 Task Force

FROM: Thomas C. Behan

DATE: July 26, 1989

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For the contractual arrangement, we have the following questions that must be asked and are important to obtain an objective analysis of:

1. What is the future demand for housing in Alaska?

   a. By region.
   b. By price range:

      i) under $135,000 (FHA limit)
      ii) Over $235,000 (Freddie Mac limit)
      iii) Under tax-exempt limit

2. How much liquidity reserves and earnings does AHFC require?

   a. The minimum by bond covenants.
   b. To maintain a current bond rating.
   c. To maintain present programs.

3. In the absence of AHFC programs, what would the effect be, short and long term, on the Alaska real estate market?

4. What would be the effect on the real estate market (prices, demand, and supply) of eliminating all AHFC subsidy July 1, 1990, i.e., effect on public perceptions?

5. If AHFC stopped all subsidy July 1, 1990, how much cash flow would be produced from earnings and how much assets from bond retirements?

6. How must AHFC restructure it's relationship with the State in order to be able to be sold in whole or in part?

7. What is the market value of AHFC under various sale structure scenarios?

8. What would happen if AHFC stopped purchasing loans on July 1, 1990?

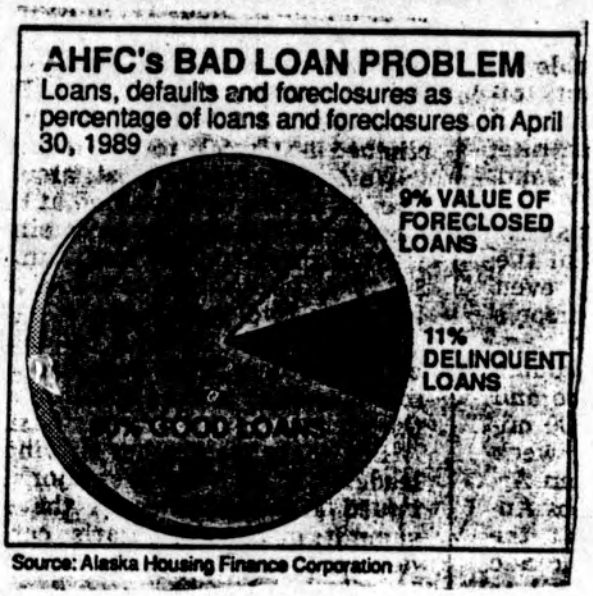
These and other questions must be included in the study and contract contemplated to be RFPed through the Task Force efforts.

AHFC, MGIC face off in claims battle

Flood of foreclosures leads to huge dispute between housing agency, mortgage insurer

By GEORGE FROST
Daily News reporter

JULY 30, 1989



The Alaska Housing Finance Corp. stands to lose a staggering $80 million of public funds in a dispute with an insurance company over the payment of claims on thousands of foreclosed homes.

Mortgage Guaranty Insurance Corp., a Wisconsin-based company that is the nation's largest private mortgage insurer, provided AHFC insurance during the early 1980s housing splurge and now regrets it. The company, backed by a wealthy European insurance consortium, is undergoing painful losses in its Alaska insurance portfolio.

As more and more AHFC borrowers defaulted on their mortgages during the state's three-year real estate tumble, the agency took back more and more property. With each foreclosure, AHFC submitted insurance claims for lost loan payments and the costs of managing and selling the house. A foreclosure is the process by which a lender takes away property to satisfy an unpaid debt.

But Alaska Housing officials say that MGIC, anxious to deflate its ballooning losses, is "nickel-and-diming" the agency to death when it mails in claims.

Of every $1 claimed, MGIC is discounting between 20 and 25 cents, AHFC records show. MGIC says every nickel it takes is legitimate.

Financial analysts on Wall Street say the insurance fight is potentially the largest ever between a public housing agency and an insurer. The stakes are huge: Multiply every 20 cents sliced from a claim by $400 million to $500 million. That is AHFC's estimate of the total claims it will submit for reimbursement in the next few years.

In Alaska, the financial repercussions are severe because AHFC isn't just the most important player in real estate here — it is almost the entire market. AHFC owns roughly 4,600 foreclosed homes that it is trying to sell as fast as possible without driving down home values any further.

And of those homeowners still making loan payments, two of three are paying off AHFC loans.

What AHFC does, or fails to do, largely will determine whether Alaskans buy homes and what price they pay.

According to interviews, memos and AHFC records obtained by the Daily News, MGIC has reduced or denied more than 1,100 of the 1,631 claims submitted in the 15 months ending last March. And the insurance company is getting even stingier lately — reducing payments on 95 percent of all claims submitted.

Insurance officials say the state agency has great[ly] exaggerated the s[ize] insurance problem and is at fau[lt] managing its programs.

Shortsighted policies, sloppy [and] bungled sales programs and im[pru]penses in the management and AHFC's giant inventory of foreclo[sed] are not insurable claims, accordi[ng] Ster, an insurance troubleshooter from the Houston real estate di[sas]last year to head MGIC operatio[ns] ka.

Ster say[s] company w[ill] legitimate [claims] won't subsi[dize] mistakes.

If Alask[a] would act m[ore] sionally in[stead] dling of lo[an] ance claims s[ince] sales, he s[ays] be down [in the] shadow of [the] perceive th[em] to be."

Tom Be[han] took over a[s] director at t[he] lion AHFC [a] months ag[o] there are m[any] in the system. The agency, banks service its mortgage loans, and brokers it hires to manage and closed homes all share some blam[e].

But Behan said that through it denials of legitimate claims, MG[IC] to blame.

"They are taking real license h[ere] not just making it up," he said.

After months of negotiations shouting and charges of bad fa[ith] amiable relationship between and the agency has fizzled. L[awyers] pouring over the fine print in contracts. The AHFC board on authorized its attorneys to draw u[p] and administrative complaint MGIC.

"They (AHFC directors) want t[o] them, but they gave me the waiting while we try to work thing," said Behan.

If no reasonable progress has b[een] ed by Sept. 1, AHFC will sue, man Bob Mintz. "The message is going to be serious about enf[orcing] insurance rights," he said.

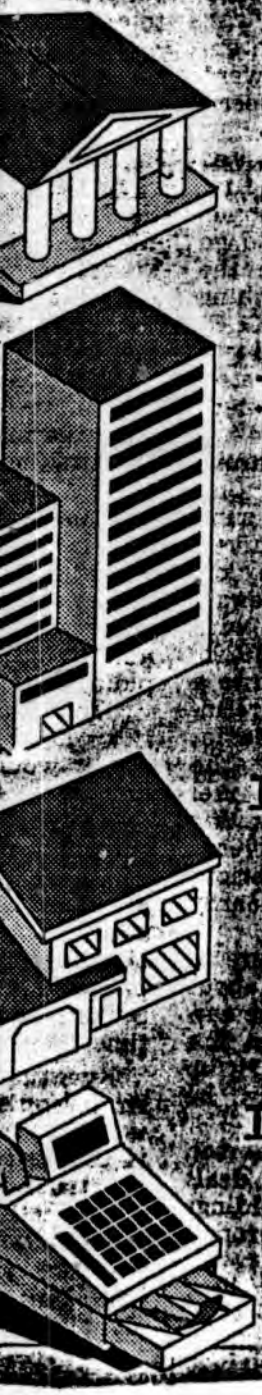
The fight could not have come time for Behan and a greenho[rn] senior aides. The agency is unde[r] siderable turmoil while doublin[g] and attempting to transform its cautious bond financier into th[e] thington of used homes.

Alaska Housing, a legislative after year for liquidation and r[aids] savings accounts, faces dauntin[g] that may hasten a final decisio[n].

• If AHFC can't collect tens of dollars of insurance claims, it m[ay] the $459 million of reserves

LL STREET TO YOUR STREET

How Foreclosures Burn Through the Home-Financing System



THE BANKS

1) Home buyer borrows $95,000 from the bank, makes a $5,000 down payment and acquires a $100,000 house.

2) The bank sells the loan to AHFC but continues to service it.

THE CORPORATIONS

3) AHFC bundles up hundreds of these loans and uses them as collateral to sell $100 million in bonds on Wall Street.

4) Insurance companies, such as MGIC, back the bonds against default. They will cover $20 million to $25 million of mortgage loan foreclosures, but no more.

5) AHFC then uses the bond proceeds to purchase additional home loans from banks, repeating the cycle.

THE FORECLOSURES

6) The home buyer defaults on the loan and AHFC forecloses.

7) AHFC tries to sell the house but incurs additional costs due to maintenance, repairs, utilities and lack of mortgage payments.

8) AHFC finally sells the house and pays the real estate agent's commission.

THE LOSSES

9) AHFC files a claim with the insurer for the loss. MGIC settles the claim.

10) After so many foreclosures, the insurer's pool of money runs dry and pays no more. AHFC and the bond holders are exposed to direct losses.

Anchorage Daily News/Ron Engstrom

nce housing, Behan insisted that AHFC n't need a legislative bailout.

At least four insurance "pools" — mul- illion-dollar buckets of MGIC insurance ney used to pay off claims on foreclosed nes — are running dry, exposing AHFC direct losses of about $9 million within ee years.

The insurance deadlock has virtually e-capped several cooperative programs insurer and AHFC crafted to bail out the te's housing market, including the highly ted condo exchange program, a special ancing program, multiple sales of condos investors and condo rentals.

AHFC's financial difficulties could mpt bond-rating companies to down- ade its creditworthiness, costing millions additional dollars because it must pay a her percentage rate to borrow money on all Street. Much of these costs would be ssed along to future home buyers.

Although both sides have tried to keep eir differences private, the sheer size and mplexity of the dispute is forcing public

posturing and argument. The financial world will be aghast at the "spectacle of these two giant institutions thrashing around," said Ster, who is worried the AHFC fight will besmirch his company's reputation as a fair insurer.

How did two corporate giants get into this fix?

The answer isn't easy. Spanning a decade, it is a story of financial buck-passing from the glass towers of Wall Street, where AHFC has floated more than $4 billion of bonds to generate mortgage cash, to the tree-lined streets of Anchorage.

Along the way, the whole real estate world here turned upside down. Investors lost their footing. Families lost their homes. A dozen banks were closed, merged or taken over by regulators.

As MGIC has learned, the Alaska mortgage market was the absolute worst place for an insurer to be. Mortgage for mortgage,

Please see Page C-3, DISPUTE

Continued from Page C-1

it has a higher default rate than Texas, Oklahoma and other oil-patch states that sank into depressions when world oil prices tumbled in 1986.

But until now, Alaska Housing itself had avoided any serious damage.

"I think it is incredible we've been able to hold losses as we have," Behan recently told a legislative task force probing AHFC finances.

A legislative crusade to provide affordable home financing for low-and-moderate income citizens gave rise to AHFC. The state built a huge money-making machine operated by bureaucrats, Realtors, bankers and bond lawyers.

The mortgage machine was stoked by a rising population and fed with oil money. People needed homes. Builders wanted to cash in. Alaska Housing created dozens of programs and financed more than 46,000 single family homes, condos and mobiles in the 1980s.

Each program is different, but here are the basics: A home buyer goes to a bank, savings and loan or mortgage company for a home loan. Then the bank sells the mortgage to AHFC, immediately pocketing a couple thousand dollars and passing on the risk of a default.

Although AHFC owns the loan, the bank continues to collect mortgage payments, insurance and taxes on behalf of the agency and is supposed to make sure the borrower stays current.

An Alaska Housing loan delivers a subsidy of the interest rate paid by the home buyer. An average subsidy amounts to $100 a month to each of those 46,000 borrowers. Each time a family sits down to write a $1,000 check to pay the mortgage, Alaska Housing is paying $100 of the bill.

Agency staff figure that $100 a month equals about $11,000 in terms of actual purchasing power when a family goes shopping for a home.

The subsidy is the real estate equivalent of the Alaska Permanent Fund Dividend — and AHFC programs proved just as popular.

To satisfy the state's prodigious appetite for mortgage money, AHFC needs cash. Some money came from oil taxes — about $1 billion over the years. But most of the money used for mortgage financing was raised on the Wall Street bond market.

A bond is basically piece of paper beari AHFC's promise to repay loan with interest. In t same way a credit offic scrutinizes a would-be bo rower, Wall Street investo consider how good a cre risk a public housing agen is before buying a bond.

Bond investors use cre it-rating companies to he them decide how likely public agency is to repay debt. Agency bond issues a rated on a scale from AA — the best — to D, which

basically a default. M AHFC issues got a AA r ing, which is about as hi as public housing agenc get.

A higher rating brings lower interest rate beca the investment is conside the safest. A fraction o percentage point can add subtract millions of doll to the cost of repay AHFC bond debts.

In some years, Alas Housing was borrow more money each year Wall Street than Gene Motors. Investors today h more than $3.7 billion bonds.

To secure a good rati Alaska Housing bundles gether thousands of lo and uses them as secu for each bond issue. "sweetener" of additio mortgage loans — usu worth about 10 percent the total needed to colla alize the bond — is tuc into the loan portfolio. T helps maintain a cushio safety that secures a h bond rating and speeds sale of the bond issue.

Just as banks pass on risks of default to AH the state agency spreads risk.

Almost all homes nanced through AHFC b sales are protected by i vidual insurance policies homeowner pays for month. But these poli don't cover the entire m gage amount.

A good rating requires even more protection, and that's where MGIC entered the picture.

During the early 1980s, the insurer agreed to provide "pool" insurance protection for more than 25 bond issues worth a couple billion dollars. MGIC promised to pay about 20 percent of the total dollar amount of losses on each of the issues, above and beyond the private insurance coverage.

This insurance was issued by the "old MGIC," a Milwaukee-based company that had been the dominant force in the industry throughout the 1970s. The company fell on hard times after its purchase by Baldwin-United Corp., a Cincinnati company that asked for protection from creditors under Chapter 11 of the U.S. Bankruptcy Code.

A corporate shell of the old MGIC was formed in 1985 to pay off claims when Northwestern Mutual Life Insurance bought 90 percent of the old MGIC from Baldwin.

This company, called Wisconsin Mortgage Assurance Corp., just pays off old claims and does not write any new insurance business. A new MGIC was created out of the Bankruptcy Court action, and it is this company that operates in Alaska.

A key to the creation of the old and new MGICs was the participation of a European insurance syndicate, spearheaded by the giant Swiss Re, which promised to pay almost all of the claims. The new MGIC holds 20 percent of the policies, and 20 percent of the losses. Swiss Re pays the lion's share.

Borrowers are making



MGIC's Tom Ster

payments on about 8,000 MGIC-insured loans in Alaska, of which 4,500 were renegotiated through a special hardship program called the Home Owners Assistance Program. Many of these HOAP borrowers are still in trouble and headed for default, according to AHFC.

Ster said MGIC has some 5,000 other loans in foreclosure or headed there.

During a four-year stretch through 1988, the company paid out more than $132 million in claims, said Wisconsin insurance official Brian Hogan.

In those four years MGIC collected only $13 million in premiums, he said.

Ster won't say how much MGIC expects to lose on its Alaska portfolio, but he acknowledged it to be the highest claims payout compared to premium earnings that he knows about. AHFC officials estimated the insurer will be forced to set aside another $300 million to $400 million to pay claims.

The Wall Street companies that rate the performance of public housing agencies are aware of the struggle between AHFC and its insurer, and the implications.

"If some claims are not going to be paid, that can have a negative impact on the agency and some of their bonds," said Bill Desante, head of public finance ratings for Moody's Investors Service Inc.

