

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672
1596 SCOMM 60: HOUSING FINANCE TASK FORCE 1989



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 *Swack* 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



House of Representatives

SOLDOTNA

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

JUNEAU

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

August 22, 1989

Mitsubishi Electric Sales America, Inc.
1070 East Arques Avenue
Sunnyvale, CA 94086

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.

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?

Q: 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

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*

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

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JUNEAU, ALASKA 99811
(907) 465-2689

MEMORANDUM

TO: Rep. Sam Cotten, Speaker
Attention: JULIE

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

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.

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 ON 7-25-89 (6:05 AM)
(City) Month/Day/Year

and (will overnight) (overnighted) in ANCHORAGE ON 7-25 + 26, 89
and/or (will be) (was) on official business in _____ ON _____
_____ ON _____

2800 = 160.00 + 6.00 meal etc. 7/27

and return to JUNEAU ON 7-27 AT 10:00 a.m. p.m.
Home Station Date (Indicate time off official business)

2. I claim 2 days per diem. Put 0 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

1. Was this trip completed as stated above? Yes ☐ No ☐
If no, please note changes. If yes, continue.

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

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).

OFFICE USE				
Other	Warrant #	Vendor	Amount	Date
TR#	Warrant #	Vendor	Amount	Date
014040	21789236	AT584366	366.00	7/25/89
PVN				
cc:		Account		
31-92-	LC#	Code	Warrant #	Amount
2535		72550	70091715	166.00 7/24/89
2535		72250	21765089	79.56 8/7/89

TOTAL

Less Travel
Advance
Final Payment

CARL F. NICKER

Print Name of Traveler

Carl F. Nicker

Signature of Traveler

Print Name of Person Who Is
Authorizing Trip

S.G.L.

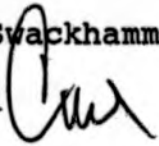
Signature Of Authorizer
(Or Authorizing Memo May
Be Attached)

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.

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 presentation 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 ~~Sept.~~  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

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

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

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

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

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

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

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

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

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

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

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Staff:

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

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

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

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

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JUNEAU
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(907) 465-2689

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 procuring 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

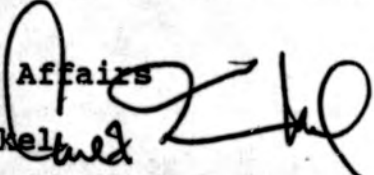
WHEREAS the Housing Finance Task Force unanimously supports the RFP (Request for Proposals) for a consultant proposed by the Alaska Housing Finance Corporation;

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.

Trip Purpose:

Charge To Account:

HOUSING FINANCE TASK FORCE

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.

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(City) Month/Day/Year
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Home Station Date (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.		
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.	PER DIEM	PER DIEM
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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).		

OFFICE USE				
Other	Warrant #	Vendor	Amount	Date
TR#	Warrant #	Vendor	Amount	Date
PVN	EMR			
cc:	LC#	Account Code	Warrant #	Amount
31-92-				

TOTAL

Less Travel Advance
Final Payment

CARL NICKEL
Print Name of Traveler

SAM COHEN
Print Name of Person Who Is Authorizing Trip

Carl Nickel
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

ALASKA AIRLINES
 ALASKA TRAVEL SERVICE
 NICKEL/CARL
 NOT VALID FOR
 TRANSPORTATION

DATE OF ISSUE 16AUG89 JUNEAU
 PLACE OF ISSUE JUNEAU
 TICKET NUMBER 1ER3KQ/UA
 AIRLINE CODE A02830715
 FROM JNUANCAS
 TO ANCJNUAS
 CLASS 73Y
 DATE 23AUG
 TIME 62Y
 STATUS 24AUG
 THIS IS YOUR RECEIPT
 Y9

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

USD338.88

US27.12

USD366.00

HOURS, PAGE NO.