Desante said he has never heard of a hassle of this magnitude between an insurer and public housing agency. Moody's will study the claims dispute and make a judgment about which side will prevail.

Another potentially troubling problem the bond raters will examine is the likelihood that four of AHFC's tax-exempt bonds, worth about $400 million dollars when issued in 1982 and 1983, are "burning through" their pool insurance protection. MGIC agreed to pay up to 20 percent of losses.

"If in fact the losses burn through those pools and we talk about the agency making those up, it's a question of how much," he said.

The other Wall Street ratings powerhouse, Standard & Poor's Corp., also is watching the agency closely.

An S&P rating team is planning a trip to Alaska to evaluate the agency's health, said Tom Gillis, managing director of the firm's mortgage ratings department.

It will look at financial reserves, bond performance, expected losses and the agency's balance sheet as well as general economic conditions.

"Pretty much all the oil economy-based states have experienced higher losses on portfolios than the rest of the nation," he said. "Unfortunately, Alaska may be the worst of those states."

When the bond raters examine AHFC's balance sheet, they will see mounting losses caused in part by the extraordinary costs of managing so many foreclosed homes and partly by the hybrid character of a public agency that subsidizes interest rates below the market level.

As an example, when AHFC sells a $100 million bond issue, investors get paid 11 percent interest a month. But the underlying mortgages are only paying about 10 percent a month to AHFC.

That crucial difference is theoretically recouped through profits from the $1.5 billion that Alaska Housing puts into government bonds and other investments.

But lately Alaska Housing's losses have outstripped its investment earnings. In fiscal 1987, it made profits of about $21 million. But the next year it lost $12.6 million as the cost of foreclosures ate away at its earnings.

During the first nine months of the 1989 fiscal year, which ended June 30, Alaska Housing had already lost $27.5 million — and expects to accumulate more than $40 million of losses for the year.

The main culprit was the rising cost of managing foreclosed homes, which increased from about $8.5 million two years ago to about $34 million for the first nine months of the 1989 fiscal year.

But now the issue of unpaid insurance claims threatens to overwhelm all else.

At the nitty-gritty level of claims adjustment, millions of dollars are going to be lost or saved.

AHFC's Behan said the agency won't give up what it calls legitimate claims. Ster said MGIC won't pay for the mistakes of Alaska Housing, the banks that service the loans or the brokers who sell foreclosed homes.

Much of the dispute hinges on mind-boggling technicalities that are the life-blood of the insurance industry. As might be expected, they involve filling out the right forms, mailing them at the right time and then performing the actions required under the policy.

Ster estimated that between 20 and 30 percent of all AHFC loan files have faulty documentation.

According to AHFC officials, the agency has a lot of trouble keeping track of all the loans, missed payments, foreclosures, insurance claims, repair work, listings and sales that roll through the system.

John Scott, a senior computer programmer who recently left AHFC after complaining about management practices, said the accounts payable system is in chaos. Although most expenses are detailed in hard-copy form, researching those claims would be a massive undertaking.

"There is no way in hell we can do that," Scott said.

These are among the problems that Mintz, relatively new to his job, calls "outrageous policy mishandling."

Bankers who get paid for servicing the loans are supposed to notify MGIC if a homeowner is going into default. That gives the insurance company time to try to work out a deal with the borrower or sell the home prior to foreclosure. About 1,650 borrowers have been approached before foreclosure, and many saved their homes, Ster said.

Behan said the failure to notify MGIC does not cause much harm to the insurer.

Incredibly, AHFC has never conducted a substantial audit of banks doing the agency's business despite glaring irregularities in paperwork, said Mintz.

After a home is taken away through foreclosure, AHFC turns over the properties to select real estate brokers who manage them, authorize repairs and then try to sell them. The brokers get a commission when the home sells. They bill AHFC for the costs of advertising, repair and other expenses. A highly critical state audit prompted AHFC to reform its so-called designated broker system. It is expanding the number of brokers and trying to establish a system to oversee their activities.

Although AHFC has been doing a better job at getting homes ready for sale, some foreclosed properties sit for months without being put on the market, according to MGIC. Others are priced so high that nobody wants them.

The insurer generally wants AHFC to lower prices. AHFC worries that "dumping" would wipe out the value of its own portfolio of foreclosed homes, as well as trigger another wave of defaults among homeowners who owe thousands more than their homes are worth. But Ster said MGIC does not advocate auctions or other destabilizing marketing strategies — just selling homes for what they are worth.

A typical foreclosed home costs MGIC about $800 or so a month in payments to AHFC, and the company argues that throughout the industry it is common practice to adjust claims for non-performance by a housing agency.

Alaska Housing argues the insurance company has no legal basis for refusing to pay claims merely because a home didn't go right on the market. And in this market, Behan said, it is absurd to believe those homes would have sold any faster anyway.

More fussing takes place over repairs done on foreclosed homes to pretty them up for sale.

Under the standard insurance policy, MGIC pays for "wear-and-tear" items like new carpets and painting. It throws in microwaves.

But if a home needs a new wall, roof or foundation, MGIC says that Alaska Housing has to pay.

The insurer wants AHFC to sell some homes as bargain fixer-uppers, but AHFC says that it would be exposed to lawsuits if it sold homes in serious disrepair.

"Barring that, if there was proper servicing (of the loans by banks and mortgage companies) and proper marketing, there would be virtually no adjustments," Ster said.

Another major disagreement involves the sale and rental of blocks of AHFC-financed condos to investors. MGIC has received offers on six condo projects involving 127 units, and wants to close those deals before the investors go elsewhere.

But the Alaska Housing board decided that people living in AHFC-financed condos should get a chance to veto any bulk sale in their projects. AHFC wants to restrict bulk sales to vacated "donor" projects in a proposed condo-exchange program. That joint AHFC/MGIC program would let owners in donor projects trade up to nicer condos. The Alaska Housing board also attached some strings on the bulk sales program that MGIC rejects.

Both Behan and Ster said the condo-exchange program is on hold indefinitely as the corporations try to work on the insurance claims dispute.

According to Behan, MGIC's stinginess has already cost the agency a lot of money. Under the previous administration, AHFC staff cashed millions of dollars of MGIC claims checks that bore a restrictive endorsement, basically saying "paid in full" — denying the agency any chance of recovering the disputed claims.

Since putting a stop to the practice, about $10 million worth of such checks have stacked up, he said.

Ster said that MGIC has used the endorsement for years and it is a standard, industrywide practice. But MGIC stopped a few months ago when a new state law went into effect that made it harder to justify the endorsement.

All of these issues have congealed into a real mess.

Behan said the claims argument is too important to just set aside while going ahead in other areas.

Ster said Alaska Housing veered away from previous agreements on the condo exchange program and other major programs when the Behan administration took charge.

"It is a symptom of the kind of reaction we have gotten, just a lot of changes and new items we had not anticipated," he said. "We are trying to separate the issues, not pick anybody's pocket."

Alaska Permanent Fund Corporation
P.O. Box 4-1000 Juneau, Alaska 99802-4100
(907) 465-2047 Telecopy (907) 586-2057

August 16, 1989

Mr. Tom Behan
Executive Director
Alaska Housing Finance Corporation
P.O. Box 101020
Anchorage, AK 99510

Dear Tom:

As a follow-up to our August 9 conversation, I am sending you a copy of the Mortgage Program Report presented to the Board of Trustees at the June, 1989 meeting. In our conversation, we discussed Alaska Housing Finance Corporation's purchase of our 198 loans at par or market value. At the end of July, 1989, the loan portfolio balance was $31,500,000.

With few exceptions, the mortgages are for homes located in Alaska's urban areas. The portfolio includes single and multi-family dwellings, condominiums, and zero-lot lines. Loans were written with an agreement that the homes would be owner occupied, but that stipulation has not been monitored. Approximately three-quarters of the loans are covered by mortgage insurance. The average home loan has a $160,000 principal balance and most of the loans are over four years old.

The mortgage program began in 1981 and over 80% of our loans were purchased in the first five years of the program. Most have a 30 year term. Few new loans have been purchased in the past two years -- those were either new loans on REOs we sold, or new loans on previous commitments.

Originally, only fixed-rate mortgages were acquired, but in the mid-80's the decision was made to purchase only adjustable-rate loans. The ARMs have an annual cap of 2% and a lifetime cap of 6%. In the past few years we have honored numerous requests to modify loans from the original high fixed rates to ARMs.

Rates are adjusted annually, on either March 1 or September 1. New rates are based on the Federal Home Loan Bank Board's District 1 index for previously occupied homes. The rate for the September 1, 1989 adjustment is 10.75%.

Currently, fourteen banks and mortgage companies servic
mortgages. National Bank of Alaska provides service fo
our loans. Fifteen loans are serviced by eight institu
the other mortgages are serviced by the remaining four

Our delinquency rate for loans over 59-days delinquent
Half of these loans are over 120-days delinquent. Of t
several are in the modification process, one is in judi
foreclosure, and others are in non-judicial foreclosure

I see several options we could discuss in regard to ser
loans that go into foreclosure after your purchase of t
portfolio:

1) AHFC could market all foreclosed properties a
any loss or gain on the sale, eliminating any
from the Permanent Fund in the Alaska-housing

2) The Permanent Fund may buy back foreclosed pr
the first year after your purchase and provid
provide, financing to new buyers, possibly co
the housing industry on an extremely small sc

3) For a one-year period, the Permanent Fund cou
the foreclosures and sell them back to AHFC a
value, allowing the Permanent Fund to recogni
losses and at the same time, staying out of t
housing market.

I suggest that we meet with you to review this informat
and answer any questions you might have. If you plan t
Juneau in the near future, we could meet here and you w
opportunity to review a sampling of files in the portfo
Several members of our staff will be in Anchorage on Se
or 26. If this would be a more-convenient time for you,
meet with you then. We would also be happy to present
to your board and respond to their questions.

If there is any further information we could send to yo
your consideration of this offer, please do not hesitate
or Llewellyn Lutchansky, the manager of the mortgage pr

Sincerely,

Pete Jeans
Real Estate Investment Officer

PJ:LL:ls

August 14, 1989

Heather Arnett, Committee Aide
Alaska Housing Market Council
PO Box 240048
Anchorage, AK 99518

Dear Heather,

Thanks for sharing the policy statements. I hope you do not
that I am attempting to meddle. Several years ago I was act
involved in developing goals and objectives for an educat
model for prisons. I ended up teaching the concepts of devel
goals and objectives.

At the time, we dealt in philosophies, goals and objectives
time passed, the verbage changed to missions, etc. Now we
of policies and action plans. Time has not changed me; I con
to think in the earlier terms. That is partially why I
comments at the past teleconference about No. 3 being
philosophy (you guys called it a mission statement). So, i
will bear with me, I would like to just share my thoughts.
place it in the "for what it's worth" category.

PHILOSOPHY

It is the philosophy of the State of Alaska that safe and san
living conditions should be available to all citizens of the s

GOAL NO. 1

It is a goal of the State of Alaska to adopt and execute a
housing policy. (#1)

SUB GOALS

Recognize the significant regional differences in housing n
standards and requirements within the state. (#2)

Minimize direct state involement in the housing market, wit
exception of accessing capital markets and providing informa
(#9)

Encourage local/regional involvement in land use issues wi
circumventing private enterprise. (#3)

GOAL NO. 2

To assure uniform consideration of housing needs, it is the
of the State of Alaska to facilitate the coordination of ho
services. (#1)

SUB GOALS

Improve the availability, accessibility and affordability of housing for people with limited or low incomes. (#4)

Improve the availability, accessibility and affordability of transtional and long term housing for those with special needs. (#5)

Promote the availability of quality, affordable rental housing. (#10)

Implement a senior housing program which emphasizes a continuum of care and allows independent living at the level of their ability. (#11)

GOAL NO. 3

It is the goal of the State of Alaska to develop and maintain stable sources of revenue to support housing needs in the state. (#12)

SUB GOALS

Give first funding priority to the state's most urgent housing needs. (#6)

Encourage and assist homeownership opportunities in a fiscally responsible manner. (#7)

Encourage housing partnerships which include public, private and non-profit entities, to develop affordable housing. (#8)

Heather, I think this breaks down the three fundamental concerns, i.e., policy, uniform consideration and a revenue source. At this time, it is essential to look at objectives which are met by action plans. Let me digress for a second. There is a simple test for an objective called the SPAMO TEST. This means an objective must be Specific, Pertinent, Attainable, Measurable and Observable. In other words, you can't say "The objective is to make seniors feel good about themselves." How is "feel good" measured? It can't because feelin' good is different from one person to the next.

What follows are examples of SPAMO objectives.

OBJECTIVES

The State shall establish an Alaskan Housing Commission in FY1991. NOTE: This meets the SPAMO test. It is specific, pertinent and attainable, likewise, it is measurable and observable. Got it?

Within six months of establishing the Housing Commission, the commission shall develop state housing policies for public review

and adoption.

By the end of FY 1992, state housing policies shall be promulgated and adopted.

Annually, the State Housing Commission shall list, by priority, all housing needs.

Annually, state revenues shall be proportionately allocated, based on established prioritites.

Specific objectives (which must be realistic) can be established for all of the goals and sub-goals. With them in order, action plans can be developed. Example Objective No. 1: Get the governor to have applicable legislation introduced, or, get a legislator to make the introduction, etc.,etc.,etc.

Again, this is strictly "for what it's worth." I felt obligated to share my opinion, maybe for no reason other than to put things in a perspective that I understood. You are doin' a great job.

Respectfully,

Carl F. Nickel

cc: Rep. C.E. Swackhammer

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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JUNEAU, ALASKA 99811
(907) 465-2689

House of Representatives

MEMORANDUM

TO: Membership, Housing Finance Task Force

FROM: Rep. C.E. Swackhammer, Chair, HFTF

DATE: August 18, 1989

TOPIC: State Veteran's Loans

Attached is the loan "packet" used for state veterans wishing to attain mortgages through the state loan program.

As noted, it is through the Dept. of Commerce and Economic Development, Division of Investments. Included in the packet are policies and procedures.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

M E M O R A N D U M

TO: Membership, Housing Finance Task Force

FROM: Rep. C.E. Swackhammer, Chair, HFTF

DATE: August 18, 1989

TOPIC: AHFC RFP Proposal

Attached is the draft for the proposed RFP by the Alaska Housing Finance Corporation, as well as a cover memorandum from Mr. Paul M. Kapansky.

I hope you receive this in time to given it a preliminary review, prior to Wednesday's meeting.

Alaska Permanent Fund Corporation
P.O. Box 4-1000 Juneau, Alaska 99802-4100
(907) 465-2047 Telecopy (907) 586-2057

August 22, 1989

The Honorable
C.E. Swackhammer, Chair
Housing Finance Task Force
312 Tyee Street
Soldotna, Ak 99699

Re: Residential Loan Program

Dear Representative Swackhammer:

I received your request for information on our residential mortgage program. As you probably know, our loan program involves only Alaskan properties located primarily in urban areas of the state.

At the end of July, the portfolio of 196 loans had a value of $31.5 million. In addition to the loan portfolio, we own twenty-four REO properties which had a market value of $2.8 million.

While still taking on a few new loans, my staff is in the process of formulating recommendations to the Board of Trustees, per their request, as to the closure of the mortgage loan program. At this time we are discussing the sale of the loan portfolio to the Alaska Housing Finance Corporation. The attached letter to Tom Behan, Director of the Alaska Housing Finance Corporation, proposes various options for a sale agreement, as well as provides a brief history of our mortgage program. The criteria used for purchasing loans is also described in the letter.