50772296746

STOCK CONTROL NO. YD 889

ALLOW FOR WT LACED

DOCUMENT NUMBER

0 027 1461677920 6

DO NOT MARK OR WRITE IN THE WHITE AREA ABOVE

90816243 01 DLA955
 NOT VALID FOR TRAVEL
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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

ABOVE THIS LINE

CARL F. NICKEL

EXPIRATION
☒ DATE
CHECKED

NATIONAL CAR 2
47030166-75
0380-047
ANCHORAGE AK



or



DATE	AUTHORIZATION NO	SALES CLERK	DEPT	LD
QUAN	CLASS	DESCRIPTION	PRICE	AMOUNT
		W-406234-2		26. 27
The bearer of the card identified on this form is authorized to pay the amount shown on the TOTAL upon proper presentation. I promise to pay cash TOTAL (including tax and delivery charges) for the item(s) subject to and in accordance with the agreement governing the use of this card.			SUB TOTAL	26. 27
SIGN HERE X <i>Carl F. ...</i>			SALES TAX	—
SALES SLIP			TOTAL	26. 27

BANKCARD SALES SLIP
CUSTOMER COPY

CUSTOMER: RETAIN THIS COPY FOR YOUR RECORDS

DATE		END AUTH. REC'D DATE		PER DAY		DAYS		(43)	
DATE		(74) CREDIT CARD TO BE PAID TYPE		PER WEEK		WEEKS		(48)	
DATE		(86) RECAP NO.		PER HOUR		HOURS		(46)	
DATE		SPECIAL		SPECIAL		SPECIAL		(49)	
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DATE		SEE TERMS AND CONDITIONS		SEE TERMS AND CONDITIONS		SEE TERMS AND CONDITIONS		(49)	
DATE		COLLISION DAMAGE WAIVER OPTION		COLLISION DAMAGE WAIVER OPTION		COLLISION DAMAGE WAIVER OPTION		(50)	
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DATE		ACCEPTS YES		DECLINES NO		REFUELING SERVICE TAXABLE		(68)	
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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 AD-
DITIONAL 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

COMMENTS

National Car Rental

WHEN YOUR NATIONAL CAR RENTAL CARD HAS BEEN ISSUED FOR YOUR RENTAL, YOU WILL BE BILLED FROM AND PAYMENT SHOULD BE MADE 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
TRANSPORTATION REQUEST

DEPT. FINANCE
NO. 813949

AGENCY						ORIGIN <i>SW</i>		DESTINATION <i>AK</i>	
BILLING ADDRESS						PLACE OF ISSUE <i>SW</i>		DATE OF ISSUE <i>8-21-89</i>	
CITY		STATE		ZIP		CARRIER <i>ATS</i>			
NAME & TITLE OF TRAVELER <i>Carl Nickel</i>						TICKET NUMBER <i>027 1461677920</i>			
FINANCIAL CODING						VALUE <i>\$ 366.00</i>			
SY	CC	PGM	LC	ACCT	FY	NO TAX PAYABLE			
			<i>176</i>			FOR AIR CHARTER			
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 <i>Carl Nickel</i>			

02-019 (Rev 6/85)

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

SOLDOTNA

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

JUNEAU

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

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
C.E. "SWACK" SWACKHAMMER

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MEMORANDUM

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 soliciting 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

LEGISLATIVE AFFAIRS AGENCY

COPY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

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 *M.F.*
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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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



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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

Alaska State Legislature



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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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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, AMHC

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 November 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.

The 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



House of Representatives

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312 TYEE STREET
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JUNEAU
BOX V
JUNEAU, ALASKA 99811
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Vern Porter
PO Box 4478
Soldotna, AK 99669
(907) 262 3224

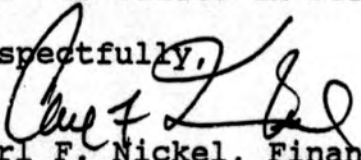
Dear Mr. Porter;

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

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

COPY

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

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 *M.F.*
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 contact me if you have further questions.

MFF:mi
wkmi4/074

Post-It™ brand fax transmittal memo 7671 # of pages > 1	
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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JUNEAU

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(907) 465-2689

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.