If you need further information from us for your review, please don't hesitate to call.

Sincerely,

David A. Rose
Executive Director

DAR:LL:ls
Enclosure

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

August 22, 1989

Mitsubishi Electric Sales America, Inc.
1070 East Arques Avenue
Sunnyvale, CA [illegible]086

Dear Manager;

I recently saw a brochure advertising MEMS, Mitsubishi Electronic Monitoring System. I found the information very interesting and would appreciate any additional information regarding this system you wish to send. Like most states, Alaska is also faced with overcrowding and expensive supervision of offenders. As Chair of Alaska's House Finance Subcommittee on Corrections, I continue to research innovative means of supervising offenders in a setting other than a prison.

Please direct your mailings to me, in care of my finance staff person, Carl Nickel, Box V, Juneau, AK 99811.

Sincerely,

Rep. C.E. Swackhammer, Chair
House Finance Subcommittee on Corrections

This brochure was prepared by the Housing Department of the Federal Home Loan Bank of Seattle to help borrowers understand why residential mortgages are often sold to investors—and how the sale may affect them.

Q: When we bought our home, we went to our savings and loan for the mortgage. We've always banked there. But recently we received a notice in the mail to send our mortgage payments to a company we've never heard of! They're not even in this state! What's going on?

A: What's going on is called the secondary mortgage market. It means that your lender has sold your loan, in whole or in part, to another financial institution.

Q: Is that legal? And who are these institutions?

A: This practice is not only legal, it has been encouraged by the federal government. The secondary mortgage market expanded to ease the "credit crunch" of the late 1960s and early 1980s when there was a severe shortage of money for home loans. Its aim is to attract new mortgage money from investors and to move funds from parts of the country that have a surplus to parts where there isn't enough.

Two institutions do most of the buying, both of them private companies with government backing: the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. You may have seen them mentioned in the newspapers or on television as, respectively, "Fannie Mae" and "Freddie Mac." While Fannie Mae and Freddie Mac buy the majority of residential loans sold, there are a number of wholly private companies involved as well.



Study for Pink House, John Worthey, 1985

Q: So Fannie, Freddie, and some private companies are buying up mortgages. What do they all do with the mortgages they've bought?

A: They group them and create an investment package called a mortgage-backed security. Mortgage-backed securities are purchased by insurance companies, financial institutions, pension funds, and private individuals. For example, a "Ginnie Mae" is a mortgage-backed security issued by private institutions and backed by the full faith and credit of the federal government through the Government National Mortgage Association. You can invest in Ginnie Maes just as you would in the stock market.

Q: Did our lender sell our loan because they thought we were a bad risk?

A: The selling of first (or second) mortgages by your lender is no reflection on you or your credit rating. On the contrary, if your loan did not meet certain high standards, it would not find a buyer on the secondary market. Investors only wish to buy loans that are of high quality and will not default.

Q: If our lender thought we were of such "high quality," why sell the loan?

A: No savings and loan or savings bank has to sell any or all of its residential loans. There are many reasons for a savings association to choose to sell, the most important being to free up money to lend to others in your community, whether for a home, a car, or a college education. By selling its loans, a savings and loan or savings bank brings more money into your area. By selling its loans, that association serves the community by having the money necessary to make new loans.

But when we speak about selling mortgages, remember that your lender can sell the loan in a couple of different ways.

Q: How does that make a difference to us—what changes would we see in our own mortgage?

A: None, most likely, if your loan is sold "service-retained." You will continue to send your mortgage payments to the lender that gave you the loan—they are "servicing" your loan by collecting the payments. If you have any questions or problems, you ask them.

If your loan is sold "service-released," your lender will notify you that your loan has been sold and will give you instructions on where to send your payments. However, if any difficulties arise with the new company servicing your loan, you should still contact the savings and loan or savings bank you started with. Their involvement doesn't end when they sell your loan! They can quickly help you get answers to your questions.

Q: But it all sounds so complicated! My parents never went through this. Why has the mortgage market changed so much?

A: The financial climate has changed, and mortgages are increasingly looked upon as profitable and safe investments. In 1975 only 10 percent of all mortgages were sold by the original lender; in 1986, that figure had climbed to 68 percent.

Selling mortgages is legal and common practice for the lenders involved, and it is good business.

Q: Never mind the lenders. What about the borrowers? How much extra are we paying for all this?

A: If your loan is sold, you pay nothing extra. In fact, the interest rate on your mortgage is very probably lower than it would be without a secondary market—and the money is there when you and others in your community need it. In the past when mortgage funds in the community were limited by the amount of savings deposits there, credit could just "dry up." Today, your savings and loan association can tap almost unlimited sources of mortgage funds nationwide.

Q: There must be a catch somewhere.

A: There's no catch, but there can be problems. You should check your annual statement from the company servicing your loan to be sure your home insurance and real estate taxes are being paid regularly, if they are included in your mortgage payments. And, since loans can be sold, resold, and sold again, it's always best to ask your lender to verify any notice of a change in the ownership of your loan.

Q: Well, it seems to make sense, but I still have questions.

A: Just ask the loan officer at your local savings and loan or savings bank!

This brochure is made available to you by the more than 120 members of the Federal Home Loan Bank of Seattle in Alaska, Hawaii, Idaho, Montana, Oregon, Washington, Utah, Wyoming, and the Territory of Guam. The Federal Home Loan Bank of Seattle is a privately owned and managed financial institution operating under federal charter. With assets of more than $8 billion, it is one of the 12 self-supporting regional reserve credit banks that service savings and loan associations and savings banks in the United States and regulate FSLIC-insured savings associations.

Housing Department
Federal Home Loan Bank of Seattle
1501 Fourth Avenue
Seattle, Washington 98101-1693
(206) 340-2300

9/87

EQUAL HOUSING OPPORTUNITY

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

MEMORANDUM

TO: Rep. Sam Cotten, Speaker
Attention: JULIE

FROM: Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

DATE: August 22, 1989

TOPIC: HFTF Meeting Expenses, July 26, 1989

Attached is a copy of the expenses incurred by my staff person for the first Housing Finance Task Force Meeting. I have yet to submit per diem for my participation, it will be for one day.

I have instructed my staff person to be sure to submit travel authorizations well enough in advance. This should avoid the mild confusion we had over travel for the second meeting to be held August 23, 1989.

Thank you.

FINANCE TASK FORCE

Travel Advance Requested:

Yes ✓ No _____

TR # _____
Return Used Tickets

Attach all used or unused tickets, yellow TR copy and return to DAA Accounting. TR's are controlled forms. If a TR or ticket is not used for its original authorized purpose it must be returned to Accounting. Accounting must be informed if a TR is lost or voided.

ITINERARY

1. I (will travel) (traveled) to ANCHORAGE (City) ON 7-25-89 (6:05 AM) Month/Day/Year
   and (will overnight) (overnighted) in ANCHORAGE ON 7-25 & 26, 89
   and/or (will be) (was) on official business in _____ ON _____
   $80.00 = 160.00 + 6.00 meal adv. 7/27 _____ ON _____
   and return to JUNEAU (Home Station) ON 7-27 (Date) AT 10:00 a.m. p.m. (Indicate time off official business)
2. I claim 2 days per diem. Put O if you do not wish to claim per diem. Leave blank if you wish Accounting to calculate per diem. NOTE: If a portion of this trip (was) (will be) for personal business, indicate number of days or shortest time trip could have been taken. (166.00)

FINAL TRAVEL COSTS	CLAIM	ACCOUNTING
1. Was this trip completed as stated above? Yes____ No____ If no, please note changes. If yes, continue.		166.00
	PER DIEM	PER DIEM
2. Taxi, parking, car rental, rental car gas receipts. Please itemize all costs and attach receipts. Items less than $10 do not require a receipt but must be itemized below or on attached sheet. See attached receipts		79.56
3. Airfare reimbursement (please attach copy of back of airline ticket, or written quote from travel agency or air carrier). DO NOT claim if the ticket was paid by TR.		
4. Mileage: _____ miles at 25 cents per mile. From _____ to _____.		
5. Business phone calls (attach itemized hotel bill showing telephone charges - calls to be reimbursed must be initialed).		
TOTAL		245.56
Less Travel Advance		166.00
Final Payment		79.56

CARL F. NICKLES
Print Name of Traveler

Print Name of Person Who Is Authorizing Trip

Signature of Traveler

Signature Of Authorizer (Or Authorizing Memo May Be Attached)

Warrant Mailing Address Date

OFFICE USE				
Other	Warrant #	Vendor	Amount	Date
TR#	Warrant #	Vendor	Amount	Date
914040	2178925	AT584366	366.00	7/25/89
PVN	CAN89202		EMR	

cc: 31-92-	LC#	Account Code	Warrant #	Amount	Date
2535		72550	7009715	166.00	7/24/89
2535		72250	2176589	79.56	8/7/89

** CLAIMANT CERTIFIES BY SIGNING THE TA THAT THE FACTS CONTAINED ON THE TA AND SUPPORTING DOCUMENTS ARE CORRECT AND CONSTITUTE A VALID CLAIM AGAINST THE STATE OF ALASKA.

MEMORANDUM

TO: Rep. C.E. Swackhammer

FROM: Carl Nickel

DATE: August 22, 1989

TOPIC: August 23, 1989 HFTF Meeting

Initially, I was unable to give a detailed list of the mortgage programs available to Alaskans. I have not had responses from everyone.

There is a list of the membership and mailing list. Please note there are still some blanks for staff contacts. Would you please ask the membership for the names.

The agenda:

Glenda Straube, Exec. Dir. Alaska Housing Market Council

Rural Development, DCRA presentation

RFP presntation from AHFC. The members should all have a copy of the RFP. Paul Kapansky of AHFC will give the presentation on Tom Behan's behalf.

Mary Halloran, OMB Administration's position on HFTF.

MORE NOTES
Ask the membership if there are any problems with the last meeting recap we sent out.

My vacation is Sep. 2 to 18th.

I have made up a note book for you. If okay, you may want to ask if the membership wants me to make one for them. I don't know if it is practical or not, everyone has their own system.

I have a duplicate copy of the note book plus my reading file with me.

Yuppers!

GENERAL INFORMATION

HOUSING FINANCE TASK FORCE

VOTING MEMBERSHIP

Rep. C.E. Swackhammer, Chair
34832 K-Beach Road
Soldotna, AK 99669
Staff: Carl F. Nickel

Sen. Pat Rodey, Vice Chair
2335 Lord Baranof
Anchorage, AK 99503
Staff: Mark Begich

Rep. Richard Foster
PO Box 1028
Nome, AK 99762
Staff: Liz Walters

Sen. Mike Szymanski
3111 C Street
Anchorage, AK 99503
Staff:

Rep. Randy Phillips
PO Box 142
Eagle River, AK 99577
Staff: Janet Seitz

Sen. Rick Halford
PO Box 190
Chugiak, AK 99567
Staff:

ADVISORY MEMBERSHIP

Thomas C. Behan, Exec. Dir.
AHFC PO Box 101020
Anchorage, AK 99510
Staff: Linda Barrows

Ray Price, Exec. Dir.
ASHA PO Box 100080
Anchorage, AK 99510-0080
Staff:

Mike Harper, Dir.
RDD 949 E. 36th Rm 430
Anchorage, AK 99508
Staff:

Glenda Straube, Exec. Dir.
AHMC PO Box 240048
Anchorage, AK 99524
Staff:

Mary Halloran, Dir.
OMB Policy PO Box AM
Juneau, AK 99811
Staff:

MAILING LIST

Rep. Mike Navarre
3111 C Street
Anchorage, AK 99503
Staff: Ken Johnson

Chris Foster, R.E. Broker
1111 W. 9th St. Suite 200
Juneau, AK 99801
Staff:

MEMORANDUM

TO: Rep. C.E. Swackhammer

FROM: Carl Nickel

DATE: August 22, 1989

TOPIC: August 23, 1989 HFTF Meeting

Initially, I was unable to give a detailed list of the mortgage programs available to Alaskans. I have not had responses from everyone.

There is a list of the membership and mailing list. Please note there are still some blanks for staff contacts. Would you please ask the membership for the names.

The agenda:

Glenda Straube, Exec. Dir. Alaska Housing Market Council

Rural Development, DCRA presentation

RFP presntation from AHFC. The members should all have a copy of the RFP. Paul Kapansky of AHFC will give the presentation on Tom Behan's behalf.

Mary Halloran, OMB Administration's position on HFTF.

MORE NOTES
Ask the membership if there are any problems with the last meeting recap we sent out.

My vacation is Feb. 2 to 18th.

I have made up a note book for you. If okay, you may want to ask if the membership wants me to make one for them. I don't know if it is practical or not, everyone has their own system.

I have a duplicate copy of the note book plus my reading file with me.

Yuppers!

This brochure was prepared by the Housing Department of the Federal Home Loan Bank of Seattle to help borrowers understand why residential mortgages are often sold to investors—and how the sale may affect them.

Q: When we bought our home, we went to our savings and loan for the mortgage. We've always banked there. But recently we received a notice in the mail to send our mortgage payments to a company we've never heard of! They're not even in this state! What's going on?

A: What's going on is called the secondary mortgage market. It means that your lender has sold your loan, in whole or in part, to another financial institution.

Q: Is that legal? And who are these institutions?

A: This practice is not only legal, it has been encouraged by the federal government. The secondary mortgage market expanded to ease the "credit crunch" of the late 1960s and early 1980s when there was a severe shortage of money for home loans. Its aim is to attract new mortgage money from investors and to move funds from parts of the country that have a surplus to parts where there isn't enough.

Two institutions do most of the buying, both of them private companies with government backing: the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. You may have seen them mentioned in the newspapers or on television as, respectively, "Fannie Mae" and "Freddie Mac." While Fannie Mae and Freddie Mac buy the majority of residential loans sold, there are a number of wholly private companies involved as well.



Study for Pink House, John Worthey, 1985

Q: So Fannie, Freddie, and some private companies are buying up mortgages. What do they all do with the mortgages they've bought?

A: They group them and create an investment package called a mortgage-backed security. Mortgage-backed securities are purchased by insurance companies, financial institutions, pension funds, and private individuals. For example, a "Ginnie Mae" is a mortgage-backed security issued by private institutions and backed by the full faith and credit of the federal government through the Government National Mortgage Association. You can invest in Ginnie Maes just as you would in the stock market.

Q: Did our lender sell our loan because they thought we were a bad risk?

A: The selling of first (or second) mortgages by your lender is no reflection on you or your credit rating. On the contrary, if your loan did not meet certain high standards, it would not find a buyer on the secondary market. Investors only wish to buy loans that are of high quality and will not default.

Q: If our lender thought we were of such "high quality," why sell the loan?

A: No savings and loan or savings bank has to sell any or all of its residential loans. There are many reasons for a savings association to choose to sell, the most important being to free up money to lend to others in your community, whether for a home, a car, or a college education. By selling its loans, a savings and loan or savings bank brings more money into your area. By selling its loans, that association serves the community by having the money necessary to make new loans.

But when we speak about selling mortgages, remember that your lender can sell the loan in a couple of different ways.

Q: How does that make a difference to us—what changes would we see in our own mortgage?

A: None, most likely, if your loan is sold "service-retained." You will continue to send your mortgage payments to the lender that gave you the loan—they are "servicing" your loan by collecting the payments. If you have any questions or problems, you ask them.

If your loan is sold "service-released," your lender will notify you that your loan has been sold and will give you instructions on where to send your payments. However, if any difficulties arise with the new company servicing your loan, you should still contact the savings and loan or savings bank you started with. Their involvement doesn't end when they sell your loan! They can quickly help you get answers to your questions.

Q: But it all sounds so complicated! My parents never went through this. Why has the mortgage market changed so much?

A: The financial climate has changed, and mortgages are increasingly looked upon as profitable and safe investments. In 1975 only 10 percent of all mortgages were sold by the original lender; in 1986, that figure had climbed to 68 percent.

Selling mortgages is legal and common practice for the lenders involved, and it is good business.

Q: Never mind the lenders. What about the borrowers? How much extra are we paying for all this?

A: If your loan is sold, you pay nothing extra. In fact, the interest rate on your mortgage is very probably lower than it would be without a secondary market—and the money is there when you and others in your community need it. In the past when mortgage funds in the community were limited by the amount of savings deposits there, credit could just "dry up." Today, your savings and loan association can tap almost unlimited sources of mortgage funds nationwide.

Q: There must be a catch somewhere.

A: There's no catch, but there can be problems. You should check your annual statement from the company servicing your loan to be sure your home insurance and real estate taxes are being paid regularly, if they are included in your mortgage payments. And, since loans can be sold, resold, and sold again, it's always best to ask your lender to verify any notice of a change in the ownership of your loan.

Q: Well, it seems to make sense, but I still have questions.

A: Just ask the loan officer at your local savings and loan or savings bank!

This brochure is made available to you by the more than 120 members of the Federal Home Loan Bank of Seattle in Alaska, Hawaii, Idaho, Montana, Oregon, Washington, Utah, Wyoming, and the Territory of Guam. The Federal Home Loan Bank of Seattle is a privately owned and managed financial institution operating under federal charter. With assets of more than $8 billion, it is one of the 12 self-supporting regional reserve credit banks that service savings and loan associations and savings banks in the United States and regulate FSLIC-insured savings associations.

Housing Department
Federal Home Loan Bank of Seattle
1501 Fourth Avenue
Seattle, Washington 98101-1693
(206) 340-2300

9/87

EQUAL HOUSING OPPORTUNITY

GENERAL INFORMATION

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Staff:

561-0364

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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312 TYEE STREET
SOLDOTNA, ALASKA 99669
(907) 262-7841

JUNEAU
BOX V
JUNEAU, ALASKA 99811
(907) 465-2689

House of Representatives

MEMORANDUM

TO: Senator J. Kerttula, Chairman
Legislative Budget and Audit

FROM: Rep. C.E. Swackhammer, Chairman
Housing Finance Task Force

DATE: August 24, 1989

TOPIC: Funding Considerations

During the first session of the 16th Legislature, HCS CSSCR 28 passed. This resolution (Resolve NO. 54) established a

> "Housing Finance Task Force to review and recommend changes to publicly-assisted residential finance programs."

The legislature appropriated up to 200.0 (Pg 15 ln 15 CS hb 100) for this task. Because of a misunderstanding between the administration and the legislature, the Governor's Office cut these funds. At this time, the administration supports the expenditure of up to 300.0 for a consultant. The leadership has appointed Senator(s) Rodey, Szymanski and Halford, as well as Representative(s) Foster, Phillips and myself to the task force. The aforementioned individuals, along with the advisory members outlined in Resolve NO. 54 have formed the task force and have had two meetings, to date. It was the unanimous decision of the task force to invite Mary Halloran, Director of the Office of Management and Budget (Policy) to participate, in an advisory capacity, to sit on the task force. This she did willingly.

What started as a task force of legislators to scrutinize publicly-assisted finance programs, has evolved into a meaningful and viable cooperative effort of the legislature and the administration. Thomas C. Behan, Executive Director of the Alaska Housing Finance Corporation, has been extremely receptive to the task force's wishes to fully review AHFC for potential restructuring. The suggestion of privatization of all or part of the corporation has been discussed, as has issues of eventual elimination of the subsidy of loans.

Realtors and representatives of the Mortgage Guarantee Insurance Corporation (MGIC) have become actively interested participants in the efforts of the task force. Consequently, members of the legislature, administration, public sector and private enterprise have sat down at the same table to discuss the future of public financing of Alaskan residences.

I feel strongly, as does the membership of the task force, that the operation of AHFC and the future of public residential financing will be a major issue during the second session.

The efforts of the task force, however, face two distinct dilemmas, both stemming from the need for professional consulting and logistics. One, the cumbersome guidelines surrounding procurement procedures, and secondly, readily available funds. At the on-set, AHFC offered to fund a consultant from program receipts. AHFC has thoroughly investigated the prospects of using their existing budget to obtain a consultant. It is their opinion that the funds already allocated for expenditure are insufficient to meet these costs.

The administration has shown the willingness to expedite both the procurement process and the development of a RPL for presentation to Legislative Budget and Audit. The RPL would address the expenditure of AHFC program receipts of "up to $300,000.00" for procurring a consultant. The task force unanimously voted support for this; a resolution to LB&A is in the making.

The Housing Finance Task Force respectfully requests Legislative Budget and Audit to calendar time for the AHFC RPL during its September 8-9 meeting in Seward. Time is of the greatest essence, if the task force is to present its findings to the legislature in a timely manner.

Alaska State Legislature

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

RESOLUTION NUMBER 1

BE IT RESOLVED BY THE HOUSING FINANCE TASK FORCE:

WHEREAS the State of Alaska, 16th Legislature has adopted HCS CSSCR 28 which addresses the role of publicly-assisted residential loans, the management of these loans and recent economic hardships; and

WHEREAS the Legislature has formed a Housing Finance Task Force stemming from Legislative Resolve NO. 54; and

WHEREAS membership of the State agencies providing residential loans has joined the task force in an advisory capacity; and

WHEREAS the private sector and private enterprise has pledged cooperation with the task force; and

WHEREAS the Administration of the State of Alaska has given support to the efforts and direction of the task force; and

WHEREAS the Housing Finance Task Force unanimously supports the procurement of a consultant to make an indepth analysis of the Alaska Housing Finance Corporation, as well as provide direction toward the restructuring, removing and/or privatization of all or part of the Alaska Housing Finance Corporation; and

WHEREAS the Housing Finance Task Force unanimously supports the RFP (Request for Proposals) for a consultant proposed by the Alaska Housing Finance Corporation;

BE IT RESOLVED by the Housing Finance Task Force that Legislative Budget and Audit allow the expenditure of up to $300,000.00 of Alaska Housing Finance Corporation program receipts for the procurement of a consultant to perform the tasks as spelled out by the AHFC RFP.

Signed, this date, August 30, 1989;

_____

Rep. C. E. Swackhammer, Chairman
Housing Finance Task Force

MEMORANDUM

TO: Legislative Affairs

FROM: Carl F. Nickel

DATE: August 24, 1989

TOPIC: Travel Reimbursement

Attached are copies of ticket for air travel, vehicle parking, car rental and the Travel Authorization Report. I respectfully request reimbursement for car rental, vehicle parking and per diem as outlined on the authorization report.

I think a ticket agent through away the copy of the T.R. because, for the life of me, I can't find it. The T.R. was used at Alaska Travel Service in Juneau.

Travel Authorization Report (TA) LEGISLATIVE AFFAIRS AGENCY LAA/Admin Svcs 3/17/89

Trip Purpose: HOUSING FINANCE TASK FORCE

Charge To Account:

Travel Advance Requested:

Yes_____ No ✓

TR #_____

Return Used Tickets

Attach all used or unused tickets, yellow TR copy and return to LAA Accounting. TR's are controlled forms. If a TR or ticket is not used for its original authorized purpose it must be returned to Accounting. Accounting must be informed if a TR is lost or voided.

ITINERARY

1. I (will travel) (traveled) to ANCHORAGE (City) ON 6:05 pm 8 23 89 Month/Day/Year

and (will overnight) (overnighted) in ANCHORAGE ON 8 23 89

and/or (will be) (was) on official business in ANCHORAGE ON 8 23 89

ON

and return to Juneau Home Station ON 8.24.89 Date AT 10:00 a.m. p.m. (Indicate time off official business)

2. I claim _____ days per diem. Put O if you do not wish to claim per diem. Leave blank if you wish Accounting to calculate per diem. NOTE: If a portion of this trip (was) (will be) for personal business, indicate number of days or shortest time trip could have been taken.

FINAL TRAVEL COSTS	CLAIM	ACCOUNTING
1. Was this trip completed as stated above? Yes_____No_____ If no, please note changes. If yes, continue.		
	PER DIEM	PER DIEM
2. Taxi, parking, car rental, rental car gas receipts. Please itemize all costs and attach receipts. Items less than $10 do not require a receipt but must be itemized below or on attached sheet.		
3. Airfare reimbursement (please attach copy of back of airline ticket, or written quote from travel agency or air carrier). DO NOT claim if the ticket was paid by TR .		
4. Mileage:_____miles at 25 cents per mile. From _____ to _____.		
5. Business phone calls (attach itemized hotel bill showing telephone charges - calls to be reimbursed must be initialed).		
TOTAL		
Less Travel Advance		
Final Payment		

OFFICE USE				
Other	Warrant #	Vendor	Amount	Date
TR#	Warrant #	Vendor	Amount	Date
PVN			EMR	

cc: 31-92-	LC#	Account Code	Warrant #	Amount	Date

CARL NICKEL — Print Name of Traveler

SAM COTTEN — Print Name of Person Who Is Authorizing Trip

Signature of Traveler

Signature Of Authorizer (Or Authorizing Memo May Be Attached)

Warrant Mailing Address Date

** CLAIMANT CERTIFIES BY SIGNING THE TA THAT THE FACTS CONTAINED ON THE TA AND SUPPORTING DOCUMENTS ARE CORRECT AND CONSTITUTE A VALID CLAIM AGAINST THE STATE OF ALASKA.

PASSENGER RECEIPT

ARC

ALASKA AIRLINES

ALASKA TRAVEL SERVICE

NICKEL/CARL

NOT VALID FOR*

TRANSPORTATION

0162/ US 0 NICKEL/CARL

16AUG89 JUNEAU AK JNUANCAS 73Y 23AUG

1ER3KQ/UA A02830715 ANCJNUAS 62Y 24AU

THIS IS YOUR RECEIPT TE9DWS

Y9

FP CHECK-ACCTDLA955 FC 23AUG JNU AS ANC 169.44 AS JNU 169.44 $338.88 END

USD338.88

US27.12

50772296746

0 027 1461677920 6

USD366.00

STOCK CONTROL NO. XQ 009

DO NOT MARK OR WRITE IN THE WHITE AREA ABOVE

90816243 01 DLA955

NOT VALID FOR TRAVEL

0 027 1461677920 6

JUNEAU AIRPORT
APCOA
AK

OUT 08/24 10:00
IN 08/23 04:58
FEE 3 $9.00
TOTAL --> $9.00
CASH $10.00
CHANGE $1.00

THANK YOU!

93134 1

DO NOT WRITE ABOVE THIS LINE

CARL F NICKEL

EXPIRATION DATE CHECKED

NATIONAL CAR 2
[illegible].75
[illegible]047
ANCHORAGE AK

VISA OR MasterCard

DATE	AUTHORIZATION NO.	SALES CLERK	DEPT.	I.D.

QUAN.	CLASS	DESCRIPTION	PRICE	AMOUNT
		W-406234-2		26.27

The issuer of the card identified on this form is authorized to pay the amount shown as TOTAL upon proper presentation. I promise to pay such TOTAL (together with other charges due thereon) subject to and in accordance with the agreement governing the use of such card.

SUB TOTAL 26.27

SIGN HERE X [signature]

SALES TAX —

SALES SLIP TOTAL 26.27

BANKCARD SALES SLIP
CUSTOMER COPY

CUSTOMER: RETAIN THIS COPY FOR YOUR RECORDS

V [illegible] NICKEL

MILES DRIVEN

MILES ALLOWED | MILES

END AUTH. NO. | DATE | PER DAY | DAYS (41) 23.00

(74) CREDIT CARD | CREDIT CARD TYPE | PER WEEK | WEEKS (42)

(100) RECAP NO. | PER HOUR | HOURS (44)

YOUR COMPANY'S NAME (PLEASE PRINT) ALASKA LEGISLATURE | SPECIAL | SPECIAL (45)

RENTER'S (CUSTOMER'S) NAME (Full) (PLEASE PRINT) NICKEL | DISTANCE OUT | DISTANCE IN | SUB-TOTAL (46) 23.00

(70) ADDRESS | RATE CODE (47)

(72) CITY | (73) STATE | (75) ZIP | TOTAL TIME AND MILEAGE OR MINIMUM CHARGE (48) 23.00

BIRTHDATE | (77) FREQUENT TRAVELER NO. | SEE TERMS AND CONDITIONS | INTER-CITY FEE (49)

COLLISION DAMAGE WAIVER OPTION

DRIVER'S LICENSE NO. [illegible] | STATE AK | ACCEPTS YES | DECLINES NO | CDW OPTION (PER DAY) (50)

EXPIRATION DATE [illegible] | (AREA CODE) HOME AND/OR BUSINESS PHONE | PERSONAL EFFECTS COVERAGE | REFUELING SERVICE TAXABLE (81)

RENTER'S (CUSTOMER) NAME [illegible] NICKEL | ACCEPTS YES | P.E.C. | DECLINES NO | SUB-TOTAL (51) 23.00

ADDRESS [illegible] | FUEL QTY. OUT | IN | (82) TAX

CITY [illegible] | STATE AK | (83) ZIP [illegible] | ACCEPTS YES | P.A.I. | DECLINES NO | PAI (PER DAY) (52)

PHONE NO. | PERSONAL [illegible] | REFUELING SERVICE TAXABLE (84)

I HAVE RECEIVED AND AGREE TO THE TERMS AND CONDITIONS OF THIS RENTAL AGREEMENT.

SIGNED / SIGNATURE X [signature] | PAI (PER DAY) (54)

ADDITIONAL AUTHORIZED DRIVER | (18) CASH | TYPE OF COUPON | TOTAL CHARGES (55) 26.27

(17) ORIG. DEPOSIT | (58) ADDITIONAL | MISC. CREDITS (56)

ADD'L AUTH. NO. | DATE | MISC. CHARGES (80)

(85) UNUSED DEPOSIT $ | NET CHARGE (57) 26.27

(86) GAS, ETC. $ | LESS DEPOSIT (58)

(95) TOTAL REFUND $ | AMOUNT DUE (IN U.S. $) (60) 26.27

REFUND RECEIVED BY X | (61) PAID BY | CASH OR CHECK | BILL DIRECT | CARD | BILL

COMMENTS

BY SIGNING ABOVE, I HAVE RECEIVED AND AGREE TO: THE TERMS AND CONDITIONS OF THIS RENTAL AGREEMENT; A REFUELING SERVICE CHARGE APPLIES IF I RETURN VEHICLE WITH LESS FUEL; ONLY I AND ADDITIONAL AUTHORIZED DRIVER MAY DRIVE VEHICLE; RATES SUBJECT TO CHANGE IF NOT RETURNED TO LOCATION/DATE/TIME ABOVE AND THAT COLLISION DAMAGE WAIVER OPTION IS NOT INSURANCE.