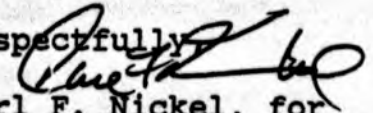
The eligibility period has been changed from six months to 24 months. The new limitations for absenteeism will read "no absenteeism to exceed 180 days during the eligibility period of 24 months." Director Jones further explained this could mean 90 days a year, during the 24 month period, or it could 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



House of Representatives

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MEMORANDUM

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



House of Representatives

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MEMORANDUM

TO: Membership, HFTF
FROM: Rep. C.E. Swackhammer, Chair
DATE: October 5, 1989
TOPIC: Requested Information: DCRA, Housing Assistance Division

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 information, 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

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

RURAL DEVELOPMENT DIVISION

STEVE COWPER, GOVERNOR

- ☐ P.O. BOX BC
JUNEAU, ALASKA 99811
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- ☐ 1001 NOBLE STREET, SUITE 430
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NOME, ALASKA 99762
PHONE: (907) 443-2274
- ☐ P.O. BOX 348
BETHEL, ALASKA 99559
PHONE: (907) 543-2885

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.'

Representative Swackhammer
September 11, 1989
Page Two

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?

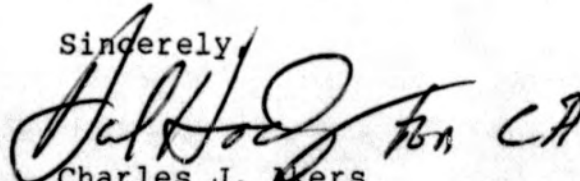
Answer: We have always encouraged local residents in each community to invest; however, urban residents have also invested in rural Alaska. Remember, these loans need not be owner-occupied and usually have a property manager on hand. The Housing Assistance Section has a total of 77 nonowner occupied loans.

Representative C.E. Swackhammer
September 11, 1989
Page Three

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



House of Representatives

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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
- * Ratchets 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 requirements 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.



House of Representatives

SECTIONAL ANALYSIS
OF
HOUSE BILL

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*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

CE. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

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January 22, 1990

Eric E. Wohlforth, Atty. At Law
Wohlforth, Argetsinger, Johnson and Brecht
900 West 5th Avenue, Suite 600
Anchorage, Alaska 99501

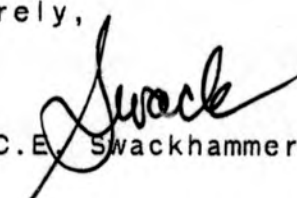
Dear Mr. Wohlforth;

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 Finance 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,


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

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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.

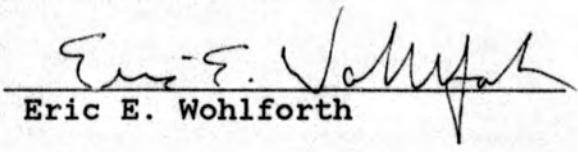
Representative Swackhammer
January 18, 1990
Page 3

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

A200468

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

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,


Rep. C.E. Swackhammer

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE SHACKHAMMER

NAME: PAM SIEGFRIED
TITLE:
ADDRESS: 700 BILL ST.
CITY: ANC
PHONE: 349-2645

ZIP: 99515

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.

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DATE: 01/23/90
TIME: 15:23:59
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COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

BARNES
BOYER
COLLINS
DAVIDSON
DAVIS, M.
ELLIS
FOSTER
GOLL
GRUSSENDORF
HOFFMAN
JACKO
KUBINA
LEMAN
MARTIN
MILLER
PETTYJOHN
RIEGER
SHULTZ
ULMER
ZAWACKI

BOUCHER
BROWN
CO/TEN
DAVIS, C.
DONLEY
FINKELSTEIN
FURNACE
GRUENBERG
HANLEY
HUDSON
KOPONEN
LARSON
MACLEAN
MENARD
NAVARRE
PHILLIPS
SHARP
TAYLOR
WALLIS

ADAMS
BINKLEY
COGHILL
DUNCAN
ELIASON
FAHRENKAMP
FAIKS
FISCHER
FRANK
HALFORD
JONES
KELLY
KERTTULA
PEARCE
POURCHOT
RODEY
STURGULEWSKI
SZYMANSKI
UEHLING
ZHAROFF

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

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

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 holds 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 %.

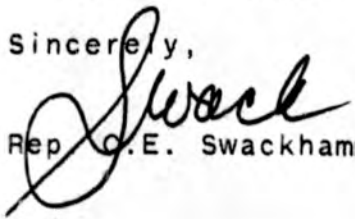
You mentioned your involvement in the Home Owners Assistance Program (HOAP). This was introduced by AHFC to aid borrowers in adjusting their mortgage payments. Although this has worked well, AHFC has still had to repossess about 4000 living units.