[illegible] 406234

[illegible] 406234-2

National Car Rental

WHEN YOUR NATIONAL CAR RENTAL CARD HAS BEEN USED FOR YOUR RENTAL, YOU WILL BE BILLED FROM A&D PAYMENT SHOULD BE MAD : TO: NATIONAL CAR RENTAL 7700 FRANCE AVENUE SOUTH, MINNEAPOLIS, MINN. 55435.

PLEASE DETACH AND RETURN THIS STUB WITH PAYMENT

GOLDENROD CUSTOMER MEMO 5

STATE OF ALASKA

DEPT. FINANCE

TRANSPORTATION REQUEST NO. 813949

AGENCY	ORIGIN JNU	DESTINATION ANC
BILLING ADDRESS	PLACE OF ISSUE JNU	DATE OF ISSUE 8-29-89
CITY STATE ZIP	CARRIER AS
NAME & TITLE OF TRAVELER Carl Nickel	TICKET NUMBER 027 1461677920
	VALUE $ 366.00 NO TAX PAYABLE

FINANCIAL CODING

SY	CC	PGM	LC	ACCT	FY
			171		

FOR AIR CHARTER HOURS RATE

SHADED BOX TO BE COMPLETED BY THE CARRIER.
SEE COMPLETE INSTRUCTIONS ON REVERSE.

CERTIFICATION:
The facts stated herein or on supporting documents are correct and in accordance with established travel regulations.

SIGNATURE OF TRAVELER Carl Nickel

02-019 (Rev 6/85)

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

SOLDOTNA
312 TYEE STREET
SOLDOTNA, ALASKA 99699
(907) 262-7841

JUNEAU
BOX V
JUNEAU, ALASKA 99811
(907) 465-2689

House of Representatives

MEMORANDUM

TO: Membership, Housing Finance Task Force

FROM: Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

DATE: August 28, 1989

TOPIC: APFC Loans

Attached is a letter from David A. Rose, Executive Director of the Permanent Fund. It gives a brief perspective of the fund's residential loan program and a copy of a letter to AHFC.

REPRESENTATIVE
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House of Representatives

M E M O R A N D U M

TO: Membership, Housing Finance Task Force

FROM: Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

DATE: August 29, 1989

TOPIC: Legal Opinion and Scheduling the Next Meeting

Attached is a legal opinion I requested regarding solciting and accepting bids for the AHFC RFP. As indicated, the process fundamentally rests with AHFC, however, there is a potential "window" for the task force's input.

It is my intention to include the review and selection process of a consultant as a part of the next meeting's agenda. Because of the pace, I have left the remainder of the agenda open to meet specific issues and needs which materialize.

The next meeting is scheduled for 3:00 PM, September 20, 1989, 5th Floor Conference Room, Anchorage L.I.O., 3111 C STREET. I look forward to continue working with you.

STATE OF ALASKA
THE LEGISLATURE

COPY

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M August 25, 1989

SUBJECT: Housing Finance Task Force - CSSCR 28(Fin) am
(Work Order No. 6-1099)

TO: Representative C.E. Swackhammer
Housing Finance Task Force

FROM: Michael F. Ford
Legislative Counsel

You have asked if the Housing Finance Task Force can solicit and accept bids for contract work, if the contract funds are program receipts of the Alaska Housing Finance Corporation. If the contract funds belong to A.H.F.C., then the recommended procedure is to allow A.H.F.C. to administer the bid process. The task force could certainly review the bids submitted and recommend that a particular bidder be chosen. This approach is legally preferable in that the funds being committed belong to A.H.F.C. and not to the legislature.

If the task force wishes to administer the bid process, then A.H.F.C. could contract with the task force to solicit bids and award a contract. In either case, applicable bidding procedures would need to be followed.

Please contract me if you have further questions.

MFF:mi
wkmi4/074

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

MEMORANDUM

TO: Voting Membership, Housing Finance Task Force

FROM: Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

DATE: August 29, 1989

TOPIC: Consultant Selection

It is obvious to me, after reading the legal opinion regarding the RFP-Process for the consultant, that the actual process should be completed through the AHFC. I do, however, think the task force should be involved in the selection process. For this reason, it is my intent to appoint a subcommittee composed of two task force members and two members of the AHFC Board of Directors.

I have discussed this with Mr. Behan. He agrees the task force should be involved in the eventual selection process.

If you are interested in serving on the proposed subcommittee, please let me know as soon as possible.

cc: Thomas C. Behan, Exec. Dir., AHFC

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

House of Representatives

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JUNEAU
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JUNEAU, ALASKA 99811
(907) 465-2689

August 30, 1989

Charles J. Akers, Dep. Director
Rural Development Division, DCRA
949 E. 36th Room 403
Anchorage, AK 99508

Dear Mr. Akers;

This is a follow up letter to our recent meeting with the Housing Finance Task Force. Two requests were made of the Rural Development Division. One, Senator Halford asked for statistics regarding how often loan applications are hampered, or loans defaulted, stemming from errors and/or oversights by banking institutions. Secondly, I was asked to work with your agency to provide the task force with loan applicant qualifications.

I assume your agency has written qualification policies. If you send them to me, I will gladly review them and distribute the information to the task force.

I am going on a brief vacation, but will review the information you provide as fast as possible. Please direct your correspondence to Rep. Swackhammer's Juneau Office, Attention Carl Nickel.

Respectfully,

Carl F. Nickel, Task Force Aide
Rep. C.E. Swackhammer, Chair H.F.T.F.

cc: Senator Halford
Rep. Swackhammer

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

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(907) 465-2689

House of Representatives

MEMORANDUM

TO: Rep. Sam Cotten, Speaker
Attention Julie

FROM: Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

DATE: August 30, 1989

TOPIC: Travel Authorization

I respectfully request travel authorization for my staff person, Carl F. Nickel to attend the next Housing Finance Task Force. The tentative date for the meeting is set for Sept. 20, 1989 in Anchorage.

If you have any questions, please do not hesitate to contact me.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

MEMORANDUM

TO: Membership, Housing Finance Task Force

FROM: Rep. C.E. Swackhammer, Chair, H.F.T.F.

DATE: September 1, 1989

TOPIC: 2nd H.F.T.F. Meeting Recap, August 23, 1989

Attached is a brief recap of our recent Housing Finance Task Force Meeting. Please share any concerns and/or corrections with my office.

I look forward to meeting with you September 20, 1989, at 3:00 PM.

HOUSING FINANCE TASK FORCE
AUGUST 23, 1989 MEETING
ANCHORAGE, ALASKA

SYNOPSIS

The second meeting the the HFTF was held in the 5th Floor Conference Room of the Anchorage LIO, 5:30 PM on August 23, 1989. A quorum was present:

Senator Halford
Senator Rodey
Rep. Phillips
Rep. Swackhammer

Advisory membership present:
Mary Halloran, OMB
Charles Akers, DCRA
Pay Price, ASHA
Paul Kapansky, AHFC
Glenda Straube, AHMC

Rep. Kay Brown was present as well. Also present was Thomas D. Ster, manager of MGIC, as well as members of the real estate industry, and a representative, Danna Moser, of Leg. Audit.

The meeting started by Rep. Swackhammer giving an overview, to newcomers, of what happened at the first meeting.

The first presentation was by Charles Akers, DCRA. A recent portfolio analysis was distributed from which Mr. Akers gave his presentation. (I will not reiterate his presentation because of the hand-out, if a copy is desired, please contact Carl Nickel at Rep. C.E. Swackhammer's Juneau Office.)

Three areas of discussion stemming from Mr. Akers' presentation arose. Mr. Akers is to present the information to the HFTF.

(1) Foreclosure Process, Policies and Procedures,

(2) Statistics regarding bank errors impact on loans, and

(3) Loan applicant qualifications.

Carl Nickel of Rep. Swackhammer's Office is to work with Mr. Akers regarding request No. 3.

The next presentation was made by Glenda Straube, AMHC. Policy statements of AMHC were distributed.

ATTACHED IS A (NEAR) VERBATIM COPY OF MS. STRAUBE'S PRESENTATION

Copies of the AMHC policy statements are available upon request.

The third presentation was made by Mary Halloran, OMB.

The present administration, upon taking office, looked at receiving some returns from AHFC. They did not take any action in fear of hurting the depressed real estate market. Approximately one year ago, the Administration again looked at the prospects of receiving funds from the AHFC. (Mary handed out the guidelines during her presentation.) However, nothing was done because AHFC was going through a management transitional period.

The Administration is basically happy with the RFP because it parallels the guidelines they developed in 1988. The Administration warns that the task force should be cautious in its efforts. What happens to AHFC can greatly impact the "average person on the street."

Mary Halloran had specific comments about the process:

Normal Procurement Process would take approximately 60 days which means the first part of Novemeber before there would be a contract "on the street." She urged that timelines be changed and asked for consideration of having a preliminary draft from the contractor at the start of the next session, with a final draft to follow.

The next concern was the dropping of the subsidy by July 1, 1990. It was felt the timeline was too soon, that 1991 would be a better objective. Mary agreed that the subsidy should be gradually reduced.

Likewise, the consultant should react to the financial impact of each of the options listed on Page 22 of the RFP.

The Governor has requested OMB to look at housing policies in the rest of the states, and possibly this may benefit the task force.

The final presentation was by Paul Kapansky of AHFC about the proposed RFP. The RFP is basically directed at AHFC and to include the rest of the loan programs would mean developing a historical perspective of each program included. It was concluded that, if other areas need to be included, it could be accomplished by amending the contract.

Thr procurement process was discussed as a major constraint to the completion of the consulting contract. It was agreed upon that the task could take until February and still have sufficient time to present the information to the total legislature. Mary Halloran offered to assist in expediting the administrative process.

It is the role of the AHFC to solicit for the consultant. A resolution passed unanimously that the task force request authorization from LB&A for expenditure of up to $300,000.00 of AHFC program receipts for the RFP.

I. AHMC History - closing down March 12, 1990

II. Work - as listed on sheet. Additionally:

A. Research

1. Supply and Demand analyses and numerous other research studies. (Hand out Women's transitional report) (will refer to this report later)

2. Mortgage Loan Data Report - has been recognized on the national level as the most comprehensive ongoing study of the Alaska housing market: used by bond insurers, FNMA, FHLMC, HUD, FDIC, etc.

B. Policy Development

1. The Housing Stabilization Task Force report in March of 1988. Many of the recommendations were instituted - either through legislation, or more often through administrative or regulatory changes.

2. Housing Policy Development Committee - consists of a diverse group of people from the public, the housing and real estate industry, and the legislature. Legislative Resolve 55 requires that the housing policy recommendations be delivered to the Legislature by January 31.

Members of the HPDC have conceptually agreed upon 13 policy statements which will receive

FINAL APPROVAL ON SEPTEMBER 8. AT THAT TIME, THEY WILL ALSO BEGIN FINALIZING THE SPECIFIC RECOMMENDATIONS WHICH WILL ACCOMPANY THOSE POLICIES. (HAND OUT).

IT IS OUR HOPE THAT THE HPDC AND THIS COMMITTEE WILL FEED INFORMATION BACK AND FORTH SINCE WE ARE APPROACHING SOME OF THE SAME ISSUES FROM DIFFERENT PERSPECTIVES. OBVIOUSLY, WE DO NOT HAVE THE FINANCIAL AND ADMINISTRATIVE CAPABILITIES TO DO A FINANCIAL ANALYSIS OF STATE HOUSING AGENCIES. BUT THE RESULTS OF THE STUDY YOU WILL BE COMMISSIONING WILL BE IMPORTANT TO THE HPDC'S WORK.

AS A POINT OF INFORMATION, A FNMA INVESTMENT OFFICER ON THE WEST COAST INFORMED US THAT THEY HAD HEARD ABOUT OUR HPDC AND THIS TASK FORCE HERE AND VIEWED THESE ORGANIZATIONS AS THE GOVERNOR'S AND THE LEGISLATURE'S SERIOUS COMMITMENT TO SOLVING OUR HOUSING PROBLEMS. HE MENTIONED THAT THIS COMMITMENT WILL BE THE REASON THAT OUTSIDE INVESTORS AND INSURERS WILL RETURN TO ALASKA.

III. I WOULD NOW LIKE TO SHARE WITH YOU SOME OF MY OBSERVATIONS AND CONCERNS ABOUT HOUSING AND MORTGAGE LOANS IN ALASKA:

1. SINCE MAY OF 1987, WHEN I TOOK THIS JOB, WE BEGAN TALKING ABOUT THE OBVIOUS NEED TO TAKE EMPTY HOUSES AND USE THEM FOR SOCIALLY ACCEPTABLE PURPOSES, SUCH AS HOUSING FOR THE HOMELESS, TRANSITIONAL HOUSING FOR WOMEN COMING OUT OF CRISIS SHELTERS (REFER AGAIN TO THE REPORT), ETC. YET WE HAVE MADE VIRTUALLY NO PROGRESS ON THAT FRONT - EXCEPT FOR A SMALL PROJECT WHICH ANCHORAGE NEIGHBORHOOD HOUSING SERVICES IS WORKING ON. THERE ARE WAYS THAT WE CAN MAKE GOOD USE OF OUR OVERABUNDANCE OF HOUSING, BUT TURF WARS AND A LACK OF DEDICATION TO THOSE ENDS HAVE STOOD IN THE WAY. SOME OF THOSE PROJECTS COULD HAVE BEEN INEXPENSIVE AND, IN THE LONG RUN, COST EFFECTIVE.

2. I'D LIKE TO ADDRESS THE ISSUE OF PRIVATIZATION OF AHFC. IN DISCUSSIONS WITH MR. BEHAN, WE BOTH CONCEPTUALLY AGREED THAT AHFC, AS WE KNOW IT TODAY, WILL NOT EXIST IN TEN YEARS. WE TALKED ABOUT SPLITTING AHFC INTO TWO ORGANIZATIONS: THE ONE THAT EXISTS NOW WOULD BECOME PRIVATIZED, THE SUBSIDIES WOULD GRADUALLY BE REDUCED AND THEY WOULD PHASE THEMSELVES OUT OF BUSINESS WHILE THE OTHER PART OF AHFC WOULD REMAIN AS ORIGINALLY INTENDED AND, LIKE MOST EVERY OTHER HOUSING FINANCE AGENCY IN THE COUNTRY, IT WOULD DEAL WITH LOW TO MODERATE INCOME PEOPLE. AND, AS OTHER STATES DO, PROVIDE MORTGAGES TO NON-PROFIT GROUPS TO FILL HOUSING NEEDS.

I HAVE THREE CONCERNS ABOUT A NEW PICTURE FOR AHFC:
FIRST, MY OVERALL FEAR ABOUT PRIVATIZATION IS THAT THERE ARE MANY STATE AGENCIES WHO DREAM AND PRAY FOR PRIVATIZATION SO THAT THEY CAN REMOVE THEMSELVES FROM YOUR JURISDICTION. IF YOU DECIDE TO PRIVATIZE AHFC, I HOPE THAT YOU WILL ENSURE THAT IT IS FOR THE PURPOSE OF PHASING THEM OUT - BECAUSE ONCE PRIVATIZED, THE PUBLIC AND YOURSELVES WILL HAVE LITTLE CONTROL OVER THEIR ACTIONS.
SECOND, I AM CONCERNED THAT THE CONCEPT OF LEAVING AHFC AS IT ORIGINALLY WAS CREATED - TO HELP LOW TO MODERATE INCOME CITIZENS, DOES NOT GET LOST IN THE SHUFFLE AND EXCITEMENT OF PRIVATIZING OR CLOSING DOWN AHFC'S PRESENT PROGRAMS.
THIRD, DCRA HAS A GOOD REPUTATION FOR SERVICE DELIVERY TO RURAL AREAS AND IT WOULD BE A SHAME IF AHFC TOOK OVER TOO MUCH OF THEIR PORTFOLIO AND THOSE PEOPLE WOULD GET LOST IN THE BIGGER PROBLEMS WHICH AHFC FACES. BESIDES, AHFC HAS NEVER WILLINGLY BEEN IN THE BUSINESS OF RURAL LOANS AND THEY WERE NEVER REALLY SET UP TO DEAL WITH THOSE LOANS.

3. "HURTING OUR BOND RATING" IS THE ONE PHRASE THAT STRIKES FEAR IN ALL OF US. HOWEVER, TOO OFTEN, IN THE PAST, THAT PHRASE WAS USED TO CONVINCE US THAT WE COULDN'T DO CERTAIN PROGRAMS - OR WE HAD TO CONDUCT OUR BUSINESS A CERTAIN WAY IN ORDER TO KEEP OUR BOND RATING; BUT THIS WAS NOT ALWAYS NECESSARILY SO. HIGH FINANCE IS NOT BEYOND ANY OF OUR UNDERSTANDING, THUS WE SHOULD REFUSE TO ACCEPT THAT ARGUMENT (IT'LL HURT OUR BOND RATING) WITHOUT QUESTION. WHAT I HAVE LEARNED IS THAT PLAYERS IN THE BOND MARKET DON'T ALWAYS

FROWN ON US FUNDING SOME NON-CONFORMING LOANS, AND OUR LOSSES HAVE NOT PARTICULARLY SCARED THEM AWAY - AS YOU CAN SEE - AHFC'S BOND RATING WENT UP THIS LAST YEAR. WHAT THEY LOOK FOR IS STABILITY: THEIR NEED TO BE ABLE TO PREDICT WHAT THE STATE OF ALASKA WILL BE DOING IN THE MARKET.

4. ONE LAST COMMENT IS THAT WE ALL RECOGNIZE THE SERIOUSNESS OF THE PROBLEMS OF URBAN HOUSING AND ITS SUBSEQUENT EFFECTS ON OUR RESIDENTS. IT IS A HORRIBLE FEELING TO LOSE YOUR HOME. I DON'T MEAN TO MINIMIZE IT. BUT HOUSING PROBLEMS IN THE RURAL AREAS ARE SO DIFFERENT, AND SOMETIMES FAR MORE SERIOUS, THAN OUR OWN. TRY TO PICTURE 5-7 PEOPLE, FROM THREE GENERATIONS, LIVING IN A 700-800 SQUARE FOOT HOME. THE OVERCROWDEDNESS AND THE LACK OF BASIC SANITARY CONDITIONS IN RURAL HOUSING IS HARD TO COMPREHEND UNTIL YOU EITHER SEE IT YOURSELF OR READ THE RESULTS OF DCRA'S RURAL HOUSING NEEDS ASSESSMENT STUDY. SO, I ASK THAT WE REMEMBER RURAL HOUSING CONDITIONS WHEN WE HAVE TO DECIDE WHERE TO ALLOCATE OUR DWINDLING RESOURCES.

THERE ARE MANY MORE ISSUES THAT I COULD ADDRESS HERE, BUT I WAS MOST CONCERNED ABOUT ARTICULATING THOSE WHICH HAVE NOT ALREADY BEEN BROUGHT UP. THESE ARE CONCERNS WHICH YOU MAY WISH TO TAKE INTO CONSIDERATION WHEN YOU MAKE YOUR RECOMMENDATIONS CONCERNING THE FUTURE OF MORTGAGE LOAN PROGRAMS IN ALASKA.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

Vern Porter
PO Box 4478
Soldotna, AK 99669
(907) 262 3224

Dear Mr. Porter;

Thank you for your expressed concern regarding the issue of exclusive guiding in Alaska.

After giving it some thought, I have decided to ask the Soldotna office of Rep. Swackhammer respond to your concerns. During the interim, The Juneau Office is literally stripped of all files and documentation, with exception of issues regarding finance. By copy of this letter, the office will be informed of your issue of concern and I am positive someone will be contacting you for enlightenment.

I am sorry that you must experience some delay, it would take greater time for me to accumulate back up materials than it will for the office in Soldotna to respond.

Respectfully,

Carl F. Nickel, Finance Aide to
Rep. C.E. Swackhammer

cc: Tom Wright, Special Assistant

HOUSING FINANCE TASK FORCE

SEPTEMBER 20, 1989

AGENDA

1. Legal Opinion

2. Appointment of Subcommittee (AHFC Consultant)

3. Progress Report on Consultant Selection

4. Report on Status of Legislative Budget and Audit

5. Information Re: DCRA Regs. (Info coming soon)

6. Report on Mortgage Bankers Association

7. Next Meeting

COPY

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM August 25, 1989

SUBJECT: Housing Finance Task Force - CSSCR 28(Fin) am
(Work Order No. 6-1099)

TO: Representative C.E. Swackhammer
Housing Finance Task Force

FROM: Michael F. Ford
Legislative Counsel

You have asked if the Housing Finance Task Force can solicit and accept bids for contract work, if the contract funds are program receipts of the Alaska Housing Finance Corporation. If the contract funds belong to A.H.F.C., then the recommended procedure is to allow A.H.F.C. to administer the bid process. The task force could certainly review the bids submitted and recommend that a particular bidder be chosen. This approach is legally preferable in that the funds being committed belong to A.H.F.C. and not to the legislature.

If the task force wishes to administer the bid process, then A.H.F.C. could contract with the task force to solicit bids and award a contract. In either case, applicable bidding procedures would need to be followed.

Please contract me if you have further questions.

MFF:mi
wkmi4/074

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To SWACK	From CARL
Co.	Co.
Dept.	Phone #
Fax # 262-1881	Fax # 465-3700

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

House of Representatives

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October 3, 1989

B.G. Geller
1315 4th Avenue
Kenai, AK 99611

Dear Mr. Geller;

Please accept this letter as a follow up to our conversations regarding eligibility for permanent fund dividends.

I spoke with Mr. Ervin Jones, Director of the Division of Permanent Funds. He explained the following. The absentee limitations expressed in the 1989 PFD Booklet does not address 1989, and had the ruling gone into effect it would have restricted absentee limitations to 60 days during the eligibility period which is October through March.

The eligibility period has been changed from six months to 24 months. The new limitations for absenteeism will read "no absenteeism to exceed 180 days during the eligibility period of 24 months." Director Jones further explained this could mean 90 days a year, during the 24 month period, or it could mean 120 days one year and 60 the next. I was led to believe it could be any combination of 180 days during the 24 month eligibility period.

Director Jones assured me the new information is being sent to all Legislators within the next few days. At that time, it would be easier to address exceptions to the rules, e.g., absenteeism due to schooling, illness, etc.

Specific information regarding the "Town Meeting" in the Kenai area on the permanent fund (Nov. 11) is available from Fate Putman, 561-7624 in Anchorage.

I hope this helps.

Respectfully,

Carl F. Nickel, for
Rep. C.E. Swackhammer

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

M E M O R A N D U M

TO: Rep. Sam Cotten, Speaker **ATTENTION : JULIE**

FROM: Rep. C.E. Swackhammer, Chair, HFTF

DATE: October 4, 1989

TOPIC: Travel Authorization

I respectfully request travel authorization for my staff person, Carl Nickel, to travel to Anchorage, Alaska for the next Housing Finance Task Force meeting. It will be November 1, 1989, 4:00 PM, Anchorage LIO, 3111 C St.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

M E M O R A N D U M

TO: Membership, HFTF

FROM: Rep. C.E. Swackhammer, Chair

DATE: October 5, 1989

TOPIC: Requested Information: DCRA, Housing Assistance Division

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Attached is the information received from DCRA regarding specific questions posed to the Housing Assistance Division, as well as their "Default and Foreclosure" Regulations.

If you have specific questions regarding this infomration, I suggest you contact either Charles Akers, Dep. Director, HAD or Hank Hodge of the same division. Both men have been very helpful.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

RURAL DEVELOPMENT DIVISION

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September 11, 1989

The Honorable C.E. Swackhammer
Alaska State Legislature
Box V
Juneau, AK 99811

Dear Representative Swackhammer:

This is in response to your request for answers to questions raised at the recent meeting of the Housing Finance Task Force. The Loan Manager for the Housing Assistance Section has provided the following information.

Question: Why is the current value so low in comparison to the amount owed on the foreclosed loans? Why are urban delinquent loan rates higher than rural delinquent loans?

Answer: The reason for the current value being lower than the amount owed is because at the time of foreclosure an appraisal is required to establish value at the time the State takes possession. Economics plays an important part in the downturn in real estate values, as indicated in both rural and urban areas. To a certain extent, whatever happens to the urban communities' economy filters out to the rural areas of the state.

Additionally, when an appraisal is made, usually there is a negative value included due to physical depreciation of the structure. It is unfortunate, but when a borrower cannot make their house payments, maintenance on their home is the first item in their budget to be spent on other things. This lack of maintenance is passed on to the investor and is shown on the appraisal as 'physical depreciation.'

Question: Could we provide the Task Force with a copy of our Procedures Manual for foreclosures (for both direct and indirect loans)?

Answer: Guidelines are enclosed.

Question: Why are nonowner occupied delinquencies and foreclosures higher than residential?

Answer: The Nonowner Occupied program was established to stimulate rental availability to those in rural areas where purchasing or building a home was not possible. To do this, the program was made available to anyone statewide as a business venture or tax incentive. The idea behind the multi-dwelling loans is that the project meet the debt service on its own and not be a burden on the borrowers personal income. Therefore, if any of the units are vacant, it imposes a hardship in meeting principal and interest payments on the loan. If the project does not make money for itself or break even, the borrower walks away.

The nonowner-occupied loans have a maximum loan amount of $1.25 million per loan and the owner-occupied residential loan a maximum of $199,875 per home. In comparing delinquency rates of owner-occupied versus nonowner-occupied loans, one nonowner occupied loan that defaults would be very obvious.

I believe certain areas have an impact as to the number of nonowner occupied foreclosed and delinquent loans. As an example, the Housing Assistance Section has two multi-dwelling units that have been foreclosed upon in Delta Junction. The reason investors built in Delta Junction was that military personnel were being allowed to live off base. Soon after these units were built, military officials changed their policy and stated military personnel must live on base. In Delta Junction we have two large complexes foreclosed upon due to vacancy problems where the borrower or investor couldn't meet debt service.

Question: What are the demographics of the nonowner occupied loan?

Answer: We have always encouraged local residents in each community to invest; however, urban residents have also invested in rural Alaska. Remember, these loans need not be owner-occupied and usually have a property manager on hand. The Housing Assistance Section has a total of 77 nonowner occupied loans.

Of the total, the investors in 10 of these loans are urban residents, mainly from Anchorage, Fairbanks, and Juneau. The remaining 67 loans are investments by local rural residents.

Please call me if you need further information.

Sincerely,

Charles J. Akers
Deputy Director

Enclosure

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

MEMORANDUM

TO: Rep. Sam Cotten, Speaker,
Alaska House of Representatives

FROM: Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

DATE: November 13, 1989

TOPIC: Consultant Liaison and Travel

I have enclosed a copy of the successful proposal regarding the purview of the Alaska Housing Finance Corporation. The figure on Page 37 was revamped to $214,285. It is still well below the expected cost of 300.00, and the lowest bid.

I have reviewed this proposal and I, frankly, believe the State was well founded in selecting the firm of Ernst and Young. This was reinforced last Thursday when I had the opportunity to meet with AHFC and the principle consultants. It was obvious to me, the caliber of individuals performing the task was extremely high.

Part of my responsibility as chair is to gather and disseminate information to the consultants; we are operating on a very tight time schedule. I will, naturally, depend upon my staff person, Carl Nickel, to collect information. It is of great importance the consulting tasks be accomplished in a timely manner, if we are to have adequate time to share and debate the results of this study during the second session of the 16th Legislature, as well as act on any legislation deemed necessary.

For this reason, I respectfully request travel authorization, not to exceed once a week during the term of this contract, for Carl Nickel. I do not believe informal telephone meetings would be sufficient to track the progress of the consultants, or to provide necessary information. I will naturally exercise discretion regarding this travel and, if the work can be accomplished with less travel, we will do so.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

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NEWS RELEASE

AFTER SEVEN MONTHS OF EFFORT WHICH INCLUDED USING THE EXPERTISE OF ERNST & YOUNG, ONE OF THE TOP FIVE CONSULTING FIRMS IN THE WORLD, THE HOUSING FINANCE TASK FORCE HAS RELEASED PROPOSED LEGISLATION WHICH ADDRESSES NEEDS IDENTIFIED WITHIN THE ALASKA HOUSING FINANCE CORPORATION.

THE NUMBER ONE CONCERN IDENTIFIED BY THE TASK FORCE AND THE CONSULTING FIRM IS THE CURRENT LOAN SUBSIDY PROGRAM. THE HOUSING POLICY DEVELOPMENT COMMITTEE OF THE ALASKA HOUSING MARKET COUNCIL ALSO SUPPORTS THE FINDINGS OF THE TASK FORCE. SINCE ITS INCEPTION, THE STATE HAS CONTRIBUTED $808 MILLION TO OVERCOLLATERALIZE LOANS SO QUALIFIED RESIDENTS COULD OBTAIN INTEREST RATES BELOW MARKET RATES. TO MEET THIS CONCERN, THE TASK FORCE RECOMMENDS A TWOFOLD APPROACH. THE LOAN LEVEL COVERED BY THE SUBSIDY WILL BE SYSTEMATICALLY REDUCED BY $20,000 A YEAR UNTIL IT IS ZERO. AT THE SAME TIME, THE ORIGINAL INTENT OF AHFC, TO PROVIDE LOW TO MODERATE INCOME LEVEL MORTGAGE LOAN ASSISTANCE, WILL BE REINSTATED AT THE $50,000 LEVEL.

THIS PROPOSED LEGISLATION WILL HAVE NO IMPACT ON EXISTING LOANS.

NOT COMPLETELY ELIMINATING THE LOAN SUBSIDY PROGRAM, WILL ENABLE AHFC TO MAINTAIN A "BACK-STOP" FOR HIGH INTEREST CYCLES IN THE FUTURE.

THE ALASKA HOUSING FINANCE CORPORATION WILL ALSO BE REMOVED FROM THE PROCUREMENT PROCEDURES AND EXECUTIVE BUDGET ACTS TO ALLOW THEM TO OPERATE IN A MORE EFFICIENT, BUSINESS-LIKE MANNER. THEY WILL STILL, HOWEVER, BE MONITORED TO ASSURE THE BEST INTERESTS OF THE STATE AND THE CORPORATION ARE SAFEGUARDED.

By: Rep. C.E. Swackhammer, Chair
Sen. Pat Rodey, Vice Chair
Sen. Mike Szymanski, member
Sen. Rick Halford, member
Rep. George Jacko, member
Rep. Randy Phillips, member
Housing Finance Task Force

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



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POSITION PAPER

During the interim between the first and second sessions of the 16th Legislature, the Housing Finance Task Force reviewed the state operated residential loan programs. The task force consisted of Rep. C.E. Swackhammer, Chair, Senator Pat Rodey, Vice Chair, Senator(s) Halford and Szymanski, and Rep.(s) Jacko and Phillips.