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,


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 than 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

Covering Alaska Below The 63° Parallel

RS/mt

PAINTERS, SIGN PAINTERS, VINYL HANGERS, DRYWALL TAPERS, GLAZIERS, FLOORCOVERERS

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 *Swack*

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



House of Representatives

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(907) 465-2689

February 20, 1990

Lucille Stietz, Chair, Legis. Committee
Alaska Mortgage Bankers Association
P.O. Box 107025
Anchorage, AK 99510-7025

Dear Lucille:

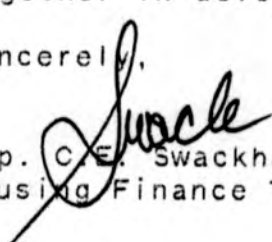
On February 14, 1990, Senate Bill 427 which is the companion bill to mine, HB 462, was heard in the Special Senate Committee on Banking and Economic Development.

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.*

Paul

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

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(907) 465-2689

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 the 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.

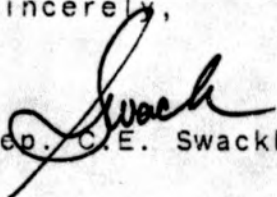
Your concern regarding the amendment on page 5 line 20-21 can be explained. It states that AHFC, when making a loan which is applicable to this section, shall consider interest rates based on the time of bond issuance and other factors. AHFC is an enterprise corporation and is expected to "turn a profit." 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 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.

My concern again, is that we are giving the AHFC too much discretion under "other factors as the corporation

Representative Swackhammer
page 2

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 Hallo,an 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

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

JUNEAU

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

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,


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* 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

PETER ARGETSINGER
JULIUS J. BRECHT
CYNTHIA L. CARTLEDGE
ROBERT M. JOHNSON
THOMAS F. KLINKNER
BRADLEY E. MEYER
JAMES A. SARAFIN
JAMES R. SZENDER
KENNETH E. VASSAR
ERIC E. WOHLFORTH

OF COUNSEL
ROGER G. CONNOR

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
900 WEST 5TH AVENUE, SUITE 900
ANCHORAGE, ALASKA 99501
TELEPHONE (907) 278-8401
TELECOPY (907) 278-8093

OF COUNSEL
HARRIS, ORR & WAKAYAMA
3210 FIRST INTERSTATE CENTER
999 THIRD AVENUE
SEATTLE, WASHINGTON 98104
TELEPHONE (206) 621-1818

MEMORANDUM

MAR 19 1990

CARR-GOTTSTEIN
PROPERTIES

TO: Representative Steve Rieger
Chairman, House Finance Sub-Committee
CSHB 462 (C&RA)

FROM: Wohlforth, Argetsinger, Johnson & Brecht

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 lesser 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

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

REPRESENTATIVE
C.E. "SWACK" SWACKHAMMER

Alaska State Legislature



House of Representatives

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

April 24, 1990

Ron Moore Co.
44539 Sterling Hwy. Suite 201
Soldotna, Alaska 99669

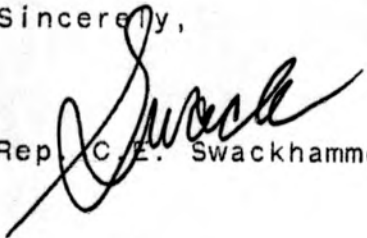
Dear Ron:

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



44539 Sterling Hwy. • Suite 201 • Soldotna, Alaska • 99669



Representative C.E. Swackhammer
P.O. Box V
Juneau, AK 99811

Carl

Pls advise Ron
of outcome

J

MTN

Ron Moore Co.

April 19, 1990

Representative C.E. Swackhammer
P.O. Box V
Juneau, AK 99811

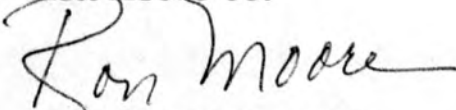
Dear Representative Swackhammer:

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 H. Moore, CCIM
Broker/Owner

RHM/hd