An integral part of the task force's efforts included the use of Ernst & Young, one of the top five consulting firms in the world, to look at the Alaska Housing Finance Corporation (AHFC). My office distributed a draft copy of their report on January 17, 1990 to each legislative office.

Among the many issues covered by the report, Ernst & Young put special emphasis on the subsidy program, the need for expeditious management decisions by AHFC and returning AHFC to its original purpose, providing loans for low to moderate income families.

The attached bill addresses these concerns. Basically, the bill does as follows:

* Removes AHFC from the Executive Budget Act
* Removes AHFC from the Procurement Procedures Act
* Rachets down the subsidy program on general mortgage loans over a four year period
* Establishes a low to moderate income, subsidized, loan program

REMOVE AHFC FROM EXECUTIVE BUDGET ACT

Timing is extremely important in an operating business and that decisions sometimes be made immediately to best meet the needs of the operation. Because of the nature of the Executive Budget Act, and the process that surrounds it, time is lost and time translates into money lost.

An example is the need for AHFC to file claims to insurers, such as the Mortgage Guarantee Insurance Corporation (MGIC). Two years ago, what could have taken a few weeks to file claims had staff been hired, instead took several months. Conservatively, it is estimated the delay in issuing claims against MGIC cost AHFC, and the state, at least $20 million.

Likewise, AHFC is an enterprise fund and realistically should adopt a "business approach" in its operation. Because of the dynamics

of a large corporation, which are impacted by a variety of factors, it is difficult to project budgetary needs 14-15 months in advance, especially staffing adjustments.

Statute still mandates an audit trail without the Executive Budget Act.

REMOVE AHFC FROM THE PROCUREMENT PROCEDURES ACT

Just as the Executive Budget Act can place time restraints on doing business in a profitable and expeditious manner, the procurement procedures act can also hamper business.

A good example is the disposition of Real Estate Owned (REO's) by AHFC. There are legal requirments to repair REO's prior to resale to meet safe and sanitary minimums. Procuring repair work is slow and costly. The faster a unit returns to the market, the sooner it will sell. AHFC is going to be the heaviest seller of real estate in Alaska for the next 3 to 5 years. Each delay in repair, in turn, represents a delay in placing an REO back on the market.

Another example is simply attempting to make adjustments in contracting with real estate brokers and general contractors for any reason.

This does not mean to say that AHFC should not have a procurement procedure. This could be accomplished "in-house" through regulation and in a manner to reduce unnecessary delay.

SYSTEMATIC (RACHETING DOWN) THE GENERAL LOAN SUBSIDY

Since its inception, the loan subsidy program has cost the state approximately $808,000,000.00. Each month AHFC is literally writing a check in the amount of $100.00 for each of its approximate 46,000 mortgages. Ernst & Young stated that the one single issue most negatively impacting AHFC is the loan subsidy program. Their recommendation was to eliminate the subsidy immediately because there is a "unique window of opportunity" to do so at this time. Mortgage loan funds available, for the most part, are below the subsidy level. The consultants stated the elimination of the subsidy would save the state $43-91,000,000.00 over a three to five year period.

Rather than eliminating the loan subsidy, the task force and housing industry felt it better to eliminate the impact of the subsidy by systematically lowering the subsidy level until it was nonexistent. Over a four year plan, the subsidy level will go from $90,000 to $70,000 to $50,000 to $30,000 and eventually zero.

Allowing the subsidy "potential" to remain intact, but reducing the applicable mortgage level, gives the state access to a loan subsidy program as a back stop during severe high interest cycles.

ESTABLISH A LOW TO MODERATE INCOME LOAN SUBSIDY PROGRAM

As a means to return to the original intent of AHFC's purpose, a modified version of the loan subsidy will remain intact.

During the systematic reduction of the applicable loan level, for loan subsidy, at the $50,000.00 level a low to moderate income subsidy program will be instituted. This program will have specific guidelines based on federal criteria and will stay at the constant $50,000.00 as the existing subsidized level continues to be reduced and eventually eliminated.

CONCLUSION

There are additional issues which the consultants recommended, however, the task force felt the aforementioned issues have the greatest impact on the solvency of the Alaska Housing Finance Corporation.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

SECTIONAL ANALYSIS
OF
HOUSE BILL

*SEC. 1 AS 18.56.089: This amendment simply removes the Executive Budget Act in the statute applicable to the Alaska Housing Finance Corporation.

*SEC. 2 AS 18.56.091: This added section redirects the mortgage level applicable to a redefined low to moderate income loan subsidy program, and eliminates Home Owners Assistance (HOF) as outlined in AS 18.56.098 (f).

*SEC. 3 AS 18.56.098(f)(2): This addition maintains the loan subsidy level in accordance to the systematic reduction of the existing subsidy until it reaches zero, or meets the criteria of a new low to moderate income subsidy program.

*SEC. 3 AS 18.56.098(f)(3): Reinstates, " 'mortgage loan' includes a beneficial interest or participation in a mortgage loan;"

*SEC. 3 AS 18.56.098(f)(4): This addition identifies a residence to mean an owner occupied single-family residence, including mobile homes, duplex, triplex or fourplex.

*SEC. 4 AS 18.56.098(f): This section is repealed and reenacted to address a ceiling of $50,000 for loan subsidies under the new low to moderate income level subsidy program.

*SEC. 5 AS 18.56.098(g)(1)through(6): These amendments change the loan subsidy level from $90,000 to coincide with the systematic reductions in the existing subsidy program and the new low to moderate income level program which includes an additional one percent subsidy for veterans. Subsection (2) also changes the qualified veterans' mortgage bonds from 26 U.S.C. 103A (MORTGAGE SUBSIDY BOND TAX ACT OF 1980), AS AMENDED, to the applicable provisions of 26 U.S.C. (Internal Revenue Code).

*SEC. 5 AS 18.56.098(g)(7): This subsection is added to give AHFC the option to determine the applicable interest rate based on the rate, at time of loan application, bond issuance or other factors determined by AHFC.

*SEC. 5 AS 18.56.098(g)(8): This is a technical adjustment to allow insertion of the new subsection (7).

*SEC. 6&7 AS 18.56.098(h)&(i) respectively: These are amendments to coincide with the amendments in the previous subsections in AS 18.56.098.

*SEC. 8 AS 36.30.990: This amendment removes AHFC from the Procurement Procedures Act.

*SEC. 9 AS 37.07.120(1): This amendment removes AHFC from the Executive Budget Act.

*Sec. 10: This addresses the systematic reduction of the applicable mortgage loan levels in the existing loan subsidy program, e.g.,

* From $90,000 to $70,000 July 1, 1990,
* From $70,000 to $50,000 July 1, 1991,
* From $50,000 to $30,000 July 1, 1992, and
* From $30,000 to ZERO, July 1, 1993

REPRESENTATIVE
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House of Representatives

January 22, 1990

Eric E. Wohlforth, Atty. At Law
Wohlworth, Argetsinger, Johnson and Brecht
900 West 5th Avenue, Suite 600
Anchorage, Alaska 99501

Dear Mr. Wohlforth;

Thank you for sharing your expressed concerns regarding extraction, expropriation or reappropriation of funds as found in Appendix E of the draft provided by Ernst & Young.

I assure you the Housing Fiance Task Force will take this issue, as well as your other concerns, into consideration before a final draft is released.

If you have additional questions or concerns, please do not hesitate to contact my office. Again, thank you for your interest and input.

Sincerely,

Swack

Rep. C.E. Swackhammer

CES/cn

cc: Housing Finance Task Force Membership
Dr. James A. Gibson, Ernst & Young
555 Capitol Mall, Suite 1490
Sacramento, CA 95814

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
900 WEST 5TH AVENUE, SUITE 600
ANCHORAGE, ALASKA 99501
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ERIC E. WOHLFORTH

OF COUNSEL
ROGER G. CONNOR

OF COUNSEL
HARRIS, ORR & WAKAYAMA
3210 FIRST INTERSTATE CENTER
999 THIRD AVENUE
SEATTLE, WASHINGTON 98104
TELEPHONE (206) 621-1818

January 18, 1990

Representative C.E. Swackhammer,
Chairman,
Housing Finance Task Force
Alaska State Legislature
Room 521
State Capitol
Juneau, Alaska 99811

Dear Representative Swackhammer:

Some important clarifications are necessary in the legal opinion set forth as Appendix E in the draft Ernst & Young Report on Alaska Housing Finance Corporation dated January 12, 1989. As bond counsel to the Corporation, we have issued our opinions on numerous occasions with respect to the validity of pledges of Corporation assets and covenants with respect to those assets which secure bonds of the Corporation. We also have a responsibility in connection with "full disclosure" of material facts regarding the Corporation in the official statements or circulars, which accompany each of the Corporation's bond issues. In this capacity, we would like to point out for the committee's record several aspects of the opinion which we respectfully submit need correction.

The portions of the opinion referred to are found on page 13 where the author states that covenants of AHFC to maintain collateral are not enforceable against the State if collateral is expropriated, the similar statement on pages 14 and 15, to the effect that while bondholders may have a valid claim against AHFC if the State reappropriated Corporation assets, bondholders would not have a claim against the State for such breach of covenant to the extent of State expropriation, and the statement on page 15 that "bondholders would not have a valid claim against the State of Alaska by virtue of the extraction of a pledged asset from AHFC by the State of Alaska."

Our view is that both the assets referred to in the "maintenance" covenants and assets pledged to bondholders are protected against expropriation by Article I § 10 of the United States Constitution which prohibits a State from passing any

"Law impairing the Obligation of Contracts..." as well as Article I, Section 7 of the Alaska Constitution. The Contract Clause of the United States Constitution was most recently considered by the United States Supreme Court in United States Trust Company of New York v. New Jersey, 431 U.S. 1 (1977). There the court held that the repeal of a statutory covenant impaired the obligation of the States' contract with bondholders. The Court held that repeal of the covenant eliminated an important security feature for the benefit of the bondholders and impaired the obligations of the Contract between them and the States of New York and New Jersey.

It is submitted that extraction, expropriation or reappropriation of moneys pledged to bondholders or to which bondholders have a covenanted maintenance right is a much clearer impairment of contract than that considered in the United States Trust Company case and in other cases since. An example is Continental Illinois National Bank v. Washington 696 F.2d 692 (1983), where the Court considered that imposition of a vote requirement before completion bonds could be issued impaired earlier bondholder's rights.

I suggest respectfully that the problem with the opinion is that the writer does not accept the fact that the appropriation of the funds to AHFC was complete when made and that the funds were then available for expenditure or pledge without further State action. Neither the anti-dedication provision nor other provisions respecting appropriations of the State Constitution are violated by AHFC when it spends, pledges or enacts covenants with respect to appropriated funds, because the appropriations are complete when made. (The opinion does not apparently question the validity of the covenants and pledges to bondholders made under AS 18.56.110.) M-K Engineering Co., Inc. v. Alaska Power Authority. 662 F. Supp. 303 (D. Alaska 1986) is not applicable because of specific statutory provisions providing for general fund deposit of that Authority's funds.

I would not presume to speak for the attorney general on this point, however, a review of his past opinions including 1982 Op. Att'y Gen., (November 30; J66-785-81) and 1985 Op. Att'y Gen., (April 24; 366-463-85) do not reveal any inconsistency between the position I am stating above and his position. Of course he may wish to comment directly on the issue. Our position is simply that once appropriated moneys are spent or obligated by valid pledge or negative covenant to bondholders they are no longer available for reappropriation.

Our other disagreements with the opinion are minor in nature. I would be less optimistic about the ease with which consents of bondholders are obtainable to substantial changes in the Corporation's structure or covenants. My experience is that such consents typically involve substantial time and expense where they are obtainable. Also, I note that a change in the form of the Corporation to a stock Corporation could have implications for its ability to finance on a tax exempt basis.

Very truly yours,

WOHLFORTH, ARGETSINGER,
JOHNSON & BRECHT

By _____
Eric E. Wohlforth

EEW/jf

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

January 25, 1990

Pam Siegfried
700 Bill St.
Anchorage, AK 99515

Dear Pam,

Thanks for sharing your concerns regarding the subsidy program within AHFC. I hope I can alleviate them.

The Housing Finance Task Force has been reviewing the operations of AHFC, including using Ernst & Young one of the top five consulting firms in the world. It has been everyone's consensus that adjustments must be made. This, however, does not impact existing loans. When you made a contract with AHFC regarding your mortgage loan, both sides reached an agreement that is legally binding.

The task force will be introducing legislation in the immediate future that gives AHFC a little more latitude to conduct business in a profitable manner, as well as directing it back to its original purpose of addressing the needs of the low to moderate income family.

Alaska is slowly recovering from a severe economic crisis. It is our intention to help this process.

It is obvious to me that you are a responsible individual and I hope this answers your concerns. If you have additional questions, or wish to share other concerns, please do not hesitate to contact this office.

Sincerely,

Swack

Rep. C.E. Swackhammer

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE SWACKHAMMER

NAME: PAM SIEGFRIED
TITLE:
ADDRESS: 700 BILL ST.
CITY: ANC ZIP: 99515
PHONE: 349-2645
BILL NO:
SUBJECT: AHFC SUBSIDIES
MESSAGE: ELIMINATING AHFC SUBSIDIES WILL RESULT IN NUMEROUS FORECLOSURES. I HAVE FED A FAMILY OF 6 ON $100 FOR 2 WEEKS TO MAKE MY MORTGAGE. I CAN DO THAT AGAIN. OTHER PEOPLE CAN'T. THE STATE GUARANTEED THEIR MORTGAGES AND SHOULD NOT RENIG.

POMID: 03152359
DATE: 01/23/90
TIME: 15:23:59
LIONAME: ANCHORAGE LIO

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REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

January 26, 1990

Ray Smith, B.A.
Painters Local Union # 1140
1818 W. Northern Lights Blvd.
Anchorage, AK 99517

Dear Ray:

Thank you for sharing your concerns regarding AHFC's loan programs.

The Alaska Housing Finance Corp. has never gone out of business. In fact, it hold almost 2/3 of the residential mortgage loans in Alaska. The original intent of AHFC was to meet the needs of low to moderate income families and it is the intent of the task force to return to the original purpose.

I must assume from your letter the condo you own, or owned, was purchased under the subsidy program of AHFC, and you, as well as AHFC have been negatively impacted by the drastic downturn of the housing market. The subsidy program basically lends money to individuals up to three percent less than what AHFC can make available, just as long as it does not go below 10 %.

You mentioned your involvement in the Home Owners Assistance Program (HOAP). This was introduced by AHFC to aid borrowers in adjusting their mortgage payments. Although this has worked well, AHFC has still had to repossess about 4000 living units.

The condo "next door" has a selling price based on current market figures and the low interest rate is based on the going rate; interest cannot be subsidized below 10 % with exception of Veterans.

The task force has introduced legislation to return AHFC to its original purpose, as well as to help the corporation become a bit more streamlined. If AHFC were to close down, there would be no one to replace them which could be even more devastating.

I hope this input helps.

Sincerely,

Swack

Rep. C.E. Swackhammer

Painters Local Union No. 1140

of the International Brotherhood Of Painters And Allied Trades AFL-CIO

TELEPHONE: (907) 279-3556 FAX (907) 258-6202 OFFICE: 1818 W. NORTHERN LIGHTS BLVD., ANCHORAGE, ALASKA 99517

January 19, 1990

C.E. Swackhammer
Representative
Box V
Juneau, AK 99811

Dear Representative Swackhammer:

Thank you for your correspondence of December 19, 1989 regarding Housing Assistance.

I am a little leary of the State of Alaska becoming involved in the Loan Business again.

My own experience with a condo, and subsequent problems involved, lead me to believe you should direct attention to those trying to hang on and make it through this economic downturn. New loans are not the answer.

Please consider those people already out there and there is no real assistance for them.

My loan payment after the Hope Program was approximately $750.00 at 10%. The condo next to mine could be purchased for less that half of what mortgage was left on my condo and they were giving new buyers 7% interest.

No one wants to help those trying to hang on.

I ask that you consider carefully any future legislation concerning money the state doesn't have to loan.

Thanking you in advance, I remain

Sincerely,

Ray Smith
Business Representative

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

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M E M O R A N D U M

TO: Senator Jan Faiks

FROM: Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

DATE: February 14, 1990

TOPIC: Mobile Home Market and the AHFC

Directly after the meeting of the Special Committee on Banking and Economic Development which considered SB 427 on 2/14/90, I contacted the Alaska Housing Finance Corporation regarding the mobile home market. The task force did not specifically address mobile homes as a separate issue.

AHFC informed me they have not specifically looked at the mobile home loan programs as a separate sub-set of the market. The Corporation is continuing to make loans on trailers, but there is very little activity. They did say, however, that they were aggressively marketing their repossessed trailers and reducing the inventory. Part of their effort has been working with trailer park owners to mitigate differences.

If you have additional questions, or wish to share added insights, please do not hesitate to contact me.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

February 20, 1990

Lucille Stietz, Chair, Legis. Committee
Alaska Mortgage Bankers Association
P.O. Box 107025
Anchorage, AK 99510-7025

Dear Lucille:

On February 14, 1990, Senate Bill 427 which is the companion bill to mine, HB 462, was heard in the Special Senate Committee on Banking and Economic Development.

Mr. Crandall of the National Bank of Alaska testified in support of the bill with the addition of two board members, from the private sector, for the Board of Directors, Alaska Housing Finance Corporation. I also support this and there seemed to be sufficient interest that this could happen through amendment.

The greatest concern I have is that legislation passes which includes the systematic reduction of loan levels applicable to the current AHFC subsidy program and its eventual return to serving low to moderate income borrowers.

Again, thank you for your support, I sincerely hope the housing industry and the Housing Finance Task Force can continue to work together in developing needed policy change in AHFC.

Sincerely,

Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

February 10, 1990

Lucille Stietz, Chair, Legis. Committee
Alaska Mortgage Bankers Association
PO Box 9-2691
Anchorage, AK 99509-2691

Dear Lucille:

I wish to thank you and the A.M.B.A. for your support of HB 462. I think our shared efforts will have a positive impact on the Alaska Housing Finance Corporation and the Alaska housing market in general.

February 15, 1990, House Bill 462 will be heard by the Community and Regional Affairs standing committee at 1:30 PM. I will provide a copy of your position to the committee for their consideration.

Again, thanks for the support. If I can be of service to you, please do not hesitate to contact my office. If you have specific questions regarding the status of HB 462, please contact Carl Nickel of my staff (465-2262).

Sincerely,

Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

Suggested response

OK Good letter

February 15, 1990

Lucille Stietz, Chair, Legis. Committee
Alaska Mortgage Bankers Association
P.O. Box 107025
Anchorage, AK 99510-7025

Dear Lucille:

On February 14, 1990, Senate Bill 427 which is the companion bill to mine, HB 462, was heard in the Special Senate Committee on Banking and Economic Development.

Mr. ~~Crawford~~ CRANDALL of the National Bank of Alaska testified in support of the bill with the addition of two board members, from the private sector, for the Board of Directors, Alaska Housing Finance Corporation. I also support this and there seemed to be sufficient interest that this could happen through amendment.

The greatest concern I have is that legislation passes which includes the systematic reduction of loan levels applicable to the current AHFC subsidy program and its eventual return to serving low to moderate income borrowers.

Again, thank you for your support, I sincerely hope the housing industry and the Housing Finance Task Force can continue to work together in developing needed policy change in AHFC.

Sincerely,

Rep. C.E. Swackhammer, Chair
Housing Finance Task Force

Swack, I had already responded to the original A.M.B.A. letter, see attachments. I assume you signed them because they didn't come back.

Pat

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

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House of Representatives

M E M O R A N D U M

TO: Rep. Eileen P. MacLean

FROM: Rep. C.E. Swackhammer

DATE: March 3, 1990

TOPIC: HB 462 (CR&A)

I apologize for th apparent slowness in response to your correspondence regarding House Bill 462. I appreciate your support.

HB 462 (CR&A) has received two days of debate in the House Finance Committee; it will be receiving more before going to Rules and the eventual hearing on the Floor.

I think I addressed your concerns about the procurement procedure. The bill was amended to read that AHFC will establish procurement procedures which are "substantially equivalent" to the state's code. This means they must have a correct procedure, it simply stays within the corporation. What has been occurring is, AHFC has followed the code. Consequently, they will submit an order for materials and the Division of Supply will attach their order to another agency's order and then the bidding process begins. What is anticipated is a savings, but what oftentimes occurs is delay. As an example, AHFC recently requested software to supplement their existing programs. The order was placed with another and, after a five month delay, they were informed the requested version was no longer available. This means AHFC must resubmit a request for a different version. So, the procedure reaches out farther than dealing with repossessed properties.

Your concern regarding the amendment on page 5 line 20-21 can be explained. It states that AHFC, when making a loan which is applicable to this section, shall consider interest rates based on the time of bond issuance and other factors. AHFC is an enterprise corporation and is expected to "turn a profit." Other considerations could easily be anticipated change in market trends which could have long term impact. Or, it could mean consideration of pricing an REO and how the price could impact the rest of the housing market.

A good example would be: If AHFC wishes to dispose of 100 REO's

at 60% of the fair market value, what would that do to the value of the "house across the street" that is owned by an individual who is faithfully making his or her payments? Lowering the fair market value of housing, increases the potential for increased negative equity. This means a person owns a residence with a mortgage greater than the market value of the property. Statistically, the greater the negative equity becomes, the greater the risk a home owner will default on a mortgage. Without this consideration, AHFC could be hurting the housing market.

I hope this has answered some of your concerns.

Sincerely,

Rep. C.E. Swackhammer

Alaska State Legislature

House of Representatives
Community & Regional Affairs

February 16, 1990

Representative C.E. Swackhammer
Housing Finance Task Force
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Representative Swackhammer:

As you know, HB 462 relating to the Alaska Housing Finance Corporation and its housing programs, passed out of the House Community and Regional Affairs Committee yesterday with one amendment; to increase the board membership from two to four public members.

I am in support of the bill and believe it will provide substantial long term savings to the state in the future. However, in discussing the bill with the Legal Services Division after it passed out of committee, I believe there are two areas than can be improved upon.

First, the exemption from the state procurement code gives the AHFC far too much authority and discretion. When I asked Mr. Sullivan why they needed the exemption he replied that it was necessary in dealing with foreclosed homes, and that holding homes on the market while waiting for needed repairs was very costly and time consuming.

I have been informed by the Legal Services Division that language could be drafted to provide flexibility within the procurement code to address this need.

The other concern is on page 5 line 20 -21. This new section states that <u>for loans made under this section, the corporation shall give effect to interest rate changes applicable to the loans based on time of loan application, time of issuance of the corporation's bonds issued to purchase loans, or other factors as the corporation determines.</u>

My concern again, is that we are giving the AHFC too much discretion under "other factors as the corporation

Room 128, Capitol Building, P.O. Box V, Juneau, Alaska 99811 (907) 465-3882 or 465-4833

determines". When I asked Mr. Sullivan about this clause, he indicated that the factors would be clarified within the regulation process. My preference would be to see this area addressed by the legislature, not by regulation.

As you review the bill in the House Finance Committee I would ask that the committee consider these two points.

Sincerely,

Eileen P. MacLean

Eileen P. MacLean
Representative
District 22

cc: House Community & Regional Affairs members
House Finance Committee members

M E M O R A N D U M

TO: Rep. C.E. Swackhammer

FROM: Carl Nickel, Finance Aide

DATE: March 6, 1990

TOPIC: March 5th HB 462 Strategy Meeting

Here's some info regarding our meeting with Mary Halloran and group.

Amendments

1 "Substantially equivalent" for Procurement.
2 Four public members, at least one from finance community and one from Alaska Assn. of Realtors.
3 Return to Executive Budget Act.
4 Withdrawn
5 Dividend authorization
6 Failed
7 Honoring contracts
8 General Council
9 HOF

NEEDED	CURRENT	WHERE TO GO
RATCHET DOWN	HAVE	OK
PROCUREMENT	HAVE	OK
EXEC. BUDGET		HELP
AG ATTORNEY		HELP
	REALTOR	LICENSE BROKER
	DIVIDEND	LEGAL CLARIFICATION
		BOND COUNCIL REVIEW
	6MO FOR EFFECT	OK
	HOF PROGRAM	ASSUMABLE

WORK ON

AG ATTORNEY - Gov. and AHFC, AG is willing to put in RSA Atty and allow RFP for specialized Atty on retainer. 1/Bob Mintz for Bond Council, 2/Bob Sullivan & Joe Hayes/Bob, Tom, Joe talk to Randy

HOF, AHFC input by Thursday

EXECUTIVE BUDGET ACT - Original bill most desired, next - LB&A ratification, third choice - Conditional Appropriation. OMB to work on language. Joe Hayes to talk to Ramona.

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

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April 5, 1990

Mary Halloran, Director of Policy
Office of the Governor
Division of Policy, O.M.B.
MAIL STOP 0101

Dear Mary:

Thank you for your memorandum dated March 20, 1990, regarding the comments of the AHFC Bond Counsel, Eric Wohlforth.

It is obvious that great care must be taken regarding the payment of dividends by the Alaska Housing Finance Corporation.

I continue to enjoy working with you regarding AHFC.

Sincerely,

Swack

Rep. C.E. Swackhammer

MEMORANDUM

State of Alaska
Office of the Governor
Division of Policy

TO: Representative Swackhammer
House Finance Committee

DATE: March 20, 1990

FROM: Mary Halloran
Director, Policy

PHONE: 465-3568

SUBJECT: AHFC: DIVIDEND POLICY
Comments from Bond Counsel

FILE NO:

In addition to the earlier comments already forwarded to you, here are comments on the proposed dividend policy from bond counsel Eric Wohlforth. Mr. Wohlforth makes several points:

(1) Dividend policy language needs to contain a provision that the dividend will not be paid unless AHFC is in compliance with all covenants and agreements with respect to its borrowings and after payment of the dividend will remain in compliance. This language was in an earlier version, but was dropped in the latest proposal by the subcommittee.

(2) Dividend policy language also needs to explicitly recognize that AHFC will not issue dividend income if it had no unrestricted net income for the prior fiscal year.

Mr. Wohlforth also endorses the proposed delayed effective date of a dividend policy.

Attachment

cc: Members, House Finance w/ attachment
Bob Mintz, AHFC

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
900 WEST 5TH AVENUE, SUITE 600
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MAR 19
CARR-GOTTSTEIN PROPERTIES

MEMORANDUM

TO: Representative Steve Rieger
Chairman, House Finance Sub-Committee
CSHB 462 (C&RA)

FROM: Wohlforth, Argetsinger, Johnson & Brecht EGW

DATE: March 16, 1990

This memorandum is written responsive to Chairman Robert Mintz's request of March 14, 1990 for our comments on the proposed committee substitute dividend language. I attach a copy of Mr. Mintz's request and the proposed substitute. The previous draft contained a provision that the dividend would not be paid unless the Corporation was in compliance with all covenants and agreements with respect to its borrowings and after the dividend payment would remain in compliance. Addition of this language to the proposed substitute is important because, for example, the Corporation may have unrestricted net income in a particular year but may not be meeting equity maintenance requirements of bond covenants. It may be argued that the board would in such event establish, by resolution, that payment of no dividend is required to maintain the financial soundness of the Corporation. It is my view, however, that bondholders who did not expect this legislative change (whether rightly or wrongly) when they purchased bonds need objective assurances that income will not be diverted away from the Corporation at times when bond covenants and agreements may not be met. The other provisions of the prior draft stated that the Corporation could not dividend income if it had no unrestricted net income for the prior fiscal year. Again, although it might be assumed that the Corporation's Board of Directors would, in such event, determine that a lessor dividend or no dividend would be required to maintain the financial soundness of the Corporation, it is important that the objective criteria be maintained to assure bondholders and the rating services in public offering material of the exact circumstances when dividends will be paid.

Objective criteria will tend to give assurances that the Board would not in a given year be swayed by state

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budgetary considerations to the detriment of the Corporation's bond programs.

I feel as well that a delay of the effective date of the Dividend statute would be a prudent and wise step. The Corporation is in the midst of very substantial financing programs as it attempts to deal with its REO inventory, maintain housing values and assist homeowners through its Homeowners' Assistance Program. An Official Statement just completed today required mention of the pendency of the legislative proposal to dividend income to the general fund. At the same time that the Corporation is proceeding with its financing plans, it has initiated litigation against MGIC. Credit enhancers and others are properly concerned about the affairs of the Corporation. These factors argue for a postponed effective date of this very significant change in State policy toward the Corporation.

EEW/jf

cc: Robert Mintz
Mark Cameron
Thomas Behan
Larry Pederson

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REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature

House of Representatives

SOLDOTNA
312 TYEE STREET
SOLDOTNA, ALASKA 99669
(907) 262-7841

JUNEAU
BOX V
JUNEAU, ALASKA 99811
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April 24, 1990

Ron Moore Co.
44539 Sterling Hwy. Suite 201
Soldotna, Alaska 99669

Dear Ron:

Senate Bill 427 passed the House and received concurrence in the Senate. I am confident the Governor will sign this bill into law.

The dividend amendment was withdrawn and does not appear in the final version. I sincerely hope this legislation will assist in stabilizing the housing market. The market's recovery is essential for our economy.

If I can be of service to you, or if you wish to share any insights or information, please do not hesitate to contact this office.

Sincerely,

Rep. C.E. Swackhammer

Ron Moore Co.
44539 Sterling Hwy. • Suite 201 • Soldotna, Alaska • 99669

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Representative C.E. Swackhammer
P.O. Box V
Juneau, AK 99811

Carl

Pls advise Box
& outcome

J

Ron Moore Co.

April 19, 1990

Representative C.E. Swackhammer
P.O. Box V
Juneau, AK 99811

Dear Representative Swackhammer:

I am opposed to the amendment to SB 427 that would divert 60% of AHFC's earnings to the general fund.

I do not believe the long range effect of such an amendment has been thoroughly thought through. One of the changes in the current legislation would reduce the subsidy on AHFC loans in the future. It was my opinion that this was to strengthen its favorable bond rating and we can continue to enjoy a stabilizing housing market through solid, consistent financing.

It would appear that the proposed amendment contradicts the current legislation.

Sincerely,
Ron Moore Co.

Ron Moore

Ron H. Moore, CCIM
Broker/Owner

RHM/hd

Ron Moore, CCIM • Broker
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